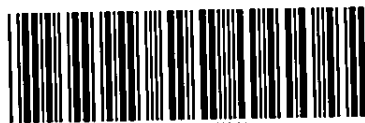


GAIN CAPITAL - FOREX.COM UK LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2009**

TUESDAY



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GAIN CAPITAL - FOREX.COM UK LIMITED

COMPANY INFORMATION

Directors	Mr M Wright Mr C Sugden G Stevens Mr A Bobinski Mr C Calhoun K O'Brien
Secretary	Mr M Wright
Company number	3770004
Registered office	43-45 Dorset Street London W1U 7NA
Auditors	Fisher, Sassoon & Marks 43-45 Dorset Street London W1U 7NA
Business address	9th Floor 12 Camomile Street London EC3A 7PT
Bankers	Barclays Corporate Banking P O Box 544 54 Lombard Street London EC3V 9EX

GAIN CAPITAL - FOREX.COM UK LIMITED

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GAIN CAPITAL - FOREX.COM UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

The principal activity of the company is that of an arranger in foreign exchange contracts

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect are confident of improved results in the ensuing year. Following the takeover of the company by Gain Capital International LLC the company is focusing on offering Rolling Spot FX to retail customers.

During the year 2,650,000 ordinary shares of £1 each were allocated and fully paid at par for cash consideration to provide additional working capital.

As a service provider the directors consider that the key financial risk exposures faced by the company relate to customers credit risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs.

The company's financial risk management objectives are therefore to minimise the key financial risks through having clearly defined terms of business with customers and stringent credit control over transactions with them, and regular monitoring of cash flow and management accounts to ensure regulatory capital requirements are not breached and the company maintains adequate working capital.

The principal non financial risks faced by the company relate to information technology failure. This is mitigated by having appropriate back up systems and procedures and a disaster recovery programme.

Capital Requirements Directive Pillar 3 Disclosure

Background

The Capital Requirements Directive ('the Directive') of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. In the United Kingdom, this is being implemented by our regulator, the Financial Services Authority ('FSA') who has created new rules and guidance specifically through the creation of the General Prudential Source book ('GENPRU') and the Prudential Source book for Banks, Building Societies and Investment Firms ('BIPRU'). The new FSA framework consists of three 'Pillars'. Pillar 1 sets out the minimum capital requirements that we need to retain to meet our credit, market and operational risk, Pillar 2 requires us, and the FSA, to take a view on whether we need to hold additional capital against firm-specific risks not covered by Pillar 1, and Pillar 3 requires us to develop a set of disclosures which will allow market participants to assess key information about our underlying risks, risk management controls and capital position. The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This must be done in accordance with a formal disclosure document. The disclosure of this document meets our obligation with respect to Pillar 3. The rules provide that we may omit one or more of the required disclosures if we believe that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Where we have considered a disclosure to be immaterial, we have stated this in the document. In addition, we may also omit one or more of the required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties. Where we have omitted information for either of these two reasons we have stated this in the relevant section and the reasons for this.

Scope and application of the requirements

The company is authorised and regulated by the FSA and has permission to arrange and deal in investments specialising in Contracts for Differences in foreign exchange and commodities.

GAIN CAPITAL - FOREX.COM UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Risk management

The Directors determine the company's business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. They also determine how those risks may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The Directors meet on a regular basis and discuss current projections for profitability and regulatory capital management, business planning and risk management. The Directors manage the firm's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required. The firm follows the standardised approach to market risk and the simplified standard approach to credit risk.

Capital Requirements Directive Pillar 3 disclosure

As at 31 December 2009, the firm's Pillar 1 requirement is in the range of £868,000 while its Pillar 2 requirement is £1,525,000.

The firm as a full scope firm and as such its capital requirement are greater of Base capital requirement of €730,000, or the sum of its market, operational and credit risk requirement, or its Internal Capital Adequacy Assessment Process (Pillar II) requirement. The firm has not omitted any disclosures on the grounds of confidentiality.

At the year end the company had net assets of £4,205,038 (2008 - £205,529).

Key performance indicators are gross profit (69.91% v 93.46% (2008)), net profit (24.18% v 34.5% (2008)) and return on investment ratios (29.21% v 14.9% (2008)).

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend.

Post balance sheet events

There are no matters to report.

Future developments

There are no matters to report.

Directors

The following directors have held office since 1 January 2009.

Mr M Wright
Mr C Sugden
G Stevens
Mr A Bobinski
Mr C Calhoun
K O'Brien

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

GAIN CAPITAL - FOREX.COM UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

Introduction of the euro

The company has assessed the extent of the preparation that it needed to make for the introduction of the euro. It has identified that its systems do not need amending to deal with the introduction of the euro.

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with the company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Foreign currency risk

The company's principal foreign currency exposures arise from its revenue being generated in overseas currencies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditors

In accordance with the company's articles, a resolution proposing that Fisher, Sassoon & Marks be reappointed as auditors of the company will be put at a General Meeting.

GAIN CAPITAL - FOREX.COM UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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

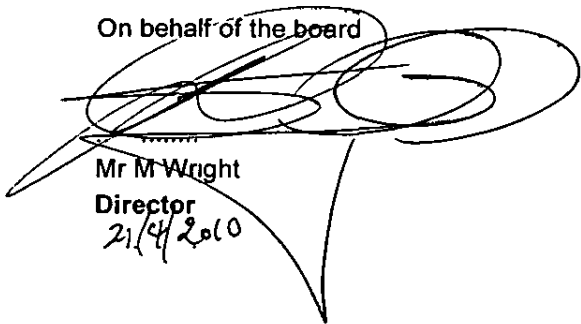
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr M Wright
Director
21/4/2010

GAIN CAPITAL - FOREX.COM UK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GAIN CAPITAL - FOREX.COM UK LIMITED

We have audited the financial statements of Gain Capital - Forex com UK Limited for the year ended 31 December 2009 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

GAIN CAPITAL - FOREX.COM UK LIMITED

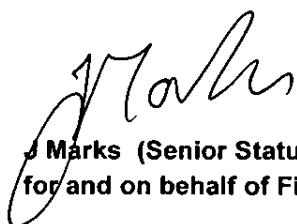
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF GAIN CAPITAL - FOREX.COM UK LIMITED

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



J Marks (Senior Statutory Auditor)
for and on behalf of Fisher, Sassoon & Marks

Chartered Accountants
Statutory Auditor

21/4/2010

43-45 Dorset Street
London
W1U 7NA

GAIN CAPITAL - FOREX.COM UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover	2	7,712,243	160,441
Cost of sales		(2,320,697)	(10,497)
Gross profit		5,391,546	149,944
Administrative expenses		(3,528,079)	(147,252)
Operating profit	3	1,863,467	2,692
Other interest receivable and similar income	4	1,441	2,837
Profit on ordinary activities before taxation		1,864,908	5,529
Tax on profit on ordinary activities	5	(515,400)	-
Profit for the year	11	1,349,508	5,529

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

GAIN CAPITAL - FOREX.COM UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	7		57,113		6,338
Current assets					
Debtors	8	1,264,048		14,704	
Cash at bank and in hand		5,064,360		349,565	
		<u>6,328,408</u>		<u>364,269</u>	
Creditors' amounts falling due within one year	9	<u>(2,180,484)</u>		<u>(165,078)</u>	
Net current assets			<u>4,147,924</u>		<u>199,191</u>
Total assets less current liabilities			<u>4,205,037</u>		<u>205,529</u>
Capital and reserves					
Called up share capital	10	2,850,000		200,000	
Profit and loss account	11	1,355,037		5,529	
Shareholders' funds	12	<u>4,205,037</u>		<u>205,529</u>	

Approved by the Board and authorised for issue on 21/04/2010

Mr M Wright
Director

Company Registration No. 3770004

GAIN CAPITAL - FOREX.COM UK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		2,057,442		142,127
Returns on investments and servicing of finance				
Interest received	1,441		2,837	
Net cash inflow for returns on investments and servicing of finance		1,441		2,837
Taxation		-		(198)
Capital expenditure				
Payments to acquire tangible assets	(71,652)		(7,360)	
Net cash outflow for capital expenditure		(71,652)		(7,360)
Equity dividends paid		-		(20,165)
Net cash inflow before management of liquid resources and financing		1,987,231		117,241
Financing				
Issue of ordinary share capital	2,650,000		-	
Repayment of other long term loans	-		(75,000)	
Net cash inflow/(outflow) from financing		2,650,000		(75,000)
Increase in cash in the year		4,637,231		42,241

GAIN CAPITAL - FOREX.COM UK LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

1	Reconciliation of operating profit to net cash inflow from operating activities	2009	2008
		£	£
	Operating profit	1,863,467	2,692
	Depreciation of tangible assets	20,009	1,022
	Loss on disposal of tangible assets	868	-
	Increase in debtors	(1,249,344)	(14,704)
	Increase in creditors within one year	1,422,442	153,117
	Net cash inflow from operating activities	2,057,442	142,127

2	Analysis of net funds	1 January 2009	Cash flow	Other non-cash changes	31 December 2009
		£	£	£	£
	Net cash				
	Cash at bank and in hand	349,565	4,714,795	-	5,064,360
	Bank overdrafts	(5,884)	(77,564)	-	(83,448)
		<u>343,681</u>	<u>4,637,231</u>	<u>-</u>	<u>4,980,912</u>
	Net funds	<u>343,681</u>	<u>4,637,231</u>	<u>-</u>	<u>4,980,912</u>

3	Reconciliation of net cash flow to movement in net funds	2009	2008
		£	£
	Increase in cash in the year	4,637,231	42,241
	Cash (inflow)/outflow from (increase)/decrease in debt	-	75,000
	Movement in net funds in the year	4,637,231	117,241
	Opening net funds	343,681	226,440
	Closing net funds	<u>4,980,912</u>	<u>343,681</u>

GAIN CAPITAL - FOREX.COM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents net revenue from dealing in foreign exchange transaction services

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	33 1/3% Straight Line
Fixtures, fittings & equipment	33 1/3% Straight Line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit	2009	2008
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	20,009	1,022
Loss on disposal of tangible assets	868	-
Operating lease rentals		
- Plant and machinery	-	191
- Land and buildings	51,801	7,200
Fees payable to the company's auditor for the audit of the company's annual accounts	19,539	5,523

GAIN CAPITAL - FOREX.COM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

4	Investment income	2009	2008
		£	£
	Bank interest	1,441	2,837
		<u>1,441</u>	<u>2,837</u>
5	Taxation	2009	2008
		£	£
	Domestic current year tax		
	U K corporation tax	515,400	-
	Current tax charge	<u>515,400</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,864,908	5,529
		<u>1,864,908</u>	<u>5,529</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 0.00%)	522,174	-
		<u>522,174</u>	<u>-</u>
	Effects of		
	Non deductible expenses	4,024	-
	Depreciation add back	5,846	-
	Capital allowances	(16,688)	-
	Other tax adjustments	44	-
		<u>(6,774)</u>	<u>-</u>
	Current tax charge	<u>515,400</u>	<u>-</u>
6	Dividends	2009	2008
		£	£
	Ordinary interim paid	-	20,165
		<u>-</u>	<u>20,165</u>

GAIN CAPITAL - FOREX.COM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

7 Tangible fixed assets

	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2009	6,244	1,116	7,360
Additions	23,932	47,720	71,652
Disposals	-	(1,116)	(1,116)
At 31 December 2009	30,176	47,720	77,896
Depreciation			
At 1 January 2009	867	155	1,022
On disposals	-	(248)	(248)
Charge for the year	7,235	12,774	20,009
At 31 December 2009	8,102	12,681	20,783
Net book value			
At 31 December 2009	22,074	35,039	57,113
At 31 December 2008	5,377	961	6,338

8 Debtors

	2009 £	2008 £
Other debtors	1,247,657	-
Prepayments and accrued income	16,391	14,704
	1,264,048	14,704

GAIN CAPITAL - FOREX.COM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

9 Creditors: amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	83,448	5,884
Trade creditors	229,842	804
Amounts owed to parent and fellow subsidiary undertakings	487,350	119,789
Corporation tax	515,400	-
Other taxes and social security costs	22,841	2,583
Other creditors	662,690	-
Accruals and deferred income	178,913	36,018
	<u>2,180,484</u>	<u>165,078</u>

10 Share capital	2009 £	2008 £
Authorised		
3,000,000 Ordinary shares of £1 each	<u>3,000,000</u>	<u>750,000</u>
Allotted, called up and fully paid		
2,850,000 Ordinary shares of £1 each	<u>2,850,000</u>	<u>200,000</u>

During the year 2,650,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital

11 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 January 2009	5,529
Profit for the year	<u>1,349,508</u>
Balance at 31 December 2009	<u>1,355,037</u>

GAIN CAPITAL - FOREX.COM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

12 Reconciliation of movements in shareholders' funds	2009 £	2008 £
Profit for the financial year	1,349,508	5,529
Dividends	-	(20,165)
	<u>1,349,508</u>	<u>(14,636)</u>
Proceeds from issue of shares	2,650,000	-
	<u>3,999,508</u>	<u>(14,636)</u>
Net addition to/(depletion in) shareholders' funds	205,529	220,165
Opening shareholders' funds	<u>4,205,037</u>	<u>205,529</u>
Closing shareholders' funds	<u><u>4,205,037</u></u>	<u><u>205,529</u></u>

13 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings	
	2009 £	2008 £
Operating leases which expire		
Between two and five years	<u>42,120</u>	<u>42,120</u>

14 Directors' emoluments	2009 £	2008 £
Emoluments for qualifying services	<u>109,672</u>	<u>48,333</u>

GAIN CAPITAL - FOREX.COM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

15 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Administration	4	1
Sales	4	1
	<u>8</u>	<u>2</u>

Employment costs

	2009 £	2008 £
Wages and salaries	525,342	53,693
Social security costs	51,020	5,137
	<u>576,362</u>	<u>58,830</u>

16 Control

The parent company is Gain Capital Holdings International LLC, incorporated in the USA by virtue of its holding of 100% of the issued share capital

17 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company