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ANNUAL REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

RECEIVED
MAR 04 2005
12/31/04

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Coady Diemar Group, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

P.O. Box 305, 87 Main Street

(No. and Street)

Peapack

(City)

New Jersey

(State)

07977

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael Mandev

908-719-6466

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Franklin, LaBrace & Associates

(Name - if individual, state last, first, middle name)

105 Morris Avenue

(Address)

Springfield

(City)

New Jersey

(State)

07081

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 31 2005
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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OATH OR AFFIRMATION

I, Robert E. Diemar, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Coady Diemar Group, LLC, as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Robert E. Diemar, Jr.
Signature

Chief Executive Officer
Title

Barbara J. Cardinali 2/28/05
Notary Public

BARBARA J. CARDINALI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Apr. 29, 2009

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FRANKLIN, LOBRACE & ASSOCIATES

A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS



COADY, DIEMAR GROUP, LLC

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2004

WITH REPORT AND SUPPLEMENTARY REPORT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

FRANKLIN, LOBRACE & ASSOCIATES

A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

COADY, DIEMAR GROUP, LLC

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YEAR ENDED DECEMBER 31, 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Coady, Diemar Group, LLC:

We have audited the accompanying statement of financial condition of Coady, Diemar Group, LLC (a Limited Liability Company) (the "Company") as of December 31, 2004, and the related statements of operations and members' capital, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coady, Diemar Group, LLC as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 24, 2005

Franklin LoBrace & Associates, PC

COADY, DIEMAR GROUP, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004

ASSETS

Current assets:

Cash	\$ 96,905
Accounts receivable	<u>7,273</u>

Total current assets	\$104,178
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Equipment, net of accumulated depreciation of \$860	3,440
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Security deposits	<u>2,960</u>
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Total assets	<u>\$110,578</u>
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LIABILITIES AND MEMBERS' CAPITAL

Current liabilities:

Accounts payable	\$ 20,416
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Long-term liabilities	<u>0</u>
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Total liabilities	\$ 20,416
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Members' capital	<u>90,162</u>
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Total liabilities and members' capital	<u>\$110,578</u>
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SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT
AND NOTES TO FINANCIAL STATEMENTS

COADY, DIEMAR GROUP, LLC
STATEMENT OF OPERATIONS AND MEMBERS' CAPITAL
YEAR ENDED DECEMBER 31, 2004

Contract services revenue	\$ 611,093
Direct costs and expenses	<u>51,196</u>
Gross profit	\$ 559,897
Operating expenses	<u>847,673</u>
Loss from operations	\$(287,776)
Interest income	<u>331</u>
Net loss	\$(287,445)
Members' capital, January 1, 2004	13,640
Members' contributions	<u>363,967</u>
Members capital, December 31, 2004	<u>\$ 90,162</u>

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT
AND NOTES TO FINANCIAL STATEMENTS

COADY, DIEMAR GROUP, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (287,445)
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	\$ 860
Increase (decrease) in cash resulting from changes in operating assets and liabilities	
Accounts receivable	(7,273)
Security deposits	(2,960)
Accounts payable	<u>20,416</u>
 Total adjustments	 <u>11,043</u>
 Net cash used in operating activities	 \$(276,402)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to equipment	(4,300)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Members' capital contributions	<u>363,967</u>
 NET INCREASE IN CASH	 \$ 83,265
 Cash balance, January 1, 2004	 <u>13,640</u>
Cash balance, December 31, 2004	<u><u>\$ 96,905</u></u>
Supplementary data:	
Interest paid	<u><u>\$ 0</u></u>

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT
AND NOTES TO FINANCIAL STATEMENTS

COADY, DIEMAR GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

Note 1--Summary of Significant Accounting Policies

Organization and Nature of Operations

The Company was organized under the laws of the state of Delaware as a limited liability company on June 10, 2003. It has qualified to do business in New Jersey, New York, and Washington D.C.

The members shall not be bound by, or be personally liable for the losses, expenses, liabilities, or obligations of the L.L.C. unless otherwise amended. Under the terms of the operating agreement, the Company will terminate December 31, 2053, unless terminated at an earlier date in accordance with the provisions of the operating agreement.

The Company is a registered broker-dealer with the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD). The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities. It is primarily engaged in rendering senior corporate finance and financial advisory consulting services to corporate and institutional clients. Approximately 53% of revenue was derived from two clients in the reporting year.

Basis of Accounting

The Company is a service organization and recognizes contract services as earned to the extent of work completed and billed to clients and recognizes costs as expenses to the extent incurred in relation to work completed.

Depreciation

Depreciation of equipment is provided based on the accelerated method of accounting.

Income Taxes

The Company has elected to be taxed as a partnership and as a result, income taxes are not payable by, or provided for, the Company and all items of income, losses, and credits are reported by the members on their personal income tax returns.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all investments purchased with a maturity of three months or less to be cash equivalents.

COADY, DIEMAR GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

Note 1--Summary of Significant Accounting Policies (Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2—Net Capital

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both defined, shall not exceed 15 to 1. Minimum net capital is defined as the greater of 6 2/3% of aggregate indebtedness (\$1,361 as of December 31, 2004) or \$5,000. At December 31, 2004 Coady, Diemar Group, LLC had net capital of \$76,489 which was \$71,489 in excess of the amount required.

Certain advances, distributions, and other equity withdrawals are subject to certain notification and restriction provisions of the SEC's Net Capital Rule.

Note 3—Related Party Transactions

The Company engaged in the following related party transactions in 2004:

1. Received member capital contributions of \$363,967;
2. Was charged and paid equipment rental expense and related advisory services of \$17,109 to an LLC which is owned and controlled by the majority members of the Company.

Note 4—Risks and Uncertainties

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and trade receivables.

The Company's cash is placed with a New Jersey bank with a high credit and investment rating. Cash balances fluctuate in excess of the FDIC insurance limit of \$100,000.

The Company grants credit terms in the normal course of business to its clients. The Company does not require collateral or other security to support its receivables from clients. An allowance for doubtful accounts was not provided due to the credit worthiness of its clients.

COADY, DIEMAR GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

Note 5--Commitments and Contingencies

The Company leases office facilities under non-cancelable operating leases which expire at various dates through June 2007. The Company leases its office computer systems from a related party entity on a month to month basis at a gross rental of \$3,439 per month. The Company leases its New Jersey and New York City offices as a sub-tenant on a month to month basis at a gross rent of \$2,423 and \$5,000 per month respectively. The Company leases its Washington D.C. office under an operating lease expiring May 1, 2005 at a gross rental of \$1,000 per month. Future minimum annual rental payments under all operating lease agreements with remaining terms in excess of one year as of December 31, 2004 are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2005	\$ 7,560
2006	7,560
2007	3,150
Thereafter	<u>-0-</u>
Total	<u>\$ 18,270</u>

The Company incurred office and equipment rental expense of \$124,708 in 2004.

The Company is contingently liable to a founding member for \$122,000 in expenses incurred by him in establishing the business. Such expenses shall be paid to him if the Company reaches targeted revenue and income thresholds on a cumulative basis. It is reasonably possible that the Company shall fully reimburse the member.

COADY, DIEMAR GROUP, LLC

COMPUTATION OF NET CAPITAL PURSUANT TO SEC RULE 15c3-1

DECEMBER 31, 2004

Total members' equity		\$90,162
Nonallowable assets:		
Non-marketable securities	\$ -0-	
Other	<u>13,673</u>	
Total nonallowable assets		<u>13,673</u>
Net capital before haircuts on securities positions		\$76,489
Haircuts on securities positions:		
Debt securities	\$ -0-	
Other securities	<u>-0-</u>	
Total haircuts on securities positions		<u>-0-</u>
Net capital		\$76,489
Minimum net capital requirement (the greater of 6 2/3% of aggregate indebtedness of \$20,416 or \$5,000)		<u>5,000</u>
Excess net capital		<u>\$71,489</u>
Ratio of aggregate indebtedness to net capital		<u>.27 to 1</u>

There are no material differences between the amounts presented above and the amounts reported in the Company's unaudited Part IIA Focus Report as of December 31, 2004.

COADY, DIEMAR GROUP, LLC

STATEMENT REGARDING DETERMINATION OF
RESERVE REQUIREMENTS FOR BROKER-DEALERS AND
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENT
UNDER SEC RULE 15c3-3

DECEMBER 31, 2004

The Company is exempt from SEC Rule 15c3-3 pursuant to paragraph (k)(2)(ii) of the Rule.

SUPPLEMENTARY REPORT ON INDEPENDENT AUDITORS
ON INTERNAL CONTROL AS REQUIRED BY SEC RULE 17a-5

To the Members of
Coady, Diemar Group, LLC:

In planning and performing our audit of the financial statements and supplemental information of Coady, Diemar Group, LLC (the "Company") for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we consider relevant to the criteria stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons,
2. Recordation of differences required by Rule 17a-13, and
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The Management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned criteria. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that internal control may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, and its operations that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the criteria referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such criteria in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the SEC's criteria.

This report is intended solely for the information and use of management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Franklin & Associates, PC

February 24, 2005