

Primary **London** Un+listed Securities

**PLUS**

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**PLUS Markets Group plc**  
Annual Report 2005

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Registered Office  
Standon House  
21 Mansell Street  
London E1 8AA

Registered in England and Wales  
No: 4606754

## Chairman's Statement

This has been a busy and exciting year for PLUS Markets Group plc. We turned around our primary market and launched our new trading service, the PLUS service ("PLUS"). As discussed in the Financial Review, underlying operating losses, excluding the one-off PLUS development spend, fell considerably. Expenditure on the PLUS service necessarily precedes revenue and this will be most noticeable in the first half of the current year. Our cash position remains strong.

PLUS is a new equity trading service, based on a quote-driven system, providing an alternative execution venue for securities with a listing or quotation elsewhere in London. PLUS was created in response to demand from brokers and was developed, financed and opened within twelve months from date of inception. It would not have been possible to launch PLUS within such a tight time frame were it not for the goodwill and advice of so many market practitioners. We are grateful for their time and support.

Nothing better illustrates the changes in our business than the growth in the range and types of security that we trade. Following the launch of PLUS, we are now trading over 750 securities with a combined market capitalisation in excess of £65 billion. This compares with fewer than 140 securities a year ago with a market capitalisation of less than £1.4 billion.

I am delighted to report that since its launch, on 5 December, the PLUS service has progressed well. Almost all key information vendors are already carrying PLUS data. To date, 12 brokers and 5 market makers have joined PLUS with more expected over the coming months. This week, we were pleased to welcome our initial AIM companies to the PLUS service. PLUS is currently the only alternative trading system in the United Kingdom to trade AIM securities.

We have seen the number of bargains growing steadily since PLUS was launched. Already, PLUS has gained significant market share in certain industry segments such as the FTSE Fledgling Index. Indeed, in some officially listed securities, we have captured the majority of trading activity. This is a remarkable achievement in an industry, which has traditionally been dominated by a single market operator.

Most importantly, though, are the prices at which transactions are being executed on our platform. Here the PLUS service is proving itself highly competitive. Brokers are accessing PLUS to ensure that they are offering their clients the best prices available across the UK equity markets, especially as we prepare to adjust our normal market sizes and offer increased liquidity.

We believe that PLUS Markets is well positioned to operate within the modern regulatory environment established by MiFID, a pan-European framework for competition, innovation and diversity in financial markets. We will monitor the evolution of MiFID and actively engage with market participants during this process, to enable us to provide trading and transparency solutions which continue to meet the needs of our customers.

Following our programme of reforms in the first half of the year, we have seen a turnaround in the performance of Ofex, our primary market. Thus, for the first time in five years, there has been an increase in the number of companies being admitted. This is because there is a growing recognition of the attractiveness of a disclosure based market, which properly balances the needs of companies and their investors.

We are pleased that the launch of the PLUS service has had tangible benefits for companies with an existing quotation on our primary market. As more market participants focus on PLUS, we have seen an increased profile for many of our existing companies and significantly increased trading volumes on the new platform.

## Chairman's Statement continued

Moving forwards, it is our intention to operate our primary market under the PLUS brand thereby giving a unified identity with your holding company and the new successful trading service.

We have achieved much in an extremely busy year due to the drive of our dedicated and highly professional staff. May I also take this opportunity to welcome to the Board two further Non Executive Directors, Stephen Allcock Q.C. and Nicholas Smith.

Brokers want the ability to access a different pool of liquidity. PLUS is not only providing choice but competitive prices and volumes in a range of securities. It is this which gives us great confidence in the future.



Stephen Hazell-Smith  
Chairman

7 March 2006

## Operational and Financial Review

### Operational Review

The year under review saw significant operational activity, including a programme of improvements to the Ofex Primary Market, the commencement of the PLUS service and the launch of Newstrack PLUS, a fast, effective and secure mechanism for companies and their advisers to submit news announcements.

As part of its overall operational activity the Company has further enhanced its disaster recovery capability and now has a full business continuity plan in place, with the hosting and the recovery site being provided by a market leader in this field. The Company also strengthened its headcount resources in the areas of regulation and technology in line with the requirements of the PLUS service.

### Financial Review

#### Turnover

Turnover at £1.45 million (2004: £1.14 million) was 27% up on the previous year, primarily as a result of the 44 new admissions to the Ofex market, being 24 higher than in 2004 and the one-off income of £0.16 million generated from the enhanced trading services, as previously disclosed in the interim results. Companies leaving the market reduced significantly, with 24 leavers (2004: 44) and the number of issuers on the market at the end of 2005 stood at 154 (2004: 134), the first year on year increase since 2000.

#### Expenditure

Total expenditure of £2.70 million (2004: £2.46 million) included expenditure of £0.92 million on the PLUS service, £0.58 million of which was in respect of one-off development spend.

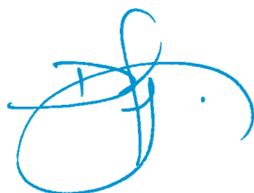
#### Loss for the year

The loss for the year was £1.15 million (2004: £1.32 million), with a loss per share at 1.19p (2004: 4.17p). Excluding the one-off PLUS service development expenditure of £0.58 million and income of £0.16 million, the underlying loss comprised £0.34 million in respect of the PLUS service and £0.39 million in respect of the existing Ofex Primary Market business. The second half loss of £0.13 million on the Primary Market service was an improvement on the £0.26 million loss reported in the interim results for the same part of the business.

#### Balance sheet and cash flow

Following the placing of 50,000,000 new ordinary shares at 5p each in September 2005 to finance the development of the Company's trading services as previously detailed, the cash position increased by £1.10 million in the year (2004: £2.28 million).

Shareholders' funds at the year end stood at £3.73 million (2004: £2.35 million).



Darren Francis  
Chief Financial Officer

7 March 2006

## Board of Directors and Advisers

### Stephen Hazell-Smith (52)

#### Independent Non-executive Chairman

(from 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 (41)

#### Chief Executive Officer

(from 1 November 2004)

Simon was previously employed as head of AIM at the London Stock Exchange. Prior to that he practiced as a barrister. He was educated at Emmanuel College, Cambridge and the City University. Simon joined the Group in January 2004.

### Darren Francis (38)

#### Chief Financial Officer

(from 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.

### Stephen Allcock (54)\*+

#### Independent Non-executive Director

(appointed 1 January 2006)

Stephen is a Tax Barrister by profession. He became a Q.C. in 1993 and retired from the Bar in 1999. Subsequently he served until 2004 as a Director at PricewaterhouseCoopers in their Private Client Department. He now pursues various interests in small businesses including a controlling interest in Euphorium Bakery Limited. He is a private investor in the stock market, and in private equity and commercial property.

### Helen Bagan (47)\*+

#### 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. Helen has acted as a Finance Director in both the private equity and investment trust sectors. She also has private equity investment management experience. Helen joined the Board in November 2003 and chairs the Audit Committee. She is also a non-executive director of Core VCT I Plc, Core VCT II Plc and Core VCT III Plc.

## Board of Directors and Advisers continued

### Nicholas Smith (54)\*+

#### Independent Non-executive Director

(appointed 1 January 2006)

Nicholas is a Chartered Accountant with a previous career in investment banking. He worked for Flemings, Jardine Fleming and HSBC in Europe and Asia and his roles have included being co-head of investment banking and Chief Financial Officer of the Jardine Fleming Group. He is a director of AIM-listed Asian Citrus Holdings and 4C Associates Ltd, a private company involved in outsourcing and procurement solutions.

### John Wedgwood (65)\*+

#### Independent Non-executive Director

(from 5 March 2003)

John began his City career 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. 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

#### Registered Office and Company Number

Standon House, 21 Mansell Street, London E1 8AA. Registered in England & Wales No. 4606754.

#### 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

## 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 2005.

### Principal Activities

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 the PLUS trading service 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 2005 (2004 – 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 to 3.

### Share Capital

Details of the Company's share capital are shown in note 12.

### 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	19.2%
Cenkos Securities Limited	13.3%
J P Jenkins*	4.8%
New Smith Opportunities Hedge Fund LP	3.7%
Shore Capital Stockbrokers Limited	3.7%
Charles Stanley & Co. Ltd	3.5%
KBC Peel Hunt Limited	3.0%

\* This holding includes a 1.3% 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 accordance with the Company's Articles of Association, Messrs Allcock and Smith will retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for reappointment. Miss Bagan and Mr Brickles are retiring by rotation and being eligible will offer themselves for reappointment.

The Board has considered provision A.7.2 of the Combined Code 2003 and believes that Messrs Allcock and Smith, Miss Bagan and Mr Brickles continue to be effective and to demonstrate commitment to their roles, the Board and the Company. They therefore have no hesitation in recommending them for re-election at the forthcoming Annual General Meeting.

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 2005 or date of appointment if later	Shareholding as at 31 December 2004
S J Allcock (appointed 1 January 2006)	750,000	—
H Bagan	200,000	—
S M Brickles	900,000	600,000
D S Francis	300,000	—
S J Hazell-Smith	1,100,000	—
N M N Smith (appointed 1 January 2006)	100,000	—
J A T Wedgwood	300,000	100,000

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 2006.

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 obtained confirmation from the Inland Revenue that the issue of ordinary shares in the Company up to and including 2004 rank as qualifying investments for the purposes of Enterprise Investment Scheme ("EIS") and will be a "qualifying holding" for the purposes of investment by Venture Capital Trusts ("VCTs"). No confirmation has been applied for in respect of the September 2005 Placing and shareholders who are interested in such reliefs should contact the Company Secretary.

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

At an Extraordinary General Meeting of the Company held on 29 September 2005 shareholders approved a resolution authorising the directors, in substitution for all authorities in existence immediately prior to such resolution being passed, to allot securities up to an aggregate nominal amount of £4,742,211. At that meeting the shareholders also approved a special resolution pursuant to that authority authorising the directors to allot equity securities, limited as follows:

- (a) up to an aggregate amount of £2,500,000 pursuant to the placing of up to 50,000,000 new ordinary shares of the Company;
- (b) to existing shareholders in proportion to their existing holdings; and
- (c) (otherwise than pursuant to sub-paragraphs a) and b) above) up to an aggregate nominal amount of £336,331

## Report of the Directors continued

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 2007 and the appropriate resolution to empower directors to allot securities up to an aggregate nominal amount of £2,239,969 (being 33% of the issued share capital) is set out in the notice of annual general meeting, on pages 25 and 26 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 £336,331 representing approximately 5% of the issued share capital of the Company.

### Donations

No donations were made during the year for either charitable or political purposes (2004 – £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 20 April 2006 at 2.00 p.m. is given on pages 25 and 26 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 2006

## 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 five 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 and its operational subsidiary.

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), Stephen Allcock, Nicholas Smith 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 Chairman, 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.
- **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.

## Corporate Governance continued

- 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), Stephen Allcock, Helen Bagan, and Nicholas 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 5 to the Income Tax (Earnings and Pensions) Act 2003 ('Schedule 5').

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 5 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 2005 was 9,809,106 and details are as follows:

Number of Share Options	Exercise Price	Grant Date	Earliest Exercise Date	Expiry Date
290,000	25p	01 04 2003	01 04 2006	31 03 2013
541,833	29.5p	11 03 2004	11 03 2007	10 03 2014
290,909	6.875p	11 03 2005	11 03 2008	10 03 2015
3,409,091	7.25p	17 03 2005	17 03 2008	16 03 2015
727,273	6.875p	04 05 2005	04 05 2008	03 05 2015
4,550,000	24.125p	16 12 2005	16 12 2008	15 12 2015

### Directors' remuneration

The remuneration of the directors for the year ended 31 December 2005 was as follows:

	2005	2005	Total	2004	2004	Total
	Salary/Fees	Benefits	£'000	Salary/Fees	Benefits	£'000
	£'000	£'000		£'000	£'000	
H Bagan	18	—	18	18	—	18
S M Brickles	103	1	104	13	—	13
D S Francis	78	1	79	13	—	13
S J Hazell-Smith	19	—	19	—	—	—
J A T Wedgwood	23	—	23	23	—	23
J P Jenkins	—	—	—	15	—	15
E M Jenkins	—	—	—	56	4	60
J M Jenkins	—	—	—	56	1	57
P A Freeman	—	—	—	59	2	61
	<b>241</b>	<b>2</b>	<b>243</b>	<b>253</b>	<b>7</b>	<b>260</b>

## Directors' Report on Remuneration continued

### Service agreements and letters of appointment

Each of Simon Brickles and Darren Francis has an appointment letter with PLUS Markets Group plc and 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 of Grant	Expiry Date	Exercise Price	Number at Date of Grant	Number at 31 December 2005
S M Brickles	11 03 2004	11 03 2007	10 03 2014	29.5p	338,983	
	17 03 2005	17 03 2008	16 03 2015	7.25p	700,000	
	16 12 2005	16 12 2008	15 12 2015	24.125p	1,500,000	2,538,983
D S Francis	11 03 2004	11 03 2007	10 03 2014	29.5p	65,000	
	17 03 2005	17 03 2008	16 03 2015	7.25p	700,000	
	16 12 2005	16 12 2008	15 12 2015	24.125p	800,000	1,565,000

The options granted to Simon Brickles and Darren Francis were granted under the OFEX EMI Share Option Plan and The OFEX Unapproved 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 2006

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

We have audited the financial statements of PLUS Markets Group plc for the year ended 31 December 2005, which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes, and the related notes 1 to 17. 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 opinion 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 financial statements in accordance with United Kingdom law and United Kingdom Generally Accepted Accounting Practice. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework 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 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 is not disclosed.

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

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its loss 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 2006

## Consolidated Profit and Loss Account

for the year ended 31 December 2005

	Note	2005 £	2004 £
<b>Turnover</b>	1	1,446,458	1,140,734
Administrative expenses		<u>(2,697,172)</u>	<u>(2,462,190)</u>
<b>Operating loss</b>	3	(1,250,714)	(1,321,456)
Interest receivable		97,866	20,514
Interest payable		<u>—</u>	<u>(20,130)</u>
<b>Loss on ordinary activities before taxation</b>		(1,152,848)	(1,321,072)
Tax on loss on ordinary activities	4	<u>—</u>	<u>—</u>
<b>Loss on ordinary activities after taxation and retained loss for the year</b>	13	<u>(1,152,848)</u>	<u>(1,321,072)</u>
Basic and diluted loss per share	5	<u>(1.19)p</u>	<u>(4.17)p</u>

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.

= liquidity

**PLUS**

# Proxy Form

## PLUS Markets Group plc

### Extraordinary General Meeting – 20 April 2006

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 extraordinary general meeting of the Company to be held on 20 April 2006, notice of which was sent to shareholders with the directors' report and the accounts for the year to 31 December 2005, and at any adjournment thereof.

Signed:

Dated:

2006

---

#### 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.

Third Fold and tuck in edge



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

Second fold

First Fold

16 March 2006

Dear Shareholder

## Section 142 Companies Act 1985

The net assets of the Company are less than half of its called up share capital. As a result, the Directors are obliged by section 142 of the Companies Act 1985 to convene an extraordinary general meeting of the Company for the purpose of considering whether any, and if so what, steps should be taken to deal with this situation.

Accordingly:

**Notice is hereby given that an Extraordinary General Meeting will be held at the offices of Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA at 2.15 p.m. on Thursday, 20 April 2006** or, if later, immediately following the Annual General Meeting of the Company commencing at 2.00 p.m., to consider whether any, and if so what, steps should be taken to deal with the situation arising by virtue of the fact that the net assets of the Company are half or less of its called up share capital.

Standon House  
21 Mansell Street  
London E1 8AA

t. +44 (0) 20 7553 2000  
f. +44 (0) 20 7553 2004

[plusmarketsgroup.com](http://plusmarketsgroup.com)

By order of the Board of

**PLUS Markets Group plc**



C L Whitten FCIS  
16 March 2006  
Standon House  
21 Mansell Street  
London E1 3AA

### NOTES

- (a) A member entitled to attend and vote at the extraordinary 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 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 meeting or any adjournment thereof.
- (c) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those shareholders registered in the register of members of the Company 48 hours before the time the meeting is scheduled to begin shall be entitled to attend and vote at the meeting. Changes to entries on the relevant securities register after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Primary **London Un+listed Securities**

## Consolidated Balance Sheet

as at 31 December 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Intangible assets	6	500,000	500,000
Tangible assets	7	442,197	245,705
Investments	8	929	929
		<u>943,126</u>	<u>746,634</u>
<b>Current assets</b>			
Debtors and prepayments	9	600,132	520,540
Accrued income		1,806	1,806
Cash at bank and in hand		3,448,982	2,351,846
		<u>4,050,920</u>	<u>2,874,192</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors and accruals	11	(399,782)	(667,403)
Deferred income		(861,324)	(606,730)
		<u>(1,261,106)</u>	<u>(1,274,133)</u>
<b>Net current assets</b>		<u>2,789,814</u>	<u>1,600,059</u>
<b>Total assets</b>		<u>3,732,940</u>	<u>2,346,693</u>
<b>Capital and reserves</b>			
Called up share capital	12	6,726,635	4,226,635
Share premium		1,508,274	1,469,179
Profit and loss account		(4,501,969)	(3,349,121)
<b>Equity shareholders' funds</b>	13	<u>3,732,940</u>	<u>2,346,693</u>

These financial statements were approved by the board of directors on 7 March 2006.

Signed on behalf of the board of directors



Stephen Hazell-Smith  
Chairman

**Company Balance Sheet**

as at 31 December 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Investment in subsidiaries	8	<u>2</u>	<u>2</u>
<b>Current assets</b>			
Debtors and prepayments	9	19,705	15,344
Cash at bank and in hand		<u>3,356,526</u>	<u>2,268,826</u>
		3,376,231	2,284,170
<b>Debtors: amounts falling due after more than one year</b>			
Due from subsidiary – OFEX plc	10	361,847	209,519
<b>Creditors: amounts falling due within one year</b>			
	11	<u>(5,135)</u>	<u>(147,034)</u>
<b>Net current assets</b>		<u>3,732,943</u>	<u>2,346,655</u>
<b>Total assets</b>		<u>3,732,945</u>	<u>2,346,657</u>
<b>Capital and reserves</b>			
Called up share capital	12	6,726,635	4,226,635
Share premium	13	1,508,274	1,469,179
Profit and loss account		<u>(4,501,964)</u>	<u>(3,349,157)</u>
<b>Equity shareholders' funds</b>		<u>3,732,945</u>	<u>2,346,657</u>

These financial statements were approved by the board of directors on 7 March 2006.

Signed on behalf of the board of directors

Stephen Hazell-Smith  
Chairman

## Consolidated Cash Flow Statement

for the year ended 31 December 2005

	Note	2005 £	2004 £
<b>Net cash outflow from operating activities</b>	1	(1,176,136)	(948,383)
<b>Returns on investments and servicing of finance</b>			
Interest received		97,866	20,514
Interest paid		—	(20,130)
		<u>97,866</u>	<u>(20,130)</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>97,866</u>	<u>384</u>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(366,022)	(274,159)
Rental deposit/cash cover relating to loan financing		169,000	(204,250)
		<u>(197,022)</u>	<u>(478,409)</u>
<b>Financing</b>			
Net issue of ordinary share capital		2,469,715	3,655,850
VAT rebate on share admission expenses		69,380	—
Net financing with related party – J P Jenkins Limited		—	(118,555)
Net loan financing		(166,667)	166,667
		<u>2,372,428</u>	<u>3,703,962</u>
<b>Net cash inflow from financing</b>		<u>2,372,428</u>	<u>3,703,962</u>
<b>Increase in cash</b>	2	<u>1,097,136</u>	<u>2,277,554</u>

## Notes to the Consolidated Cash Flow Statement

for the year ended 31 December 2005

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

	2005 £	2004 £
Operating loss	(1,250,714)	(1,321,456)
Depreciation	169,530	106,259
Increase in debtors	(248,592)	(7,612)
Increase in creditors	153,640	274,426
<b>Net cash outflow from operating activities</b>	<b><u>(1,176,136)</u></b>	<b><u>(948,383)</u></b>

### 2. Analysis of changes in net funds during the year

	2005 £	2004 £	
Balance at 1 January	2,351,846	74,292	
Net cash inflow	1,097,136	2,277,554	
Balance at 31 December	<b><u>3,448,982</u></b>	<b><u>2,351,846</u></b>	
Represented by:			
	At 31 December 2004 £	Cash flows £	At 31 December 2005 £
Cash in hand and at bank	<u>2,351,846</u>	<u>1,097,136</u>	<u>3,448,982</u>

# Notes to the Financial Statements

Year ended 31 December 2005

## 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 the operation of the Ofex market and the PLUS trading service. Deferred income arises on annual issuer and membership fees of the market and the trading service.

### 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 instalments 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 2005 amounted to £1,152,810 (2004 – £3,317,899 loss), comprising deposit interest, administrative expenses and the write-off of inter-company indebtedness (see note 10).

## Notes to the Financial Statements continued

Year ended 31 December 2005

### 2 Information regarding directors and employees

	2005 No.	2004 No.
The average number of persons employed by the Group (Including directors) during the year was:	<u>17</u>	<u>21</u>
	£	£
<b>Aggregate staff costs during the year were:</b>		
Wages and salaries	841,645	988,217
Social security costs	98,519	113,330
Compensation for loss of office	—	193,392
Other benefits	<u>18,217</u>	<u>33,139</u>
	<u>958,381</u>	<u>1,328,078</u>
<b>Emoluments of the directors of the Group (which are included in the above figures) were as follows:</b>		
Emoluments	301,036	260,061
Compensation for loss of office	—	<u>160,000</u>
	<u>301,036</u>	<u>420,061</u>
<b>Highest paid director's remuneration:</b>		
Aggregate of emoluments	104,395	60,263
Compensation for loss of office	—	<u>57,500</u>
	<u>104,395</u>	<u>117,763</u>

There were no pension scheme contributions during the period.

### 3 Operating loss

	2005 £	2004 £
<b>The operating loss was arrived at after charging:</b>		
Depreciation	169,530	106,259
One-off development expenditure on the PLUS service	576,444	—
Auditors' remuneration:		
– audit fees	10,087	9,485
– non audit fees	<u>7,000</u>	<u>13,000</u>
Non-audit fees in 2005 comprised a £7,000 provision for 2005 taxation services.		
<b>The operating loss was arrived at after receipting:</b>		
One-off income on the PLUS service	<u>160,000</u>	<u>—</u>

#### 4 Tax on loss on ordinary activities

	2005 £	2004 £
UK corporation tax at 30%	—	—
Adjustments in respect of prior years	—	—
	<u>—</u>	<u>—</u>

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% (2004 – 30%), for the reasons set out in the following reconciliation:

	2005 £	2004 £
Loss on ordinary activities before tax	<u>(1,152,848)</u>	<u>(1,321,072)</u>
Tax on loss on ordinary activities at standard rate	345,854	396,322
Add/(less) tax effect of:		
Expenses not deductible for tax purposes	(3,085)	(14,760)
Capital allowances in excess of depreciation	(48,132)	(31,878)
Increase in tax losses carried forward	(294,637)	(349,683)
Non-taxable Income	—	(1)
Total actual amount of current tax	<u>—</u>	<u>—</u>

#### 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.

	2005 £	2004 £
Loss on ordinary activities before tax	<u>(1,152,848)</u>	<u>(1,321,072)</u>
	<u>Number</u>	<u>Number</u>
Weighted average number of shares	<u>97,272,427</u>	<u>31,715,792</u>
	<u>Pence</u>	<u>Pence</u>
Loss per share	<u>(1.19)</u>	<u>(4.17)</u>

#### 6 Intangible fixed assets

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Intellectual property rights	<u>500,000</u>	<u>500,000</u>	<u>—</u>	<u>—</u>

The carrying value above relates to the cost of the acquisition in 2002 by Ofex plc of the rights to operate the Ofex market.

## Notes to the Financial Statements continued

Year ended 31 December 2005

## 7 Tangible fixed assets

Group	Furniture and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2005	232,384	145,264	248,643	626,291
Additions	2,448	3,301	360,273	366,022
Disposals	—	—	—	—
At 31 December 2005	<u>234,832</u>	<u>148,565</u>	<u>608,916</u>	<u>992,313</u>
<b>Accumulated depreciation</b>				
At 1 January 2005	93,321	103,565	183,700	380,586
Charge for the period	61,980	18,937	88,613	169,530
At 31 December 2005	<u>155,301</u>	<u>122,502</u>	<u>272,313</u>	<u>550,116</u>
<b>Net book value</b>				
At 31 December 2005	<u>79,531</u>	<u>26,063</u>	<u>336,603</u>	<u>442,197</u>
At 31 December 2004	<u>139,063</u>	<u>41,699</u>	<u>64,943</u>	<u>245,705</u>

## 8 Fixed asset investments

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Listed investments	929	929	—	—
Investments in subsidiary – OFEX plc	—	—	1	1
Investments in subsidiary – Kudosoption plc	—	—	1	1
	<u>929</u>	<u>929</u>	<u>2</u>	<u>2</u>

## 9 Debtors

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade debtors	406,044	248,354	—	—
Prepayments	152,651	65,065	13,545	12,500
Cash cover relating to bank loan	—	169,000	—	—
Other debtors	35,277	35,277	—	—
VAT repayable	6,160	2,844	6,160	2,844
	<u>600,132</u>	<u>520,540</u>	<u>19,705</u>	<u>15,344</u>

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 and over which the Company has granted a charge to the landlord.

**10 Debtors: Amounts falling due after more than one year**

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Due from subsidiary	—	—	<b>361,847</b>	209,519

The amount due from the wholly owned subsidiary, OFEX plc, was written down at 31 December 2005 by £1,187,675 to ensure that the asset position of the parent company on a stand alone basis is substantially the same as the position on a consolidated group basis.

**11 Creditors: Amounts falling due within one year**

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade creditors	20,274	62,934	—	—
Bank loan relating to office fit-out	—	166,667	—	—
VAT payable	10,009	33,012	—	—
Other creditors	39,108	28,632	90	61
Accruals	<b>330,391</b>	376,158	<b>5,045</b>	146,973
	<b>399,782</b>	667,403	<b>5,135</b>	147,034

**12 Called up share capital**

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
<b>Authorised:</b>				
200,000,000 (2004 – 150,000,000)				
Ordinary shares of 5p each	<b>10,000,000</b>	7,500,000	<b>10,000,000</b>	7,500,000
<b>Allotted, called up and fully paid:</b>				
134,532,701 (2004 – 84,532,701)				
Ordinary shares of 5p each	<b>6,726,635</b>	4,226,635	<b>6,726,635</b>	4,226,635

On 30 September 2005, 50,000,000 shares were allotted at 5p per share.

The total number of share options outstanding under the OFEX Plans at 31 December 2005 was 9,809,106 – refer to page 11 for full details (2004 – 2,166,833).

## Notes to the Financial Statements continued

Year ended 31 December 2005

### 13 Equity shareholders' funds

	Share capital account £	Share premium account £	Profit and loss account £	2005 Total £	2004 Total £
At 1 January	4,226,635	1,469,179	(3,349,121)	2,346,693	(457,086)
Shares issued	2,500,000	—	—	2,500,000	4,760,000
Share admission expenses	—	(30,285)	—	(30,285)	(635,149)
VAT rebate on share admission expenses	—	69,380	—	69,380	—
Loss for the year	—	—	(1,152,848)	(1,152,848)	(1,321,072)
At 31 December	6,726,635	1,508,274	(4,501,969)	3,732,940	2,346,693

### 14 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 approximately £1,411,000 (2004 – £1,116,000). The asset would be recoverable if sufficient taxable profits are made in the future.

### 15 Commitments

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

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date – between two and five years	99,028	—	99,028	—

### 16 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 in the current or prior year requiring disclosure.

### 17 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, 20 April 2006 at 2.00 p.m. for the following purposes:

### Ordinary Business

1. To receive and adopt the financial statements for the year to 31 December 2005 and the Directors' and Auditors' reports thereon.
2. To approve the Directors' Remuneration Report.
3. To reappoint Stephen Allcock as a director.
4. To reappoint Nicholas Smith as a director.
5. To reappoint Helen Bagan as a director.
6. To reappoint Simon Brickles as a director.
7. To reappoint 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 £2,239,969 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.

## 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 £336,331 (representing approximately 5% of the current issued share capital).

By Order of the Board



Celia L Whitten FCIS  
Company Secretary  
7 March 2006

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 – 20 April 2006

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 20 April 2006, notice of which was sent to shareholders with the directors' report and the accounts for the year to 31 December 2005, 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 2005	<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 reappoint Stephen Allcock as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To reappoint Nicholas Smith as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To reappoint Helen Bagan as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To reappoint Simon Brickles as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To reappoint 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: \_\_\_\_\_ 2006

### 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.



Third Fold and tuck in edge



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

Second fold

First Fold