

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Akshar & Company
Chartered Certified Accountants
Statutory Auditors
221 Kenton Lane
Harrow
Middlesex
HA3 8RP

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EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2013

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EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS:

Mr G J Prior
Mr R Raina

REGISTERED OFFICE:

19-21 Billiter Street
London
EC3M 2RY

REGISTERED NUMBER:

03909745 (England and Wales)

AUDITORS:

Akshar & Company
Chartered Certified Accountants
Statutory Auditors
221 Kenton Lane
Harrow
Middlesex
HA3 8RP

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

Principal Activities

The principal activity of the company continues to be the provision of professional and consulting services, design, development, maintenance and marketing of electronic trading service for the global insurance and reinsurance industries.

The company is a wholly owned subsidiary of Ebix Singapore PTE Limited and Ebix Inc., a company incorporated in United States is the ultimate parent company.

REVIEW OF BUSINESS

The number of individual users of the service has remained more or less the same as last year. The most encouraging events in the year in terms of turnover and potential for growth were the continued roll out by the Company's largest broker customer and the signing up of another major global broker client.

Turnover for the year amounted to £2.97 million compared to £1.64 million in the previous year. The operating profit was £0.003 million and, after charging net interest of £0.035 million, the loss before taxation was £0.032 million compared with £7.2 million in 2012.

All costs relating to the Global open Platform (GOP) project development were charged to expenses as GOP has no future value for the company.

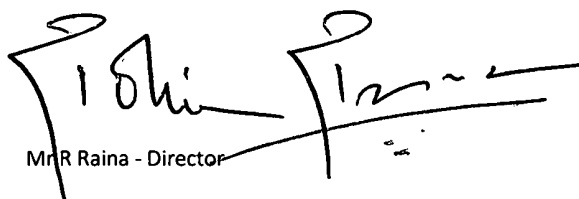
In the opinion of the Directors, in the future the Company will be able to take advantage of its new holding company Ebix Inc's expertise in the insurance industry. The Company will also be able to provide higher level of quality service to the customers and will be able to expand the Company's international reach.

Ebix UK's services enabling the electronic placement of insurance and reinsurance are being integrated into Ebix Exchange, the world's leading electronic trading service for the global, large commercial insurance and reinsurance industry. Ebix Inc already provides multiple insurance exchanges across the world in the fields of life, annuity, health, risk management and property & casualty insurance. Ebix UK, as part of a successful international group, will derive significant benefit from increased global reach, an established and extensive client base, complimentary products and services, a pool of offshore development resource and enhanced support capabilities.

On 4 April 2013 loans from Qatar Insurance Services LLC ('QIS') to Ebix UK Limited (formerly Qatarlyst Limited) were converted to £15,626,704 ordinary shares of £1 each in the share capital of the company in consideration of deemed repayment of the loan including interest as that date.

The directors are planning to merge Ebix Europe Limited, a company incorporated in UK other subsidiary of Ebix Singapore PTE on 31 August 2014. Apart from this, the directors are not aware of any significant developments or factors which will have a major impact on the future success of the business.

ON BEHALF OF THE BOARD:



Mr R Raina - Director

29 August 2014

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report with the financial statements of the company for the year ended 31 December 2013.

The statement of Comprehensive Income is set out on page 9 and shows the loss for the year amounting to £0.032 million.

CHANGE OF NAME

The company passed a special resolution on 30 May 2013 changing its name from Qatarlyst Limited to Ebix Uk Limited.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of professional and consulting services, design, development, maintenance and marketing of electronic trading service for the global insurance and reinsurance industries.

DIVIDENDS

The directors do not recommend the payment of a dividend (2012 NIL)

RESEARCH AND DEVELOPMENT

Future enhancements will continue to be made to the legacy platform called Marketplace.

The GOP project development cost has been expensed in 2013 as it is no longer expected to generate future economic benefits and profit for the Company due to the cessation of the GOP project development.

DIRECTORS

The directors who have held office during the period from 1 January 2013 to the date of this report are as follows:

Mr K A Al-mughesib - resigned 5 April 2013

Mr G J Prior - appointed 5 April 2013

Mr R Raina - appointed 5 April 2013

FINANCIAL INSTRUMENTS RISK

The Company regularly reviews the risks faced. Credit risk has been identified as a major potential risk to the successful performance of the business. The group Directors are aware of these risks and monitor their potential impact on an on-going basis.

POLITICAL DONATIONS AND EXPENDITURE

The company made neither political donations nor incurred any political expenditure during the year.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

PRINCIPLE RISKS AND UNCERTAINTIES

The company's activities expose it to a number of risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The company seeks to understand, assess and mitigate those risk in such a way that the financial impact is managed in accordance with the overall risk appetite of the company.

In addition to the financial risks, the company is also exposed to operational risk, which includes technology, legal, human resources and business continuity risk. These risks are considered below:-

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a broad range of issues. Operational risk is primarily managed through effective internal control over systems and procedures, in which processes are documented, authorisation is independent, and transactions are monitored and reconciled. The company also maintains regularly tested contingency facilities to support operations and ensure business continuity.

Technology risk

The company's business relies heavily on technology and any system failures would expose the company to financial loss, reputations damage and customer complaints. To minimise such exposure, the company's technology is based on the implementation of widely used platforms and appropriate business continuity and disaster recovery arrangements, the exercise of stringent control over the testing of the system changes.

Legal risk

The two main legal risks facing the company arise from litigation and the non-enforceability of contracts. Legal risk is managed by appropriate "Know Your Customer" procedures, the use of experienced legal advisors and the adoption of industry standard documentation.

Human resources risk

The company operates in a competitive market environment and the success of the business is based on its recruitment and retention of a sufficient number of fit and proper staff, and on their knowledge and understanding of the market and of meeting customer requirements. The company's policy is to retain and recruit staff by offering a competitive compensation and benefits package that is reviewed regularly in the light of market changes, and looks to ensure employees are able to perform effectively by use of staff appraisal, adequately communicated HR policies and a commitment to training and advancement.

Going concern

The directors have prepared the financial statements on the going concern basis which requires that the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have reviewed the current position and taking into account the parent company's commitment to provide continued support. The directors have concluded that the company has, and will continue to have throughout the period under review, both the intent and sufficient financial resources to meet its day to day capital and cash flow requirements, obligations and liabilities as and when they fall due, and therefore will be able to continue in operational existence for the foreseeable future.

Accordingly they have adopted the going concern basis in preparing the financial statements.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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 that the financial statements comply with IFRS;
- 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

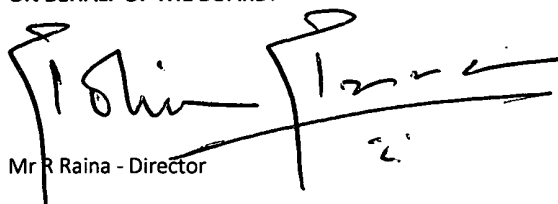
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

During the year KPMG LLP resigned as auditors and Akshar & Company were appointed in their place. Akshar & Company have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed in the annual general meeting.

ON BEHALF OF THE BOARD:


Mr R Raina - Director

29 August 2014

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EBIX UK LIMITED**

We have audited the financial statements of Ebix Uk Limited for the year ended 31 December 2013 on pages eight to twenty seven. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page five, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its loss 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 matter prescribed by the Companies Act 2006

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EBIX 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.



Mr Vijaykumar K Patel FCCA (Senior Statutory Auditor)
for and on behalf of Akshar & Company
Chartered Certified Accountants
Statutory Auditors
221 Kenton Lane
Harrow
Middlesex
HA3 8RP

29 August 2014

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
CONTINUING OPERATIONS			
Revenue		2,968	1,640
Cost of sales		(1)	(2)
GROSS PROFIT		2,967	1,638
Other operating income	3	162	131
Administrative expenses		(3,126)	(8,797)
OPERATING PROFIT/(LOSS)		3	(7,028)
Finance costs	5	(35)	(139)
LOSS BEFORE INCOME TAX	6	(32)	(7,167)
Income tax	7	-	-
LOSS FOR THE YEAR		(32)	(7,167)

The notes form part of these financial statements

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £'000	2012 £'000
LOSS FOR THE YEAR	(32)	(7,167)
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(32)</u>	<u>(7,167)</u>


The notes form part of these financial statements

EBIX UK LIMITED (REGISTERED NUMBER: 03909745)
PREVIOUSLY KNOWN AS QATARLYST LIMITED

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	-	680
Property, plant and equipment	9	452	611
		<u>452</u>	<u>1,291</u>
CURRENT ASSETS			
Trade and other receivables	10	1,246	862
Cash and cash equivalents	11	316	337
		<u>1,562</u>	<u>1,199</u>
TOTAL ASSETS		<u><u>2,014</u></u>	<u><u>2,490</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	27,829	12,203
Share premium	13	8,393	8,393
Retained earnings	13	(36,046)	(36,014)
TOTAL EQUITY		<u>176</u>	<u>(15,418)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	14	-	29
CURRENT LIABILITIES			
Trade and other payables	14	1,838	17,879
TOTAL LIABILITIES		<u>1,838</u>	<u>17,908</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,014</u></u>	<u><u>2,490</u></u>

The financial statements were approved by the Board of Directors on 29 August 2014 and were signed on its behalf by:


Mr R Raina - Director

The notes form part of these financial statements

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2012	12,203	(28,847)	8,393	(8,251)
Changes in equity				
Total comprehensive income	-	(7,167)	-	(7,167)
Balance at 31 December 2012	12,203	(36,014)	8,393	(15,418)
Changes in equity				
Issue of share capital	15,626	-	-	15,626
Total comprehensive income	-	(32)	-	(32)
Balance at 31 December 2013	27,829	(36,046)	8,393	176

The notes form part of these financial statements

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated from operations	1	(16,279)	847
Interest paid		(35)	(139)
		<u> </u>	<u> </u>
Net cash from operating activities		(16,314)	708
		<u> </u>	<u> </u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(680)
Purchase of tangible fixed assets		(13)	(73)
Sale of intangible fixed assets		680	-
		<u> </u>	<u> </u>
Net cash from investing activities		667	(753)
		<u> </u>	<u> </u>
Cash flows from financing activities			
Share issue		15,626	-
		<u> </u>	<u> </u>
Net cash from financing activities		15,626	-
		<u> </u>	<u> </u>
Decrease in cash and cash equivalents		(21)	(45)
Cash and cash equivalents at beginning of year	2	337	382
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	2	316	337
		<u> </u>	<u> </u>

The notes form part of these financial statements

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2013	2012
	£'000	£'000
Loss before income tax	(32)	(7,167)
Depreciation charges	172	162
Finance costs	35	139
	<hr/>	<hr/>
	175	(6,866)
Increase in trade and other receivables	(384)	(153)
(Decrease)/increase in trade and other payables	(16,070)	7,866
	<hr/>	<hr/>
Cash generated from operations	(16,279)	847
	<hr/> <hr/>	<hr/> <hr/>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

Year ended 31 December 2013

	31.12.13	1.1.13
	£'000	£'000
Cash and cash equivalents	316	337
	<hr/>	<hr/>

Year ended 31 December 2012

	31.12.12	1.1.12
	£'000	£'000
Cash and cash equivalents	337	382
	<hr/>	<hr/>

The notes form part of these financial statements

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. REPORTING ENTITY

Ebix UK Limited (formerly Qatarlyst Limited) (the company) is a company incorporated and domiciled in UK.

On 4 April 2013 the company was acquired by Ebix Singapore PTE Limited and Ebix inc is the ultimate parent company.

The current registered office address of the company is 19-21 Billiter Street, London EC3M 2RY.

The principal activity of the company includes professional and consulting services, design, development, maintenance and marketing of an electronic trading service for the global insurance and reinsurance industries and other insurance related services.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. ACCOUNTING POLICIES

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) and applied in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of measurement

The financial statements have been prepared under the historical cost convention.

Functional and presentation currency

The financial statements are presented in GB pounds (£), which is the company's functional currency and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

Use of estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of estimates means that actual outcomes could differ from those estimates.

In particular, information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described as follows:-

Impairment of trade and other receivables

The company establishes an allowance for impairment that represent its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Impairment of Intangible Assets

The carrying amounts of the company's intangible assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Useful lives, residual values and related depreciation charges of fixed assets

The company's management determines the estimated useful lives of its fixed assets to calculate depreciation. The estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually. Future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Going Concern

The company is dependent on continuing finance being made available by its parent undertaking to enable to meet its liabilities as and when they fall due. The parent undertaking has agreed to provide sufficient funds to the company for these purposes.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

The Ebix Group's directors have made an assessment of the company's ability to continue as a going concern and is satisfied that the Ebix Group has the resources to continue in business for the foreseeable future and to provide funds to the company should they are required. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern and on this basis the directors believe that it is appropriate to prepare the financial statements on the going concern basis.

Revenue recognition

Membership and other fees

The revenue from membership and licence fees invoiced in advance is initially deferred and then recognised in the period to which it relates. Revenue from transaction fees crystalizes upon the earlier of the inception date of the contract to which it relates, or the date of acceptance, and is recognised when invoiced retrospectively. Revenue from development project fees invoiced in advance is recognised over the anticipated period of delivery, whilst the balance is invoiced and recognised upon completion of the project.

Development costs

The development cost of £0.68M as shown in note 8 that was capitalised in 2012 for the Marketplace platform enhancement has been written off during the year as it not expected to generate future economic benefits and profits for the company.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets include the cost of material and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is possible that the future economic benefits embodied within the component will flow to the company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of the property, plant and equipment are recognised in profit and loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of the property, plant and equipment in the current and comparative periods are as follows:-

Office and computer equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	over the period of lease

Depreciation method, residual value and useful lives of the property, plant and equipment are reviewed at each reporting date and adjusted, if appropriate.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. ACCOUNTING POLICIES - continued

Financial instruments

Non-derivative financial assets

The company initially recognises receivables and deposits on the date they are originated. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has the following non-derivative financial assets. Trade and other receivables and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and short term deposits with an original maturity of three months or less.

Non-derivative financial liabilities

The company initially recognises financial liabilities on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has the following non-derivative financial liabilities. Trade and other payables, rent deposit, other interest bearing loans and non-interest bearing loans and intercompany payable. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. ACCOUNTING POLICIES - continued

Trade and other payables

Trade payables and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

Derivative financial instruments

The company does not hold derivative financial instruments as at the end of reporting date.

Taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided on temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and difference relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date.

Research and development

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria.

- the project is clearly defined and related expenditure is separately identifiable.
- the project is technically feasible and commercially viable, current and future costs are expected to be exceeded by future sales and
- adequate resources exist for the project to be completed

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

During the year there were no development costs meeting the criteria and therefore these costs have been expensed in the profit and loss account.

Research and development tax credit

Research and development tax credit are recognised in the accounts when there is reasonable expectation that the payment will be received.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Impairment

Financial asset

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non financial assets

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then asset's recoverable amount is estimated. An impairment loss is recognised in profit or loss, whenever the carrying amount of an asset exceeds its recoverable amount.

The impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

Provisions are recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

EBIX UK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. ACCOUNTING POLICIES - continued

New standard and interpretations currently in issue not applied early

The following standards and interpretations, which have been issued but are not effective for accounting periods beginning 1 January 2013 and have not been adopted early by the company, are listed below:

- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IAS 27 (Revised) Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised) Investments in Associates and Joint Ventures (effective 1 January 2014)
- Mandatory Effective Date and Transaction Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)

The company have reviewed the new standards and amendments listed above, and do not expect them to have a material impact on the company.

3. OTHER OPERATING INCOME

Other operating income arises from the sub-lease of the rented property. Since this is not considered to be part of the main revenue generating activities, the company presents this income separately from normal revenue.

4. EMPLOYEES AND DIRECTORS

	2013 £'000	2012 £'000
Wages and salaries	1,326	3,196
Social security costs	149	227
Other pension costs	30	69
	<u>1,505</u>	<u>3,492</u>

The average monthly number of employees during the year was as follows:

	2013	2012
Average number of employees	<u>15</u>	<u>57</u>

	2013 £	2012 £
Directors' remuneration	<u>-</u>	<u>-</u>

5. NET FINANCE COSTS

	2013 £'000	2012 £'000
Finance costs:		
Bank loan interest	<u>35</u>	<u>139</u>

EBIX UK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

	2013	2012
	£'000	£'000
Cost of inventories recognised as expense	1	2
Depreciation - owned assets	172	164
Auditors' remuneration	15	25
Taxation advisory services	-	11
Foreign exchange differences	(14)	-
	<u> </u>	<u> </u>

7. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 nor for the year ended 31 December 2012.

8. INTANGIBLE ASSETS

	Development costs £'000
COST	
At 1 January 2013	680
Disposals	(680)
	<u> </u>
At 31 December 2013	-
	<u> </u>
NET BOOK VALUE	
At 31 December 2013	-
	<u> </u>
At 31 December 2012	680
	<u> </u>

9. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 January 2013	501	142	574	1,217
Additions	10	3	-	13
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2013	511	145	574	1,230
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 January 2013	86	73	447	606
Charge for year	52	46	74	172
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2013	138	119	521	778
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 December 2013	373	26	53	452
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2012	415	69	127	611
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

EBIX UK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

10. TRADE AND OTHER RECEIVABLES

	2013 £'000	2012 £'000
Current:		
Trade debtors	657	185
Other debtors	340	579
Prepayments and accrued income	249	98
	<u>1,246</u>	<u>862</u>

11. CASH AND CASH EQUIVALENTS

	2013 £'000	2012 £'000
Cash in hand	1	-
Bank accounts	315	337
	<u>316</u>	<u>337</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2013 £'000	2012 £'000
27,829,220	Ordinary	£1	27,829	12,203

15,626,304 Ordinary shares of £1 each were allotted and fully paid for cash at par during the year.

13. RESERVES

	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 January 2013	(36,014)	8,393	(27,621)
Deficit for the year	(32)		(32)
At 31 December 2013	<u>(36,046)</u>	<u>8,393</u>	<u>(27,653)</u>

EBIX UK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

14. TRADE AND OTHER PAYABLES

	2013 £'000	2012 £'000
Current:		
Trade creditors	360	487
Amounts owed to group undertakings	544	16,155
Social security and other taxes	66	134
Other creditors	21	4
Accruals and deferred income	847	1,099
	<u>1,838</u>	<u>17,879</u>
Non-current:		
Other creditors	<u>-</u>	<u>29</u>
Aggregate amounts	<u>1,838</u>	<u>17,908</u>

EBIX UK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company's activities exposes it to a variety of financial risk including credit risk, liquidity risk and market risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is earned out by the senior management under policies approved by the Board of Directors. The Board provides principle for overall risk management, as well as policies covering specific areas, such as credit risk, liquidity risk, foreign exchange risk and Interest rate risk.

(i) Credit risk

With respect to credit risk arising from the financial assets of the Company, including bank balances, the company's exposure to credit risk arises from default of the counterpart, with a maximum exposure equal to the carrying amount of these Instruments. Credit control procedures and account reconciliations are used to manage the trade and other receivables, and bank balances.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

	Carrying amounts	
	2013 £'000	2012 £'000
Trade receivables	657	185
Other receivables	589	677
Bank balances	316	337
	<u>1,562</u>	<u>1,199</u>
	=====	=====

Impairment losses

The ageing of trade receivables at the reporting date was

	Gross 2013 £'000	Impairment 2013 £'000	Gross 2012 £'000	Impairment 2012 £'000
Not past due	116		137	
Past due 0 - 30 days	342		38	
Past due 31 - 120 days	31		9	
Over 121 days	168		17	(16)
	<u>657</u>		<u>201</u>	<u>(16)</u>
	=====	=====	=====	=====
Total	657		201	(16)

There was no impairment in other receivables.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

(ii) Liquidity risk

Trade payables are normally settled within 50 days or agreed terms from the date of purchase

All financial liabilities will mature within 12 months from the end of the reporting period with the exception of rent deposit.

As at 31 December 2013 the company was dependent on continuing support from Ebix Inc the parent undertaking to enable it to meet its liabilities as they fall due. Ebix Inc has agreed to provide sufficient funds to the company for these purposes.

(iii) Market risk

a) Currency risk

Currency risk is the risk that the value of financial Instruments will fluctuate due to changes in foreign exchange rates. The company's foreign currency denominated receivables and payables are mainly denominated in USD. The total balance of USD 18,706 comprising the bank balance that was held at 31 December 2013.

The currency risk is mitigated by holding USD in a USD denominated bank account and converting to GBP when exchange rate is favourable.

b) Interest rate risk

Interest rate risk reflects risk of a change in interest rates, which might affect future earnings.

At 31 December 2013, the company did not have interest rate sensitive liabilities in the form of an interest bearing loans.

On 4 April 2013 the interest bearing loan from QIS to Ebix UK Limited (formerly Qatarlyst Limited) was converted to ordinary shares, of £1 each in the share capital of the company in consideration of deemed repayment of the loan including interest as at that date.

Equity price risk

The company is not exposed to equity price risk since it does not hold any investment in equity instruments.

Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length basis. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair values of financial assets and liabilities are not materially different from their carrying values at the reporting date.

16. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Ebix Singapore PTE Limited and Ebix Inc., a company incorporated in United States is the ultimate parent company.

EBIX UK LIMITED
PREVIOUSLY KNOWN AS QATARLYST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

17. RELATED PARTY DISCLOSURES

Related parties represent Ebix Singapore PTE Limited the parent company who acquired the company on 4 April 2013. Prior to that the company was owned by QIS. The related party were QIS and QFCA. Directors and key management personnel of the Group, and the bodies of which they are principal owners. Pricing policies of these transactions are approved by the Group's management.

Related party transactions

Transactions with related parties included in the income statement are as follows:-

	2013 £'000	2012 £'000
Services from QIS	-----	688
Services from Ebix Singapore PTE Limited	-----	-----

Related Party balances

Credit balances with related parties included in the balance sheet statement are as follows:-

	2013 £'000	2012 £'000
QIS	153	1,670
Ebix Singapore PTE limited	----	----
Ebix Europe Limited	391	----

18. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions and shareholders' expectation. No changes were made in the objectives, policies or processes during the year ended 31 December 2013. Ebix Inc will continue to provide financial support to the the company.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current year's financial statements. However, such reclassification does not have any effect on the net income, net assets and equity of the previous year.

EBIX UK LIMITED
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INCOME STATEMENT SUMMARIES
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £'000	2012 £'000
REVENUE		
Sales	2,968	1,640
	<u>2,968</u>	<u>1,640</u>
 COST OF SALES		
Purchases	1	2
	<u>1</u>	<u>2</u>
 OTHER OPERATING INCOME		
Rents received	162	131
	<u>162</u>	<u>131</u>

EBIX UK LIMITED
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INCOME STATEMENT SUMMARIES
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £'000	2012 £'000
ADMINISTRATIVE EXPENSES		
Establishment costs		
Rent	361	373
Rates and water	149	144
Insurance	5	5
Light and heat	17	11
Administrative expenses		
Wages	1,326	3,196
Social security	149	227
Pensions	30	69
Telephone	21	30
Post and stationery	10	13
Advertising	16	47
Travelling	3	69
Cleaning	10	13
Licences and insurance	15	40
Repairs and renewals	24	9
computing	241	3,410
Staff welfare expenses	4	35
Sundry expenses	-	2
Subscriptions	537	527
Legal fees	24	347
Auditors' remuneration	15	25
Auditors' remuneration for non audit work	-	11
Foreign exchange losses	(14)	-
Admin extra 1		
Staff entertainment	1	14
Entertainment	8	13
Bad debts	-	3
Finance costs		
Bank charges & interest	2	2
Depreciation		
Improvements to property	52	51
Fixtures and fittings	46	43
Computer equipment	74	68
	<hr/> 3,126	<hr/> 8,797
FINANCE COSTS		
Bank loan interest	35	139
	<hr/> 35	<hr/> 139

This page does not form part of the statutory financial statements