



Daniel Stewart
Securities plc

Annual Report and Accounts

31 March 2009

Highlights

Daniel Stewart is an integrated financial services company, focusing on smaller quoted companies. We are a member of the London Stock Exchange, a regulated broker and a nominated advisor on AIM.

	2009	2008	2007
	£'000	£'000	£'000
Revenue	4,377	8,370	7,547
Contribution to fixed costs	3,733	6,436	2,529
(Loss) before tax	(2,251)	(1,477)	(3,735)
Net assets	3,829	5,723	7,699
Earnings per share (p)	(1.23)p	(0.93)p	(2.35)p

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Advisors

Directors	Peter Dicks Peter Shea Stuart Lucas Justin Bates Tom Jenkins - resigned November 2008
Secretary	Filex Services Limited 179 Great Portland Street, London, W1W5LS
Registered office	Becket House, 36 Old Jewry London, EC2R 8DD
Registered number	3899545
Auditors	Keelings Limited Broad House, The Broadway, Old Hatfield, Hertfordshire, AL9 5BG
Bankers	Adam & Company plc 22 King Street London, SW1Y6QY
Solicitors	Finers Stephens Innocent 179 Great Portland Street, London, W1W5LS
Public relations	Bishopsgate Communications Limited Henry Thomas House 5-11 Worship Street London, EC2A2BH
Nominated advisor	Arbuthnot Securities Limited 20 Ropemaker Street London EC2Y 9AR

Chairman's Letter

Dear Shareholder

I am pleased to be able to present our results for the year to March 31st 2009.

We have, as all are aware, been trading through a period of tumultuous financial upheaval with recession on a global basis. Conditions have been such that the IPO and secondary markets effectively came to a standstill.

We have seen small and mid cap companies unable to continue to access equity capital. The banking system close to systemic failure effectively stopped providing credit with few exceptions.

During 2008/9 we completed a total of 17 transactions across the business.

We took the opportunity in these difficult times to make some exceptional hires in our Research, Corporate Broking and Corporate Finance departments. In our sales team we strengthened our distribution capability by establishing a retail client arm supported by the creation of an on-line CFD product. We continue to strengthen our team and look to hire more quality individuals who are keen to work in a dynamic environment. We have completed negotiations with our Middle East partners and have seen the first of what we hope will be a number of transactions generated from the region.

Additionally we have consolidated our arrangements in the US with SMH Capital and successfully completed our first OTCQX transaction just after our year end and expect to begin the distribution of our research to their institutional client base very soon.

We were supported throughout the year by our shareholders who contributed £1.1 million in new capital up to March 31st 2009 and a further £1 million since the year end. As such our balance sheet, while reduced, still remains strong with cash balances today of £2 Million.

While we see no immediate sign of economic improvement we are confident that we are well positioned and financially strong enough to survive these unprecedented difficulties.

Peter Dicks
Chairman

1 September 2009

Operating & Financial Review



This review contains several subjective and forward-looking statements which have been made by the directors in good faith based upon the information utilised by them and available to them at the time. Any subjective or forward-looking statement should be considered by the user within the context of economic and business risk.

Business Environment

Economic conditions throughout the period have been very poor. The capital markets for small and mid cap companies effectively closed with barely a handful of transactions being completed on AIM.

Results of Operations

Revenue for the twelve months was £4.4 million down from £8.3 million for the previous year - a fall of 47%. Our gross profit performance deteriorated by 47% on the previous year, to £4.2 million versus £7.9 million for 2008. At the operating level, before bonus, share based payments and exceptional items, we reported a loss of £2.2 million compared to a loss of £0.5 million for 2008. Staffing levels were 39 at year end down from 46 in 2008. Administrative costs were reduced by 13% from £6.9 million in 2008 to £6.0 million. After taking into account interest, depreciation and amortisation the pre-tax loss was £2.6 million compared with a loss of £2.0 million in 2008. This loss is after £0.7 million in exceptional charges and share based payments. No bonuses of cash or shares were paid during the year. The charge for share based payments being related to awards from previous years.

Equity Capital Markets

At year-end 31st March 2009 our retained AIM and other public market client base consisted of 49 companies. We completed two transactions and acted on the admission of £13 million in new capital on both primary and secondary issues.

Liquidity and Capital Resources

Net Assets fell from £5.7 million in 2008 to £3.8 million, primarily due to reduced working capital as a result of cash utilisation. Working capital remained positive although reduced on last year at £1.2 million down from £2.5 million. Cash flow was negative, reducing cash balances at the year end by £1.5 million, of this £0.4 million was exceptional. Our cash position at year end had decreased although we have subsequently raised new capital and cash balances now stand at £2 million.

Corporate Finance

Our Corporate Finance team acted on 15 transactions during the year including 3 AIM introductions.

Equity Research

Our Equity Research team now covers over 80 stocks across a number of sectors that we have elected to specialise in. These include General Financial, Healthcare, Leisure & Media, Software, IT & Telco's and Support Services. Our analysts have won recognition throughout the year for the quality of their work from an array of market participants.

Trading and Investment

Trading during the year was profitable, however our investment book consisting of positions held primarily in client stocks deteriorated by £0.5 million. Secondary commissions amounted to £0.8m.

Specialist Debt Services

Both our debt finance and leasing divisions performed satisfactorily during the year each providing a positive contribution. They were both hampered in their activities due to limited capital commitments from the parent company.

Employees

As at 31 March 2009 we employed 39 members of staff, compared to 46 at the end of 2008.

Premises

While we have not yet concluded our negotiations on the lease for our current premises we are confident of a satisfactory outcome. We anticipate a slight increase in property costs but do not believe that it will be significant.

Outlook

We have successfully completed a number of transactions during the first period of the new year despite markets remaining weak with tremendous volatility. We are confident that, after completing a substantial cost reduction programme which has left our annualised administrative costs lower in the current financial year versus the previous, we are structured to quickly reap the benefits of recovery as it develops. Ours is a people business, and I would like to extend my gratitude to all employees, shareholders and clients who have shown continued commitment to your firm. Our pipeline of promising transactions continues to build and we remain cautiously optimistic.

Peter Shea
Chief Executive Officer
 1 September 2009

Board of Directors

Peter Shea

Chief Executive

Peter is Chief Executive Officer and one of the founding members of Daniel Stewart, which he set up in 1989. Previously Peter was a Director at Bear Stearns International from 1986 to 1989, where he was responsible for establishing Bear Stearns' London Corporate Finance and Capital Markets divisions. Prior to Bear Stearns, Peter was a Vice President at Midland Bank, where his primary responsibilities were co-ordinating the corporate and merchant banking services to US corporations in Europe. Peter also spent 10 years at Chase Manhattan Bank where he was responsible for developing country loans and both the chemical and aerospace sectors at various times.

Justin Bates

Research

Justin joined from Numis where he was a Director and Head of the Speciality Finance research team which was rated #1 in the Reuters Smaller Companies Survey. He has worked on many flotations and capital raisings; including the demerger of Chesnara from Countrywide Assured and the flotations of IG Group and Charlemagne Capital amongst others. Justin has a Masters in European Business from City University and Ecole Superieure de Commerce de Paris. He started his career at Datamonitor, after which he moved to Charterhouse Securities.

Stuart Lucas

Non-Executive Director

Until recently Stuart was a Managing Director with Nomura International plc, London. Within its Global Markets division he was responsible for Cross Border Asset Trading within Fixed Income. This group aligns the trading teams and risk exposures of fixed income Credit related products across three centres; London, Tokyo & Hong Kong, with particular emphasis on the FIG (Banks & Financial) sector, plus asset backed securities involving securitisable cash flows, and infrastructure products. His past career experiences include; Senior Managing Director and Head of International Fixed Income at Bear Stearns, London; Head of Debt Capital Markets at Industrial Bank of Japan (now Mizuho) involving 90 staff across 5 centres. Prior to joining Nomura in 2005 Stuart was founding partner of Bracken Partners, an investment banking boutique and successful fund management company. He has been a director and chairman of listed and unlisted companies.

Peter Dicks

Non-Executive Chairman

Peter Dicks was a founder and director of Abingworth plc which between 1973 and 1992 specialised in making venture capital investments in the USA and the UK. He is currently a director of a number of quoted investment trusts including Standard Microsystems Inc., Graphite Enterprise Trust plc, Polar Capital Technology Trust plc and a number of other companies.

Corporate Governance

Companies traded on AIM are not required to adopt the Combined Code. However, the directors of Daniel Stewart Securities plc are committed to the application of requirements under the Code, where they are considered to be appropriate.

Board of directors

The board of directors is responsible for corporate governance.

The board of directors consists of two executive and two non-executive directors. The non-executive directors' role is to bring independent judgement to board discussions and decisions.

The board of directors is composed as follows:

Peter Dicks - Chairman
 Peter Shea - Chief Executive Officer
 Stuart Lucas - Non executive
 Justin Bates
 Tom Jenkins - resigned November 2008

The board meets regularly throughout the year. The board reviews financial performance, regulatory compliance and will consider any matters of significance to the group including corporate activity.

Remuneration committee

The remuneration committee comprises the non-executive directors. The committee provides independent review of the executive directors' remuneration and the group remuneration policy. It makes its decisions in consultation with the Chief Executive Officer. No director plays a part in any decision about their own remuneration. This committee also reviews bonus and equity arrangements for the group's other senior employees.

Audit committee

The audit committee, which comprises the non-executive directors, has the following responsibilities:

- monitoring of the group's internal control environment;
- assessment of the group's financial risks;
- review of the group's financial statements, reports and announcements and the accounting policies that underlie them;
- recommendation to the board on the appointment and remuneration of the external auditors;
- monitoring of the independence of the external auditors and the establishment of a policy for the use of the auditors for non audit work.

Other directors, members of staff and the external auditors are invited to attend these meetings, as appropriate. The committee reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors.

Internal financial control

The directors are responsible for ensuring that the group's system of internal control enables them to report financial information with reasonable accuracy and safeguard the assets of the group. At the time of approving the financial statements the directors found the financial control system to be appropriate for a group of this nature and size. The key elements of this system are described below:

Defined procedures

Major and recurrent transactions are carried out in accordance with defined procedure.

Organisational structure

The group's structure is documented and understood. Individual responsibilities and performance are defined and monitored.

Risk management

The directors have responsibility for identification and management of the business risks facing the group. Significant areas of business risk are identified and the management approach is defined and controlled through adoption of key control objectives.

Information systems

A budget is prepared annually and actual results are compared with budget on a monthly basis. Variances from budget are analysed and reviewed.

Going concern

The group's activities, together with the factors likely to affect its future development and performance, the financial position of the company, its cash flows and liquidity position have been considered by directors, taking account of the current uncertain market conditions which demonstrate that the company shall continue to operate within its own resources.

The forecasts used for this exercise are based on various assumptions regarding expected levels of income and cost. They have stress tested the basic assumptions and this testing reveals that the company can maintain acceptable cash levels if it maintains its existing cost base and generates reasonable levels of income from existing activities. A major factor allowing this to be the case is the flexible nature of the company's performance related remuneration policy.

As a result the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook and that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

Directors' Report

The directors have pleasure in presenting their report and the consolidated financial statements for the year to 31 March 2009.

Principal activity

The principal activity of the group is the provision of financial advice to companies.

Review of the business

The review of the business activities and performance for the year ended 31 March 2009 and future developments is set out in detail in the operating and financial review.

Divisional restructuring has resulted in staff turnover throughout the year. However the company has retained the significant clients and acquired new ones in accordance with stated strategy. The AIM IPO market continued to decline during the year under review and the "credit crunch" affected a large part of our business. Resources have been available to steer us through the transition and our client base is suitable for our future strategic aims.

Principal risks and uncertainties

The board consider the major risk facing the business is reputational, and this is mitigated through the regular meetings of the approval committee. This committee meets in order to approve all new clients prior to engagement. The committee seeks to approve only high quality organisations considering both product and management. The board has also identified adverse market conditions as a major risk. In order to address this risk the directors seek to invest in a range of sectors. The group retains staff through a flexible remuneration policy and share incentives which align the interests of the employees with the shareholders.

Fixed assets

The movement on fixed assets during the year is set out in notes 11 to 14 of the financial statements.

Dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year are as follows:

Peter Dicks - Chairman
 Peter Shea - Chief Executive Officer
 Stuart Lucas - Non executive
 Justin Bates
 Tom Jenkins - resigned November 2008

Directors' Interests in Ordinary Shares of Daniel Stewart Securities plc

The Directors in office at the period-end had beneficial interests in the ordinary share capital of the Company as shown below:

	Ordinary Shares of 0.25p each	
	2009	2008
Peter Dicks	40,000	40,000
Peter Shea	46,315,050	50,664,228
Justin Bates	245,326	-
Stuart Lucas	1,000,000	1,000,000

Other group directors' holdings are as follows:

John James	330,000	330,000
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Directors' Interests in Share Options

The following Directors had interests in options over ordinary shares of the Company as shown below:

Price	11p	4p	12p
Vesting date	16 Feb 2002	19 Aug 2007	13 Jun 2005
Peter Dicks	40,000	-	-
Peter Shea	-	750,000	500,000

Director's Report



Significant shareholdings

In addition to the directors, the company has been informed of the following shareholdings of over 3% in the company's issued ordinary share capital as of 31 March 2009:

	Ordinary shares of 0.25p each	
	2009	2008
Rock Nominees Limited	9,919,847	-
Adam Wilson	30,527,000	-
Terry Galgey	15,000,000	-
HSBC Global Custody Nominee (UK)	-	17,516,584
Dresdner Kleinwort Securities	-	10,480,000
Credit Agricole Cheuvreux International Ltd	-	8,406,678
Nortrust Nominees Limited	12,525,00	6,450,000
Alastair Cade	-	7,371,067
Deutsche BankAktiengesellschaft	-	5,037,822

Share capital

Details of changes to the share capital of the company are reported in note 22 of the financial statements.

Employee Benefit trust

At 31 March 2009 The Old Jewry Employee Benefit Trust held 24,730,382 Daniel Stewart Securities plc ordinary shares.

Employment policy

The group is an equal opportunities employer.

Charitable and political donations

During the year the group made no political or charitable donations.

Supplier payment policy

It is the group's policy to settle debts in accordance with supplier terms. The average term for settling is 23 days.

Directors' and officers' insurance

The company purchases and maintains liability insurance for its directors and officers as permitted by the Companies Act 1985.

Directors' Report

Directors' Responsibilities

The directors are responsible for preparing the annual report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Group and Parent company at the end of the financial year and of the profit and loss of the group for the financial year. The directors elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly, for each financial year, the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- Make an assessment of the company's ability to continue as a going concern.

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

The 2009 financial statements will be published on the company's website (in addition to the paper version). The directors are responsible for the maintenance and integrity of this electronic version of the financial statements to the same extent as for the paper version.

Disclosure of information to Auditors

Keelings Limited have expressed their willingness to continue in office as auditors, a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Auditors

Keelings Limited 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.

By order of the board
Peter Shea
Chief Executive Officer
 1 September 2009

Report of the Independent Auditors'

Independent auditors' report to the members of Daniel Stewart Securities plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Daniel Stewart Securities plc for the year ended 31 March 2009 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities. 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report and the Operating and Financial Review is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's Corporate Governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Director's Report, the Chairman's Statement, the Operating and Financial Review and the Corporate Governance 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of the Group's loss for the year then ended;
- the Parent Company's financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2009;
- the Group and Parent Company financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulations; and
- the information given in the Directors' Report is consistent with the financial statements.

Separate opinion in relation to IFRSs

As explained in Note 1 to the Group and Parent Company financial statements, the Group and Parent Company in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the Group and Parent Company financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group and Parent Company's affairs as at 31 March 2009 and of its loss for the year then ended.

Keelings Limited

Chartered Accountants and Registered Auditors Broad House 1 The Broadway Old Hatfield Hertfordshire AL9 5BG
1 September 2009

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Consolidated Income Statement

Year ended 31 March 2009

Continuing operations	Notes	31 March 2009	31 March 2008
Revenue		4,377,098	8,369,690
Cost of sales		(130,866)	(501,604)
Gross profit		4,246,232	7,868,086
Share trading account		(512,898)	(1,432,351)
Contribution to fixed costs		3,733,334	6,435,735
Administrative costs		(5,974,087)	(6,919,329)
Share based payments		(259,127)	(461,775)
Bonus		-	(1,018,407)
Operating Loss		(2,499,880)	(1,963,776)
Bank interest receivable and similar income	6	385,488	803,688
Interest payable	7	(136,621)	(317,207)
		(2,251,013)	(1,477,295)
Exceptional items	9	(396,036)	(527,777)
Loss before tax		(2,647,049)	(2,005,072)
Taxation	8	(228,000)	-
Loss for the year		(2,875,049)	(2,005,072)
Earnings per share			
Basic	10	(1.23)p	(0.93)p
Diluted		(1.15)p	(0.80)p

Consolidated Balance Sheet

Year ended 31 March 2009

	Notes	31 March 2009	31 March 2008
Non current assets			
Goodwill	11	1,731,532	1,731,532
Available for sale investments	12	210,064	389,364
Property, plant and equipment	14	181,015	334,014
Loans receivable	15	1,106,200	1,201,013
Deferred taxation		-	81,000
		3,228,811	3,736,923
Current assets			
Financial assets	16	96,927	786,373
Trade and other receivables	17	2,508,372	3,054,852
Cash and cash equivalents	18	1,161,181	2,687,565
		3,766,480	6,528,790
Total assets		6,995,291	10,265,713
Liabilities			
Trade and other payables	19	2,550,730	4,003,882
Corporation tax		79,000	-
		2,629,730	4,003,882
Non current liabilities	20	536,266	538,520
Total liabilities		3,165,996	4,542,402
Net assets		3,829,295	5,723,311
Equity			
Capital and reserves attributable to equity shareholders			
Share capital		650,781	538,459
Share premium		5,308,756	4,298,270
Retained earnings		(10,243,983)	(7,321,997)
Revaluation reserve		(1,150,577)	(1,150,577)
Capital redemption reserve fund		49,998	49,998
Capital reserve		8,524,435	8,524,435
Share compensation reserve		689,885	784,723
		3,829,295	5,723,311

The financial statements were approved by the board of directors and authorised for issue on 1 September 2009. They were signed on its behalf by:

PD Shea
Chief Executive Officer
 1 September 2009

Company Balance Sheet

Year ended 31 March 2009

	Notes	31 March 2009	31 March 2008
Non current assets			
Available for sale investments	12	210,064	389,364
Property, plant and equipment	14	7,594	71,470
Investments in subsidiaries	13	3,287,923	2,362,923
		3,505,581	2,823,757
Current assets			
Financial assets	16	96,927	786,373
Trade and other receivables	17	462,817	858,708
Cash and cash equivalents	18	676,667	1,409,325
		1,236,411	3,054,406
Total assets		4,741,992	5,878,163
Liabilities			
Trade and other payables	19	1,251,993	1,862,054
Corporation tax		-	-
Total liabilities		1,251,993	1,862,054
Net assets		3,489,999	4,016,109
Equity			
Capital and reserves attributable to equity shareholders			
Share capital		650,781	538,459
Share premium		5,308,756	4,298,270
Retained earnings		(10,583,279)	(9,029,199)
Revaluation reserve		(1,150,577)	(1,150,577)
Capital redemption reserve fund		49,998	49,998
Capital Reserve		8,524,435	8,524,435
Share compensation reserve		689,885	784,723
		3,489,999	4,016,109

The financial statements were approved by the board of directors and authorised for issue on 1 September 2009. They were signed on its behalf by:

PD Shea
Chief Executive Officer
 1 September 2009

Consolidated Statement of Changes in Equity

Year ended 31 March 2009

Group	Balance at 1 April 2008	Reclassification	Shares issued in the year	Loss for the year	Cost of employee share options	Total
Share capital	538,459		112,322			650,781
Share premium	4,298,270		1,010,486			5,308,756
Retained earnings	(7,321,997)	(141,775)		(2,875,049)	94,838	(10,243,983)
Revaluation reserve	(1,150,577)					(1,150,577)
Capital redemption reserve fund	49,998					49,998
Capital reserve	8,524,435					8,524,435
Share compensation reserve	784,723				(94,838)	689,885
	5,723,311	(141,775)	1,122,808	(2,875,049)	-	3,829,295
Company						
Share capital	538,459		112,322			650,781
Share premium	4,298,270		1,010,486			5,308,756
Retained earnings	(9,029,199)			(1,648,918)	94,838	(10,583,279)
Revaluation reserve	(1,150,577)					(1,150,577)
Capital redemption reserve fund	49,998					49,998
Capital reserve	8,524,435					8,524,435
Share compensation reserve	784,723				(94,838)	689,885
	4,016,109		1,122,808	(1,648,918)	-	3,489,999

Consolidated Cash flow Statement

Year ended 31 March 2009

	31 March 2009	31 March 2008
Operating activities		
Operating (loss)	(2,499,880)	(1,963,776)
Provision for impairment of fixed assets	178,617	191,843
Tax (paid) / recovered	(68,000)	280,498
Exceptional items	(396,036)	(527,777)
Movements on reserves	(141,775)	-
	(2,927,074)	(2,019,212)
Movement in working capital		
(Increase) in receivables	(161,634)	(539,582)
(Decrease) / increase in payables	(1,756,272)	581,901
Decrease in financial assets	689,446	583,371
	(1,228,460)	625,690
Operating cash flow	(4,155,534)	(1,393,522)
Investing activities		
Expenditure on tangible fixed assets	(25,618)	(202,431)
Fixed asset disposals	-	40,166
Amounts written off investments	179,300	-
Cash flow from investing activities	153,682	(162,265)
Financing		
Loans to third parties	802,927	1,523,500
Loans received	300,866	(390,178)
Issue of share capital	1,122,808	-
Interest receivable	385,488	803,688
Interest payable	(136,621)	(317,207)
Cash flow from financing activities	2,475,468	1,619,803
Cash and cash equivalents at 1 April 2008	2,687,565	2,623,549
Cash and cash equivalents at 31 March 2009	1,161,181	2,687,565
(Decrease) / increase in cash and cash equivalents	(1,526,384)	64,016

Company Cash flow Statement

Year ended 31 March 2009

	31 March 2009	31 March 2008
Operating activities		
Operating (loss)	(1,481,817)	(2,030,537)
Provision for impairment of fixed assets	63,875	83,632
Exceptional items	(230,292)	-
Tax (paid) / recovered	-	498,690
	(1,648,234)	(1,448,215)
Movement in working capital		
Decrease / (increase) in receivables	39,621	(26,056)
(Decrease) / Increase in payables	(17,312)	102,134
Decrease in financial assets	738,946	583,371
	761,255	659,449
Operating cash flow	(886,979)	(788,766)
Investing activities		
Investment in group companies	(925,000)	(500,000)
Amounts written off investments	179,300	-
Cash flow from investing activities	(745,700)	(500,000)
Financing		
Loans to third parties	(225,000)	265,156
Loans made to / from group companies	(60,978)	1,231,547
Issue of share capital	1,122,808	-
Interest receivable	84,307	107,579
Interest payable	(21,116)	(168,060)
Cash flow from financing activities	900,021	1,436,222
Cash and cash equivalents at 1 April 2008	1,409,325	1,261,869
Cash and cash equivalents at 31 March 2009	676,667	1,409,325
(Decrease) / increase in cash and cash equivalents	(732,658)	147,456

Notes to the Financial Statements

1. Accounting policies

General information

Daniel Stewart Securities plc is a company incorporated in the United Kingdom under the Companies Act 1985. Daniel Stewart Securities plc is the ultimate parent company of the group. The group's principal activities are the provision of financial advice to companies and trading in financial instruments. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union. Up until 31 March 2006, the group prepared its financial statements under UK Generally Accepted Accounting Principles ("UK GAAP"). From 1 April 2006, the group consolidated financial statements are prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, with the prior period being presented on the same basis.

The financial statements have been prepared on the historical cost basis as modified by the valuation of certain financial instruments, as described below. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

No income statement is presented for the Company as provided by section 230(2) of the Companies Act 1985. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Financial risk management objectives and policies

The Group's principal financial assets are cash and cash equivalents, trade and other receivables and investments. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for impairment of receivables. The group's principal financial liabilities are in respect of loans and leases which are secured or assigned directly to the relevant financial asset.

Adoption of standards

In the current year the company has adopted the following International Accounting Standards and interpretations:

IFRC12 - Service Concession Arrangements

IFRIC14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction

IFRC12 has no impact on the financial standards of the Company. The adoption of IFRIC14 has not had an impact on the financial statements of the Company.

At the date of the authorisation of these financial statements the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 2 (amended) – Share-based Payment – Vesting Conditions and Cancellations

IAS1 – Comprehensive Revision 2007 - Presentation of financial statements

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

Going Concern

The company's activities, together with the factors likely to affect its future development and performance, the financial position of the company, its cash flows and liquidity position have been considered by the directors, taking account of the current uncertain market conditions which demonstrate that the company shall continue to operate within its own resources.

The forecasts used for this exercise are based on various assumptions regarding expected levels of income and cost. The directors have stress tested the basic assumptions and this testing reveals that the company can maintain acceptable cash levels if it maintains its existing cost base and generates reasonable levels of income from existing activities. A major factor allowing this to be the case is the flexible nature of the company's performance related remuneration policy.

As a result the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

Notes to the Financial Statements

Financial instruments

Trading investments

Trading investments pertain to investment securities which are held for trading purposes. These investments comprise both long and short positions and are initially measured at cost, including transaction costs. Subsequently and at each reporting date, these investments are measured at their fair values, with the resultant gains and losses arising from changes in fair value being taken to the income statement. Trading investments include securities and options over securities which have been received as consideration for corporate finance services rendered.

Available for sale investments

Available for sale investments are initially measured at cost, including transaction costs. At each reporting date, these investments are measured at their fair values and the resultant gains and losses, after adjusting for taxation, are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Trade and other receivables

Market debtors are measured at fair value.

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

Trade and other payables

Trade and other payables are measured at fair value. It is group policy to remit in respect of trade payables in the month following invoice.

Financial liabilities and equity

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the period on transactions denominated in foreign currencies are treated as normal items of income and expenditure in the income statement.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, less any provision for diminution in value.

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

Leasehold improvements: Five years

Computer equipment and software: Four years

Depreciation is provided at a rate of 25% on a written down value basis on office equipment and furniture.

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

Goodwill

Goodwill has been calculated at the excess of the fair value paid on acquisition, plus associated costs over the fair value of the net assets of the company acquired. Goodwill is reviewed at least annually, and any impairment is recognised in the Consolidated Income Statement. Such impairment is permanent, as it is not permitted to be reversed in future periods.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Notes to the Financial Statements

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue includes fees for corporate finance advisory services which are taken to the income statement when the services are performed. The company's entitlement to transaction based fees occurs when the transaction becomes unconditional. Revenue also comprises profits on dealing operations, being gains less losses on shares, arrived at after taking into account attributable dividends and directly related interest, together with commission income receivable.

Interest income is recognised at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Share-based payments

The company has applied the requirements of IFRS 2 Share-based payment. The parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the accounting reference date. The fair value determined at the accounting reference date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

General information

Daniel Stewart & Co plc is regulated by the financial services authority and is required to follow the Capital Adequacy Requirements of this regulator. The company recognises credit, operational and financial risk in this calculation and reports upon this to the regulator quarterly.

Notes to the Financial Statements

6. Bank interest receivable and similar income

	31 March 2009	31 March 2008
On bank deposit	86,565	350,536
Lease interest	273,283	374,023
Loan stock interest receivable	25,640	79,129
	385,488	803,688

7. Interest payable

	31 March 2009	31 March 2008
Hire purchase interest payable	115,209	146,504
Other interest payable	21,412	170,703
	136,621	317,207

8. Tax

The tax charge comprises	31 March 2009	31 March 2008
Mainstream corporation tax deriving from profits / (losses) for the year at 28%	-	-
Adjustment for earlier years	79,000	-
Total current tax	79,000	-
Deferred tax		
Charge in respect of timing differences	149,000	-
Total deferred tax	149,000	-
Total tax on profit / (loss) from ordinary activities	228,000	-

	31 March 2009	31 March 2008
Loss per financial statements	(2,647,049)	(2,005,072)
Disallowable items	600,000	850,000
Losses carried forward/(utilised)	2,047,049	1,155,072
Taxable loss	-	-
Tax at 28%	-	-
Tax expense for the year	-	-
Adjustment for previous year	228,000	-

9. Exceptional Items

The exceptional items relate to redundancy cost relating to staff £165,744, and monies held in Landesbank which were written off during the year.

Notes to the Financial Statements

10. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	31 March 2009	31 March 2008
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	(2,875,049)	(2,005,072)
Effect of dilutive potential ordinary shares:		
Share options	6.49%	13.78%
	(1.15)p	(0.80)p

	31 March 2009	31 March 2008
Weighted average number of ordinary shares for the purposes of basic earnings per share	232,920,027	215,383,066
Effect of dilutive potential ordinary shares:		
Share options	16,170,000	34,425,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	249,090,027	249,808,066

11. Goodwill

	Group
At 1 April 2007 and 31 March 2008	1,731,532
At 1 April 2008 and 31 March 2009	1,731,532

Goodwill arose on the acquisition of a subsidiary in 2002. Goodwill is reviewed annually for impairment. Accumulated Impairment to 31 March 2005 is £339,562.

12. Available for sale investments

	Group and company
At 1 April 2008 - at fair value	389,364
Written off	(179,300)
At 31 March 2009	210,064

Notes to the Financial Statements

13. Investments in subsidiaries

	Company
At 1 April 2008 - at fair value	2,362,923
Written off	(75,000)
Issued in the year	1,000,000
At 31 March 2009	3,287,923

Subsidiary companies:

Daniel Stewart & Company plc	Investment banking
Daniel Stewart Leasing Limited	Lease finance
Daniel Stewart Capital plc	Commercial finance

Daniel Stewart Securities holds 100% of the issue share capital of each subsidiary company, all of which are registered in England and Wales.

14. Property plant and equipment

As at 31 March 2009	Company			Group		
	Improvements to leasehold premises	Plant and equipment	Total	Improvements to leasehold premises	Plant and equipment	Total
Cost at 1 April 2008	281,009	24,000	305,009	281,009	532,831	813,840
Additions	-	-	-	-	25,618	25,618
	281,009	24,000	305,009	281,009	558,449	839,458
Accumulated depreciation at 1 April 2008	219,664	13,875	233,539	219,664	260,162	479,826
Provision for the year	61,344	2,531	63,875	61,344	117,273	178,617
	281,008	16,406	297,414	281,008	377,435	658,443
Net book value at 31 March 2009	1	7,594	7,595	1	181,014	181,015
Net book value at 31 March 2008	61,345	10,125	71,470	61,345	272,669	334,014

As at 31 March 2008	Company			Group		
	Improvements to leasehold premises	Plant and equipment	Total	Improvements to leasehold premises	Plant and equipment	Total
Cost at 1 April 2007	281,009	24,000	305,009	281,009	418,199	699,208
Additions	-	-	-	-	202,431	202,431
Disposals	-	-	-	-	(87,799)	(87,799)
	281,009	24,000	305,009	281,009	532,831	813,840
Accumulated depreciation at 1 April 2007	139,407	10,500	149,907	139,407	196,209	335,616
Provision for the year	80,257	3,375	83,632	80,257	111,586	191,843
Eliminated on disposal	-	-	-	-	(47,633)	(47,633)
	219,664	13,875	233,539	219,664	260,162	479,826
Net book value at 31 March 2008	61,345	10,125	71,470	61,345	272,669	334,014
Net book value at 31 March 2007	141,602	13,500	155,102	141,602	221,990	363,592

Notes to the Financial Statements

15. Loans receivable - non current assets

Included within the total loans of £2,015,859 outstanding is £1,790,859 in respect of finance leases, this amount is net of interest of £238,563 relating to future periods.

16. Financial assets

	Group and company	
	2009	2008
Trading investments - long positions	96,927	995,873
General provision	-	(209,500)
	96,927	786,373

All trading investments are in listed equity securities that present the group with opportunity for return through trading gains. The fair values of these securities are based on quoted market prices.

17. Trade and other receivables

	Company		Group	
	2009	2008	2009	2008
Trade receivables	1,725	3,525	941,258	812,449
Due from subsidiary companies	181,836	763,107	-	-
Loans outstanding	225,000	-	909,659	1,201,606
Other debtors and prepayments	54,256	92,076	657,455	1,040,797
	462,817	858,708	2,508,372	3,054,852

All debtors are receivable within one year of the balance sheet date.

Included within loans outstanding is £684,659 in respect of finance leases, this amount is net of interest of £92,950 relating to the subsequent twelve months.

Included within loans of £909,659 is a finance lease due to the group from Peter Shea, This amount of £52,308 is to be repaid over five years and has been made in accordance with the standard terms of business of Daniel Stewart Leasing Ltd.

No allowance has been made for estimated irrecoverable amounts. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

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

Notes to the Financial Statements

18. Cash and cash equivalents

	Company		Group	
	2009	2008	2009	2008
Held at UK Clearing banks directly	245,661	1,323,417	730,175	2,399,979
Held by third party service providers in client account	431,006	85,908	431,006	287,586
	676,667	1,409,325	1,161,181	2,687,565

Within cash held by third parties is a deposit of £100,000 over which a charge is registered in favour of Lombard.

19. Trade and other payables

	Company		Group	
	2009	2008	2009	2008
Trade payable	137,297	56,904	605,926	413,798
Other payables and accruals	92,597	190,302	569,884	2,383,492
Income tax and social security	-	-	689,854	117,648
Finance lease creditors	-	-	685,066	1,088,944
Amounts owed to group companies	1,022,099	1,614,848	-	-
	1,251,993	1,862,054	2,550,730	4,003,882

Finance lease creditors include amounts due to Lombard and Ruffler Bank. The monies due to Lombard are unsecured, the monies due to Ruffler Bank are subject to assignment of the specific leased assets to which they relate.

20. Non current liabilities

	Group only	
	2009	2008
Finance lease creditors	536,266	538,520

Finance lease creditors include amounts due to Lombard and Ruffler Bank. The monies due to Lombard are unsecured, the monies due to Ruffler Bank are subject to assignment of the specific leased assets to which they relate.

21. Deferred tax

Deferred tax arises throughout the year and the previous year solely in respect of share based payments as reported under IFRS2.

Notes to the Financial Statements

22. Share Capital

		Group and company	
		2009	2008
Authorised			
322,098,000 Ordinary shares of 0.25p each		805,245	805,245
2,902,000 Deferred Shares of 0.25p each		7,255	7,255
		812,500	812,500
Issued			
Ordinary shares of 0.25p each	Date	Ordinary shares	Group and company Issued shares
Issued at 1 April 2008		215,383,066	538,459
	15 September 2008	19,928,888	49,822
	22 December 2008	25,000,000	62,500
At 31 March 2009		260,311,954	650,781

23. Operating leases

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

	Company		Group	
	2009	2008	2009	2008
Within one year	184,000	-	193,687	-
In the second to fifth year inclusive	-	184,000	39,626	184,000
	184,000	184,000	233,313	184,000

Notes to the Financial Statements

24. Share based payments

The group has two share option schemes for all employees of the group. Options are exercisable at a price agreed upon in the share option agreement on the date of grant. The vesting period lies between immediate exercise and three years. If the options remain unexercised after a period of 10 years from the vesting date, or the option holder ceases to be an employee or office holder within the group before the options vest, the options will lapse on the date of such cessation. The share options outstanding at 31 March are as follows:

	Date of grant	Vesting period	Exercise price	Number of shares	
				2009	2008
Granted at start of period					
Unapproved	16 February 2002	None	11.00p	40,000	40,000
Approved	19 August 2004	Three years	4.00p	4,450,000	4,450,000
Unapproved	21 August 2004	None	6.50p	2,000,000	2,000,000
Unapproved	14 February 2005	Three years employment	10.00p	4,570,000	4,575,000
Unapproved	13 June 2005	Three years employment	12.00p	5,500,000	5,500,000
Unapproved	31 October 2005	Three years employment	15.00p	750,000	750,000
Unapproved	21 November 2005	Three years employment	15.75p	550,000	850,000
Unapproved	06 January 2006	Three years employment	21.00p	-	-
Unapproved	22 May 2004	Three years employment	27.75p	4,000,000	4,000,000
Approved	31 March 2008	One years employment	0.25p	7,637,500	
Approved	31 March 2008	Two years employment	0.25p	7,637,500	
Exercised during the period					
Unapproved	14 February 2005	Three years employment	10.00p	-	-
Unapproved	13 June 2005	Three years employment	12.00p	-	-
Surrendered during the period					
Approved	19 August 2004	Three years	4.00p	(1,200,000)	-
Unapproved	21 August 2004	None	6.50p	(2,000,000)	-
Unapproved	14 February 2005	Three years employment	10.00p	(1,130,000)	(5,000)
Unapproved	13 June 2005	Three years employment	12.00p	(5,000,000)	-
Unapproved	31 October 2005	Three years employment	15.00p	(750,000)	-
Unapproved	21 November 2005	Three years employment	15.75p	(350,000)	(300,000)
Unapproved	06 January 2006	Three years employment	21.00p	-	-
Approved	31 March 2008	One years employment	0.25p	(4,487,500)	-
Approved	31 March 2008	Two years employment	0.25p	(4,487,500)	-
Issued during the period					
Unapproved	13 June 2005	Three years employment	12.00p	-	-
Unapproved	31 October 2005	Three years employment	15.00p	-	-
Unapproved	21 November 2005	Three years employment	15.75p	-	-
Unapproved	06 January 2006	Three years employment	21.00p	-	-
Unapproved	22 May 2006	Three years employment	27.75p	-	-
Approved	31 March 2009	One years employment	0.25p	575,000	7,637,500
Approved	31 March 2009	Two years employment	0.25p	575,000	7,637,500
				18,880,000	37,135,000

The options have been valued with reference to relevant vesting periods and actual share prices at the date of issue, exercise date and accounting reference date, volatility applied has been 64% and an attrition rate of 52%.

Notes to the Financial Statements

25. Events after the reporting period

On 1 June 2009 the company issued a further 52,500,000 ordinary shares for cash consideration of 2p per share.

26. Related party transactions and transactions with directors

The company has, per IAS 24, not disclosed transactions or balances between group companies that have been fully eliminated on consolidation.

Stuart Lucas, a director of Daniel Stewart Securities plc, is remunerated through Blackmoor Consulting Limited, and John James a director of Daniel Stewart Leasing Limited is remunerated through Commercial Finance Specialists Limited.

All executive directors are remunerated through the payroll of Daniel Stewart & Co plc.

During the year Daniel Stewart Leasing Limited advanced £52,308 to PD Shea in accordance with their standard terms of business.

On 26 March 2009 Private and Commercial Finance Group plc were retained as a client of Daniel Stewart & Co plc, the total fees receivable by 31 March 2009 were £333. PD Shea is a non-executive Director of this company.

27. Commitments and contingent liabilities

A contingent liability in respect of exposure to client share trading will exist at any given time. All unsettled trades at 31 March 2009 have now been fully satisfied. At 31 March 2009, the group had an open position of £747,161.

At 31 March 2009 the company had guaranteed the borrowings of Daniel Stewart Leasing Limited. At that date Daniel Stewart Leasing Limited owed Lombard £837,747.

Notice of Annual General Meeting

Daniel Stewart Securities plc

(Incorporated in England and Wales with registered number 3899545)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Daniel Stewart Securities Plc will be held at Becket House, 36 Old Jewry, London EC2R 8DD on 30 September 2009 at 10.30 a.m. for the transaction of the following business:

As Ordinary Business to consider, and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 31 March, 2009.
2. To reappoint Peter Dicks as a Director of the Company, who retires by rotation in accordance with the Article 127 of the Company's Articles of Association.
3. To reappoint Stuart Lucas as a Director of the Company, who retires by rotation in accordance with the Article 123 of the Company's Articles of Association.
4. To reappoint Keelings as auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business to consider and, if thought fit, to pass resolutions numbered 5 and 6 which will be proposed as ordinary resolutions and resolutions numbered 7 and 8 which will be proposed as special resolutions:

5. That the authorised share capital of the Company be increased from £812,500 to £1,162,000 by the creation of an additional 140,000,000 new ordinary shares of 0.25 pence each ("Ordinary Shares").
6. That the Directors be generally and unconditionally for the purposes of Section 80 of the Companies Act 1985 (the "Act") authorised to allot relevant securities (as defined in the said Section) up to an aggregate nominal amount of £350,000, such authority to expire at the end of the next Annual General Meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution, save that the Company may, at any time before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
7. That the Directors be empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the authority conferred by Resolution 6 above as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - (i) the allotment of equity securities in connection with any invitation made to the holders of Ordinary Shares to subscribe by way of rights in the same proportions (as nearly as may be) to their respective holdings but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with Ordinary Shares representing fractional entitlement or on account of either legal or practical problems arising in connection with the laws of any territory or of the requirements of any applicable regulatory body or stock exchange in any territory; and
 - (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) of this Resolution) of equity securities up to an aggregate nominal amount of £350,000;

and shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, fifteen months after the date thereof save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Notice of Annual General Meeting

8. That the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Act to make market purchases (within the meaning of Section 163 of the Act) of Ordinary Shares for the purpose of reducing the capital of the Company provided that:
- (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 13,015,597 representing approximately 5 per cent. of the present issued share capital of the Company;
 - (ii) the minimum price which may be paid for an Ordinary Share is 0.25 pence;
 - (iii) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations taken from the AIM Appendix to the Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased;
 - (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2010 or, if earlier, on the expiry of fifteen months from the passing of this resolution, unless such authority is renewed prior to such time; and
 - (v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration or such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board
Filex Services Limited
 Company Secretary

Registered office:
 Becket House
 36 Old Jewry
 London EC2R 8DD

Dated: 1 September, 2009

Notes

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him and such proxy need not also be a member.
- (2) A Form of Proxy is enclosed for your use, if desired. The instrument appointing a proxy must reach the Company's Registrars, Capita IRG Plc, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH not less than 48 hours before the time of holding of the meeting.
- (3) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders of the Company on the register at 6.00 p.m. two days before the time of holding of the meeting shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (4) A copy of the register of Directors' interests in shares in the Company and copies of the Directors' service contracts of more than one year's duration will be available for inspection at the registered office of the Company during office hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

Daniel Stewart Securities plc

Becket House
36 Old Jewry
London
EC2R 8DD

Daniel Stewart is authorised and regulated in the United Kingdom by The Financial Services Authority for designated investment business and is a member of the London Stock Exchange.