

Company Number: 02056541

EXOTIX LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2011

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EXOTIX LIMITED

Directors' Report for the year ended 31 March 2011

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2011

PRINCIPAL ACTIVITY

The Company's principal activity is the broking of illiquid bonds, equities and loans on both matched principal and agency bases. The Company is regulated by the Financial Services Authority.

The Company is incorporated and domiciled in England & Wales. The registered office is 54 Baker Street, London, W1U 7BU.

BUSINESS REVIEW

The directors consider the year end financial position to be satisfactory given the market conditions in the second half of the year, which were significantly quieter than in previous years. Consequently, revenues did not grow as expected during the year whilst the planned increase in capacity resulted in a substantially higher cost base. This is a trend expected to continue into at least the first half of the coming year.

Results and dividends

The results of the Company are set out in the statement of comprehensive income on page 4. The directors have not recommended the payment of a dividend (2010: £Nil). The net profit for the year of £279,000 (2010: £4,356,000) has been transferred to reserves.

FINANCIAL RISK MANAGEMENT

The Company's risk profile and financial risk management policies are disclosed in note 2 to the financial statements.

KEY PERFORMANCE INDICATORS

The Company's directors are of the opinion that revenue and operating profit are key performance indicators of the business. These are disclosed on page 4.

DIRECTORS

The directors of the Company who held office during the year were:

P J Bartlett
A Chappell
D Gelber
M Wreford

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the 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. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union,

EXOTIX LIMITED

Directors' Report for the year ended 31 March 2011

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CREDITOR PAYMENT POLICY

Once works have been completed to a satisfactory standard, all external trade payables are paid within 30 days of the balance falling due and payable.

CHARITABLE AND POLITICAL DONATIONS

During the year the Company made charitable donations of £65,785 (2010: £103,323) as well as donating £50,000 to the Conservative Party (2010: £Nil).

BASEL II REGULATORY REPORTING

The Company's Basel II – Pillar 3 disclosure document is available by written request to the Company Secretary.

PROVISION OF INFORMATION TO THE AUDITORS

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the Company's auditors were unaware, and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

The current auditors, Nexia Smith & Williamson, are deemed to be reappointed as auditors.

By Order of the Board



For and on behalf of CML Secretaries Limited

Secretary

Date 22 July 2011

Company Registration Number 02056541

EXOTIX LIMITED

Independent Auditors' Report to the members of Exotix Limited

We have audited the financial statements of Exotix Limited for the year ended 31 March 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private/cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Carl Deane
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

22 July 2011

EXOTIX LIMITED

Statement of Comprehensive Income for the year ended 31 March 2011

	<u>Note</u>	<u>31 March 2011</u> £'000	<u>31 March 2010</u> £'000
Commission and brokerage income		12,282	16,158
Commission and brokerage expenses		(220)	(166)
Net commission and trading income		<u>12,062</u>	<u>15,992</u>
Net gain/(loss) on held for trading investments		593	2,601
Administrative expenses	3,4,5,6	(12,132)	(12,237)
Operating profit		<u>523</u>	<u>6,356</u>
Finance income	7	46	111
Finance costs	8	(25)	(228)
Profit before taxation		<u>544</u>	<u>6,239</u>
Taxation	9	(265)	(1,883)
Profit for the year		<u>279</u>	<u>4,356</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>279</u></u>	<u><u>4,356</u></u>

All activities are classified as continuing

The notes on pages 8 to 21 form part of these financial statements

EXOTIX LIMITED**Statement of Changes in Equity for the year ended 31 March 2011**

	<u>Share capital</u>	<u>Share premium reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
As at 1 April 2009	1,000	32	12,802	13,834
Profit for the year	-	-	4,356	4,356
As at 31 March 2010	<u>1,000</u>	<u>32</u>	<u>17,158</u>	<u>18,190</u>
Profit for the year	-	-	279	279
As at 31 March 2011	<u>1,000</u>	<u>32</u>	<u>17,437</u>	<u>18,469</u>

The notes on pages 8 to 21 form part of these financial statements

EXOTIX LIMITED

Statement of Financial Position as at 31 March 2011

	Note	As at 31 March 2011 £'000	As at 31 March 2010 £'000
Non-current assets			
Property, plant and equipment	10	483	512
Current assets			
Trade and other receivables	11	2,654	4,661
Held for trading investments	12	11,669	9,477
Cash and cash equivalents	13	6,708	8,947
		<u>21,031</u>	<u>23,085</u>
Total assets		<u>21,514</u>	<u>23,597</u>
Current liabilities			
Trade and other payables	14	(3,079)	(4,908)
Tax payable		34	(499)
Total liabilities		<u>(3,045)</u>	<u>(5,407)</u>
		<u>18,469</u>	
Net assets			<u>18,190</u>
Equity			
Called up share capital	15	1,000	1,000
Share premium reserve		32	32
Retained earnings		17,437	17,158
Total equity		<u>18,469</u>	<u>18,190</u>

The financial statements were approved by the board of directors and were signed on its behalf by

A Chappell



Directors

Date: 21 July 2011

M Wreford



The notes on pages 8 to 21 form part of these financial statements

EXOTIX LIMITED

Statement of Cash Flows for the year ended 31 March 2011

	<u>Note</u>	<u>Year ended</u> <u>31 March 2011</u> £'000	<u>Year ended</u> <u>31 March 2010</u> £'000
Cash flows from operating activities			
Profit before taxation		544	6,239
Adjustments to reconcile profit before tax to net cash flows from operating activities			
Depreciation		261	181
Loss on disposal of PPE		-	182
Net finance (income)/ expense		(21)	117
Decrease/ (increase) in trade and other receivables		2,007	(3,791)
(Increase) in trading investments		(592)	(2,345)
(Increase)/ decrease in trade and other payables		(1,829)	2,257
Foreign exchange movement		(17)	(12)
Cash generated from operations		<u>353</u>	<u>2,828</u>
Corporation tax paid		(798)	(1,483)
Net cash from operating activities		<u>(445)</u>	<u>1,345</u>
Cash flows from investing activities			
Purchase of property, plant & equipment		(232)	(416)
Interest income		46	111
Purchase of trading investment		(1,600)	(1,600)
Proceeds from disposal of trading investments		-	178
Net cash used in investing activities		<u>(1,786)</u>	<u>(1,727)</u>
Cash flows from financing activities			
Dividend paid		-	-
Interest paid		(25)	(228)
Net cash used in financing activities		<u>(25)</u>	<u>(228)</u>
Net increase in cash and cash equivalents		<u>(2,256)</u>	<u>(610)</u>
Effect of foreign exchange rate changes		17	12
Net cash and cash equivalents at beginning of year	13	8,947	9,545
Net cash and cash equivalents at end of year	13	<u><u>6,708</u></u>	<u><u>8,947</u></u>

The notes on pages 8 to 21 form part of these financial statements

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

1 PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, the Companies Act 2006 and under the historical cost convention apart from held for trading investments which are accounted for at fair value through profit or loss

b) Income

Income comprises

(i) Commission and brokerage income derived from securities broking

Securities broking is mainly transacted on a matched principal basis. To represent the substance of matched principal services provided by the Company, where it acts as principal for the simultaneous purchase and sale of securities to third parties, commission income represents the differential between the consideration received on the sale of the security and its purchase price.

For agency trades revenue is stated net of rebates and discounts, value added tax and other sales taxes.

Commission and brokerage income is recognised at trade-date.

(ii) Gains and losses arising from changes in fair value of investments held for trading

Realised and unrealised gains and losses are recognised as they arise.

c) Taxation

Tax on the profit for the year comprises current tax, as well as adjustments in respect of prior periods. Tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the year end date.

d) Finance costs

All borrowing costs are expensed as finance costs in the statement of comprehensive income using the applicable effective interest rate. All other costs incurred in obtaining finance are included in finance costs.

e) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the year end date. Exchange differences are taken to the statement of comprehensive income.

f) Property, plant and equipment

Property, plant and equipment is stated at historical cost less provision for any impairment in its value and accumulated depreciation. Property, plant and equipment is depreciated on a straight line basis over its expected useful economic life as follows:

Leasehold improvements	The term of the lease
Computer software and hardware	3-Years
Fixtures and fittings	5-Years

The Company reviews its depreciation rates regularly to take account of any changes in circumstances. These rates are determined upon consideration of factors such as the expected rate of technological development and anticipated usage levels. Depreciation is charged against assets from the date at which the Company begins to derive economic benefit from the asset.

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

g) Matched principal transactions

The Company is involved as principal in the purchase and simultaneous commitment to sell equities and securities between third parties. Such trades are complete only when both sides of the deal are settled, and so the Company is exposed to risk in the event that one side of the transaction remains unmatched. Substantially all the transactions settle within a short period of time and the settlement risk is considered to be minimal. In order to reflect the substance of these transactions, the amounts due to and payable by counterparties in respect of matched principal business expected to settle in the normal course of trading are offset and the net amount is included in trade receivables. For information purposes, the gross amounts are disclosed in note 11. The majority of trades are settled by ICAP Securities Ltd, a former fellow subsidiary undertaking, which acts as clearing agent.

h) Trade receivables

Trade receivables are recognised at amortised cost less provision for impairment.

i) Derivative financial instruments

Financial assets and liabilities, whose value changes in response to changes in its underlying components and are settled at a future date are designated as derivative financial instruments. Derivatives are used by the Company to mitigate financial risks, such as changes in foreign exchange and interest rate. Such instruments are initially recognised at cost or premium paid and subsequently carried at fair value determined by reference to a quoted market price. Gains and losses arising from changes in fair value are recognised in the statement of comprehensive income.

j) Investments

Investments are recognised at trade-date and are classified as held at fair value through the statement of comprehensive income if they were principally acquired for trading in the short term, otherwise they are classified as available-for-sale. Where investments are held for trading purposes, gains and losses arising from changes in fair value are included in the statement of comprehensive income. For other investments, gains and losses arising from changes in fair value are recognised directly in equity, until the investment 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 statement of comprehensive income.

The fair values of investments traded in active markets are based on quoted market prices at the year end date. For investments not traded in active markets (illiquid assets), quoted market prices or dealer quotes for similar instruments are used making provision for the discount that would be required to achieve a sale in the market in which a buyer might not readily be sourced.

k) Cash and cash equivalents

Cash equivalents includes all investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value when it has a maturity of three months or less from the date of acquisition.

l) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

m) Impairment of assets

An impairment review of the recoverable amounts of assets is undertaken at each year end date or when such events or changes in circumstances indicate that an impairment loss may have occurred.

n) Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. These estimates and significant judgments deemed critical to the Company's results and financial position, based upon materiality are discussed below.

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

n) Accounting estimates and judgements (continued)

- i) Financial assets – for financial assets that are quoted in active markets, fair values are determined by reference to the current quoted price. Where independent prices (e.g. for unquoted items) are not available, fair values may be determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where market observable prices exist, discounted cashflow analysis and other valuation techniques.
- ii) Trade receivables – the Company provides for impairment of trade receivables to estimate existing bad debts and amendments to sales invoices. The provision is estimated based on historic trends and future expectations.

o) Recent accounting developments

There were no new standards and amendments to standards mandatory for the first time for the financial year beginning 1 April 2010 that were considered relevant to the Company.

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2010 and have not been early adopted, but are considered relevant to the Company in future.

- IFRS 9 'Financial Instruments' addresses clarification and measurement of financial assets, as the first phase of the replacement of IAS39 'Financial Instruments: Recognition and Measurement' and is effective for annual periods beginning after 1 January 2013, subject to EU endorsement. The impact on the Company's financial statements of the future adoption of the standard is still under review.
- Revised IAS 24 'Related Party Disclosures' was issued in November 2009 and is required to be applied for accounting periods on or after 1 January 2011. It supersedes IAS24 'Related Party Disclosures' issued in 2003. The impact of the adoption of the standard will result in minor changes to the disclosure.

There are a number of other new standards, amendments to standards and interpretations that are not mandatory for the financial year ended 31 March 2011 and which are not expected to materially impact the financial statements of the Company over the next 12 months.

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

2 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk as explained below. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The overall financial risk management framework, strategy and policies of the Company are determined by the board.

a) *Market risk*

Foreign exchange risk

The Company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements.

Transactional exposure arises from brokerage and remittance of funds in currencies other than the Company's functional currency (Sterling), principally United States Dollars. The Company policy is to hedge down-side risk on such foreign exchange exposures using derivative financial instruments, such as options. Derivative transactions are only carried out with counterparties of an acceptable credit standing such as global banks with a credit rating of at least AA.

Translational exposure arises on the conversion of foreign currency denominated investments into Sterling. The Company does not hedge its translational exposure but its impact is mitigated by the Company's use of average exchange rates. In addition the impact on the statement of financial position is managed, where appropriate, by structural hedges.

It is estimated that, based on year-end exchange rates, a 20% movement in the exchange rates of the United States Dollar, the Euro and all other currencies would have impacts of £332,167 (2010: £80,050), £42,042 (2010: £292,720) and £152,333 (2010: £152,380) respectively on the Company's profit or loss and equity.

The table below summarises the Company's exposure to concentrations of foreign currencies as at 31 March 2011.

	EUR £'000	USD £'000	GBP £'000	Other £'000	Total £'000
Assets					
Cash and cash equivalents	102	1,214	5,288	104	6,708
Held for Trading Investments	-	-	11,669	-	11,669
Trade and other receivables	150	830	862	812	2,654
	<u>252</u>	<u>2,044</u>	<u>17,819</u>	<u>916</u>	<u>21,031</u>
Liabilities					
Trade and other payables	-	(51)	(3,026)	(2)	(3,079)
Net financial assets	<u>252</u>	<u>1,993</u>	<u>14,793</u>	<u>914</u>	<u>17,952</u>

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange risk (continued)

The table below summarises the Company's exposure to concentrations of foreign currencies as at 31 March 2010

	EUR £'000	USD £'000	GBP £'000	Other £'000	Total £'000
Assets					
Cash and cash equivalents	-	211	8,707	29	8,947
Held for Trading Investments	-	-	9,477	-	9,477
Trade and other receivables	1,487	1,028	1,410	736	4,661
	<u>1,487</u>	<u>1,239</u>	<u>19,594</u>	<u>765</u>	<u>23,085</u>
Liabilities					
Trade and other payables	(24)	(839)	(4,041)	(4)	(4,908)
	<u>(24)</u>	<u>(839)</u>	<u>(4,041)</u>	<u>(4)</u>	<u>(4,908)</u>
Net financial assets	<u>1,463</u>	<u>400</u>	<u>15,553</u>	<u>761</u>	<u>18,177</u>

Interest rate risk

The Company's interest rate risk arises from cash and cash equivalents where changes in market rates can have an adverse impact on cash flows and income streams arising on the investment of surplus cash in bank deposits. The Company estimates that an increase of 1% in interest rates would not have a material impact on the Company's statement of comprehensive income and equity.

As at 31 March 2011 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months (2010: none). The Company's effective interest rate profile for the year ended 31 March 2011 was as follows:

	<u>Year Ended 31 March 2011</u>			<u>Total</u>
	<u>None</u> £'000	<u>Fixed</u> £'000	<u>Variable</u> £'000	<u>£'000</u>
Assets				
Cash and cash equivalents	-	-	6,708	6,708
Held for trading investments	-	-	11,669	11,669
Trade and other receivables	2,654	-	-	2,654
	<u>2,654</u>	<u>-</u>	<u>18,377</u>	<u>21,031</u>

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 March 2010 the Company's effective interest rate profile was as follows

	<u>None</u> £'000	<u>Fixed</u> £'000	<u>Variable</u> £'000	<u>Total</u> £'000
Assets				
Cash and cash equivalents	-	3,000	5,947	8,947
Held for trading investments	9,477	-	-	9,477
Trade and other receivables	4,661	-	-	4,661
	<u>14,138</u>	<u>3,000</u>	<u>5,947</u>	<u>23,085</u>

Price risk

The Company accepts price risk on its investment in the Insparo Africa and Middle East Fund to achieve yield enhancement on the investment of surplus cash. Excepting this the Company is only exposed to price risk when one or both counterparties in a matched principal transaction fail to fulfill their obligations, through trade mismatches or when positions are taken. Risk is restricted to short term price movements in the underlying stock held. This is discussed in more detail below in relation to credit risk.

Unmatched transactions are identified and monitored on a daily basis. The Company has policies and procedures in place to reduce the likelihood of such situations but should they arise, the policy is to close out positions immediately or, with Senior Management approval, to carry them with an appropriate hedge in place.

Price risk in regards to positions is monitored and controlled by the setting of low cash limits and the use of hedging arrangements, such as swaps, where appropriate.

b) Credit risk

Credit risk arises from the potential that a counterparty is unable or unlikely to perform on an obligation resulting in a loss for the Company. The Company's exposure to credit risk is limited since it acts as an intermediary whereby business is transacted on an agency or matched principal basis. All counterparties are subject to regular review and assessment by regional credit officers and credit limits are set and approved by the appropriate credit committee.

The Company has no significant concentrations of credit risk and the maximum exposure is limited to trade and other receivables (note 11).

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit. This is important to ensure that the Company can meet all present and future financial obligations as they fall due and comply with regulatory requirements. The Company dictates borrowing and investing limits based on an institutions credit rating and the nature of financial instruments that can be held.

Overall the Company's exposure to liquidity risk is not significant. The outstanding liabilities as at 31 March 2011 are payable within 3 months.

d) *Fair value*

As at 31 March 2011 there were no significant differences between book values and fair values of financial assets and liabilities.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. The fair values of financial instruments are determined as per the Company's accounting policies.

e) *Capital Management*

Capital includes share capital and reserves held on the statement of financial position. During the year the Company has complied with the capital requirements imposed by the Financial Services Authority by which it is regulated.

Financial assets and liabilities

The Company's financial assets are analysed below.

Classification of financial assets and liabilities as at 31 March 2011

	<u>Financial assets at fair value through profit or loss</u> £'000	<u>Loans and receivables</u> £'000	<u>Total</u> £'000
Financial assets			
Held for trading investments	11,669	-	11,669
Cash and cash equivalents	-	6,708	6,708
Trade receivables	-	1,442	1,442
Other receivables	-	1,212	1,212
	<u>11,669</u>	<u>9,362</u>	<u>21,031</u>
Financial liabilities			
Trade and other payables	-	(3,079)	(3,079)
	<u>-</u>	<u>(3,079)</u>	<u>(3,079)</u>

Classification of financial assets and liabilities as at 31 March 2010

	<u>Financial assets at fair value through profit or loss</u> £'000	<u>Loans and receivables</u> £'000	<u>Total</u> £'000
Financial assets			
Held for trading investments	9,477	-	9,477
Cash and cash equivalents	-	8,947	8,947
Trade receivables	-	2,595	2,595
Other receivables	-	2,066	2,066
	<u>9,477</u>	<u>13,608</u>	<u>23,085</u>

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Classification of financial assets and liabilities as at 31 March 2010 (Continued)

Financial liabilities

Trade and other payables

-	(4,908)	(4,098)
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In accordance with IFRS 7 'Financial Instruments Disclosures', for financial instruments that are measured in the balance sheet at fair value, disclosure is provided of fair value measurements by level of the following fair value measurement hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 31 March 2011, the fair value of held-for-trading investments was measured at Level 2 (2010 Level 2)

3 ADMINISTRATIVE EXPENSES

Included within administrative expenses is management charge income of £51,065 (2010 £207,396) charged to Exotix Investments Limited – a fellow subsidiary undertaking – for services provided by the Company in the year £Nil (2010 £Nil) remains outstanding at the year end date

During the year the Company also received a management recharge of £56,258 (2010 £97,095) from Insparo Asset Management Limited, an associated company £Nil (2010 £23,499) was outstanding at the year end date

Also included in administrative expenses are foreign exchange losses, other than those arising on financial instruments measures at fair value through profit and loss, of £17,604 (2010 £615,005)

The Company's administrative expenses also include a loss on disposal of fixed assets of £Nil (2010 £182,000) and lease payments during the period of £412,636 (2010 £135,641)

4 AUDITORS REMUNERATION

Services provided by the Company's auditors

During the year the Company obtained the following services and paid the following amounts

	<u>Year ended</u> <u>31 March 2011</u> £'000	<u>Year ended</u> <u>31 March 2010</u> £'000
Auditors' remuneration for audit services	15	11
Auditors' remuneration for non-audit services		
- tax services	37	30
- payroll services	10	15
- other services	-	4
Total non-audit fees	<u>47</u>	<u>49</u>

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

5 WAGES AND SALARIES

	<u>Year ended</u> <u>31 March 2011</u> £'000	<u>Year ended</u> <u>31 March 2010</u> £'000
Employee costs		
Wages and salaries	7,452	7,795
Social security costs	749	936
Other pension costs	132	87
	<u>8,333</u>	<u>8,818</u>

The average number of persons employed by the Company during the year was 53 (2010 43)

6 DIRECTORS' REMUNERATION

M Wreford and D Gelber received no emoluments for their services to the Company

Remuneration payable to the other directors in respect of their services to the Company was as follows

	<u>Year ended</u> <u>31 March 2011</u>		<u>Year ended</u> <u>31 March 2010</u>	
	Total £'000	Highest paid director £'000	Total £'000	Highest paid director £'000
Aggregate emoluments	1,043	567	2,535	1,376
Contributions to defined contribution pension schemes	13	8	13	8
	<u>1,056</u>	<u>575</u>	<u>2,548</u>	<u>1,384</u>

As at 31 March 2011, retirement benefits are accruing to 2 directors (2010 2 directors) under defined contribution schemes

7 FINANCE INCOME

	<u>Year ended</u> <u>31 March 2011</u> £'000	<u>Year ended</u> <u>31 March 2010</u> £'000
Bank deposits	<u>46</u>	<u>111</u>

8 FINANCE COSTS

	<u>Year ended</u> <u>31 March 2011</u> £'000	<u>Year ended</u> <u>31 March 2010</u> £'000
Break Fee	<u>25</u>	<u>228</u>

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

9 TAXATION

	<u>Year ended 31 March 2011</u> £'000	<u>Year ended 31 March 2010</u> £'000
a) Analysis of charge for the year		
Current taxation		
UK corporation tax	288	1,890
Adjustments to prior periods	(23)	(7)
	<u>265</u>	<u>1,883</u>
b) Factors affecting the taxation charge for the year		
Profit before taxation	544	6,239
Profit before taxation multiplied by standard rate of corporation tax in the UK of 28% (2010 28%)	152	1,747
Effects of		
Expenses not deductible for tax purposes (primarily client entertainment)	123	107
Depreciation for the period in excess of capital allowances	3	19
Tax adjustments and other differences	10	17
Adjustment to prior periods	(23)	(7)
	<u>113</u>	<u>136</u>
Tax charge for year	<u>265</u>	<u>1,883</u>
Effective tax rate	48.7%	30.2%
c) Unprovided deferred taxation		
No deferred tax asset has been recognised in respect of the following		
Fixed asset timing differences	30	32
Other temporary differences	55	63
	<u>85</u>	<u>95</u>

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

10 PROPERTY, PLANT AND EQUIPMENT

	<u>Computer software and hardware</u> £'000	<u>Fixtures and Fittings</u> £'000	<u>Leasehold Improvements</u> £'000	<u>Total</u> £'000
Cost				
As at 1 April 2010	507	151	159	817
Additions	135	36	61	232
As at 31 March 2011	<u>642</u>	<u>187</u>	<u>220</u>	<u>1,049</u>
Depreciation				
As at 1 April 2010	248	46	11	305
Charge for the year	187	33	41	261
As at 31 March 2011	<u>435</u>	<u>79</u>	<u>52</u>	<u>566</u>
Net book value				
As at 31 March 2011	<u>207</u>	<u>108</u>	<u>168</u>	<u>483</u>
As at 31 March 2010	<u>259</u>	<u>105</u>	<u>148</u>	<u>512</u>

	<u>Computer software and hardware</u> £'000	<u>Fixtures and Fittings</u> £'000	<u>Leasehold Improvements</u> £'000	<u>Total</u> £'000
Cost				
As at 1 April 2009	324	77	228	629
Additions	183	74	159	416
Disposals	-	-	(228)	(228)
As at 31 March 2010	<u>507</u>	<u>151</u>	<u>159</u>	<u>817</u>
Depreciation				
As at 1 April 2009	108	16	46	170
Charge for the year	140	30	11	181
Disposal	-	-	(46)	(46)
As at 31 March 2010	<u>248</u>	<u>46</u>	<u>11</u>	<u>305</u>
Net book value				
As at 31 March 2010	<u>259</u>	<u>105</u>	<u>148</u>	<u>512</u>
As at 31 March 2009	<u>216</u>	<u>61</u>	<u>182</u>	<u>459</u>

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

11 TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>31 March 2011</u> £'000	<u>As at</u> <u>31 March 2010</u> £'000
Trade receivables	1,970	2,595
Amounts owed by group undertakings (note 16)	-	740
Prepayments and accrued income	684	1,326
	<u>2,654</u>	<u>4,661</u>

The majority of net trade receivables which are neither impaired nor past their normal settlement dates are held with high quality credit institutions. No trade receivables are identified as impaired.

As at 31 March the following trade receivables were past their normal settlement date, but had not been impaired

	<u>As at</u> <u>31 March 2011</u> £'000	<u>As at</u> <u>31 March 2010</u> £'000
Less than 30 days	407	65
Over 30 days, but less than 90 days	45	72
Over 90 days	62	2
	<u>514</u>	<u>139</u>

The Company is involved as principal in the purchase and simultaneous commitment to sell securities between third parties. As at 31 March 2011 the gross amount of the sale commitments in respect of such outstanding transactions was £24.9m (2010: £47.5m). Substantially all of these transactions have now settled.

12 HELD-FOR-TRADING FINANCIAL ASSETS

	<u>As at</u> <u>31 March 2011</u> £'000	<u>As at</u> <u>31 March 2010</u> £'000
Unlisted securities		
At beginning of year	9,477	5,711
Additions	1,600	1,600
Disposals	-	(115)
Unrealised gain on revaluation	592	2,281
At end of year	<u>11,669</u>	<u>9,477</u>

13 CASH AND CASH EQUIVALENTS

	<u>As at</u> <u>31 March 2011</u> £'000	<u>As at</u> <u>31 March 2010</u> £'000
Cash at bank and in hand	4,858	3,797
Short-term bank deposits	1,850	5,150
	<u>6,708</u>	<u>8,947</u>

The effective interest rates are disclosed in note 2. The short term deposits have a maturity of less than 30 days.

At the year-end, £1.85m (2010: £2.15m) was held in a deposit account over which the clearing agent of the business, ICAP Plc, have right of access should they suffer loss as a result of acting as clearing agent pursuant to the Guarantee disclosed in Note 17.

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

14 TRADE AND OTHER PAYABLES

	<u>As at</u> <u>31 March 2011</u> £'000	<u>As at</u> <u>31 March 2010</u> £'000
Other trade payables	535	2,145
Amounts owed to group undertakings (note 16)	722	799
Other taxation and social security	233	1,105
Accruals	1,589	859
	<u>3,079</u>	<u>4,908</u>

15 CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31 March 2011</u> £'000	<u>As at</u> <u>31 March 2010</u> £'000
Authorised, allotted and fully paid 1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

16 RELATED PARTY TRANSACTIONS

Control

The Company is controlled by its ultimate parent company, Exotix Holdings Limited (incorporated in United Kingdom), which indirectly owns 100% of the Company's shares. Consolidated financial statements incorporating the Company will be prepared by Exotix Holdings Limited for the period ended 31 March 2011 and will be available from their registered office.

Related party transactions

The Company had the following outstanding balances owed by fellow members of the group

	<u>As at</u> <u>31 March 2011</u> £'000	<u>As at</u> <u>31 March 2010</u> £'000
Parent undertaking	-	717
Fellow subsidiary undertakings	-	-
Associate undertakings	-	23
	<u>-</u>	<u>740</u>

At the year end £49,730 (2010 £751,461) was owed to Exotix USA Inc, a fellow subsidiary, and £672,310 was owed to the parent undertaking of the Company.

Remuneration of key personnel

There are no key management personnel other than the directors of the Company. Directors' remuneration is disclosed in note 6.

EXOTIX LIMITED

Notes to the financial statements for the year ended 31 March 2011

17 GUARANTEES

As part of a clearing arrangement between Exotix Limited and ICAP Securities Limited a former fellow subsidiary undertaking, the Company granted an indemnity to ICAP Securities Limited for any loss incurred as a result of it acting as a clearing agent

18 COMMITMENTS UNDER OPERATING LEASES

At the year end date, the Company had outstanding commitments for future minimum lease payments and other costs under non-cancellable operating leases, which fall due as follows

	<u>31 March 2011</u>	<u>31 March 2010</u>
	£'000	£'000
Within one year	340	278
In two to five years	741	951
	<u>1,081</u>	<u>1,229</u>

19 CLIENT MONEY

	<u>31 March 2011</u>	<u>31 March 2010</u>
	£'000	£'000
Amounts due to clients	<u>173</u>	<u>1,454</u>

These amounts are held on behalf of clients and are not held on the Company's statement of financial position