



PLUS Markets Group plc
Annual Report 2004

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Registered Office
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21 Mansell Street
London E1 8AA

Registered in England and Wales
No: 4606754

Chairman's Statement

In January of this year I joined the board of PLUS Markets Group plc as Chairman. I would like to thank John Jenkins, my predecessor, for his contribution since the inception of Ofex.

My appointment came at a time when the senior directors and management had launched their strategy to drive forward Ofex as the UK's only independent market providing the investment support and liquidity needed by smaller, growth companies.

In November 2004, the then executive directors stepped down. Simon Brickles took over as Chief Executive Officer and Darren Francis as Chief Financial Officer. I am pleased to report that already the new executive team have completed the cost-saving measures set out in the Company's circular accompanying its successful share placing in November 2004.

The result for the year is in line with that set out in the announcement made by the Company on 6 December 2004. Following restructuring and development costs I believe we have concluded the bulk of our realignment strategy. It is now PLUS Market Group's task to advance the Ofex market in its new form and increasingly engage the support of both growth companies and investors. With my background as a professional institutional investor in smaller companies I personally look forward to ensuring that our market increases its attractiveness to the investor community as a whole.

Our main task is to demonstrate to companies, advisers and investors that they can benefit from our cost-effective market. To this end, the period since the appointment of the new executive directors has seen much positive activity. The primary market rules have been completely re-written to simplify them and make them more user friendly for companies. At the same time, the rules introduce additional measures to protect investors wherever necessary. These new rules have been very well received both by investors and the market in general. The Financial Services Authority has granted its approval recently and the new rules will come into force on 6 April 2005.

When I took over as Chairman I was aware, from my contacts in the investment community, that there was a limited understanding of the potential tax benefits available from Ofex companies in respect of areas including Capital Gains Tax, Inheritance Tax, Venture Capital Trusts and Enterprise Investment Scheme relief. With this in mind one of our first undertakings in 2005 has been to bridge this knowledge gap through the publication of a new tax guide, in conjunction with BDO Stoy Hayward, which sets out the reliefs available.

The re-launched Ofex website, www.ofex.com, will provide additional information about our traded companies and will become operational in April. It will also contain further information on how to join our market and inform interested parties about the Ofex advisory community. A new hard copy guide on the benefits of obtaining a quotation on Ofex should be available shortly. Also in April, we will launch an improved information service to provide a faster, easier service to both companies and investors known as Newstrack PLUS.

PLUS Markets Group plc

Chairman's Statement continued

Following recent consultation with the UK business community we know that there are many companies not only in London and the South East but also in the regions that can benefit from Ofex's offering. Accordingly, our strengthened business development team has been active across the United Kingdom and this will continue apace in the current year.

In November 2004, we welcomed our first Israeli company to our market. This is part of our on-going objective of creating an independent market in the United Kingdom focused on servicing the needs of both domestic and international smaller companies. Our commitment to the market making system ensures that our companies benefit from the liquidity that they are seeking.

There is a clear role for our independent market dedicated to smaller companies and based on the market maker system. At PLUS Markets Group, we are approaching the year ahead with renewed enthusiasm and vigour



Stephen Hazell-Smith

Chairman

7 March 2005

Operational and Financial Review

Operational Review

The year under review saw significant activity from both operational and financial perspectives. The Company was successfully re-financed in November 2004 and a new executive team was appointed to implement the Company's strategy. Cost saving measures were implemented as set out in the fund-raising circular, resulting in annualised savings of approximately £0.3 million. During the year the Group introduced its competing market maker platform, which was widely welcomed by market participants.

Towards the end of the year, the business development team was further strengthened with the recruitment of a Head of Business Development (UK) to promote the Ofex market in regions outside London and the South East. This ensures that appropriate focus can be given to the various regional and international initiatives to be undertaken in the current year.

Financial Review

Turnover

Turnover at £1.14 million (2003: £1.1 million) was marginally up on the previous year, primarily as a result of the 20 new admissions to the Ofex market, being 5 higher than in 2003. However, companies leaving the market continued at a significant level, with 44 leavers (2003: 35) the number of issuers on the market at the end of 2004 stood at 134 (2003: 158).

Expenditure

Total expenditure of £2.46 million (2003: £1.6 million) included one-off expenditure, totalling approximately £0.4 million. This amount included restructuring, re-branding and redevelopment costs of £0.3 million incurred in the fourth quarter of the year as set out in the circular accompanying the share placing in November 2004.

Loss for the year

The loss for the year was £1.32 million (2003: £0.53 million), with a loss per share at 4.17p (2003: 3.34p).

Balance sheet and cash flow

Further to the placing of 63,000,000 new ordinary shares at 5p each in November 2004, the cash position increased by £2.28 million in the year (2003: £0.06 million). The shareholders' funds stood at £2.35 million (2003: £0.46 million deficit).



Darren Francis
Chief Financial Officer
7 March 2005

PLUS Markets Group plc

Board of Directors and Advisers

Stephen Hazell-Smith (51)⁺

Independent Non-executive Chairman

(Appointed 20 January 2005)

Stephen spent the first sixteen years of his City career as a UK equity asset manager, with amongst others Mercury Asset Management, GT Management plc and M&G Group plc. From 1992 to 1997 he was managing director of Rutherford Asset Management Limited, a Group he founded and where he was responsible for the creation of a number of highly successful smaller company investment vehicles, including Herald Investment Trust and Beacon Investment Trust. In 1997 he sold Rutherford Asset Management to Close Brothers Group and joined Close Investment Limited as Managing Director, where he was responsible for launching the Close Brothers AIM VCT. In late 2001 he joined Hoodless Brennan & Partners plc, initially as non-executive director for a year, which was followed by two years as Chairman. He left in 2004 to become Chairman of Conduit PR Limited, a financial public relations firm. Additionally, he is a director of Close Brothers AIM VCT plc and is Chairman of Phoenix VCT plc.

Simon Brickles (40)

Chief Executive Officer

(Appointed 1 November 2004)

Simon was educated at Cambridge University and practised as a barrister before joining the London Stock Exchange in 1994. After serving as the AIM Regulator, he became Head of AIM, with responsibility for co-ordinating AIM as a product. Simon was responsible for drafting the current AIM Rules, introduced a fast-track procedure for companies with overseas listings seeking admission to AIM and lobbied to secure AIM's positioning under the new European legislative framework. He also undertook considerable work marketing and promoting AIM both in the UK and overseas. Simon was also responsible for acting as the principal spokesman for AIM with the press and media in general. Simon joined the Group in January 2004.

Darren Francis (37)

Chief Financial Officer

(Appointed 1 November 2004)

Darren is a Chartered Certified Accountant, with a number of years' experience in financial services; he joined the Group in October 2003 as Financial Controller. Prior to joining the Group, he was the Financial Controller for retail funds at Royal & Sun Alliance Investment Management where he was part of the retail funds executive team.

Helen Bagan (46)* +**Independent Non-executive Director**

(from 3 November 2003)

Helen is a Chartered Accountant with a number of years' experience in financial management in both quoted and private companies. From 2000 to 2003, Helen was Finance Director of private equity firm, Beringea Limited (formerly ProVen Private Equity Limited). Formerly, she served as Finance Director on the board of Majedie Investments plc. Helen has investment management experience, having been an Investment Director and Manager of private equity investment firms Dunedin Capital Partners Limited and Henderson Venture Managers Limited. Helen joined the Board in November 2003 and chairs the Audit Committee. She is also a non-executive director of Core VCT I PLC and Core VCT II PLC.

John Wedgwood (64)* +**Independent Non-executive Director**

(from 5 March 2003)

John began his City career, in banking, with Westminster Bank in 1960. Having qualified as a Company Secretary, in 1963, he moved first to Wiggins Teape Limited, then to Slater Walker Securities Limited and from there, to Ozalid Group Holdings Limited. In 1978, he was appointed Group Secretary of Guinness Peat Group Limited and following the demerger of its investment banking division, he was appointed Director and Group Secretary of Guinness Mahon Holdings plc. In 1992, he became Group Secretary of LASMO plc. In 1998, he was appointed Executive Chairman of ProVen Holdings Limited, the then parent company of a private equity firm. John joined OFEX plc as a Non-Executive Director in 2001 and chairs the Remuneration Committee. He is Chairman of the Trustees of two pension schemes.

* Member of the Audit Committee

+ Member of the Remuneration Committee

The independent non-executive directors are independent of management and free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement.

Company Secretary

Celia Whitten, Woodside Corporate Services, 21-22 Grosvenor Street, London, W1K 4QJ

Nominated Adviser and Broker

Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH

Auditors

Deloitte & Touche LLP, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR

Solicitors

Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA

Bankers

Barclays Bank Plc, 54 Lombard Street, London EC3V 9EX

Registrars

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

PLUS Markets Group plc

Report of the Directors

The directors are pleased to present their annual report to shareholders, together with the audited financial statements for the year ended 31 December 2004.

Principal Activities

The Company changed its name on 1 November 2004 from OFEX Holdings plc. The Company's sole activity is that of a holding company, owning 100% of OFEX plc, which is engaged in the operation of the Ofex market and is authorised and regulated by the Financial Services Authority.

Results and Dividends

The results for the year are set out on page 14. The directors are not recommending the payment of a dividend for the year ended 31 December 2004 (2003 - nil).

Review of Business and Future Developments

A review of the business and future developments is contained in the Chairman's Statement and the Operational and Financial Review on pages 1 and 3.

Share Capital

Details of the Company's share capital are shown in note 13.

Substantial Shareholdings

At the date of this report, the following shareholders were registered as holding three per cent or more of the issued share capital of the Company:

Close Brothers Group plc	16.56%
J P Jenkins	7.64%*
New Smith Opportunities Hedge Fund LP	5.92%
London Asia Capital plc	5.92%
E M Jenkins	3.14%

* This includes a 2.53% shareholding by J P Jenkins Limited, a company controlled by J P Jenkins.

Directors and their interests

The directors of the Company, their biographies and respective appointment dates are set out on pages 4 and 5. In addition, the following directors also served during the year until resignation as stated: P A Freeman to 16/9/2004; E M Jenkins to 1/11/2004; J M Jenkins to 1/11/2004 and J P Jenkins to 31/12/2004.

In accordance with the Company's Articles of Association, Messrs Brickles, Francis and Hazell-Smith will retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for reappointment. Mr Wedgwood is retiring by rotation and being eligible will offer himself for reappointment.

Annual Report 2004

Directors' beneficial interests in the 5p ordinary shares of the Company, according to the registers maintained under the Companies Act 1985, are set out below:

Directors	Shareholding as at 31 December 2004 or date of appointment if later	Shareholding as at 31 December 2003
S M Brickles	600,000	-
D S Francis	-	-
S J Hazell-Smith	-	-
J A T Wedgwood	100,000	100,000
H Bagan	-	-

Other than as disclosed, no director of the Company had any interest (beneficial or non-beneficial) in any shares of the Company or its subsidiaries at the dates stated and there has been no change in such interests between 1 January and 7 March 2005.

Details of options over ordinary shares of the Company held by the directors are set out in the Directors' Report on Remuneration on pages 11 and 12.

Enterprise Investment Scheme and Venture Capital Trusts

The directors have obtained confirmation from the Inland Revenue that the issue of ordinary shares in the Company will rank as a qualifying investment for the purposes of Enterprise Investment Scheme ("EIS") and will be a "qualifying holding" for the purposes of investment by Venture Capital Trusts ("VCTs").

The continuing availability of EIS reliefs and the status of the ordinary shares as a qualifying holding for VCT purposes will be conditional, inter alia, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making their investment (under EIS), and, for VCT purposes, throughout the period the ordinary shares are held as a qualifying holding.

Investors considering taking advantage of any of the reliefs under the EIS or available to VCTs should seek their own professional advice in order that they may fully understand how the rules apply in their individual circumstances.

Power to allot ordinary shares

An Extraordinary General Meeting of the Company held on 1 November 2004 at which shareholders approved a resolution authorising the directors, in substitution for all authorities in existence immediately prior to this resolution being passed, to allot securities up to an aggregate nominal amount of £4,653,378.35. At that meeting, the shareholders also approved a special resolution pursuant to the authority conferred by the aforementioned resolution authorising the directors to allot equity securities, limited as follows:

- a) the allotment of equity securities up to an aggregate amount of £3,150,000 pursuant to a placing of up to 63,000,000 new ordinary shares of the Company;
- b) the allotment of equity securities up to an aggregate nominal amount of £94,500 pursuant to an option dated 8 October 2004 granted to Numis Securities Limited;

PLUS Markets Group plc

Report of the Directors continued

- c) the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to exclusions or other arrangements which the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
- d) the allotment (otherwise than pursuant to sub-paragraphs (a), (b) and (c) above) of equity securities up to an aggregate nominal amount of £211,331.75

These authorities expire at the conclusion of the annual general meeting of the Company.

In line with common practice, it is proposed that the directors' powers to allot securities should be renewed until the conclusion of the Annual General Meeting in 2006 and the appropriate resolution to empower directors to allot securities up to an aggregate nominal amount of £1,410,000 is set out in the notice of annual general meeting, on page 25 of this report. Approval is also being sought to continue to disapply statutory pre-emption rights generally in relation to allotments for cash of ordinary shares up to a nominal value of £211,000, representing approximately 5% of the issued share capital of the Company.

Post balance sheet events

The bank loan relating to the office fit out was repaid and the related cash cover was fully redeemed on 20 January 2005.

Donations

No donations were made during the year for either charitable or political purposes (2003 - £nil).

Policy and practice on the payment of creditors

The Company does not adhere to an established code or standard for the payment of trade creditors, as it does not have significant trade creditors. The Company settles payment in agreement with suppliers' terms and conditions.

Annual general meeting

The Notice convening the annual general meeting of the Company to be held on 14 April 2005 at 3.00 p.m. is given on page 25 of this report.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on behalf of the board



Celia L Whitten FCIS

Company Secretary

7 March 2005

Corporate Governance

Compliance with the Combined Code

Whilst compliance with the Combined Code of Corporate Governance is not mandatory for AIM listed companies, the board recognises the importance of operating in accordance with the general principles of good corporate governance. Accordingly, it is committed to applying the principles of the Combined Code and complying with provisions where it considers they are appropriate to a company of this size and nature.

Board of directors and board committees

The board of directors, which comprises two executive directors and three non-executive directors, is responsible for corporate governance. The role of the non-executive directors is to bring independent judgment to board discussions and decisions.

The board meets monthly and a schedule of matters reserved for the board has been adopted and is reviewed periodically. Included in such matters so reserved is approval of the Company's strategy for its business, financing and insurance risk management, and approval of its financial results and budgets. At each meeting, the directors receive a report on key business matters from the Chief Executive Officer, financial information on the Company from the Chief Financial Officer, a marketing/strategy report from the Business Development Team and a regulatory and compliance report from the Head of Regulation. The board is satisfied with the form, quality, timing and appropriateness of the information it receives. There are also daily meetings of the executive directors, who are responsible for overseeing and managing the operations of the Company.

The Company has two board committees, namely the Audit Committee and the Remuneration Committee, which operate under defined terms of reference.

The Audit Committee comprises Helen Bagan (who chairs the Committee) and John Wedgwood. The Committee meets at least twice a year to review the half year and full year results prior to their submission to the board. A representative of the Company's auditors, the Chief Financial Officer and Chief Executive Officer may also attend by invitation.

Details of the Remuneration Committee are set out in the directors' report on remuneration on pages 11 and 12.

Internal control

The directors are responsible for ensuring that the Company maintains a system of internal control, which is designed to provide them with reasonable assurance regarding the reliability of information used within the business and to safeguard the Company's assets. At the time of approving the financial statements, the overall internal control system was found by the directors to be appropriate to the nature and size of the business.

The key features of the Company's control framework are described under the following headings:

- Organisational structure: There is a clear organisational structure within which individual responsibilities are identified and can be monitored.

PLUS Markets Group plc

Corporate Governance continued

- Delegation of authority: Executive directors have general responsibility for making and implementing operational decisions and for overseeing the Company's business. Matters reserved for board approval are clearly defined.
- Planning and reporting: The board of directors approves strategic decisions and the budget for the forthcoming year and receives reports on key business matters from relevant personnel at each meeting. Monthly reports to management contain key performance indicators and compare actual financial performance against the annual budget or forecast. Management action is taken where variances arise and revised forecasts are produced on a regular basis.
- Detailed procedures: Procedures and controls for key business functions are set out in departmental manuals. These are reviewed and updated in line with changing business needs.
- Identification and evaluation of business risks and control objectives: The board has the primary responsibility for identifying the major business risks facing the Company and developing appropriate controls to manage these risks. The risk management approach is to identify the most significant areas of risk and to determine key control objectives. Risk management procedures are documented and used by the board of directors in the monitoring process.
- Monitoring: The board of directors reviews the operation and effectiveness of the framework of internal control and risk management at least annually.

Going concern

After making appropriate enquiries, the directors are satisfied that the Company and the group has adequate resources to continue in operation for the foreseeable future. The financial statements are, therefore, prepared on the going concern basis.

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the group as at the end of the financial period and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Directors' Report on Remuneration

Remuneration Committee

The Committee comprises John Wedgwood (Chairman of the Committee), Helen Bagan and Stephen Hazell-Smith. The Remuneration Committee is responsible to the board for establishing the Company's remuneration policy, taking due note of the recommendations set out in the Combined Code, and for determining the salary, incentives and other benefits of the executive directors, taking advice as appropriate. Additionally, the Committee reviews and approves management recommendations in respect of share option schemes or other performance related incentive arrangements for executives and employees, again taking note of the recommendations set out in the Code. The Committee meets as required.

Remuneration policy

The objectives of the Company's remuneration policy are to ensure that executives' salaries and incentives are aligned with the performance of the individuals, the Company, and the interests of shareholders. Executive remuneration arrangements are designed to be competitive and to attract, motivate and retain executives of the calibre necessary to maintain and develop the Company.

Share Option Plans ('The Ofex Plans')

The OFEX Plans comprise the OFEX Company Share Option Plan (the 'CSOP'), the OFEX Unapproved Share Option Plan (the 'Unapproved Plan') and the OFEX EMI Share Option Plan (the 'EMI Plan'). The CSOP is approved by the Inland Revenue under Schedule 9 to the Income and Corporation Taxes Act 1988. The EMI Plan provides for the grant of qualifying options under the enterprise management incentive arrangements under Schedule 14 to the Finance Act 2000 ('Schedule 14').

The OFEX Plans are administered by the board. The board may delegate its powers to the Remuneration Committee. All employees who work for the Company and such subsidiaries of the Company as are designated as participating companies by the board are eligible to participate in the OFEX Plans. Only employees with committed time for the purposes of Schedule 14 of at least 25 hours a week (or, if less, 75% of their working time) are eligible under the EMI Plan.

The total number of share options outstanding under the OFEX Plans at 31 December 2004 was 2,166,833 and details are as follows:

Number of Share Options	Exercise Price	Grant Date	Earliest Exercise Date	Expiry Date
825,000	25p	1 April 2003	1 April 2006	31 March 2013
541,833	29.5p	11 March 2004	11 March 2007	10 March 2014
800,000	28.25p	31 March 2004	31 March 2007	30 March 2014

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Directors' Report on Remuneration continued

Directors' remuneration

The remuneration of the directors for the year ended 31 December 2004 was as follows:

	2004			2003		
	Salary/Fees £'000	Benefits £'000	Total £'000	Salary/Fees £'000	Benefits £'000	Total £'000
J P Jenkins	15	-	15	15	-	15
E M Jenkins	56	4	60	62	3	65
J M Jenkins	56	1	57	63	1	64
P A Freeman	59	2	61	65	3	68
J A T Wedgwood	23	-	23	25	-	25
H Bagan	18	-	18	3	-	3
S M Brickles	13	-	13	-	-	-
D S Francis	13	-	13	-	-	-
	253	7	260	233	7	240

Service agreements and letters of appointment

Each of Simon Brickles and Darren Francis has a service agreement with OFEX plc, effective from 1 November 2004, which may be terminated by either party giving to the other not less than six months' notice in writing.

Each of the non-executive directors has a letter of appointment whereby their appointment will continue until determined by either party on three months' written notice but subject to the provisions of the Company's Articles of Association relating to appointment and retirement.

Copies of the service agreements and letters of appointment are available for inspection by any person at the Company's registered office during normal business hours and will be made available at the Annual General Meeting (for fifteen minutes prior to the meeting and during the meeting).

There are no other service agreements or letters of appointment in existence between any director and the Company or any company in the Group, which cannot be determined, by the relevant company without payment of compensation (other than statutory compensation) within one year.

Directors' interests in Options over shares of the Company

Details of options over ordinary shares of 5p each of the Company held by the directors are set out below:

Directors	Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price	Number at Date of Grant	Number at 31 December 2004
S M Brickles	11 03 2004	11 03 2007	10 03 2014	29.5p	338,983	338,983
D S Francis	11 03 2004	11 03 2007	10 03 2014	29.5p	65,000	65,000

The options granted to Simon Brickles and Darren Francis were granted under the OFEX EMI Share Option Plan. All options were granted in respect of qualifying service. None of the terms and conditions of the share options granted was varied during the year. No other director has been granted share options under the OFEX Plans.

Pensions

The Company does not contribute to pension arrangements for its employees but makes available a stakeholder pension provider.

On behalf of the board



Celia L Whitten FCIS

Company Secretary

7 March 2005

Independent Auditors' Report to the Members of PLUS Markets Group plc

We have audited the consolidated financial statements of PLUS Markets Group plc for the year ended 31 December 2004, which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes thereto, and the related notes 1 to 18. 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

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the consolidated financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the consolidated financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the consolidated 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 transactions with the Company and other members of the group is not disclosed.

We read the directors' report and other information contained in the annual report for the above period as defined in the contents section and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies with the financial statements.

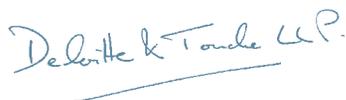
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the consolidated financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the group, 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 consolidated 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 consolidated financial statements.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the group as at 31 December 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
7 March 2005

PLUS Markets Group plc**Consolidated Profit and Loss Account**

for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	1	1,140,734	1,096,916
Administrative expenses		(2,462,190)	(1,597,121)
Operating loss	3	(1,321,456)	(500,205)
Interest receivable		20,514	1,269
Interest payable		(20,130)	(36,044)
Loss on ordinary activities before taxation		(1,321,072)	(534,980)
Tax on loss on ordinary activities	4	-	55
Loss on ordinary activities after taxation and retained loss for the year	14	(1,321,072)	(534,925)
Basic and diluted loss per share	5	(4.17)p	(3.34)p

The above all derive from continuing operations.

There were no recognised gains or losses other than the loss for the period shown above. Accordingly, no Statement of Recognised Gains and Losses has been prepared.

Consolidated Balance Sheet

as at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Intangible assets	6	500,000	500,000
Tangible assets	7	245,705	77,805
Investments	8	929	929
		746,634	578,734
Current assets			
Debtors and prepayments	9	520,540	310,479
Accrued income		1,806	1,805
Cash at bank and in hand		2,351,846	74,292
		2,874,192	386,576
Creditors: amounts falling due within one year			
Creditors and accruals	11	(667,403)	(166,447)
Deferred income		(606,730)	(552,682)
		(1,274,133)	(719,129)
		1,600,059	(332,553)
Net current assets/(liabilities)			
		2,346,693	246,181
Total assets less current liabilities			
Creditors: amounts falling due after more than one year			
	12	-	(703,267)
		2,346,693	(457,086)
Net assets/(liabilities)			
Capital and reserves			
Called up share capital	13	4,226,635	789,492
Share premium		1,469,179	781,471
Profit and loss account		(3,349,121)	(2,028,049)
		2,346,693	(457,086)
Equity shareholders' funds/deficit			
	14	2,346,693	(457,086)

These financial statements were approved by the board of directors on 7 March 2005.

Signed on behalf of the board of directors



Stephen Hazell-Smith

Chairman

PLUS Markets Group plc

Company Balance Sheet

as at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Investment in subsidiaries	8	2	499,991
Current assets			
Debtors and prepayments	9	15,344	3,935
Cash at bank and in hand		2,268,826	707
		2,284,170	4,642
Debtors: amounts falling due after more than one year			
Due from subsidiary – OFEX plc	10	209,519	1,036,633
Creditors: amounts falling due within one year			
	11	(147,034)	(1,561)
Net current assets		2,346,655	1,039,714
Total assets less current liabilities		2,346,657	1,539,705
Capital and reserves			
Called up share capital	13	4,226,635	789,492
Share premium	14	1,469,179	781,471
Profit and loss account		(3,349,157)	(31,258)
Equity Shareholders' Funds		2,346,657	1,539,705

These financial statements were approved by the board of directors on 7 March 2005.

Signed on behalf of the board of directors



Stephen Hazell-Smith

Chairman

Consolidated Cash Flow Statement

for the year ended 31 December 2004

	Note	2004 £	2003 £
Net cash outflow from operating activities	1	(948,383)	(435,661)
Returns on investments and servicing of finance			
Interest received		20,514	1,269
Interest paid		(20,130)	(36,044)
Net cash inflow/(outflow) from returns on investments and servicing of finance		384	(34,775)
Taxation			
UK corporation tax paid		-	-
Capital expenditure			
Payments to acquire tangible fixed assets		(274,159)	(66,123)
Rental deposit/cash cover relating to loan financing		(204,250)	-
Net cash outflow from capital expenditure		(478,409)	(66,123)
Financing			
Net issue of ordinary share capital		3,655,850	1,070,963
Net financing with related party – J P Jenkins Limited		(118,555)	(471,518)
Net loan financing		166,667	-
Net cash inflow from financing		3,703,962	599,445
Increase in cash	2	2,277,554	62,886

PLUS Markets Group plc

Notes to the Consolidated Cash Flow Statement

for the year ended 31 December 2004

1. Reconciliation of operating loss to net cash outflow from operating activities

	2004 £	2003 £
Operating loss	(1,321,456)	(500,205)
Depreciation	106,259	42,809
(Increase)/decrease in debtors	(7,612)	296,771
Increase/(decrease) in creditors	274,426	(275,036)
Net cash outflow from operating activities	(948,383)	(435,661)

2. Analysis of changes in net funds during the year

	2004 £	2003 £
Balance at 1 January	74,292	11,406
Net cash inflow	2,277,554	62,886
Balance at 31 December	2,351,846	74,292
Represented by:		
	At 31 December 2003 £	Cash flows At 31 December 2004 £
Cash in hand and at bank	74,292	2,277,554
		2,351,846

Notes to the Financial Statements

Year ended 31 December 2004

1 Accounting Policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The group accounts consolidate the financial statements of the Company and its subsidiaries all of which make up their accounts to the same date. The acquisition of the subsidiaries in 2003 qualified as a group reconstruction under Financial Reporting Standard No.6 – "Acquisitions and Mergers" and accordingly the principles of merger accounting were applied in producing those financial statements, as if the group had been in existence throughout the period covered by them.

Turnover

Turnover represents amounts derived from the provision of services which fall within the Company's ordinary activities after deduction of value added tax. The turnover and pre-tax loss are attributable to one activity, the operation of the Ofex market. Deferred income arises on renewals of issuer and corporate adviser fees for the Ofex market.

Operating Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis.

Intangible fixed assets

The right to operate the Ofex market is valued at cost of acquisition less provision for any impairment.

Tangible fixed assets

Depreciation is provided on cost in equal monthly installments over the estimated useful lives of the assets. For all classes of asset, namely, furniture and fittings; office equipment and computer equipment this is at the rate of 33 1/3% per annum.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recovered. Deferred tax balances are not discounted.

Company profit and loss account

The Company has taken advantage of section 230 of the Companies Act 1985 not to present its own profit and loss account. The Company's loss for the financial year ended 31 December 2004 amounted to £3,317,899 (2003 - £31,258 loss), comprising administrative expenses and the write-off of inter-company indebtedness (see note 10) and the write-down of the investment in subsidiaries (see note 8).

PLUS Markets Group plc

Notes to the Financial Statements continued

Year ended 31 December 2004

2 Information regarding directors and employees

	2004 No.	2003 No.
The average number of persons employed by the Group (Including directors) during the year was:	21	19
	£	£.
Aggregate staff costs during the year were:		
Wages and salaries	988,217	732,302
Social security costs	113,330	83,896
Compensation for loss of office	193,392	-
Other benefits	33,139	32,053
	1,328,078	848,251
Emoluments of the directors of the Group (which are included in the above figures) were as follows:		
Emoluments	260,061	240,219
Compensation for loss of office	160,000	-
	420,061	240,219
Highest paid director's remuneration:		
Aggregate of emoluments	60,263	67,689
Compensation for loss of office	57,500	-
	117,763	67,689

There were no pension scheme contributions during the period.

3 Operating loss

	2004 £	2003 £
The operating loss was arrived at after charging:		
Depreciation	106,259	42,809
Auditors' remuneration:		
- audit fees	9,485	6,000
- non audit fees	13,000	28,880

Non-audit fees in 2004 comprised a £7,000 provision for 2004 taxation services and £6,000 relating to prior year taxation services, not previously provided for.

In addition to the auditors' remuneration shown above, £120,000 (2003 - £100,000) was provided for the auditors in connection with a fund raising in the year. This was offset against the share premium account.

4 Tax on loss on ordinary activities

	2004 £	2003 £
UK corporation tax at 30%	-	-
Adjustments in respect of prior years	-	55
	-	55

The actual tax charge for the current and preceding period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2003 - 30%), for the reasons set out in the following reconciliation:

	2004 £	2003 £
Loss on ordinary activities before tax	(1,321,072)	(534,980)
Tax on loss on ordinary activities at standard rate	396,322	160,494
Add/(less) tax effect of:		
Expenses not deductible for tax purposes	(14,760)	(62,572)
Capital allowances in excess of depreciation	(31,878)	14,200
Increase in tax losses carried forward	(349,683)	(171,982)
Non-taxable Income	(1)	59,423
Other timing differences	-	437
Adjustments in respect of prior years	-	55
Total actual amount of current tax	-	55

5 Loss per ordinary share

Basic loss per share has been calculated by dividing the loss on ordinary activities after taxation by the weighted number of shares in issue during the period. Diluted loss per share is basic loss per share adjusted for the effect of conversion into fully paid shares of the weighted average number of share options granted during the period. As the group had made a loss during the period, under FRS14 no dilution effect has been calculated.

	2004 £	2003 £
Loss on ordinary activities before tax	(1,321,072)	(534,980)
	Number	Number
Weighted average number of shares	31,715,792	15,789,844
	Pence	Pence
Loss per share	(4.17)	(3.34)

PLUS Markets Group plc

Notes to the Financial Statements continued

Year ended 31 December 2004

6 Intangible fixed assets

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Intellectual property rights	500,000	500,000	-	-

The carrying value above relates to the cost of acquisition in 2002 by Ofex plc from SJ&S plc of the rights to the Ofex market.

7 Tangible fixed assets

Group	Furniture and fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2004	48,380	95,222	216,387	359,989
Additions	184,004	55,785	50,080	289,869
Disposals	-	(5,743)	(17,824)	(23,567)
At 31 December 2004	232,384	145,264	248,643	626,291
Accumulated depreciation				
At 1 January 2004	45,660	90,632	145,892	282,184
Charge for the period	47,661	17,389	41,210	106,259
Reclassifications	-	(4,455)	(3,402)	(7,857)
At 31 December 2004	93,321	103,565	183,700	380,586
Net book value				
At 31 December 2004	139,063	41,699	64,943	245,705
At 31 December 2003	2,720	4,590	70,495	77,805

8 Fixed asset investments

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Listed investments	929	929	-	-
Investments in subsidiary - OFEX plc	-	-	1	1
Investments in subsidiary - Kudsoption plc	-	-	1	499,990
	929	929	2	499,991

The investment in Kudsoption (formally SJ&S plc), which is now dormant, was written down during 2004 to a nominal value of £1. The original investment related to the allotment of shares in the Company, in consideration for the transfer of the entire share capital of SJ&S plc on 27 February 2003, as part of the restructuring and demerger of the old parent company, SJ&S plc, which resulted in the formation of OFEX Holdings plc to acquire OFEX plc.

Annual Report 2004

9 Debtors

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade debtors	248,354	233,596	-	-
Prepayments	65,065	73,239	12,500	2,554
Cash cover relating to bank loan	169,000	-	-	-
Other debtors	35,277	2,263	-	-
VAT repayable	2,844	1,381	2,844	1,381
	520,540	310,479	15,344	3,935

Other debtors includes a rental deposit of £35,250 paid in relation to the granting of the lease on the Company's existing offices, which is due for repayment after more than one year.

10 Debtors: Amounts falling due after more than one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Amounts owed to parent company	-	-	209,519	1,036,633

The amount due from the wholly owned subsidiary, OFEX plc, was written down at the year end by £2,766,271 to reflect a net asset position in the parent company on a stand alone basis, that is identical to the position on a consolidated group basis.

11 Creditors: Amounts falling due within one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade creditors	62,934	6,542	-	-
Bank loan relating to office fit-out	166,667	-	-	-
Amounts owed to J P Jenkins Ltd	-	80,000	-	-
VAT payable	33,012	33,161	-	-
Other creditors	28,632	24,088	61	1
Accruals	376,158	22,656	146,973	1,560
	667,403	166,447	147,034	1,561

12 Creditors: Amounts falling due after more than one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Amounts due to related party - J P Jenkins Ltd	-	703,267	-	-

As part of a share placing in January 2004, £610,000 of the loan from J P Jenkins Limited was converted into ordinary shares of the Company at 35p per share. The outstanding residual balance was fully repaid in November 2004 further to an additional placing of shares.

PLUS Markets Group plc

Notes to the Financial Statements continued

Year ended 31 December 2004

13 Called up share capital

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Authorised:				
150,000,000 (2003 – 100,000,000) Ordinary shares of 5p each	7,500,000	5,000,000	7,500,000	5,000,000
Allotted and fully paid:				
84,532,701 (2003 – 15,789,844) Ordinary shares of 5p each	4,226,635	789,492	4,226,635	789,492

On 13 January 2004, 4,000,000 shares were allotted at 25p per share and £610,000 of a loan note held by J P Jenkins Limited was converted at 35p per share into 1,742,857 ordinary shares. On 2 November 2004, 63,000,000 shares were allotted at 5p per share.

The total number of share options outstanding under the OFEX Plans at 31 December 2004 was 2,166,833 – refer to page 11 for full details (2003: 1,055,000).

14 Equity shareholders' funds/(deficit)

	Share capital £	Share premium account £	Profit and loss account £	2004 Total £	2003 Total £
At 1 January	789,492	781,471	(2,028,049)	(457,086)	-
Merger reserves acquired	-	-	-	-	(1,493,124)
Shares issued	3,437,143	1,322,857	-	4,760,000	1,947,461
Share admission expenses	-	(635,149)	-	(635,149)	(376,498)
Loss for the year	-	-	(1,321,072)	(1,321,072)	(534,925)
At 31 December	4,226,635	1,469,179	(3,349,121)	2,346,693	(457,086)

15 Deferred tax

A deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses carried forward as there is insufficient evidence that the asset would be recoverable. The amount of this asset that is not recognised is £1,116,000 (2003 - £737,000). The asset would be recoverable if sufficient taxable profits are made in the future.

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date - between two and five years	99,028	-	-	-

17 Related party transactions

In accordance with Financial Reporting Standard No.8, "Related Party Disclosures", transactions with other group undertakings 90% owned by the ultimate parent company have not been disclosed in these financial statements. There were no other related party transactions requiring disclosure.

18 Registration

The Company is incorporated in Great Britain. Copies of the annual report are available from the registered office of the Company.

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of PLUS Markets Group plc will be held at the offices of Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA on Thursday, 14 April 2005 at 3.00 p.m. for the following purposes:

Ordinary Business

1. To receive and adopt the financial statements for the year to 31 December 2004 and the Directors' and Auditors' reports thereon.
2. To approve the Directors' Remuneration Report.
3. To re-appoint Simon Brickles as a director.
4. To re-appoint Darren Francis as a director.
5. To re-appoint Stephen Hazell-Smith as a director.
6. To re-appoint John Wedgwood as a director.
7. To re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the directors to determine their remuneration.

Special Business

To consider and if thought fit, pass Resolution 8 as an Ordinary Resolution and Resolution 9 as a Special Resolution:-

8. Authority to Allot Relevant Securities

That, in substitution for all existing authorities, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (as amended) (the 'Act') to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of this section) up to an aggregate nominal amount of £1,410,000 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which the resolution is passed but the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement as if this authority had not expired.

PLUS Markets Group plc

Notice of Annual General Meeting continued

Special Resolution

9. Disapplication of Pre-Emption Rights

That, in substitution for all existing powers, the directors be generally empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) of the Company for cash pursuant to the authority conferred by Resolution 8 as if section 89(1) of the Act did not apply to such allotment provided that this power:

- (i) shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company save that the Company may make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement notwithstanding such expiry; and
- (ii) shall be limited:
 - (a) to allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (or as nearly as may be) to their existing holdings of ordinary shares subject to the directors having a right to make such exclusions or other arrangements in connection with such offering as they may deem necessary or expedient to deal with equity securities representing fractional entitlements, and legal or practical problems under the laws of any territory, or the requirements of any recognised regulatory body or any stock exchange; and
 - (b) to allotments (otherwise than pursuant to sub-paragraph (ii)(a) above) of equity securities for cash up to an aggregate nominal amount equal to £211,000 (representing approximately 5% of the current issued share capital).

By Order of the Board



Celia L Whitten FCIS
Company Secretary
7 March 2005

Standon House
21 Mansell Street
London E1 8AA

NOTES

- a) A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.
- b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the company, Capita Registrars plc, P O Box 25, Beckenham, Kent, BR3 4BR, so as to be received by no later than 48 hours before the time the annual general meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the annual general meeting.
- c) Copies of the Directors' Service Agreements and Letters of Appointment, the Register of Directors' Interests in the ordinary shares of the Company kept in accordance with Section 325 of the Companies Act 1985 and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the annual general meeting, and for at least 15 minutes prior to the commencement of the meeting until its conclusion.

Proxy Form

PLUS Markets Group plc Annual General Meeting – 14 April 2005

I/We

(BLOCK CAPITALS PLEASE)

of

being a member of PLUS Markets Group plc, hereby appoint

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the annual general meeting of the company to be held on 14 April 2005, notice of which was sent to shareholders with the directors' report and the accounts for the year to 31 December 2004, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number	For	Against	Withheld
1. To receive, consider and adopt the financial statements together with the Reports of the Directors & Auditors for the year to 31 December 2004	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Simon Brickles as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Darren Francis as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Stephen Hazell-Smith as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint John Wedgwood as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Deloitte & Touche LLP as auditors and authorise the directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the directors to allot shares (Ordinary Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To disapply Section 89(1) of the Companies Act 1985 (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

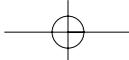
Signed:

Dated

2005

NOTES

1. A member wishing to appoint a person other than the Chairman of the meeting as proxy should insert the name and address of such person in the space provided.
2. Use of the proxy form does not preclude a member from attending and voting in person.
3. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
5. To be valid, the proxy form must be received by the Registrars no later than 48 hours before the commencement of the meeting.



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Capita Registrars
Registrars for PLUS Markets Group plc
P O Box 25
Beckenham
Kent
BR3 4BR

First fold

Second fold

