

NOVUS CAPITAL MARKETS LIMITED

**Report and accounts
for the year ended**

31 AUGUST 2007

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NOVUS CAPITAL MARKETS LIMITED

CONTENTS	PAGES
Directors and advisers	2
Chief executive's annual statement	3
Directors' report	4-7
Statement of directors' responsibilities in respect of the accounts	8
Independent auditors' report	9
Profit and loss account	10
Statement of total recognised gains and losses	11
Balance sheet	12
Cash flow statement	13
Notes to the accounts	14-27

NOVUS CAPITAL MARKETS LIMITED

DIRECTORS AND ADVISERS

Directors	M Murphy R P Lardner
Secretary	K Murphy
Registered office	29-30 Cornhill London EC3V 3NF
Bankers	National Westminster Bank Plc Bolton Branch 24 Deansgate Bolton Lancashire BL1 1BN
Auditors	Nexia Smith & Williamson Registered Auditors & Chartered Accountants 25 Moorgate London EC2R 6AY
Tax advisers	Smith & Williamson Limited Chartered Accountants 25 Moorgate London EC2R 6AY
Solicitors	Hammonds 7 Devonshire Square Cutlers Gardens London EC2M 4YH
Company's registered number	5473481

NOVUS CAPITAL MARKETS LIMITED

CHIEF EXECUTIVE'S ANNUAL STATEMENT

Our second year of operation has heralded significant progress in the growth and direction of the Company as well as consolidating our position in the financial marketplace. As expected we have now moved into profitability from the loss in our start-up year and look forward to growing both our revenue and profits for the year ahead.

However, with the change in market sentiment which occurred in the latter two months of our financial year and the ongoing uncertainty of the global sub-prime crisis, we must be particularly mindful of the difficult financial situation which we all now find ourselves engulfed in.

Notwithstanding the concerns of the financial market, the underlying fundamentals driving our business forward have remained strong and look set to continue.

The premier Division of Novus, i.e. Equity Brokerage, has performed strongly throughout the year and is showing a healthy consistency in both the generation of revenues and profitability. We have added extensively to our client base and have absorbed the Structured Products business within the division. We will also continue to look for opportunities, both on a product and staffing level, to grow the business further.

NovuSpread, our Spreads and CFD business, also achieved reasonable growth this year. The Company recruited Tony Betts to manage the division and we also had a fairly seamless transition to a new white-label partner in MF Global (formerly 'Man Financial'). I am hopeful this business revenue will grow by a minimum of 50% in the coming year.

The Corporate Division of Novus had a steady but fairly unexciting year. However, the Company has now recruited Paul Dudley to run our Corporate Finance arm and we are also in the process of applying for our London Stock Exchange (LSE) membership. This membership will allow us to become an AIM Broker to a select number of companies that we advise. I am looking for the revenue growth within this Division to increase by up to 100% and am confident that we will soon have the building blocks in place to achieve this objective.

Overall the Company is now in a strong position to move forward and consolidate and grow the three main business lines we operate. We will also continue to be receptive to taking on the right calibre of staff, clients and product that we feel will enhance the level of Novus's profitability, reputation and integrity.

It just remains for me to thank both the management and the staff of the Company for their hard work, dedication and support throughout the year, because without them there would be no Company.

NOVUS CAPITAL MARKETS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 August 2007

Regulation

Novus Capital Markets Limited ('Novus') is authorised and regulated by the Financial Services Authority

Principal activities

The Company specialises in efficient and quality execution in a number of financials products to a range of professional clients including Banks, Integrated Institutions and Hedge Funds

The three main business streams within the Company are

- **Equity brokerage services**
Novus receives orders from clients and looks to fill / satisfy these orders by either working the order in the market, or by looking to match the order with another client on a 'cross' basis. All transactions will be on a matched principal basis thus providing anonymity for the underlying clients. The equity brokerage team is highly experienced and can work simple orders, or orders on a pairs, risk arbitrage, VWAP or directional trading basis.
- **Corporate brokerage**
The focus of this business segment is to work with corporates and brokers who are looking for assistance in the placing or sale of shares for small /mid-cap companies. This will initially be on a non-advisory basis, and Novus will purely act as agent between the Company / clients and our own client base as a broker facilitator. A fee will be received based on the number of shares that transact through Novus.
- **NovuSpread**
This is a 'white-labelled' CFD and spread-betting offering. Novus Capital Markets Ltd has entered into an agreement with MF Global UK Limited ('MAN') to white-label the MAN spread-betting and CFD platforms under the NovuSpread Logo. Novus Capital Markets Ltd will be executing business in spreads and CFD's on a matched principal basis, via the trading and middle office platforms provided by MAN. All client money is held by MAN.

NOVUS CAPITAL MARKETS LIMITED

DIRECTORS' REPORT (continued)

Results for the year and dividends

The profit and loss account for the year ended 31 August 2007 and the balance sheet at that date are set out on pages 10 and 12. The profit on ordinary activities after taxation for the year amounted to £452,000 (period ended 31 August 2006: loss of £167,000).

The directors do not recommend the payment of a dividend.

Key Performance Indicators ("KPIs")

The Directors realise the importance of KPIs in the management of the business, and are continually monitoring the development, performance and position of the business through the use of KPIs measuring liquidity, profitability and capital adequacy.

Employees

The Company recognises the importance of developing a culture where employees' interests are closely aligned with those of the Company's shareholders. At present, the Directors and employees own a significant proportion of the Company's shares and we wish to continue to incentivise employees with share options allied to competitive 'performance based' remuneration packages. It is our firm belief that incentivising and retaining our key employees is in the best interests of the Company's shareholders.

Financial risk management

The Board of Directors is responsible for identifying, evaluating and managing the significant risks faced by the Company to safeguard shareholders' investment and the Company's assets. It therefore has overall responsibility for the systems of internal control, covering all material controls including financial, operational and compliance controls and risk management systems, and for reviewing the effectiveness of these.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board of Directors are implemented by the Company's finance department.

Price risk

The Company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in purchases in the UK.

Market risk

The Company is exposed to market risk through its holdings in equity investments which are held for the long term.

It should be noted at this point that Novus holds some of its equity investments on CFD basis. Within these accounts, these are classified as investments held for trading. CFD's are 'geared' or 'leveraged' products and are transacted on a margined basis, and as such a movement in the underlying market / share can have a disproportionately dramatic effect on the profitability of the transaction.

Novus is well aware of the increased risk element of the CFD transactions, but has the required level of product experience and management controls to be comfortable in holding these CFD investments. The benefits the CFD product provides in respect to our investments (improved liquidity, low financing rates, tax advantages) coupled with the in-house knowledge and expertise in relation to this product, make the use of the CFD the most efficient way of managing our modest investment portfolio. (See note 9 to the Accounts.)

NOVUS CAPITAL MARKETS LIMITED

DIRECTORS' REPORT (continued)

Risk management (continued)

Operational risk

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company recognises the operational risk can never be eliminated but seeks to minimise the probability and impact of operational risk events.

Credit risk

Credit risk represents the potential loss to the Company as a result of a counterparty failing to meet its obligations. Due to the nature of the clearing and settlement relationship we have with Cheuvreux, the Company's most significant concentration of credit risk is with Cheuvreux. Cheuvreux take on the settlement risk of our clients. Novus Capital Markets receives a rebate on a monthly basis from Cheuvreux (5-10 days in arrears) which represents the net commission earned by the Company in the preceding month.

Cheuvreux is a 100% owned subsidiary of the Calyon Group which is rated AA-

The Company has no other significant concentration of credit risk.

Liquidity risk

The Company's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements and to invest funds securely and profitably.

Interest rate risk

As at 31 August 2007, the Company has interest bearing assets only. Interest bearing assets include only cash balances. The Company has a policy of maintaining excess funds in cash and short term deposits and is not exposed to short-term or long-term interest rate risk. The exposure to interest rate risk is considered to be insignificant.

The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Directors

The Directors of the Company during the year and as at 31 August 2007 were

M Murphy
R P Lardner

Going concern

These financial statements are prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving the financial statements, the Company has adequate resources to continue in operational existence for the foreseeable future.

Disclosure of information to the auditors

In the case of each person who was a Director at the time this report was approved

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware of, and
- that Director has taken all the steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

NOVUS CAPITAL MARKETS LIMITED

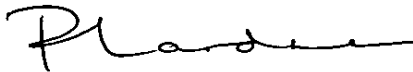
Auditors

Nexia Smith & Williamson have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board



M Murphy
Director



R Lardner
Director

Dated 29th November 2007

NOVUS CAPITAL MARKETS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the accounts,
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Novus Capital Markets Limited

We have audited the accounts of Novus Capital Markets Limited for the year ended 31 August 2007 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. These accounts 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' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report whether in our opinion the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, 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 the information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the report and accounts and consider whether it is consistent with the audited accounts. This information comprises only the Directors' Report and the Chief Executive's Annual Statement. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the accounts. 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

Opinion

In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 August 2007 and of the profit of the Company for the year ended 31 August 2007,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date 29 November 2007

NOVUS CAPITAL MARKETS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 August 2007

	Notes	Year ended 31 August 2007 £000	Period ended 31 August 2006 £000
Turnover	2	5,505	2,828
Operating expenses		(4,978)	(3,083)
Operating profit / (loss)	6	527	(255)
Gains on investments		158	73
Interest receivable and similar income	5	71	33
Interest payable and similar charges		-	(18)
Profit / (loss) on ordinary activities before taxation		756	(167)
Tax on profit on ordinary activities	7	(304)	-
Profit / (loss) for the financial year	14	452	(167)

All of the Company's operations are classed as continuing

NOVUS CAPITAL MARKETS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended
31 August 2007**

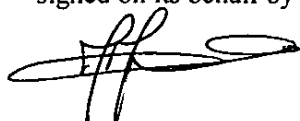
	Notes	Year ended 31 August 2007 £000	Period ended 31 August 2006 £000
Profit / (loss) for the financial year		452	(167)
Unrealised surplus on revaluation of available for sale fixed asset investments	14	811	-
Deferred tax charge on unrealised surplus on revaluation of available for sale fixed asset investments	12,14	(243)	-
Total recognised gains and losses relating to the year		<u>1,020</u>	<u>(167)</u>

NOVUS CAPITAL MARKETS LIMITED

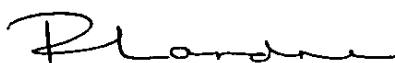
BALANCE SHEET as at 31 August 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	8	100	131
Investments – available for sale	9	1,055	100
		<hr/>	<hr/>
		1,155	231
Current assets			
Debtors	10	697	358
Cash at bank		657	393
Investments – held for trading	9	639	269
		<hr/>	<hr/>
		1,993	1,020
Creditors: amounts falling due within one year	11	(950)	(386)
		<hr/>	<hr/>
Net current assets		1,043	634
		<hr/>	<hr/>
Total assets less current liabilities		2,198	865
Provisions for liabilities	12	(243)	-
		<hr/>	<hr/>
Net assets		1,955	865
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	83	83
Share premium	14	949	949
Revaluation reserve	14	568	-
Equity shares to be issued	14	70	-
Profit and loss account	14	285	(167)
		<hr/>	<hr/>
Equity shareholders' funds	14	1,955	865
		<hr/>	<hr/>

The accounts were approved by the Board of Directors on 29th November 2007 and were signed on its behalf by



M Murphy
Director



R Lardner
Director

NOVUS CAPITAL MARKETS LIMITED

CASH FLOW STATEMENT for the year ended 31 August 2007

	Notes	Year ended 31 August 2007 £000	Period ended 31 August 2006 £000
Net cash inflow / (outflow) from operating activities	18	592	(176)
Returns on investments and servicing of finance			
Interest received		71	33
Interest paid		-	(18)
Net cash inflow from returns on investments and servicing of finance		71	15
Capital expenditure			
Payments to acquire tangible fixed assets		(35)	(182)
Fixed asset investments		(152)	(100)
Net cash outflow for capital expenditure		(187)	(282)
Net cash inflow / (outflow) before management of liquid resources and financing		476	(443)
Management of liquid resources			
Purchase of current asset investments		(212)	(196)
Financing			
Issue of ordinary share capital		-	1,032
New long-term loans		-	250
Repayment of long term loans		-	(250)
Net cash inflow from financing		-	1,032
Increase in cash in the period	20	264	393

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007

1 Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices

The comparative figures are in respect of the period from 7th June 2005 to 31st August 2006

A summary of the more important accounting policies adopted are described below

(A) Basis of accounting

The accounts have been prepared under the historical cost convention

(B) Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used

Fixtures, fittings and equipment - 33% straight line

Computer equipment - 33% straight line

(C) Investments

All investments are initially recognised at fair value

Current asset investments

These investments are held on a CFD (contract for difference) basis and under FRS 26 (Financial Instruments measurement) are classified as financial assets held for trading. The investor is required to deposit with the CFD provider a percentage of the total investment – the margin. Hence, the margin requirement is the book value.

As only a fraction of the total trade is deposited, gains or losses are multiplied and if adverse share price movements occur, additional deposits may be required to cover the margin. The CFD's are revalued daily and any changes to fair value are recognised in the profit and loss account.

Fixed asset investments

As these investments are held for their longer term potential, under FRS 26, they are classified as available for sale.

Investments in listed investments are valued at bid market price. This may be adjusted where, in the opinion of the Directors, the price may be unreliable due to illiquidity.

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

1 Accounting policies (continued)

Fixed asset investments (continued)

Unlisted investments are valued by the Directors at fair value which takes into account subsequent financing and other circumstances. When a valuation is undertaken, consideration is given to the most recent information available, including the latest trading figures, performance against forecast, management view of prospects and the price of any transactions in the security.

Gains and losses from changes in the fair value of these investments are recognised in equity, until the investment is derecognised or impaired, at which time the effect previously included in equity is recognised in the profit and loss account.

(D) Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a contractual party to the investment.

(E) Operating leases

The Company has entered into operating leases as described in note 15.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(F) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the dates of the transactions. At the balance sheet date, assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are taken directly to the profit and loss account.

(G) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

(H) Deferred tax

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is recognised to the extent it is recoverable, that is, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of timing differences can be deducted. Any assets or liabilities recognised have not been discounted.

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

1 Accounting policies (continued)

(I) Pension costs

Contributions to money purchase and private pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

(J) Turnover

Turnover, which excludes value added tax, represents the value of services earned

Revenue is recognised as follows

- Investment advice based services are recognised on an accruals basis, when the income has been earned
- Commission receivable is recognised on the trade date

Gains and losses in respect of investments classified as financial assets held for trading are included in the profit and loss account within gains on investments

(K) Share based payments

In determining the fair value of equity settled share based payments and the related charge to the profit and loss account, the Company makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Company's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Company's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Assumptions about these factors which are different to those made by the Company could materially affect the reported value of share based payments.

2 Turnover

Turnover represents commission, brokerage and fee income generated from the three business streams of the Company within the United Kingdom

For further details of these streams, please refer to page 4. The Directors do not consider that these streams constitute separately reportable business segments as defined by SSAP 25.

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

3	Directors' emoluments	Year ended 31 August 2007 £000	Period ended 31 August 2006 £000
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All directors

Aggregate emoluments	393	305
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No directors exercised share options in the period

One director had pension contributions to personal pensions during the period

Highest paid director:	£000	£000
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Aggregate emoluments and benefits	253	204
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The Company has granted options to the following Directors and recognised the following option costs during the year

Director	Number of options	Exercise price	Grant date	Expiry date	Option cost expensed during the year £000
R Lardner	9,076	612p	21 July 2006	20 July 2016	25

Further details of these options are provided in note 13 of these accounts

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

4 Employee information

The average number of persons, including Directors, employed by the Company during the year was

	Year ended 31 August 2007 Number	Period ended 31 August 2006 Number
Management	3	2
Trading personnel	13	12
Clerical / administration	4	2
	<hr/>	<hr/>
	20	16

	£000	£000
Employee costs for the year were		
Wages and salaries	2,399	1,493
Social security costs	296	182
Pension costs	19	14
Share based payments	70	-
	<hr/>	<hr/>
	2,784	1,689

5	Interest receivable	£000	£000
	Bank and similar interest	71	33
		<hr/>	<hr/>

6	Operating profit / (loss) is stated after charging	£000	£000
	Depreciation		
	- owned assets	66	51
	Operating lease rentals		
	- land and buildings	78	78
	Services provided by the auditors		
	- audit services	20	15
	Services provided by companies associated to the auditors		
	Split between		
	- other services relating to taxation	5	4
	- services relating to recruitment and remuneration	9	-
	- all other services	-	5
		<hr/>	<hr/>

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

7	Tax on profit on ordinary activities	Year ended 31 August 2007 £000	Period ended 31 August 2006 £000
(a)	UK corporation tax at 30% Current year	304	-
		<hr/>	<hr/>
		304	-
		<hr/>	<hr/>
(b)	Factors affecting tax charge for the period	£000	£000
	Profit (loss) on ordinary activities before tax	756	(167)
		<hr/>	<hr/>
	Profit (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	227	(50)
	Effects of		
	Expenses not deductible for tax purposes	92	43
	Depreciation for period in excess of Capital allowances	4	(5)
	Utilisation of tax losses and other timing differences	(7)	12
	Marginal relief	(12)	-
		<hr/>	<hr/>
	Current tax charge for period	304	-
		<hr/>	<hr/>

NOVUS CAPITAL MARKETS LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)**

8	Tangible fixed assets	Fixtures fittings and equipment £000	Computer equipment £000	Total £000
	Cost			
	At 1 September 2006	84	98	182
	Additions	12	23	35
		<hr/>	<hr/>	<hr/>
	At 31 August 2007	96	121	217
		<hr/>	<hr/>	<hr/>
	Depreciation			
	At 1 September 2006	(26)	(25)	(51)
	Charge for the period	(30)	(36)	(66)
		<hr/>	<hr/>	<hr/>
	At 31 August 2007	(56)	(61)	(117)
		<hr/>	<hr/>	<hr/>
	Net book value			
	At 31 August 2007	40	60	100
		<hr/>	<hr/>	<hr/>
	At 31 August 2006	58	73	131
		<hr/>	<hr/>	<hr/>

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

9 Investments

Fixed asset investments

<i>Other investments</i>	£000
At 1 September 2006	100
Additions during the year	152
Fair value revaluations	811
Impairment	(8)
	<hr/>
At 31 August 2007	1,055
	<hr/>

Of the above investments, as at 31 August 2007, £823,000 are in respect of listed entities and £232,000 are in respect of unlisted entities

Joint ventures

During the year, the Company acquired 50% of the ordinary share capital of Novus India Ventures Limited. As at 31 August 2007, this entity had yet to commence to trade, but had incurred initial costs of £5,409. As these amounts had been funded by, and are reimbursable to, Novus Capital Markets Limited, they are included within other debtors in note 10.

Novus India Ventures Limited was incorporated in England and Wales on 7 March 2007. As at 31 August 2007, it had ordinary share capital of £1,000 and net losses of £5,409.

Current asset investments

The Company has investments in six AIM listed companies, which are held on a CFD (contract for difference) basis.

	£000
At 1 September 2006	269
Additions during the year	212
Gains during the year	158
	<hr/>
At 31 August 2007	639
	<hr/>

The mark to market value of the underlying investments and hence the total market exposure to the Company as at 31 August 2007 was £2,465,000 (31 August 2006 £1,030,000).

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

10	Debtors	2007	2006
		£000	£000
	Trade debtors	605	255
	Other debtors	5	-
	Prepayments and accrued income	87	103
		<hr/>	<hr/>
		697	358
		<hr/>	<hr/>
11	Creditors: amounts falling due within one year	2007	2006
		£000	£000
	Trade creditors	64	46
	Other taxation and social security	42	148
	Corporation tax	304	-
	Accruals and deferred income	540	192
		<hr/>	<hr/>
		950	386
		<hr/>	<hr/>
12	Provision for deferred tax	2007	2006
		£000	£000
	On unrealised surplus on revaluation of available for sale fixed asset investments	243	-
		<hr/>	<hr/>
			£000
	Provision at the start of the year		-
	Deferred tax charge in Statement of Recognised Gains and Losses for the year (see page 11)		243
			<hr/>
	Provision at the end of the year		243
			<hr/>
13	Called up share capital	2007	2006
		£000	£000
	Authorised		
	413,695 A ordinary shares of 20p each	83	83
	86,305 B ordinary shares of 20p each	17	17
		<hr/>	<hr/>
		100	100
		<hr/>	<hr/>
	Allotted, issued and fully paid		
	413,695 A ordinary shares of 20p each	83	83
		<hr/>	<hr/>

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

13 Called up share capital (continued)

Equity settled share option scheme

On 21 July 2006, options were granted to certain employees to convert into 26,305 'B' ordinary shares. The exercise price is £6.12 and 50% were exercisable from 5 September 2006, with the remainder exercisable from 5 September 2007. The expiry date of these options is 20 July 2016. Due to staff leaving the employment of the Company, as at 31 August 2007, 24,960 of these options remained outstanding.

Also on 21 July 2006, options were granted to certain employees to convert into 6,807 'B' ordinary shares. The conditions were identical to the above but with the addition of profitability and revenue targets. Due to staff leaving the employment of the Company, all of these options had lapsed as at 31 August 2007.

Details of the share options outstanding as at 31st August 2007 are as follows:

	Number of Share options	Weighted average exercise price £
Granted during the period 21 July 2006 to 31 August 2007	33,112	6.12
Outstanding as at 31 August 2007	24,960	6.12
Exercisable as at 31 December 2007	12,480	6.12

The options outstanding as at 31 August 2007 had a weighted average exercise price of £6.12, and a weighted average remaining contractual life of 108 months.

The value of the options has been derived by the use of the Binomial Lattice model.

The inputs into the model were as follows:

Share price at grant date	£5.83
Exercise price	£6.12
Volatility	58.33%
Expected life	121 months
Risk free rate	4.716% - 4.746%
Expected dividend yield	0%

Expected volatility was estimated from the average share price volatilities of three comparable companies, taken at the date of option grant.

The total value of the options as calculated above is £70,641. On the grounds of materiality, all of this amount has been charged to the profit and loss account in the year ended 31 August 2007.

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

14 Reconciliation of shareholders' funds

	Share capital £000	Share premium £000	Revaluation reserve £000	Profit and loss account £000	Equity shares to be issued £000	Total £000
As at 1 September 2005	-	-	-	-	-	-
Share issued during the period	83	949	-	-	-	1,032
Retained loss for the period	-	-	-	(167)	-	(167)
At 31 August 2006	83	949	-	(167)	-	865
As at 1 September 2006	83	949	-	(167)	-	865
Profit for the financial year	-	-	-	452	-	452
Revaluation of fixed asset investments	-	-	811	-	-	811
Deferred tax on revaluation of fixed asset investments	-	-	(243)	-	-	(243)
Equity shares to be issued	-	-	-	-	70	70
At 31 August 2007	83	949	568	285	70	1,955

15 Operating lease commitments

At 31 August 2007, the Company had annual commitments under operating leases as follows

	31 August 2006 and 2007 £000
Land and buildings – lease expiring in 2-5 years	96

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

16 Capital commitments

There were no capital commitments contracted but not provided for at the balance sheet date

17 Related party transactions

Please refer to note 9 for details of transactions with Novus India Ventures Limited

18	Reconciliation of operating profit to net cash inflow from operating activities	Year ended 31 August 2007 £000	Period ended 31 August 2006 £000	
	Operating profit/(loss)	527	(255)	
	Depreciation	66	51	
	Impairment of fixed asset investment	8	-	
	Share based payments	70	-	
	(Increase) in debtors	(339)	(358)	
	Increase in creditors	260	386	
	Net cash outflow from operating activities	592	(176)	
19	Reconciliation of net cash flow to movement in net funds	£000	£000	
	Increase in cash in the period	264	393	
	Net funds at 31 August 2006	393	-	
	Net funds at 31 August 2007	657	393	
20	Analysis of net funds	At 31 August 2006 £000	Cashflow £000	At 31 August 2007 £000
	Cash at bank	393	264	657

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

21 Contingent liability

On 1 November 2006, the Company received notice of a claim for £163,676 that it is alleged is owed under breach of contract and non payment of invoices. At the time of approval of these accounts this claim is still being disputed.

Settlement negotiations have recently taken place which narrowed the range to £35,000 - £75,000, without agreeing a final settlement.

A summary judgement application made by the Company to strike out the claim was heard on 9 November 2007. The claim was not dismissed, although the Company was awarded a partial costs settlement. The claimant has been given additional time to provide evidence to substantiate new submissions made at this hearing.

The next hearing will take place in March / April 2008.

Whilst the Directors continue to dispute this claim, a provision of £40,000 has prudently been made in these accounts.

22 Financial risk management

Information included within the Directors' Report provides details of the Company's approach to financial risk management.

The Company's policy is that it trades in a variety of financial instruments. The Company does not have any committed borrowing facilities due to the significant cash balances that the Company holds being adequate to fund its current activities. Short term debtors and creditors have been excluded from the following disclosures.

Interest rate risk of financial assets

As at 31 August 2007, the Company had only interest bearing assets and no interest bearing liabilities. Interest bearing assets include only cash.

	Cash at bank	
	31 August 2007	31 August 2006
	£000	£000
Floating rate	657	393

Floating rate cash earns interest at rates between base rate less 100bps and base rate less 50bps. The Directors consider the exposure to interest rate risk to be insignificant.

Foreign exchange risk

The Company enters into transactions denominated in foreign currencies.

Due to the nature of the clearing and settlement relationship with Chevreux, the bulk of the Company's foreign currency earnings are translated into Sterling at an agreed

NOVUS CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 August 2007 (continued)

22 Foreign exchange risk (continued)

month end exchange rate The Company recognises that there is an exposure to exchange rate movements in respect of these transactions, but considers this to be controlled in terms of the exchange rate validation and to be minimal in it's impact

All other monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date Gains and losses arising during the year on these transactions are taken to the profit and loss account

Fair value

All financial assets and liabilities are included in the balance sheet at values which represent their fair values The accounting policy note for investments, together with note 9 to these accounts provides full details of the basis of valuation for listed and unlisted investments

Market price risk of financial assets

The main risk arising from the Company's financial investments is market price risk relating to both its listed and unlisted investments As referred to above, the accounting policy note for investments provides details of the basis of valuation used

Liquidity risk

The Company fosters prudent liquidity management by maintaining sufficient cash levels

23 Ultimate controlling party

The Directors consider the ultimate controlling party of the Company to be M Murphy