EXCHANGE FS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2009

Registered Office:
Pegasus House
Kings Business Park
Liverpool Road
Prescot
Merseyside L34 1PJ

Registered in England and Wales
Company number: 2596452

Contents

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

Principal activity

The company's principal activity during the year was the operation of the Exchange internet portal (Exweb), which provides comparative product quotations and illustrations, as well as new business and other transaction services.

Exweb is the leading intermediary trading platform in the UK financial services market and a software business targeting both UK financial intermediaries and product providers.

Financial results

The position of the Exweb Portal in the market remains robust despite difficult market conditions. Successes such as the winning of the Sesame portal of choice demonstrate the pivotal nature of the proposition in the market place thereby underpinning the value to the providers and securing our revenue streams. The business achieved a 4% growth in subscriber numbers by the end of the year to 31 March 2009 and a record number of monthly new business applications of 36,197 (31 March 2008: 27,221).

Despite record transaction numbers the market conditions have made turnover growth difficult to achieve with a number of product providers withdrawing from the protection market.

The results for the year, set out in the profit and loss account on page 9, show turnover for the year to 31 March 2009 was £18.2 million (31 March 2008: £18.1 million) an increase of 1%.

The profit for the year after tax was £4.0 million after exceptional costs (31 March 2008: £4.5 million). Exceptional costs for the year to 31 March 2009 relate to restructuring costs and one off payments (£58,000) and a credit from the release of a provision related to an onerous lease commitment as the property has now become fully occupied (£489,000). Exceptional costs in the year to 31 March 2008 related to the disposal of obsolete assets and depreciation charged in relation to these assets prior to their disposal (£836,000) and to the release of part of the property provision as a result of a new subtenant offsetting some of the future onerous lease liability (credit of £1,405,000).

The directors do not recommend payment of a dividend (31 March 2008: £nil).

Net interest received for the year was £0.2 million (31 March 2008: £1.1 million received) reflecting a reduction in the interest receivable on the group sweep.

Profit before tax was £5.4 million (31 March 2008: £6.9 million).

Principal risks and uncertainties

Exchange FS Limited, as part of the Vertex group, has an active and robust corporate governance programme designed to manage strategic and tactical risks which could impact the business. Risks are clearly identified and monitored on a regular basis.

With clear objectives, and an experienced management team, Exchange FS Limited believes it is on course to continue its growth by increasing the choice of services offered to clients and by helping them transform the way they do business. The key risks and uncertainties currently facing the business are as follows:

Execution risk

The company continues to grow in its core market, providing comparative product quotations and illustrations, as well as new business and other transaction services to clients within the financial services sector. As the business increases in size this could potentially expose it to new business and transaction risks.

Directors' report (continued)

Principal risks and uncertainties continued

Operating risk

Managing the company's businesses is dependent upon the ability to process a large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, employee errors, failure to properly document transactions or to obtain proper internal authorisation, failure to comply with regulatory requirements and business principles, resource shortages, equipment failures, natural disasters or the failure of external systems. Although the company has implemented risk controls and loss mitigation actions, and resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling the operational risks faced by the company.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Liquidity risk

The company has a low exposure to liquidity risks as it continues to generate free cash-flows and has sufficient liquid assets to manage any short term liquidity issues. However the company continues to monitor its commitments and liabilities to ensure that the company is not exposed to liquidity risks.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Fraud risk management

The company has implemented risk controls and maintains such internal check and accounting policies as it deems appropriate to prevent fraud within the company.

Although resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in preventing fraud.

Directors' report (continued)

Directors

The directors of the company during the year ended 31 March 2009 are set out below.

D M Child	
H J Goodman	Resigned 18 September 2008
P A Yates	Resigned 13 October 2008
R H Graham	Resigned 8 August 2008
J G J Chittenden	
G K James	
K J Budge	Resigned 24 September 2008
P A Creamer	Resigned 13 October 2008
R A Goodall	Resigned 17 October 2008
A Adams	Resigned 17 October 2008

Payments to suppliers

The company does not follow any specific external code or standard on payment practice. The company's policy is normally to pay suppliers according to the agreed terms of business. These terms are agreed upon entering into binding contracts and the company seeks to adhere to the payment terms providing the relevant goods and services have been supplied in accordance with the contracts.

The company had 30 days (2008: 37 days) of purchases outstanding at the end of the year.

Statement of Directors' Responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Principles ("UK GAAP"). In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the financial statements comply with the above requirements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for the system of internal control and for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Directors' report (continued)

Employees

The company is committed to effective communications with employees, using a wide variety of media, to enhance their active participation in the company's development and to keep them informed about financial performance and other significant business issues.

The company is committed to fulfilling its obligations in accordance with the Disability Discrimination Act 1995 and best practice. As an equal opportunities employer, the company gives equal consideration to applicants with disabilities in its employment criteria and will modify equipment and working practices wherever it is safe and practical to do so, both for new employees, and for those employees that are disabled during the course of their employment.

Additionally, the company is committed to providing full support and appropriate training for employees who become disabled during the course of their employment so they can continue to work in a position appropriate to their experience and abilities.

Auditors

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/she ought to have taken as a director in order to make himself/herself 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 s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touch LLP changed its name to Deloitte LLP.

Deloitte LLP have expressed their willingness to continue as the company's auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 384 of the Companies Act 1985.

Signed on behalf of the board of directors

G K James
Director

9 June 2009

Independent auditors' report

Independent auditors' report to the members of Exchange FS Limited

We have audited the financial statements of Exchange FS Limited for the year ended 31 March 2009, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the reconciliations of movements in shareholders' funds and the related notes 1 to 19. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report 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 read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report (continued)

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of the company's profit for the year then ended:
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom

10 June 2009

Profit and loss account
For the year ended 31 March 2009

		2009			2008		
		Before exceptional Items	Exceptional Items	Total	Before exceptional Items	Exceptional Items	Total
	Note	£000	£000	£000	£000	£000	£000
Turnover	2	**18,169**		**18,169**	18,057		18,057
Net operating costs		**(13,477)**	**431**	**(13,046)**	(12,754)	569	(12,185)
Operating profit	3	**4,692**	**431**	**5,123**	5,303	569	5,872
Net interest receivable	6			**244**			1,051
Profit on ordinary activities before taxation				**5,367**			6,923
Taxation	7			**(1,344)**			(2,420)
Profit for the financial year	14			**4,023**			4,503

See accompanying notes to the accounts.

The company has no recognised gains or losses other than the profit for the current year and prior year, which arises solely from continuing operations. Accordingly, a statement of total recognised gains and losses has not been prepared.

Balance sheet
As at 31 March 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	8	2,879	3,068
		2,879	3,068
Current assets			
Debtors	9	11,588	11,656
Cash at bank and in hand		12,656	10,456
		24,244	22,112
Creditors: amounts falling due within one year	10	(9,536)	(10,606)
Net current assets		14,708	11,506
Total assets less current liabilities		17,587	14,574
Provisions for liabilities and charges	12	(3,252)	(4,262)
Net assets		14,335	10,312
Capital and reserves			
Called up share capital	13	5,010	5,010
Profit and loss account	14	9,325	5,302
Shareholders' funds		14,335	10,312

See accompanying notes to the accounts.

Approved by the board of directors on 9 June 2009 and signed on its behalf by

G K James
Director

Reconciliation of movements in shareholders' funds
For the year ended 31 March 2009

	Note	2009 £000	2008 £000
Retained profit for the financial year		**4,023**	4,503
Share capital subscribed	13	-	5,000
Opening shareholders' funds		**10,312**	809
Closing shareholders' funds		**14,335**	10,312

Notes to the accounts

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements throughout the current and prior year.

(a) Basis of preparation of the financial statements

The financial statements of the company set out on pages 10 to 21 have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards and with the Companies Act 1985. These accounts have been prepared on a going concern basis.

The preparation of financial statements in conformity with generally accepted accounting principles in the United Kingdom requires management to make estimates and assumptions that affect the:

- Reported amounts of assets and liabilities;
- Disclosure of contingent assets and liabilities at the date of the financial statements; and
- Reported amounts of revenues and expenses during the reporting year.

Actual results could differ from these estimates.

The company is wholly owned by VTX Holdings Limited and is included within the consolidated financial statements of VTX Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)'.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

(b) Turnover

Revenue is stated net of VAT and is recognised in line with activity and performance, normally using amounts specified in contractual obligations and when collectability is reasonably assured.

In general:

- Variable revenues, for example, revenues dependent upon customer volumes in the year, are recognised only when those variable activities are performed;
- Performance incentives are recognised in revenue only to the extent that incentives are reasonably considered to have been earned;
- Revenue received in advance of performance is recognised as deferred income. When performance occurs, the deferred income is released and simultaneously reported as revenue;

Notes to the accounts (continued)

1. Accounting policies (continued)

(b) Turnover (continued)

- Set up fees received from clients as contributions to costs are credited to deferred income when received. These are released into revenue:

  (i) as costs are incurred for fees identified as being against transition costs, or

  (ii) over the expected life of fixed assets if the fees are received as a contribution to assets, or

  (iii) over the period of the contract in line with activity or performance levels for fees not contractually identified against delivered services.

(c) Research and development

Expenditure on research and development is expensed as incurred.

(d) Tangible fixed assets

Tangible fixed assets comprise computer hardware and software, fixtures and fittings, other equipment, and assets under construction. Additions are included at cost. Assets are depreciated evenly over their estimated economic life as follows:

Hardware, software, fixtures, fittings, other equipment	3 - 10 years

The carrying values of fixed assets are reviewed for impairment wherever circumstances indicate that the carrying value of such assets may not be recoverable.

(e) Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

(f) Pensions

The group makes contributions to defined contribution pension schemes on behalf of its employees. The amount charged against profits represents the contributions payable in respect of the accounting year.

(g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The deferred tax balance is not measured on a discounted basis.

Notes to the accounts (continued)

2. Segmental information

The company operates within one business segment, that of the operation of the Exchange internet portal (Exweb) to the financial services market within the United Kingdom.

3. Operating profit

Operating profit is stated after charging/(crediting):

	2009 £000	2008 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	**40**	40
Staff costs (see note 4)	**6,255**	6,486
Depreciation		
Owned assets	**308**	576
Exceptional charge - other	**58**	
Exceptional charge - obsolete assets	**-**	836
Exceptional credit - property provision release (note 12)	**(489)**	(1,405)
Operating lease rentals		
Land and buildings	**1,618**	1,619

The exceptional items of in the year to 31 March 2009 related to restructuring within the business (£58,000) and the release of part of the property provision as the result of the one of the properties included in the onerous lease liability now being fully occupied (credit of £489,000). Prior year exceptional costs relate to the disposal of obsolete assets and depreciation charged in relation to these assets prior to their disposal (£836,000) and to the release of part of the property provision as a result of a new subtenant offsetting some of the future onerous lease liability (credit of £1,405,000).

4. Staff costs

Staff costs, including directors' emoluments, comprise:

	2009 £000	2008 £000
Wages and salaries	**5,363**	5,503
Social security costs	**659**	731
Pension charge	**233**	252
	6,255	6,486
	Number	Number
Average number of employees	139	141

Notes to the accounts (continued)

5. Directors

D M Child, H J Goodman, and P A Yates are directly employed by Exchange FS Limited, and their emoluments as directors for services to the Company are as follows:

	2009	2008
	£000	£000
Aggregate emoluments	440	837
Company contributions to money purchase schemes	19	24
	459	861

All other directors recognised in the year were employed and remunerated by other companies within the VTX Holdings Limited group. The majority of the directors' time is engaged by other group companies and, consequently, no recharge was made to the company for the directors' services.

Bonuses payable to directors for the year ended 31 March 2009 have not yet been approved and are therefore not included in the amounts above.

Highest paid director

Emoluments of the highest paid director directly employed by Exchange FS Limited are as follows:

	2009	2008
	£000	£000
Aggregate emoluments	200	410
Company contributions to money purchase schemes	10	10
	210	420

6. Net interest receivable

	2009	2008
	£000	£000
Interest payable:		
Bank interest	-	(1)
Group undertakings	-	(225)
Unwinding of discounts on provisions	(333)	(520)
	(333)	(746)
Interest receivable:		
Adjustment for change in discount rate		550
Group undertakings	577	1,247
	577	1,797
	244	1,051

Notes to the accounts (continued)

7. Taxation

	2009 £000	2008 £000
Current tax:		
Group relief payable	(1,603)	(2,475)
Adjustments in respect of prior years	22	-
Total current tax charge	(1,580)	(2,475)
Deferred tax:		
Origination and reversal of timing differences	88	55
Adjustments in respect of prior years	148	-
Taxation charge	(1,344)	(2,420)

The table below reconciles the expected tax charge at the UK corporation tax rate for the current year to the actual tax charge.

	2009 £000	2008 £000
Profit on ordinary activities before tax	5,366	6,923
Expected tax charge at 28% (2008:30%)	1503	2,077
Utilisation of tax losses	-	(71)
Other timing differences	1	(21)
Depreciation charges in excess of capital allowances and other timing differences	87	227
Adjustment in respect of prior years	(22)	-
Permanent differences	11	263
Current tax charge	1,580	2,475

Notes to the accounts (continued)

8. Tangible fixed assets

	Hardware, Software, Fixtures, fittings, other equipment	Assets in the course of construction	Total
	£000	£000	£000
Cost:			
At 1 April 2008	1,160	2,292	3,452
Additions	1	531	532
Transfers	2,796	(2,796)	-
Disposal	(486)	-	(486)
At 31 March 2009	**3,471**	**27**	**3,498**
Depreciation:			
At 1 April 2008	384	-	384
Charge for the year	308	-	308
Disposal	(73)	-	(73)
At 31 March 2009	**619**	**-**	**619**
Net book value:			
At 31 March 2009	**2,852**	**27**	**2,879**
At 1 April 2008	776	2,292	3,068

At the year end there are no capital commitments (31 March 2008: £nil)

9. Debtors

	2009	2008
	£000	£000
Trade debtors	**2,906**	**2,767**
Amounts owed by other group undertakings	**6,233**	**6,436**
Deferred tax (note 11)	**2,317**	**2,081**
Prepayments and other debtors	**132**	**372**
Amounts falling due within one year	**11,588**	**11,656**

Notes to the accounts

10. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	260	37
Amounts owed to other group undertakings	5,783	7,918
Taxation and social security costs	594	640
Accruals and deferred income	2,899	2,011
	9,536	10,606

11. Deferred tax

	2009 £000	2008 £000
Difference between accumulated depreciation and capital allowances	2,251	1,957
Short term timing differences	66	124
Total deferred tax asset	2,317	2,081

	Total **£000**
At 1 April 2008	2,081
Deferred tax released to profit and loss in year	88
Adjustments in respect of prior years	148
At 31 March 2009	2,317

There were no unprovided deferred tax assets at the year end (31 March 2008: nil)

12. Provisions for liabilities and charges

	Total **£000**
At 1 April 2008	4,262
Credited to profit and loss account in year	(1,143)
Charged to profit and loss account in year	654
Unwinding of discounts on provisions	333
Utilised during the year	(854)
At 31 March 2009	3,252

Property provisions relate to onerous leases and are expected to be utilised over the next nine years.

Notes to the accounts (continued)

13. Share capital

	2009 £000	2008 £000
Authorised, allotted, called up and fully paid		
5,006,700 "A" ordinary shares of £1 each	5,007	5,007
3,300 "B" ordinary shares of £1 each	3	3
	5,010	5,010

The "A" and "B" ordinary shares rank pari-passu in all respects. On 15 May 2007 the company's ordinary share capital increased to 5,010,000 ordinary shares of £1 each from 10,000 ordinary shares of £1 each, by the creation of 5,000,000 A ordinary shares

During the prior year the following ordinary shares were issued to Vertex Financial Services Holdings Limited on 15 May 2007 at par:

	2009	2008
Authorised	**£000**	£000
"A" ordinary shares of £1 each	-	5,000

14. Reserves

	Profit and loss account £000
At 1 April 2008	5,302
Profit for the financial year	4,023
As at 31 March 2009	**9,325**

15. Pensions

The assets of the pension schemes to which the company contributes on behalf of its employees are held within independently administered funds. The schemes are all defined contribution and thus the company's obligation is solely to make contributions based on a percentage of salaries.

The total contributions charged in the year were £233,000 (31 March 2008: £252,000). There were £nil outstanding contributions at the year end (31 March 2008: £nil).

16. Operating leases

The company is committed to making the following payments under operating leases during the next 12 months:

	2009 Land and buildings £000	2008 Land and buildings £000
Leases which expire :		
- within one year	-	-
- between two and five years	-	-
- after five years	1,618	1,619
	1,618	1,619

Notes to the accounts (continued)

17. Related party transactions

The company has taken advantage of the exemption under FRS 8, as a wholly owned subsidiary of VTX Holdings Limited, not to disclose related party transactions with other members of the group.

There were no other related party transactions that require disclosure in the year.

18. Details of parent undertakings

The financial statements of the company are consolidated into the group financial statements of VTX Holdings Limited, a company registered in England and Wales. VTX Holdings Limited is the largest company within the group preparing consolidated accounts for the year ended 31 March 2009.

Copies of the VTX Holdings Limited group financial statements may be obtained from the Company Secretary, Vertex Data Science Limited, Pegasus House, Kings Business Park, Liverpool Road, Prescot, L34 1PJ.

In the opinion of the directors, the ultimate controlling party is a consortium of US-based private equity firms led by Oak Hill Capital Partners and also including GenNx360 and Knox Lawrence International.

The immediate controlling party is Vertex Group Limited, a company registered in England and Wales. Vertex Group Limited will prepare consolidated group accounts for the period ended 31 March 2009.

19. Guarantees

The company has a cross guarantee of indebtedness with several subsidiaries in relation to external bank borrowings taken out by Vertex Group Limited, the company's immediate controlling party.