

Company No. **5107012**

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS
For the year ended 31 December 2005



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COMPANY INFORMATION For the year ended 31 December 2005

DIRECTORS:	A J Grant L G Grant M J Edmett J S Mackay	
SECRETARY:	M J Edmett	
REGISTERED OFFICE:	Oxford House 15/17 Mount Ephraim Road Tunbridge Wells Kent TN1 1EN	
REGISTERED NUMBER:	5107012	
AUDITORS:	Horwath Clark Whitehill LLP 10 Palace Avenue Maidstone Kent ME15 6NF	
REGISTRAR:	Capita IRG plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU	
BANKERS:	HSBC Bank plc 105 Mount Pleasant Tunbridge Wells Kent TN1 1QP	Anglo Irish Bank Corporation plc 10 Old Jewry London EC2R 8DN
SOLICITORS:	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells TN1 1NX	
NOMINATED ADVISER:	Daniel Stewart & Company 36 Old Jewry London EC2R 8DD	
WEBSITES:	www.jarvisim.co.uk www.sharedealactive.co.uk www.jarvissecurities.co.uk	
TRADING ADDRESS:	Oxford House 15/17 Mount Ephraim Road Tunbridge Wells Kent TN1 1EN	

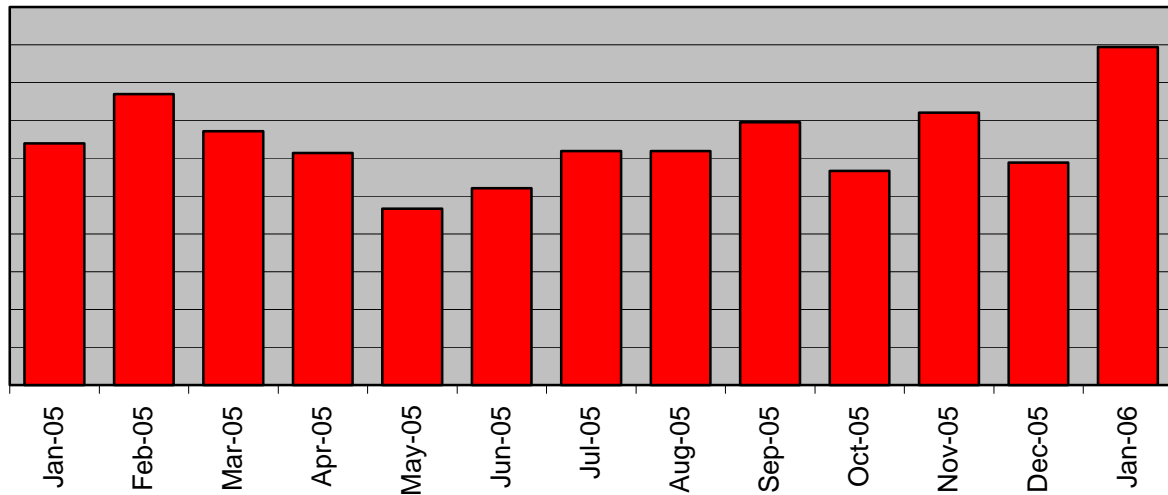


Miss Kerry Belcher (Head of Dealing at Jarvis Investment Management plc) collecting the **Investor's Chronicle Award** from **Matthew Vincent**, the editor of the magazine, and **Mr John Humphries**.

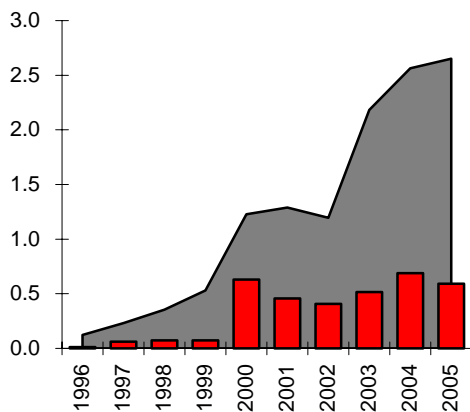
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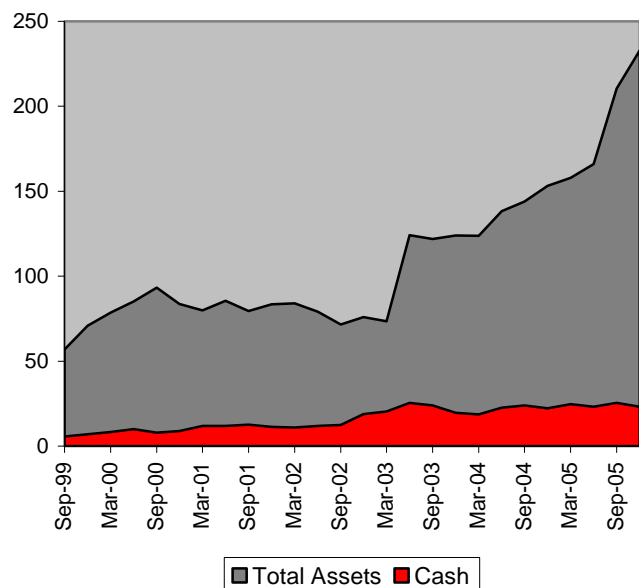
Deal Volumes



Turnover vs. Operating Profit (£M)



Funds Under Administration (£M)



CHAIRMAN'S STATEMENT

There is no doubt that 2005 has been a demanding year for the group. The financial results are not a fair reflection of the level of effort and progress made. We have indeed advanced in the last year and I am confident that this progress will be represented through improved financial performance in 2006.

We are sensitive to market activity levels and consequently recorded a quiet second quarter in 2005. We were also involved with investigating a significant acquisition opportunity during the first quarter of 2005. Although we are anxious to find firms suitable for consolidation, by nature we are a conservatively run company. A number of potential issues were uncovered during the due diligence process, which persuaded us that the potential target was not suitable for consolidation into the group. The aborted acquisition resulted in exceptional costs although it is preferable to incur these costs through necessary due diligence than to make an inappropriate purchase. Falling interest rates have adversely materially affected our financial performance as well.

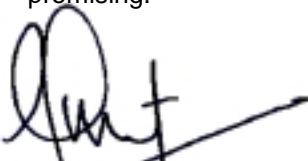
Despite these factors, the operating subsidiary, Jarvis Investment Management plc again improved its operating profit by 2.6% compared to the same period in 2005. This was counteracted by higher group costs recorded in Jarvis Securities, which prevented this upturn flowing into the consolidated results. We have incurred costs in developing and improving the system and legal framework for our outsourced services but have not seen the full benefit of these new contracts flowing through to the financial results. The majority of our Model B contracts will be running for their first full year in 2006 without the inevitable front-loaded costs to our operation. Our offices have also been extended to provide approximately one third more space and giving us plenty of room to expand without having the disruption and expense of moving premises.

Jarvis is a business that prides itself on efficiency and quality of service. We have been striving very hard to differentiate ourselves from other volume execution-only brokers through our personal approach. With almost 35,000 clients maintaining this differentiation in quality can be difficult. I am pleased, however, to say that we have maintained this differentiation in quality and have been recognised for that achievement. In October, Jarvis Investment Management plc won the Investor's Chronicle Award for Best Self-Select ISA Provider 2005 from a public vote. This is a truly exciting result considering the size and market presence of our major competitors.

There is no doubt that the group will face further challenges during 2006 although there are more opportunities available to the group than for some time too. Dealing volumes and new accounts are sharply higher so far this year for our existing products. A number of institutions looking to outsource financial administration processes have approached us and we have been vigorously promoting co-branded offerings to other organisations with an enthusiastic early reception. Jarvis Investment Management plc will be launching a new web-based dealing service at a very competitive commission that we expect to garner a lot of interest.

In addition, early stage talks with several potential targets or partners have either begun or recommenced recently and we believe that there are a number of opportunities to combine businesses in our sector to cut costs and improve profits and service. I shall, of course, report any developments of this nature in more detail in due course.

I appreciate that our first year on AIM has not shown the growth in our share price that the directors were hoping to achieve for our existing shareholders. We have purchased a number of shares in the market when the price fell to levels that your Board believed undervalued the business and its current prospects. The best route to increasing shareholder value in my opinion is to maintain our distinctive quality while improving profits. This will be entirely the focus of the Board in 2006 and the early indications for an improved performance are promising.



Andrew J. Grant
Chairman

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2005.

Statement of directors' responsibilities

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

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business;
- d) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Principal activities

The principal activities of the group members consolidated within these accounts are:

Jarvis Securities plc	Group holding company
Jarvis Investment Management plc	Stockbroker (Member of The London Stock Exchange) Inland Revenue approved PEP and ISA managers Third party investment administration services
Dudley Road Nominees Limited	Dormant nominee company
JIM Nominees Limited	Dormant nominee company
Galleon Nominees Limited	Dormant nominee company
Sharegain Limited	Dormant company

Business review

Continued growth has resulted in group turnover rising by 3.5% to £2,651,665. However increased costs have resulted in profit before tax falling to 86% of the 31 December 2004 level, with basic earnings per share down by 50%. Group net assets are at £1,367,060 from £1,372,680 a year earlier, a fall of 0.4%.

Future developments

Jarvis Securities plc continues to seek further acquisition targets that can be integrated into the operating subsidiary with resultant cost savings and cross-selling opportunities. Jarvis Investment Management plc will continue to actively promote its retail and third party stockbroking and administration services and intends to launch a new web-based share-dealing product during 2006.

Results and dividends

The consolidated profit for the year after taxation amounted to £310,559 (2004 £538,982). Ordinary dividends of £287,114 (2004 £401,200) were paid during the year. In January 2006, we announced that we were considering paying a final dividend for the year ended 31 December 2005. We have since decided not to do so and to maintain our policy of paying out approximately two-thirds of our retained profits as dividends. We expect to pay a second interim dividend in September 2006, having paid a first interim dividend in February of this year and thereafter to pay dividends in March and September each year. The balance on the profit and loss account has been carried forward.

Auditor Independence

The directors have appointed an audit committee, one of whose roles is to ensure the independence of the group's auditors. The auditors are considered to be independent in accordance with the profession's ethical standards.

Audit Committee

The audit committee comprises of L G Grant and Mr J S Mackay. The committee is chaired by L G Grant.

Payment of creditors

The company attempts to establish continuing relationships with its suppliers by agreeing mutually acceptable arrangements on an individual basis. Accordingly, the directors consider that the adoption of any external standard or code would prejudice the flexibility that individual arrangements can achieve for the benefit of both parties. The average payment period at the year-end was 91 days (2004 125 days).

Purchase of own shares

During the year the company repurchased 24,545 of its own ordinary 1p shares for cancellation. These shares represented 0.21% of the issued share capital and had a total nominal value of £245.45. They were purchased for a consideration of £18,879.96 in order to improve the earnings per share of the company.

Directors and their interests

The directors and their interests, as defined by the Companies Act, in the shares of the company at 31 December 2005 were as follows:-

		<u>31.12.05</u>	<u>31.12.04</u>
A J Grant	- 1p ordinary shares	9,500	2,000
L G Grant	- 1p ordinary shares	2,000	2,000
M J Edmett	- 1p ordinary shares	7,500	-
J S Mackay	- 1p ordinary shares	-	-

The directors had the following interests, as defined by the Companies Act, in the shares of the company's parent company, Sion Holdings Limited, at 31 December 2005:-

		<u>31.12.05</u>	<u>31.12.04</u>
A J Grant	- 50p ordinary shares	559,295	559,295
L G Grant	- 50p ordinary shares	318,785	347,785
M J Edmett	- 50p ordinary shares	-	-
J S Mackay	- 50p ordinary shares	-	-

Share Options

A total of 600,000 options were granted to directors and employees on admission of the company to trading on AIM and a further 50,000 to a director on 20 January 2005. All options were granted with an exercise price of 82.5p and are first exercisable on 23 December 2009 and with a last exercise date of 23 December 2014. The following options were granted to directors:

A J Grant	273,500
M J Edmett	175,000
J S Mackay	50,000

Auditors

A resolution to re-appoint Horwath Clark Whitehill LLP as auditors to the Company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

Mathew Edmett

.....
Mathew J Edmett – Secretary

Date: 20 March 2006



Horwath Clark Whitehill

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JARVIS SECURITIES PLC

We have audited the group and parent company financial statements which comprise of the group Profit and Loss Account, group Balance Sheet, company Balance Sheet, group Cash Flow Statement and related notes of Jarvis Securities plc for the year ended 31 December 2005 set out on pages 7 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 11.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company and group have 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

UNQUALIFIED 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 and group's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

HORWATH CLARK WHITEHILL LLP
Chartered Accountants
and Registered Auditors
Maidstone

JARVIS

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

	Notes	2005	2004
		£	£
TURNOVER		2,651,665	2,562,793
Administrative expenses		2,009,206	1,742,074
Exceptional administrative expenses	4	50,222	133,536
		2,059,428	1,875,610
OPERATING PROFIT	3	592,237	687,183
Tax on profit on ordinary activities	6	281,678	148,201
PROFIT FOR THE FINANCIAL YEAR		310,559	538,982
Dividends	7	287,114	401,200
RETAINED PROFIT	17	23,445	137,782
Retained profit brought forward	17	457,815	320,033
RETAINED PROFIT CARRIED FORWARD		481,260	457,815
EARNINGS PER SHARE			
Basic earnings per share	20	2.70p	5.36p
Diluted earnings per share	20	2.56p	5.35p

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued in the current year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit or loss for the current and previous years. Accordingly, no separate Statement of Total Recognised Gains and Losses is presented.

PARENT COMPANY PROFIT AND LOSS ACCOUNT

The parent company is exempt from producing a separate profit and loss account under the provisions of S230(3) of the Companies Act 1985. The profit after tax of the company as a separate entity for the year was £69,132.

The notes on pages 11 to 17 form part of these accounts.

JARVIS

GROUP BALANCE SHEET As at 31 December 2005

		31/12/2005		31/12/2004	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8	364,695		385,330	
Tangible assets	9	176,597		<u>126,873</u>	
			541,292		512,203
CURRENT ASSETS					
Investments	11	33,177		36,349	
Debtors	12	3,693,549		3,440,023	
Cash at bank and in hand	13	5,130,205		<u>4,889,805</u>	
		8,856,931		<u>8,366,177</u>	
CREDITORS:					
Amounts falling due within one year	14	8,031,163		<u>7,505,700</u>	
NET CURRENT ASSETS					
			825,768		860,477
NET ASSETS					
			<u>1,367,060</u>		<u>1,372,680</u>
CAPITAL AND RESERVES					
Called up share capital	16	114,845		114,845	
Share premium account	17	789,834		800,020	
Profit and loss account	17	481,260		<u>457,815</u>	
		1,385,939		<u>1,372,680</u>	
Own shares held for cancellation	17	(18,879)			-
SHAREHOLDERS' FUNDS – ALL EQUITY					
			<u>1,367,060</u>		<u>1,372,680</u>

Approved by the Board on 20 March 2006 and signed on its behalf by:

Andrew Grant

.....A.J. Grant – Director

Mathew Edmett

.....M. J. Edmett – Director

The notes on pages 11 to 17 form part of these financial statements

JARVIS

COMPANY BALANCE SHEET As at 31 December 2005

		31/12/2005		31/12/2004	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8	364,695		385,330	
Tangible assets	9	176,597		126,873	
Investments	10	100,300		100,300	
			641,592		612,503
CURRENT ASSETS					
Debtors	12	287,956		87,261	
Cash at bank and in hand	13	4,080		614,686	
		292,036		701,947	
CREDITORS:					
Amounts falling due within one year	14	63,069		483,958	
NET CURRENT ASSETS			228,967		217,989
NET ASSETS			870,559		830,492
CAPITAL AND RESERVES					
Called up share capital	16	114,845		114,845	
Share premium account	17	779,934		790,120	
Profit and loss account	17	(5,341)		(74,473)	
		889,438		830,492	
Own shares held for cancellation	17	(18,879)		-	
SHAREHOLDERS' FUNDS – ALL EQUITY			870,559		830,492

Approved by the Board on 20 March 2006 and signed on its behalf by:

Andrew Grant

.....A.J. Grant – Director

Mathew Edmett

.....M.J. Edmett – Director

The notes on pages 11 to 17 form part of these financial statements

JARVIS

GROUP CASH FLOW STATEMENT For the year ended 31 December 2005

	Notes	31/12/2005	31/12/2004
		£	£
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		592,237	687,183
Depreciation		77,822	59,015
Amortisation		20,635	18,750
Loss on disposal of fixed assets		13,501	-
(Increase) in debtors		(319,021)	(253,720)
(Decrease)/increase in creditors		(282,020)	481,452
Net cash inflow from operating activities		103,154	992,680

CASH FLOW STATEMENT

Cash flow from operating activities		103,154	992,680
Taxation		(245,412)	(159,682)
Capital expenditure and financial investment	21a	(137,874)	(112,814)
Equity dividends paid		(287,114)	(401,200)
		(567,246)	318,984
Financing	21a	(29,065)	804,665
(Decrease)/Increase in cash		(596,311)	1,123,649

Reconciliation of net cash flow to movement in net funds

	2005	2004
	£	£
(Decrease)/Increase in cash in the year	(596,311)	1,123,649
Movement in net funds in the year	(596,311)	1,123,649
Net funds at 1 January 2005	1,231,041	107,392
Net funds at 31 December 2005	634,730	1,231,041

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Revenue

Revenue represents net sales of services, commissions and interest excluding value added tax. Income is recognised as it is accrued for fees and interest and on receipt for commissions.

(c) Basis of consolidation

The group financial statements consolidate the financial statements of Jarvis Securities plc, Jarvis Investment Management plc, Sharegain Limited, JIM Nominees Limited, Galleon Nominees Limited and Dudley Road Nominees Limited made up to 31 December 2005. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. No profit and loss account is presented for Jarvis Securities plc as provided by S230(3) of the Companies Act 1985.

(d) Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the lives of the assets at the following rates:

Website	-	33% on cost
Leasehold improvements	-	33% on cost
Motor vehicles	-	15% on cost
Office equipment	-	20% on cost
Software developments	-	33% on cost

(e) Intangible fixed assets

Goodwill represents the excess of the fair value of the consideration given over the aggregate fair values of the separable net assets. Goodwill is amortised over 20 years on a straight-line basis, subject to annual impairment reviews as required. Other intangible assets are capitalised at their market value on acquisition and are amortised on the same basis.

(f) Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

(g) Segmental reporting

There are no significant segments for reporting purposes as required by Statement of Standard Accounting Practice 25.

(h) Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

(i) Stockbroking balances

The gross assets and liabilities of the group relating to stockbroking transactions on behalf of clients are included in debtors, creditors and cash at bank.

(j) Operating leases and finance leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the operating profit. Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than right to legal title.

(k) Investments

Fixed asset investments are stated at cost and current asset investments are stated at current market valuations.

(l) Cashflow statement

Cash movements relating to stockbroking balances derived from client trading are excluded from the cashflow statement on the basis that these amounts do not form part of the cashflow position of the group.

2. GROUP INCOME

The income of the group during the year was made in the United Kingdom and the income of the group for the year derives from the same class of business as noted in the Directors' Report.

	2005	2004
	£	£
Interest received	1,280,405	1,165,331
Other turnover	1,371,260	1,397,462
	<u>2,651,665</u>	<u>2,562,793</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2005 (continued)

3. OPERATING PROFIT	2005	2004
Operating profit is stated after charging:	£	£
Directors' emoluments	241,079	198,905
Depreciation – owned assets	77,820	59,014
Amortisation	20,635	18,750
Operating lease rentals – hire of machinery	786	2,342
Operating lease rentals – land and buildings	19,750	19,750
Auditor's remuneration – audit – parent company	27,000	5,000
Auditor's remuneration – other services – parent company	28,250	53,347
Auditor's remuneration – other services – subsidiaries	2,200	3,688
Loss on disposal of fixed assets	13,501	-
Interest payable and similar charges	<u>213,343</u>	<u>302,652</u>
Directors' emoluments		
Fees	231,115	190,841
Pension contributions	<u>9,964</u>	<u>8,064</u>
Details of the highest paid director are as follows:		
Aggregate emoluments	116,248	104,000
Company contributions to personal pension scheme	<u>9,964</u>	<u>8,064</u>
	<u>126,212</u>	<u>112,064</u>

Other services performed by the auditors relates to work performed on tax, VAT and advice on reconstruction of the group. Exceptional administrative costs of an aborted acquisition include £23,000 paid to the auditors for due diligence work on the target. The audit costs of the subsidiaries were met by Jarvis Securities plc.

Benefits are accruing for one director (2004 one director) under a money purchase pension scheme.

Staff Costs

The average number of persons employed by the group, including directors, during the year was as follows:

	Number	Number
Management and administration	<u>23</u>	<u>22</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	626,883	524,047
Pension contributions	9,964	8,064
Social security	<u>66,094</u>	<u>62,311</u>
	<u>702,941</u>	<u>594,422</u>

4. EXCEPTIONAL ITEMS

Exceptional items derive from the costs relating to the following events:

During the current year a potential acquisition was aborted following due diligence.

During the previous year the group was restructured and Jarvis Securities plc was formed as a new holding company for the group.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank loans and overdrafts	8,288	5,320
Interest paid to clients	<u>205,055</u>	<u>297,332</u>
	<u>213,343</u>	<u>302,652</u>

Interest paid on client deposits is included within administrative expenses as the holding of client monies and the earning and paying of interest upon these is a core part of the business activities of Jarvis Investment Management plc.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2005 (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005	2004
	£	£
Based on the adjusted results for the year:		
UK corporation tax	201,440	239,750
Adjustments in respect of prior years	523	(80,421)
Payment for prior years' group relief	79,715	-
Total current tax	<u>281,678</u>	<u>159,329</u>
Deferred tax:		
Origination and reversal of timing differences	-	(11,128)
Tax on profit on ordinary activities	<u>281,678</u>	<u>148,201</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005	2004
Profit on ordinary activities before tax	<u>861,989</u>	<u>787,206</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 – 30%)	258,597	236,162
Effects of:		
Marginal relief	-	-
Group relief claimed without payment	(57,758)	(4,667)
Income not taxable	-	(28,375)
Expenses not deductible for tax purposes	601	2,656
Ineligible depreciation	-	1,048
Capital allowances less than depreciation	-	-
Depreciation in excess of capital allowances	-	32,926
Adjustments to tax charge in respect of previous years	523	(80,068)
Payment for prior years' group relief	79,715	-
Current tax charge for the year	<u>281,678</u>	<u>159,682</u>

Movement in provision:	
Provision at start of year	-
Deferred tax charged in the P&L account for the year	-
Provision at end of year	<u>-</u>

Provision for deferred tax:	
Accelerated capital allowances	<u>-</u>

7. DIVIDENDS

	2005	2004
	£	£
Interim dividends paid on Ordinary 1p shares	<u>287,114</u>	<u>401,200</u>

8a. INTANGIBLE FIXED ASSETS - GROUP

	Goodwill	Brands, Other & Databases	Total
	£	£	£
Cost:			
At 1 January 2005	387,699	25,000	412,699
At 31 December 2005	<u>387,699</u>	<u>25,000</u>	<u>412,699</u>
Amortisation:			
At 1 January 2005	25,442	1,927	27,369
Charge for the year	19,385	1,250	20,635
At 31 December 2005	<u>44,827</u>	<u>3,177</u>	<u>48,004</u>
Net Book Value:			
At 31 December 2005	<u>342,872</u>	<u>21,823</u>	<u>364,695</u>
At 31 December 2004	<u>362,257</u>	<u>23,073</u>	<u>385,330</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2005 (continued)

8b. INTANGIBLE FIXED ASSETS - COMPANY

	Goodwill	Brands, Other & Databases	Total
	£	£	£
Cost:			
At 1 January 2005	387,699	25,000	412,699
At 31 December 2005	387,699	25,000	412,699
Amortisation:			
At 1 January 2005	25,442	1,927	27,369
Charge for the year	19,385	1,250	20,635
At 31 December 2005	44,827	3,177	48,004
Net Book Value:			
At 31 December 2005	342,872	21,823	364,695
At 31 December 2004	362,257	23,073	385,330

Intangible assets arose on the acquisition of the trade of CFA Securities Limited during 2003. The trade, databases, trade marks, brands and the nominee company of CFA Securities Limited were purchased for a consideration of £225,000. Legal, data conversion and other costs of £187,699 were capitalised in addition to the initial consideration during the previous year.

9a. TANGIBLE FIXED ASSETS – GROUP

	Software Development	Website	Leasehold Improvements	Motor Vehicle	Office Equipment	Total
	£	£	£	£	£	£
Cost:						
At 1 January 2005	78,836	38,905	22,421	-	128,855	269,017
Additions	11,391	5,485	5,877	98,555	61,737	183,045
Disposals	-	-	-	(60,000)	-	(60,000)
At 31 December 2005	90,227	44,390	28,298	38,555	190,592	392,062
Depreciation:						
At 1 January 2005	17,743	31,729	13,258	-	79,414	142,144
Charge for the year	28,608	6,818	7,636	6,422	28,337	77,821
On Disposal	-	-	-	(4,500)	-	(4,500)
At 31 December 2005	46,351	38,547	20,894	1,922	107,751	215,465
Net Book Value:						
At 31 December 2005	43,876	5,843	7,404	36,633	82,841	176,597
At 31 December 2004	61,093	7,176	9,163	-	49,441	126,873

9b. TANGIBLE FIXED ASSETS – COMPANY

	Software Development	Website	Leasehold Improvements	Motor Vehicles	Office Equipment	Total
	£	£	£	£	£	£
Cost:						
At 1 January 2005	78,836	38,905	22,421	-	128,855	269,017
Additions	11,391	5,485	5,877	98,555	61,737	183,045
Disposals	-	-	-	(60,000)	-	(60,000)
At 31 December 2005	90,227	44,390	28,298	38,555	190,592	392,062
Depreciation:						
At 1 January 2005	17,743	31,729	13,258	-	79,414	142,144
Charge for the year	28,608	6,818	7,636	6,422	28,337	77,821
On Disposal	-	-	-	(4,500)	-	(4,500)
At 31 December 2005	46,351	38,547	20,894	1,922	107,751	215,465
Net Book Value:						
At 31 December 2005	43,876	5,843	7,404	36,633	82,841	176,597
At 31 December 2004	61,093	7,176	9,163	-	49,441	126,873

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2005 (continued)

10. FIXED ASSET INVESTMENTS

	Company	
	2005	2004
	£	£
Unlisted Investments		
Cost:		
At 1 January 2005	100,300	-
Additions	-	100,300
Disposals	-	-
As at 31 December 2005	<u>100,300</u>	<u>100,300</u>

Unlisted investments are interests held in the following companies registered in the United Kingdom.

	<u>Shareholding</u>	<u>Holding</u>	<u>Business</u>
Jarvis Investment Management plc	100% 10,030,000	1p Ordinary shares	Financial Administration

On 19 July 2004 a group reorganisation was completed, whereby Jarvis Securities plc acquired 100% of Jarvis Investment Management plc in a share for share exchange.

11. CURRENT ASSET INVESTMENTS

	Group	
	2005	2004
Listed Investments		
Valuation:		
At 1 January 2005	36,349	46,482
Additions	-	-
Disposals	(3,172)	(10,133)
As at 31 December 2005	<u>33,177</u>	<u>36,349</u>

Listed investments are stated at their market value at 31 December 2005.

12. DEBTORS

	Group		Company	
	2005	2004	2005	2004
<i>Amounts falling due within one year:</i>	£	£	£	£
Trade debtors	2,904,391	2,885,312	3,525	-
Amounts owed by group undertakings	149,479	5,000	149,479	5,000
Other debtors	126,698	124,481	126,698	73,676
Prepayments and accrued income	512,981	425,230	8,254	8,585
	<u>3,693,549</u>	<u>3,440,023</u>	<u>287,956</u>	<u>87,261</u>

Trade debtors include £2,878,896 (2004 £2,882,658) in respect of delivery versus payment transactions for the settlement of client bargains.

Other debtors include amounts due from directors of £4,875.94 from Andrew Grant and £4,930.95 from Mathew Edmett. These loans were advanced pursuant to formal loan agreements to allow the directors to purchase shares in the company.

13. CASH AT BANK & IN HAND

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Balance at bank and in hand	<u>5,130,205</u>	<u>4,889,805</u>	<u>4,080</u>	<u>614,686</u>

Cash at bank includes £4,495,475 (2004 £3,658,764) received in the course of settlement of bargains. This amount is held by the company in trust on behalf of clients and is only available to complete the settlement of outstanding bargains.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2005 (continued)

14. CREDITORS: <i>Amounts falling due within one year:</i>	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Trade creditors	7,545,754	6,884,729	26,218	262,785
Amounts owed to group companies	-	-	2,991	-
Corporation tax	201,440	159,682	-	-
Other taxes and Social Security	33,756	41,728	-	-
Other creditors and provisions	76,254	245,131	18,860	216,173
Accruals	173,959	174,430	15,000	5,000
	<u>8,031,163</u>	<u>7,505,700</u>	<u>63,069</u>	<u>483,958</u>

Trade creditors include £7,374,372 (2004 £6,541,422) in respect of delivery versus payment transactions for the settlement of client bargains.

15. DEFERRED TAX - GROUP	2005	2004
	£	£
At 1 January 2005	-	11,128
Charge for the year	-	(11,128)
As at 31 December 2005	<u>-</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL	2005	2004
	£	£
Authorised: 16,000,000 Ordinary shares of 1p each	<u>160,000</u>	<u>160,000</u>
Allotted, issued and fully paid: 11,484,545 Ordinary shares of 1p each	<u>114,845</u>	<u>114,845</u>

Details of options issued to directors and employees are disclosed in the Directors' Report.

17a. RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS – GROUP

	Share Capital	Share Premium	Own Shares Held For Cancellation	Profit & Loss Account	Total Shareholders' Funds
	£	£	£	£	£
At 1 January 2004	100,300	9,900	-	320,033	430,233
Retained profit for the financial year	-	-	-	137,782	137,782
Shares issued	114,845	1,185,454	-	-	1,300,299
Expenses of issue	-	(395,334)	-	-	(395,334)
Share for share exchange on acquisition	(100,300)	-	-	-	(100,300)
At 31 December 2004	114,845	800,020	-	457,815	1,372,680
Retained profit for the financial year	-	-	-	23,445	23,445
Additional expenses of share issue	-	(10,186)	-	-	(10,186)
Purchase of shares for cancellation	-	-	(18,879)	-	(18,879)
At 31 December 2005	114,845	789,834	(18,879)	481,260	1,367,060

17b. RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS – COMPANY

	Share Capital	Share Premium	Own Shares Held For Cancellation	Profit & Loss Account	Total Shareholders' Funds
	£	£	£	£	£
Shares issued	114,845	1,185,454	-	-	1,300,299
Expenses of issue	-	(395,334)	-	-	(395,334)
Retained profit for the financial year	-	-	-	(74,473)	(74,473)
At 31 December 2004	114,845	790,120	-	(74,473)	830,492
Retained profit for the financial year	-	-	-	69,132	69,132
Additional expenses of share issue	-	(10,186)	-	-	(10,186)
Purchase of shares for cancellation	-	-	(18,879)	-	(18,879)
At 31 December 2005	114,845	779,934	(18,879)	(5,341)	870,559

18. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The company's immediate and ultimate parent undertaking is Sion Holdings Limited, a company registered in England and Wales. The largest set of accounts that Jarvis Securities plc is consolidated into is that of Sion Holdings Limited.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2005 (continued)

19. RELATED PARTY TRANSACTIONS

At the year end Sion Holdings Limited had an outstanding balance due to Jarvis Securities plc of £149,479 (2004 £5,000). During the year the company made a management charge of £10,000 to Sion Holdings Ltd for office and administrative services.

20. EARNINGS PER SHARE

The weighted average number of shares in issue during the year for the Earnings per Share calculations are as follows:

Date	Event	No. of shares	Days	2005	2004
01/01/04	Opening balance 2005	10,030,000	358	-	9,810,765
23/12/04	Issue of share capital	11,484,545	8	-	251,028
01/01/05	Opening balance 2005	11,484,545	365	11,484,545	-
				11,484,545	10,061,793

The Diluted Earnings per Share calculation is as follows:

Date	Event	No. of shares	Days	2005	2004
01/01/04	Opening balance 2004	10,030,000	358	-	9,810,765
11/02/04	Issue of share capital and options	12,134,545	8	-	265,236
01/01/05	Opening balance 2005	12,134,545	365	12,134,545	-
				12,134,545	10,076,001
	Earnings per share before exceptional expenses			3.14p	6.68p

21. NOTES TO THE CASH FLOW STATEMENT

NOTE A – GROSS CASH FLOWS

	2005	2004
	£	£
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(183,045)	(50,257)
Payments to acquire intangible fixed assets	-	(94,440)
Receipts from disposal of fixed assets	41,999	21,750
Receipts from disposal of current asset investments	3,172	10,133
Receipts from disposal of listed investments	-	-
	<u>(137,874)</u>	<u>(112,814)</u>
Financing		
Issue of ordinary share capital	-	1,199,999
Expenses paid on issue of shares	(10,186)	(395,334)
Repurchase of own shares	(18,879)	-
	<u>(29,065)</u>	<u>804,665</u>

NOTE B – ANALYSIS OF NET FUNDS

	At 1.1.05	Cash Flow	At 31.12.05
	£	£	£
Cash in hand, at bank	4,889,805	240,400	5,130,205
Less DVP cash	(3,658,764)	(836,711)	(4,495,475)
NET FUNDS	<u>1,231,041</u>	<u>(596,311)</u>	<u>634,730</u>

22. OPERATING LEASE COMMITMENTS

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases which expire:

	Land & Buildings
	£
After more than five years:	<u>26,500</u>

23. FINANCIAL INSTRUMENTS

The group's principal financial instruments comprise cash, short terms borrowings and various items such as trade debtors, trade creditors etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the group's trading activities. It has been the group's policy throughout the year under review that no trading in financial instruments should be undertaken.

The only financial asset of the group is cash at bank and in hand which is denominated in sterling and which is detailed in note 13. The group operates a low risk investment policy and surplus funds are placed on deposit with at least A rated banks.

Short-term debtors and creditors are excluded from these disclosures.

NOTICE AND ARRANGEMENTS FOR THE ANNUAL GENERAL MEETING OF JARVIS SECURITIES PLC

Notice is hereby given for the above meeting of the Company.

The meeting is to be held on **Friday 21 April 2006**. The Annual General Meeting will commence at **10:30 am**.

The Ordinary Resolutions to be considered are:

1. To approve the Directors' Report and Accounts for the year ended 31 December 2005.
2. To re-appoint Messrs. Horwath Clark Whitehill as auditors.

The meetings are scheduled to be held at the Company's offices at:

Oxford House
15/17 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EN

If you have any special requirements for access or facilities then please let us know in advance so that appropriate arrangements can be made. A location map and directions can be supplied upon request.

Jarvis Securities plc FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING

I/We (block capitals, please).....

.....

a member(s) of the above named Company hereby appoint the **chairman of the meeting**

.....

as *my/our* proxy to vote for *me/us* on *my/our* behalf at the Annual General Meeting of the Company to be held on **Friday 21 April 2006 at 10.30 am** and at any adjournment thereof.

Signature:

Dated:

Please indicate with an 'X' in the spaces below how you wish your vote to be cast

		For	Against
Ordinary Resolution	To approve the Directors' Report and Accounts for the year ended 31 December 2005		
Ordinary Resolution	To re-appoint Messrs Horwath Clark Whitehill as auditors		

NOTES

1. A Member may appoint a proxy of his/her own choice. If such an appointment is made, delete the words 'the Chairman of the meeting' and insert the name of the person appointed proxy in the space provided.
2. If this form is returned without any indication as to how the person appointed proxy shall vote, he/she will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
3. To be valid, this form must be completed and deposited at the offices of the Company not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.