Company registration number: 3978346

FFASTFILL PLC

REPORT AND ACCOUNTS

For the year ended

31 March 2010

CONTENTS

DIRECTORS AND ADVISERS

EXECUTIVE DIRECTORS	T K Todd (Executive Chairman) H J Purdey (Chief Executive Officer, appointed 1 April 2009)
NON-EXECUTIVE DIRECTORS	H N P McCorkell (Joint Deputy Chairman) J E Oliff (Joint Deputy Chairman) D A Hurst-Brown N R Hartnell
SECRETARY	P A Colcombe
REGISTERED OFFICE	35 Vine Street London EC3N 2AA
PRINCIPAL BANKERS	Royal Bank of Scotland PO Box 39 5th Floor, Abbey House 282 Farnborough Road Farnborough Hampshire GU14 7YU
NOMINATED ADVISERS AND BROKERS	Canaccord Genuity Limited 80 Victoria Street, 7th Floor London SW1E 5JL
JOINT BROKERS	Finncapp 4 Coleman Street London EC2R 5TA
INDEPENDENT AUDITOR	Baker Tilly UK Audit LLP Registered Auditor Chartered Accountants 2 Bloomsbury Street London WC1B 3ST
SOLICITORS	Field Fisher Waterhouse 35 Vine Street London EC3N 2AA
COMPANY REGISTERED NUMBER	3978346

Chairman's Statement

At the end of what can only be described as a most unusual and challenging twelve months, following on from the financial crisis of 2008, I am pleased to be able to report a significant improvement in profitability at FFastFill for the year ended 31 March 2010 Through the continued enhancement of our operational platform and the further broadening of our SaaS-led product portfolio, we have been able to significantly improve operating profit to £1 2m (FY08/09 £0 3m) on revenue of £14 3m (FY08/09 £14 4m) Our net cash at 31 March 2010 stood at £2 4m (FY08/09 £1 5m)

When we reported our full year results at this time last year we described the environment as the "calm after the storm " In practice, what we saw during the period was the emergence of a number of business failures and mergers, the onset of lower business budgets particularly for new projects, and a lack of clarity on decision making A year on we see stability returning, budgets have improved, mergers and changes in business models have completed, and decision makers are back in place operating in what I would describe as more typical decision making cycles Provided there is no new financial crisis, we should be able to operate in a more normal environment in FY10/11

As a consequence of this market turmoil, during the year we lost existing revenue from businesses that closed and those that merged and changed their business models However, over the same period, we continued to win new business from new organisations, as a result of the investments we made in our middle office product offering, as well as further strengthening our position in the London Metal Exchange ("LME") market Given the lost revenue in the year we are expecting a shift in the current financial year to a stronger second half as the new contracts already won grow to replace old income streams lost as a result of the storm

The mix of our business has changed – for the better – as we continued to reduce the amount of third party license work we carry out, focusing almost solely instead on delivery of our SaaS-led product offering At the end of the year, SaaS revenue of £10 5m accounted for 74 percent of total revenue, compared with 64 percent in the previous year (FY08/09 £9 1m)

The cost reduction measures we put in place at the beginning of the year have been implemented successfully As a result we have been able to reduce operating expenses to £8 7m (FY08/09 £9 5m) despite increasing our costs in Asia as we pushed ahead with our planned roll out of new infrastructure across the region We now have a strong global presence as a result of our Asian investment, both in terms of business development and physical infrastructure

We have expanded our focus within the derivatives market to cover both exchange traded and Over The Counter ("OTC") trading Regulatory pressures continue to evolve toward an environment where much of the OTC market will, ultimately, be centrally cleared The full realisation of these changes in the market will take time to have a significant impact on our revenue Nevertheless the direction in which the market is aiming plays to our historic strengths in centrally cleared exchange trading and we will continue to monitor these developments very closely

During the year we received approval to convert our share premium account into distributable reserves which will allow us, as deemed appropriate by the Board, to pay a dividend and also buy back shares subject to shareholder approval This action was taken to prepare us for the future The Board has decided that, as we are still in a significant growth phase, it is too early for the Company to commence payment of a dividend this year

This year's significant improvement in profitability could not have been achieved without the commitment and skill of our staff I would like to thank them personally and on behalf of my Board colleagues for all of their hard work

As we enter the next financial year, we have a broad product offering, a global presence and a more balanced business and customer base Whilst there is still some historic revenue to replace this year, especially in the first half, our high level of contracted revenue including recent customer wins position us well to continue our growth and further improve our profitability particularly in the second half of the current financial year

Keith Todd
Executive Chairman

Chief Executive Officer's Review

Introduction

I am very pleased to present this report of a record set of results for the FFastFill Group Increasing operating profit from £0 3m in FY08/09 to £1 2m in FY09/10 is a solid achievement, particularly against the backdrop of the market in which we have been operating Despite the turmoil around us, we have increased the number of customers benefiting from our SaaS products, delivered projects successfully, and developed new products Furthermore, we have improved our own internal work processes resulting in efficiency gains to the Group as a whole

I would like to thank the staff for their efforts and commitment during FY09/10 and in advance for the hard work I know they will carry out in the year ahead FFastFill's achievements could not have been accomplished without their unwavering dedication and steadfast work ethic

Contract Wins

We have continued to win business during the year and have gained new customers across each of our four product offerings Building on the successful wins in the first half of customers such as Prudential Bache, Liquid Capital, Ignis and SVS, during the second half we succeeded in adding two new Tier 1 international banks – including HSBC – to our trading platform These wins reflect the high level of investment we have made and continue to make in our intellectual property We continue to strive for the lowest latency, the highest uptime and the best quality of service possible and continue to manage and monitor the infrastructure to deliver this

From a customer perspective, the SaaS platform is especially well suited to times of economic turmoil with the minimal installation cost, certainty of recurring cost and scalability of the platform Customers also benefit from the control provided to them by the SaaS platform for what are very sensitive, mission critical applications

Broadening the Product Offer

As we move ever closer toward a pure SaaS-led offering, the strength, depth and breadth of our product suite becomes all the more important We have continued this year to improve our products in each of our four key areas

Front Office

The front office business continues to progress as moves within electronic trading continue in the industry We have reduced latency, which is a critical concern to our end-customers, increased our focus on algorithmic trading and extended the geographical reach of the product set during the year The "FFastFill NG" platform is proving itself to be a rugged, functionally rich and stable application well capable of meeting the demands placed on it by increasing market data volumes as well as customer functionality We continue to lead the London Metals Exchange ("LME") market in terms of share, however, we have also extended the range of exchanges as well as instruments covered during the year We have connected to emerging markets in Asia as well as in the Middle East and extended functionality and risk management for algorithmic engines as well More than half of the order volume on the platform now originates from algorithmic engines reflecting the moves in the industry to automated trading

Middle Office

The acquisition of Exchange Technology ("ET") in July 2008 has been an unqualified success and during this year we completed the first phase of the convergence of the technology bases There is now no longer any difference in user interface functionality between the two platforms and the exchange connectivity phase will complete during FY10/11 Customer wins have been very pleasing and the product is competitively very well placed against the industry leader Increasing volumes have placed stress on the middle office components in the industry and we have bench tested the application beyond the current volumes and are extremely confident in the technology's scalability for the medium to long term

Back Office

The Eclipse platform continues to win business and lead the market in terms of technology and flexibility During the year we have extended the product reach by instrument class and geography and continued to optimise the hardware base on which the platform runs This has been important to future proof the platform for the increased trade loads to come The OTC market provides a medium term revenue opportunity that is significant for the product set We have developed the building blocks for this and continue to monitor the industry's enthusiasm for this offer with interest

Risk Management
The industry's need and appetite for risk management continues We believe that the product set we have continues to offer best-of-breed technology-based protection for "sell side" firms as they strive to deliver increased access to market for their own customers We strongly believe that the prevalence of naked Direct Market Access ("DMA") for customers with no pre-trade risk monitoring is not in the best interests of the industry and that the vendor risk management community has an important part to play in this part of the trade life cycle

Infrastructure Development
During the year we have extended the service platform to Asia, delivering lower latency connectivity to the platform for customers in the region as well as increased connectivity for global customers We have continued to develop our monitoring and management engines Microsoft Systems Centre Operations Manager ("SCOM") is at the core of this and is progressing into a significant piece of intellectual property for us in the context of managing complex trading infrastructure

We have also continued the migration to Oracle Enterprise Linux on HP hardware in the back office which is providing lower cost delivery with increased flexibility and scalability Power usage continues to drive data centre management and we work closely with our hardware suppliers, data centre managers and development teams to optimise power utilisation within the service platform which has led to direct cost improvements

We continue to work with all parts of the service delivery supply chain, from telecommunications providers, through networks, operating systems and our application teams to optimise the delivery of the services and to ensure higher levels of uptime and reliability Service quality is critical to the growth and development of the business and we continue to allocate significant resource to this activity

Process
We continue to focus on process improvements specifically around the incident management, release management and development processes In the next financial year we will seek SAS70 certification, which will serve as an important external marker of the quality of the service delivery framework

We have implemented Microsoft Dynamics CRM to manage sales data and to be a collation point for our internal data sets This has provided benefits to the sales processes and to internal efficiency within the company We anticipate continued investment and implementation effort in these areas

The Year Ahead
We enter the new financial year with a renewed energy to continue to streamline our processes and work with customers, old and new, to deliver better products both on time and on budget We will continue to focus not only on improving our own competitive offering, but also improving the competitiveness of our customers by ensuring that our front-to-back service provides them with enhanced functionality, increased speed and greater stability during this year and beyond

Hamish Purdey
Chief Executive Officer

Financial Review

Full year total revenue reduced by 1% to £14 3m (FY08/09 £14 4m) with SaaS revenue increasing to £10 5m (FY08/09 £9 1m), an increase of 15% The gross profit margin has improved over the year to 83% (FY08/09 78%), following the reduction of revenue generated through third party licence work

The slight fall in revenue was largely due to the planned reduction in third party licence revenue and the turbulent market conditions resulting in some contract losses as businesses entered administration or changed their business model to adapt to market pressures In addition, we did experience some delay in the signing of some new contracts – as announced in the Group's April Trading Update – but we expect these signings to contribute to revenue in the new financial year

The order book for the next twelve months now stands at £13 5m (FY08/09 £14 2m) Within this, our SaaS order book has grown to £10 7m (FY08/09 £10 3m) after absorbing lost revenue of £1 5m from a major customer which has ceased to operate in this area

We have successfully implemented our cost reduction programme as announced in April 2009 Some of these anticipated cost savings were offset by further investment in our Asia Pacific expansion strategy During FY09/10, FFastFill invested £1 0m in operating expenses in this region to enhance the global offering Operating expenses have decreased by £0 8m to £8 7m (FY08/09 £9 5m)

Amortisation and depreciation amounted to £1 9m (FY08/09 £1 4m) which includes £1 4m in respect of software development

Overall the group reported a profit before tax of £1 2m (FY08/09 Loss before tax of £0 4m)

The Group reported a profit after tax of £1 1m (FY08/09 Loss after tax of £0 4m) The Group has deferred tax assets of £1 4m to be used against future profits

Cash inflow from operations increased to £3 3m (FY08/09 £0 9m) This improvement relates to the enhancement in profitability as well as continued tight control over working capital The strong increase in operational cash flow resulted in a strengthened net cash position to £2 4m (31 March 2009 £1 5m)

Capital expenditure on property, plant and equipment assets was maintained at £0 5m (FY08/09 £0 5m), primarily for equipment required for customer signings during the financial year, the integration of the London data centres and the replacement of core infrastructure to increase efficiency

In addition, the Group invested £1 8m (FY08/09 £1 7m) in product development for trade execution services and in the middle and back office to ensure our customers continue to benefit from the latest proven and reliable technology

DIRECTORS' REPORT

The dırectors present theır report and the Group and the company accounts for the year ended 31 March 2010

Principal activities

The prıncıpal actıvıty of the Group ıs the provısıon of software as a servıce for use ın the global financıal markets

Review of business and future developments

A revıew of the development of the busıness durıng the year ıs gıven ın the Chıef Executıve Officer's Revıew on pages 4 to 5, the Chaırman's Statement on page on page 3 and the Fınancıal Revıew on page 6 The Fınancıal Revıew also ıncludes reference to the Group's future prospects

Analysıs of the result and posıtıon of the busıness usıng key performance ındıcators (ıncludıng revenues, profitabılıty and cash) ıs ıncluded ın the Fınancıal Revıew

Results for the year and dividends

The results for the year are dısclosed ın the consolıdated statement of comprehensıve ıncome on page 18

The dırectors do not recommend the payment of a dıvıdend (2009 £nıl)

Directors and their interests

The dırectors who served durıng the year were as follows

Executive directors
T K Todd
H J Purdey (appoınted 1 Aprıl 2009)

Non-Executive directors
H N P McCorkell
J E Olıff
D A Hurst-Brown
N R Hartnell

H J Purdey and D A Hurst-Brown retıre by rotatıon and, beıng elıgıble, offer themselves for re-electıon

N R Hartnell became a non-executıve dırector wıth effect from 1 Aprıl 2009

H J Purdey was appoınted Chıef Executıve Officer wıth effect from 1 Aprıl 2009

DIRECTORS' REPORT (continued)

The interests of the directors who held office at 31 March 2010, together with that of persons connected with the directors, in the share capital of the company were as follows

	Ordinary shares of £0.01 each 31 March 2010	1 April 2009
Executive directors		
T K Todd	12,865,332	12,683,332
H J Purdey	109,090	-
Non-Executive directors		
N R Hartnell	2,055,500	1,510,000
D A Hurst-Brown	1,608,000	1,608,000
H N P McCorkell	152,420	152,420
J E Oliff	1,333,000	1,333,000

At the year end the company had the following outstanding options and warrants issued to directors who were in office at 31 March 2010 through various share option and warrant schemes

Number of share options and warrants

	Scheme status	Exercise price	at 31 March 2010	at 1 April 2009	Exercise period
T K Todd	EMI	£0 07	2,666,666	2,666,666	26 September 2002 to 25 September 2012
	Unapproved	£0 07	8,808,073	8,808,073	26 September 2002 to 25 September 2012
H J Purdey	EMI	£0 08375	1,875,000	1,875,000	25 June 2010 to 25 June 2017
	EMI	£0 0825	242,424	-	17 November 2012 to 17 December 2019
	Unapproved	£0 0825	257,576	-	17 November 2012 to 17 December 2019
	EMI	£0 07	500,000	500,000	1 April 2004 to 31 March 2013
	EMI	£0 05	500,000	500,000	1 April 2004 to 1 April 2013
	EMI	£0 04	2,000,000	2,000,000	21 July 2009 to 21 July 2016
	EMI	£0 04	150,000	150,000	31 March 2005 to 30 March 2012
N R Hartnell	EMI	£0 07	2,666,666	2,666,666	26 September 2002 to 25 September 2012
	Unapproved	£0 07	624,017	624,017	26 September 2002 to 25 September 2012
	Unapproved	£0 01	1,645,342	1,645,342	1 April 2004 to 31 March 2013

DIRECTORS' REPORT (continued)

Directors and their interests (continued)

	Scheme status	Exercise price	Number of share options and warrants at 31 March 2010	At 1 April 2009	Exercise period
J E Oliff	Unapproved	£0 04	500,000	500,000	31 March 2003 to 30 March 2012
	Unapproved	£0 01	1,066,667	1,066,667	1 April 2004 to 31 March 2013
D A Hurst-Brown	Warrants	£0 07	150,000	150,000	17 June 2005 to 16 June 2013
	Warrants	£0 04	100,000	100,000	17 June 2005 to 16 June 2013
H N P McCorkell	Warrants	£0 07	150,000	150,000	14 May 2005 to 13 May 2013
	Warrants	£0 04	100,000	100,000	14 May 2005 to 13 May 2013

During the year the share price of FFastFill Plc ranged from 5 00p to 9 88p

Directors' emoluments

Details of directors' emoluments are as follows -

	Salary/ fees 2010 £'000	Share-based payment 2010 £'000	Total 2010 £'000	Total 2009 £'000
Executive directors				
T K Todd	125	-	125	125
N R Hartnell	-	-	-	175
H J Purdey	156	15	171	-
Non-executive directors				
D A Hurst-Brown	20	-	20	20
H N P McCorkell	20	-	20	20
J E Oliff	34	-	34	32
N R Hartnell	25	-	25	-
	380	15	395	372

Directors and their interests (continued)

The Group dıd not pay any pensıon contrıbutıons on behalf of the dırectors, nor any bonuses or benefits ın kınd

N R Hartnell became a non-executıve dırector wıth effect from 1 Aprıl 2009 followıng termınatıon of hıs executıve responsıbılıtıes He contınues to work for FFastFıll on a part-tıme basıs In vıew of thıs change of status, he wıll receıve £75,000, ın lıeu of notıce, paıd over twenty four months from 1 Aprıl 2009 Thıs amount ıs ıncluded ın the table on page 9, under ıts 2009 column

Substantial shareholdings

On 19 May 2010, the followıng holdıngs of 3% or more of the ıssued share capıtal of FFastFıll plc were known to the Company

ION Tradıng Ireland Lımıted	25 12%
Herald Investment Management	10 81%
ISIS EP LLP	6 55%
Blackrock Merrıll Lynch Investment Managers	6.16%
Mr M Underwood	6 05%
Artemıs AIM VCT	5 21%
Mr I R Kergel	3 84%
Mr T K Todd	3 24%

Employee involvement

The dırectors recognıse the ımportance of employee ınvolvement and to that end prıorıtıse regular communıcatıon through staff meetıngs and brıefings The executıve management team meets weekly and then members communıcate wıth theır staff ın turn

Employee policies

The Group ıs commıtted to the terms of the Codes of Practıce for the elımınatıon of all or any dıscrımınatıon and to the promotıon of equalıty of opportunıtıes ın employment It ıs Group polıcy to afford equal opportunıtıes to all employees and job applıcants No employee or job applıcant ıs less favourably treated than another on the grounds of theır sex, sexual orıentatıon, age, marıtal status, relıgıon, race, natıonalıty, ethnıc or natıonal orıgın, colour or dısabılıty and all appoıntments and promotıons are determıned solely by merıt Responsıbılıty for monıtorıng the effectıve workıng of these polıcıes ıs vested wıth the dırectors of FFastFıll Plc

DIRECTORS' REPORT (continued)

Directors and their interests (continued)

Risks and uncertainties

Competition
FFastFill operates in a highly competitive global market place Competition arises from major enterprise-scale competitors, specialist software companies and from the internal operations of the financial institutions themselves FFastFill retains and develops its customers' business by building and maintaining excellent relationships with its clients, developing an in-depth understanding of their business requirements and then providing them with a high quality of service The greatest risk associated with maintaining these relationships is as a result of a breakdown in the level of service, we mitigate this through the resilience of our infrastructure, the design of our software and our internal processes Risk arises from the continuous re-structuring of the financial services industry with the possible resultant loss of a customer However, these changes can also result in greater opportunities arising in the new enlarged company We have mitigated the risk further by extending our range of services to cover the whole of our customers trading cycle from execution, through order allocation and risk mitigation to clearing and settlement

Revenue profile
FFastFill offers its software as a service, a specific value proposition that reduces capex for customers, increases cost certainty and generates recurring revenue streams Our business model supports this by only recognising revenue on a monthly basis as the service is used Thus, over 90% of FFastFill's revenue is of a recurring nature As a result FFastFill's 12 month order backlog now stands at over £13 5m This revenue profile provides the Group with a very stable business and excellent visibility of future trends allowing decisions on cost and investment to be taken with high levels of confidence This type of business model provides a very solid base from which to both withstand, and potentially exploit, any further instability in the financial services market

Group policy on payments to creditors

The Group does not follow any code or standard on payment practice for its suppliers The Group applies a policy of agreeing payment terms with each of its main suppliers and aims to abide by those terms, subject to satisfactory performance by suppliers The period of credit taken from suppliers as at 31 March 2010 was 59 days (2009 58 days)

Directors' indemnities

The directors are granted an indemnity from the company to the extent permitted by law in respect of liabilities incurred as a result of their office

Research and development

The Group maintains an integrated global research and development team (based in London, Sydney and Prague) which has a staff of 65 (2009 71) In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth The amount of research and development costs recognised in profit or loss account for the year was £1 3m (2009 £1 5m)

Financial instruments

A summary of the Group's financial instruments and related disclosures are set out in notes to the accounts

DIRECTORS' REPORT (continued)

Auditor

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as the company's auditor will be put to the members at the Annual General Meeting

Statement as to the disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

APPROVED BY THE BOARD OF DIRECTORS
AND SIGNED ON BEHALF OF THE BOARD

P A Colcombe
Secretary
19 May 2010

REPORT ON CORPORATE GOVERNANCE

Whilst the Group is not required to comply with the provisions of the Combined Code on Corporate Governance, it has chosen to make the following voluntary disclosures

The directors are responsible for the Group's system of corporate governance and the key components of this system The company supports the Principles of the Combined Code, and has applied the provisions of the Combined Code as far as appropriate for a Group of this size

The current policies and procedures adopted by the Group are set out below

Board of directors

The Board currently meets monthly It leads and controls the company and Group by taking responsibility for overall strategy, acquisition policy, approval of major capital expenditure projects and consideration of significant financial matters It reviews the strategic direction of operations and annual budgets and monitors progress towards achievement of those budgets and longer term strategies

The Board, chaired by Keith Todd, currently has four non-executive directors, who have between them considerable and varied experience in the business world and the City and the Board considers them to be an effective independent body The non-executive directors are considered to be independent of management and free from any business or other relationships which could materially affect their independent judgement, other than holdings of shares, share options and warrants Their objective views and sound advice carry considerable weight in relation to all matters considered at Board meetings Between formal meetings, the Executive Chairman, Keith Todd, remains in touch with the non-executive directors, consulting them on appropriate issues and updating them on the Group's progress

Prior to each Board meeting every member of the Board is supplied with a set of management accounts together with a summary of the key features of the Group's performance overall This includes an analysis of the results against the original budget for the year and the previous year's performance The Board papers also include other documents which relate to matters included in the agenda, in order to ensure that members of the Board are given the fullest opportunity to consider matters to be debated at meetings

The Board has determined that it is appropriate for matters which would normally be delegated to a Nomination Committee to be referred to the full Board The Board, acting as a Nomination Committee, meets as required to carry out the selection process for new Board members and to propose any new appointments to the Board, whether executive or non-executive

Remuneration committee

The Remuneration Committee comprises Nigel McCorkell, Nigel Hartnell and David Hurst-Brown each of whom is a non-executive director

The principal duties of the Remuneration Committee are to consider all aspects of directors' remuneration, performance and employment The Committee's policy is to establish remuneration packages, which enable the Group to attract, retain and motivate directors with the skills and experience necessary to manage a business of this size

Remuneration committee (contınued)

No dırector has a contract wıth a notıce penod of more than one year The Commıttee consults wıth the Executıve Chaırman about ıts proposals Detaıls of dırectors' remuneratıon are set out ın the dırectors' report

The Commıttee also consıders grants of optıons under the company's share optıon schemes The polıcy of the Commıttee ıs to grant share optıons to employees as part of a remuneratıon package to motıvate them to contnbute to the growth of the Group over the medıum to long term

The Remuneratıon Commıttee meets when requıred and at least once per year The Commıttee last met on 30 September 2009

Audit committee

The Audıt Commıttee comprıses Nıgel McCorkell, Nıgel Hartnell and Davıd Hurst-Brown, Nıgel McCorkell and Davıd Hurst-Brown are consıdered to be ındependent non-executıve dırectors

The Audıt Commıttee meets at least twıce a year The Executıve Chaırman and audıt partner from the external audıtor attend such meetıngs The Commıttee revıews the publıshed accounts and monıtors financıal accountıng procedures and polıcıes, ıncludıng statutory and regulatory complıance

The Audıt Commıttee's purposes are to ensure that the financıal and accountıng systems provıde accurate and up-to-date ınformatıon on the Group's financıal posıtıon to the Board, that the Group's publıshed accounts present a true and faır vıew and that a proper system of ınternal control ıs ın operatıon

The Audıt Commıttee ıs satısfied that the Group's appoınted audıtor Baker Tılly UK Audıt LLP, and ıts assocıates, have been objectıve and ındependent of the Group

Internal control

The dırectors are responsıble for the system of ınternal control Although no system of ınternal control can provıde absolute assurance of meetıng ınternal control objectıves, the Group's systems are desıgned to provıde the dırectors wıth reasonable assurance that problems are ıdentıfied on a tımely basıs and dealt wıth appropnately The dırectors regularly revıew the company's ınternal control procedures

The key procedures that have been establıshed and whıch are desıgned to provıde effectıve ınternal controls are

Financial information

Detaıled annual budgets are prepared ın advance of each financıal year These are revıewed and agreed by the Board wıth subsequent actual monthly performance reported agaınst these budgets, updated forecasts and pnor year comparatıves, as part of the management accounts

REPORT ON CORPORATE GOVERNANCE (continued)

Internal control (continued)

Operating unit financial controls

Key controls over major financial risks include reviews against budget, exception reporting and monthly reporting to the Board of Directors

Computer systems

The Group has established controls and procedures over the data held on the computer systems

Going concern

During the year the Group achieved a profit before tax of £1 2m and had net assets of £12 7m at 31 March 2010

As a result of winning a number of significant new customers during the year, the Group's order book of recurring and run-rate revenue at the end of March 2010 was over £13 5m (2009 £14 2m) This has already increased further in the period since the end of the year and the Group has a strong pipeline of further business from both current and new customers

After reviewing the Group's performance and forecast future cash flows, the directors consider the Group has adequate resources to continue in operational existence for the foreseeable future

As at 31 March 2010 the Group had net current liabilities of £1m The directors have considered the net liability position of the Group and are confident that liabilities will be able to be paid when they fall due During the past twelve months the Group has achieved growth in profitability and the debt position of the Group has reduced

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 group and company financial statements for each financial year The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

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 group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to

a. select suitable accounting policies and then apply them consistently;

b make judgements and accounting estimates that are reasonable and prudent,

c. state whether they have been prepared in accordance with IFRSs adopted by the EU,

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the *FFastfill plc* website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FFASTFILL PLC

We have audited the Group and parent company financial statements ("the financial statements") on pages 18 to 57 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As more fully explained in the Directors' Responsibilities Statement (set out on page 16), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements.

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

Opinion on the financial statements
In our opinion
- the financial statements give a true and fair view of the state of the Group's and the parent's affairs as at 31 March 2010 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements 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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

DAVID FENTON (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

19 May 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2010

Continuing operations:	Notes	2010 £'000	2009 £'000
Revenue		14,274	14,384
Cost of sales	7	(2,479)	(3,214)
Gross profit		11,795	11,170
Operating expenses	7	(8,698)	(9,470)
Earnings before interest, taxes, depreciation and amortisation		3,097	1,700
Depreciation		(505)	(607)
Amortisation		(1,379)	(834)
Operating profit		1,213	259
Exceptional items	10	(33)	(643)
Finance income	8	40	33
Finance costs	9	(21)	(90)
Profit/(loss) before taxation		1,199	(441)
Tax	11	(58)	34
Profit/(loss) after taxation – attributable to the owners of the parent		1,141	(407)
Other comprehensive income, net of tax			
Currency translation differences		(26)	152
Total comprehensive income for the year - attributable to the owners of the parent		1,115	(255)
Basic earnings/(loss) per share	22	0 28p	(0 11p)
Fully diluted earnings/(loss) per share	22	0 28p	(0 11p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
Non-current assets			
Goodwill	12	7,784	7,633
Intangible assets	13	4,015	3,567
Available for sale investments	15	5	-
Property, plant and equipment	14	840	750
Trade and other receivables	17	-	145
Deferred taxation	11	1,436	1,494
		14,080	13,589
Current assets			
Trade and other receivables	17	2,969	4,182
Cash and cash equivalents		2,548	2,159
		5,517	6,341
TOTAL ASSETS		19,597	19,930
LIABILITIES			
Current liabilities			
Trade and other payables	18	(6,417)	(7,476)
Borrowings	19	(125)	(500)
		(6,542)	(7,976)
Current assets less current liabilities		(1,025)	(1,635)
Total assets less current liabilities		13,055	11,954
Non-current liabilities			
Trade and other payables	18	(432)	(367)
Borrowings	19	-	(125)
NET ASSETS		12,623	11,462
EQUITY			
Share capital	20	3,970	3,965
Share premium account		19	32,544
Other reserve		235	235
Share-based payment reserve		248	226
Merger reserve		890	890
Currency translation reserve		14	40
Retained earnings		7,247	(26,438)
Equity attributable to the owners of the parent company		12,623	11,462

The accounts were approved and authorised for issue by the Board of Directors on 19 May 2010 and were signed on its behalf by

Hamish Purdey
Director

Company no 3978346

COMPANY STATEMENT OF FINANCIAL POSITION as at 31 March 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
Non-current assets			
Investments	16	11,787	7,657
Trade and other receivables	17	3,281	2,177
		15,068	9,834
Current assets			
Trade and other receivables	17	124	77
Cash and cash equivalents		2,170	1,639
		2,294	1,716
TOTAL ASSETS		17,362	11,550
LIABILITIES			
Current liabilities			
Trade and other payables	18	(7,115)	(4,875)
Borrowings	19	(125)	(500)
		(7,240)	(5,375)
Current assets less current liabilities		(4,946)	(3,659)
Total assets less current liabilities		10,122	6,175
Non-current liabilities			
Borrowings	19	-	(125)
		10,122	6,050
EQUITY			
Share capital	20	3,970	3,965
Share premium account		19	32,544
Other reserves		235	235
Share-based payment reserve		248	226
Retained earnings		5,650	(30,920)
Equity attributable to the owners of the company		10,122	6,050

The accounts were approved and authorised for issue by the Board of Directors on 19 May 2010 and were signed on its behalf by

Hamish Purdey
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Other reserves £'000	Share-based payment reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balances at 1 April 2008	**3,705**	**31,093**	**715**	**114**	**890**	**(112)**	**(26,031)**	**10,374**
Loss for the year	-	-	-	-	-	-	(407)	(407)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	-	-	152	-	152
Total comprehensive income for the year	-	-	-	-	-	152	(407)	(255)
Transactions with owners								
Deferred shares issued	-	-	(480)	-	-	-	-	(480)
Share-based payment	-	-	-	112	-	-	-	112
Share issues	260	1,451	-	-	-	-	-	1,711
Total transactions with owners	**260**	**1,451**	**(480)**	**112**	**-**	**-**	**-**	**1,343**
Balance at 31 March 2009	**3,965**	**32,544**	**235**	**226**	**890**	**40**	**(26,438)**	**11,462**
Profit for the year	-	-	-	-	-	-	1,141	1,141
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	-	-	(26)	-	(26)
Total comprehensive income for the year	-	-	-	-	-	(26)	1,141	1,115
Transactions with owners								
Cancellation of share premium account	-	(32,544)	-	-	-	-	32,544	-
Share-based payment	-	-	-	22	-	-	-	22
Share issues	5	19	-	-	-	-	-	24
Total transactions with owners	**5**	**(32,525)**	**-**	**22**	**-**	**-**	**32,544**	**46**
Balance at 31 March 2010	**3,970**	**19**	**235**	**248**	**890**	**14**	**7,247**	**12,623**

Share premium account

On 16 September 2009, the Company received a high court approval for the cancellation of its share premium account which was sought because the Company had an accumulated deficit on its retained earnings The absence of distributable profits meant that the Company was unable to pay dividends The Resolution, which was proposed as a special resolution, approved the cancellation of the Company's share premium account, which as at 31 March 2009 amounted to £32,544,145

COMPANY STATEMENT OF CHANGES IN EQUITY – attributable to the owners of the parent company

	Share capital	Share premium account	Other reserves	Share-based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2008	**3,705**	**31,093**	**715**	**114**	**(30,809)**	**4,818**
Loss for the year	-	-	-	-	(111)	(111)
Total comprehensive income for the year	-	-	-	-	(111)	(111)
Transactions with owners						
Shares to be issued	-	-	(480)	-	-	(480)
Share-based payment	-	-	-	112	-	112
Share issues	260	1,451	-	-	-	1,711
Total transactions with owners	260	1,451	(480)	112	-	1,343
Balance at 31 March 2009	**3,965**	**32,544**	**235**	**226**	**(30,920)**	**6,050**
Profit for the year	-	-	-	-	4,026	4,026
Total comprehensive income for the year	-	-	-	-	4,026	4,026
Transactions with owners						
Cancellation of share premium account	-	(32,544)	-	-	32,544	-
Share-based payment	-	-	-	22	-	22
Share issues	5	19	-	-	-	24
Total transactions with owners	5	(32,525)	-	22	32,544	46
Balance at 31 March 2010	**3,970**	**19**	**235**	**248**	**5,650**	**10,122**

The company has taken advantage of s408 Companies Act 2006 in not publishing its own statement of comprehensive income The profit for the year was £4,026,000 (2009 £111,000) All amounts are attributed to equity holders of the Company

On 16 September 2009, the Company received a high court approval for the cancellation of its share premium account, which was sought because the Company had an accumulated deficit on its retained earnings The absence of distributable profits meant that the Company was unable to pay dividends The Resolution, which was proposed as a special resolution, approved the cancellation of the Company's share premium account, which as at 31 March 2009 amounted to £32,544,145

CASH FLOW STATEMENTS for the year ended 31 March 2010

	Notes	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Cash flows from operating activities					
Cash flows from operations	A	3,337	962	926	(1,929)
Interest received		40	53	33	26
Interest paid		(21)	(14)	(90)	(37)
Tax received		7	-	45	-
Net cash flows from/(used in) operating activities		3,363	1,001	914	(1,940)
Cash from investing activities					
Purchase of intangible assets		(1,840)	-	(1,752)	-
Purchase of property, plant and equipment		(534)	-	(502)	-
Acquisition of subsidiaries (net of cash acquired)		-	-	(826)	-
Deferred consideration		(151)	-	-	-
Net cash flows used in investing activities		(2,525)	-	(3,080)	-
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital		24	24	1,231	1,231
Advance of borrowings		-	-	750	750
Repayment of borrowings		(500)	(500)	(125)	(125)
Finance lease principal payments		-	-	(103)	-
Net cash flows from financing activities		(476)	(476)	1,753	1,856
Net change in cash and cash equivalents		362	525	(413)	(84)
Exchange rate movement		27	6	148	11
Cash and cash equivalents at beginning of year		2,159	1,639	2,424	1,712
Cash and cash equivalents at end of year		2,548	2,170	2,159	1,639

Cash and cash equivalents comprise cash on hand and deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

A. Reconciliation of profit/(loss) after taxation to net cash flows from operating activities

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Profit/(Loss) after taxation	1,141	4,026	(407)	(111)
Finance income	(40)	(53)	(33)	(26)
Finance costs	21	14	90	37
Taxation	58	7	(34)	-
Depreciation	505	-	607	-
Loss on disposal of fixed asset	3	-	-	-
Amortisation of intangible assets	1,379	-	834	-
Share based payment	22	22	112	29
Foreign exchange translation differences	(109)	(6)	(63)	-
Decrease/(increase) in receivables	1,358	(1,151)	(1,393)	(1,841)
(Decrease)/increase in payables	(1,001)	2,233	1,213	(17)
Provision against investment in subsidiaries	-	(4,130)	-	-
Cash flows from operating activities	3,337	962	926	(1,929)

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

1 General information

FFastFill Plc is incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is listed on the AIM market The address of the registered office is given on page 2 The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 7

During the year the following standards have now been adopted in these financial statements

IFRS 7 Financial Instruments – Disclosures (revised) – effective 1 January 2009 The amendment requires enhanced disclosures about fair value measurement and liquidity risk In particular, the amendment requires disclosure of fair value measurement by level of a fair value measurement hierarchy The change in accounting policy only results in additional disclosure

IAS 1 Presentation of Financial Statements - (as revised in 2007) – effective 1 January 2009, IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements and changes in the format and content of the financial statements

IFRS 8 – effective 1 January 2009 states that segment information should be based on management's internal reporting structure and accounting principles

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group operations that have been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated)

IFRS 1 (amended)/ IAS 27 amended	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (amended)	Share Based Payments – Amendment, Cash-settled Share –based payment transactions
IFRS 3 (revised 2008)	Business Combinations – Comprehensive revision on applying the acquisition method (endorsed)
IFRS 9	Financial Instruments
IAS 24 (revised 2009)	Related Party Disclosures
IAS 27 (revised 2008)	Consolidated and separate Financial Statements –Consequential amendments arising from amendments from IFRS 3 (endorsed)
IAS 28 (revised 2008)	Investments in Associates –Consequential amendments arising from amendments to IFRS 3 (endorsed)
IAS 31	Interest in Joint Ventures - Consequential amendments arising from amendments to IFRS 3 (endorsed)
IAS 32 (amended)	Classification of rights issues
IAS 39	Financial Instruments Recognition and Measurement – Amendments relating to eligible hedged items (endorsed)
IFRIC 14 (amended)	Prepayments of a Minimum Funding requirement
IFRIC 17	Distribution of Non-Cash Assets to Owners (endorsed)
IFRIC 18	Transfer of Assets from customers (endorsed)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
	Annual Improvement Project May 2008 (endorsed)
	Annual Improvement Project April 2009 (endorsed)

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future periods will have no material impact on the financial statements of the current Group

2 Accounting policies

Basis of preparation
The accounts have been prepared in accordance with International Financial Reporting Standards, adopted by the European Union ("IFRS")

The accounts have been prepared under the historical cost convention The principal accounting policies adopted are set out below

Accounting policies (continued)

Going concern
During the year the Group achieved a profit before tax of £1 2m and had net assets of £12 6m at 31 March 2010 The cash balance at the end of March 2010 was £2 5m (2009 £2 2m)

As a result of winning a number of significant new customers during the year, the Group's order book of recurring and run-rate revenue at the end of March 2010 was over £13 5m (2009 £14 2m) This has already increased further in the period since the end of the year and the Group has a strong pipeline of further business from both current and new customers

After reviewing the Group's performance and forecast future cash flows, the directors consider the Group has adequate resources to continue in operational existence for the foreseeable future

As at 31 March 2010 the Group had net current liabilities of £1m The directors have considered the net liability position of the Group and are confident that liabilities will be able to be paid when they fall due During the past twelve months the Group has achieved growth in profitability and the debt position of the Group has reduced

Basis of consolidation
The consolidated accounts incorporate the accounts of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities Where necessary, adjustments are made to the accounts of subsidiaries to bring the accounting policies used into line with those by the Group All intra-Group transactions, balances, income and expenses are eliminated on consolidation

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method, with the exception of the original business combination involving FFastFill Plc and FFastFill Europe Limited which was accounted for using the pooling of interests method The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business combinations* are recognised at their fair value at the acquisition date The Group has taken advantage of the transitional exemption in IFRS 1 from restating goodwill on acquisitions prior to 1 April 2005

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses Any impairment is recognised immediately in profit or loss and is not subsequently reversed The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired

Goodwill is allocated to cash generating units, that are expected to benefit from the business combination in which the goodwill arose, for the purpose of impairment testing

The recoverable amount of the cash generating unit is determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit The growth rates are based on industry growth forecasts Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three financial years and extrapolates cash flows for the following two years based on an estimated growth forecasted by the board of 10% The Group has achieved better growth rates in recent accounting periods, compared to the industry average, even in difficult market conditions and hence believes it is justifed in the adoption of the stated growth rates

The rate used to discount the forecast cash flows from the cash generating unit is 8 0%

Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment are recognised initially at cost Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets concerned The following annual rates are used

Computer hardware	-	33%
Office equipment	-	25%
Short leasehold improvements	-	33%

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date The gain or loss on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss

Investments
Investments in subsidiaries are stated at cost less provision for impairment

Internally generated intangible assets – software development expenditure
Costs associated with maintaining computer software are recognised as an expense as incurred Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- The expenditure attributable to the software product during its development can be reliably measured

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred Research expenditure is expensed as incurred

Software development expenditure is stated at cost less accumulated amortisation and impairment losses The expenditure capitalised includes the cost of materials and direct labour Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the products concerned

The amortisation period for development costs is five years

Purchased computer software is capitalised and amortised over three years

Impairment of assets (excluding goodwill)
At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

Accounting policies (continued)

Impairment of assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Deferred taxation

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting 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 at the reporting date Temporary differences are differences between the Group's taxable profits and its results as stated in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recoverable against suitable taxable profits in the future Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date

The company recognises deferred tax in respect of the profits of overseas subsidiaries except where the timing of the receipt of these profits is controlled by Group and it is not probable that the profits will be distributed in the foreseeable future

Leases

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease

Foreign currency translation

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pound sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements

In preparing the accounts of each company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the date of transactions At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income

Accounting policies (continued)

Foreign currency translation (continued)
For the purpose of presenting consolidated accounts, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the Group's translation reserve Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate, except goodwill allocated to the UK operations as this element is deemed to benefit these operations Goodwill and Fair value adjustments arising on acquisitions before the date of transition to IFRSs are deemed sterling denominated assets and liabilities

Revenue
Revenue, which excludes value added tax, represents the value of goods and services supplied Where income relates to future services or there are associated ongoing costs the income is spread over the life of the provision of the service All other revenue is recognised on delivery

Share-based payments
The Group operates two share options schemes, the Enterprise Management Incentive Scheme and the 2003 Share Option Scheme (HM Revenue & Customs unapproved) The fair value of options is recognised as an employee benefit expense with a corresponding increase in reserves over the vesting period The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised

Share option and warrants granted prior to 7 November 2002 and unvested at the date of transition to IFRS have been excluded from the share-based payment calculation, as permitted by IFRS 2 *Share-based payment*

Research and development tax credits
Research and development tax credits are recognised when receipt is virtually certain

Exceptional items
Items that are material in size, unusual and non-recurring in nature are presented as exceptional items in the statement of comprehensive income The directors are of the opinion that the separate recording of non-recurring costs provides helpful information about the Group's underlying performance

Financial instruments
The Group's financial instruments comprise cash and cash equivalents, together with trade and other receivables and trade and other payables and loans Financial assets and financial liabilities are recognised in the Group's reporting when the Group becomes a party to the contractual provisions of the instrument

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value

Available for sale – investments
Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership Available for sale financial assets and financial assets at fair value though profit or loss are subsequently carried at fair value

Accounting policies (continued)

Available for sale – investments (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised directly in other comprehensive income are recycled and recognised in profit or loss as 'gains and losses from investment securities' Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs

The Group assesses at each reporting date whether there is objective evidence that a financial asset is impaired In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its costs is considered an indicator that the securities are impaired If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss

Trade and other receivables
Trade and other receivables do not carry any interest and are initially stated at their fair value and subsequently at amortised cost using the effective interest rate method as reduced by appropriate allowances for estimated irrecoverable amounts

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of trade receivables, where the carrying value is reduced through the use of an allowance account When a trade receivable is considered uncollectible, it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited against the allowance account

Changes in the carrying amount of the allowance account are recognised in profit or loss

Indicators of impairment considered by the Group include review of past payment history and the financial status of the customers

Trade and other payables
Trade payables are not interest bearing and are stated initially at their fair value and are subsequently measured at amortised cost using the effective interest rate method

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

Derivative financial instruments
The Group does not enter into derivative transactions

Accounting policies (continued)

Operating segments
The Chief Operating Decision Maker is the Board of Directors The Board reviews the Group's internal reporting in order to assess performance of the business Management has determined the operating segments based on the reports reviewed by the Board The Board considers the business from a geographic viewpoint, monitoring performance in Europe, USA and Asia Pacific These segments derive their revenues from the provision of software as a service in the global financial markets

Operating profit
Operating profit can be defined as profit after taxation, less tax, finance income, finance costs and exceptional items

Cost of sales
Cost of sales includes staff costs associated with customer funded development, sale of third party licences and customer funded connectivity and infrastructure costs These costs were reclassified from operating expenses as shown in the annual report and accounts of previous periods, to give the reader a greater understanding of how the Group incurs its costs

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of accounts in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates The key sources of estimation uncertainty at the reporting date derives from management assumptions in relation to the capitalisation and amortisation of internally generated software assets, revenue recognition, goodwill impairment reviews and share-based payments The accounting policies in relation to these items are disclosed in note 2 above

4 Segmental analysis

The Group operates in one business, that of the provision of software as a service for use in the global financial markets The segmental analysis by region is presented below

	Europe	USA	Asia Pacific	Group
2010	£'000	£'000	£'000	£'000
Statement of Comprehensive Income				
Revenue by origin				
- Sale of third party licences	606	482	-	1,088
- Sale of services	11,148	1,394	644	13,186
	11,754	1,876	644	14,274
Revenue by destination				
- Sale of third party licences	606	482	-	1,088
- Sale of services	10,713	1,406	1,067	13,186
	11,319	1,888	1,067	14,274
Depreciation and amortisation	1,814	55	15	1,884
Segment result: operating profit/(loss)	918	360	(65)	1,213
Exceptional items				(33)
Finance income				40
Finance costs				(21)
Tax				(58)
Profit after tax				1,141
Other segment items				
Capital expenditure on property, plant and equipment	480	50	4	534
Expenditure on intangible assets	1,840	-	-	1,840
Statement of Financial Position				
Segment assets	5,797	298	267	6,362
Goodwill	5,682	-	2,102	7,784
Intangible assets	4,015	-	-	4,015
Deferred tax asset	807	629	-	1,436
Total assets				**19,597**
Segment liabilities	6,216	433	325	6,974
Total liabilities				**6,974**

No one customer accounted for more than 10% of the total revenue in the year

4 Segmental analysis (continued)

2009	Europe	USA	Asia Pacific	Group
Statement of Comprehensive Income				
Revenue by origin				
- Sale of third party licences	618	1,380	-	1,998
- Sale of services	10,525	1,322	539	12,386
	11,143	2,702	539	14,384
Revenue by destination				
- Sale of third party licences	618	1,380	-	1,998
- Sale of services	9,976	1,322	1,088	12,386
	10,594	2,702	1,088	14,384
Depreciation and amortisation	1,325	95	21	1,441
Segment result: operating profit/(loss)	513	(303)	49	259
Exceptional items	(613)	(30)	-	(643)
Finance income				33
Finance Costs				(90)
Tax				34
Loss after tax				(407)
Other segment items				
Capital expenditure on property, plant and equipment	468	23	11	502
Expenditure on intangible assets	1,752	-	-	1,752
Statement of Financial Position				
Segment assets	5,219	464	1,553	7,236
Goodwill	5,572	-	2,061	7,633
Intangible assets	3,567	-	-	3,567
Deferred tax asset	1,494	-	-	1,494
Total assets				**19,930**
Segment liabilities	8,013	339	116	8,468
Total liabilities				**8,468**

Revenue from two customers in 2009 accounted for more than 10% of total revenue, with revenues of £1 7m and £1 7m respectively

5 Directors' emoluments

	2010 £'000	2009 £'000
Salaries	380	372
Social security costs	44	40
Share-based payment charge	15	-
	439	412

Emoluments disclosed above includes payments to the highest paid director of £171,000 (2009 £175,000) All of the above directors' remuneration is in respect of short-term benefits No directors are accruing pension benefits from the Group For the purpose of IAS24 *Related party disclosures*, the key management are considered to be the directors

6 Employee information

The average monthly number of persons, including directors, employed by the Group during the year was

	2010 No.	2009 No.
Software and services development and support	99	121
Customer project managers	20	18
Finance, administration and management	9	8
	128	147

As at 31 March 2010 staff numbers were 131 (2009 139)

	2010 £'000	2008 £'000
Staff costs for the above persons were		
Wages and salaries	6,447	7,000
Social security costs	730	768
Share-based payment charge	22	112
	7,199	7,880

Included in the above staff costs is £1,800,000 (2009 £1,691,000) in relation to development costs that were capitalised in accordance with IAS 38 *Intangible assets*

7 Expenses

	2010 £'000	2009 £'000
Cost of sales		
Staff costs	652	852
Third party licences	1,097	1,804
Net foreign exchange movement	2	74
Customer funded connectivity and connectivity	728	484
	2,479	3,214
Operating expenses		
Staff costs	4,747	5,337
Operating leases	1,154	1,236
Connectivity and other IT services	1,657	1,305
Auditor's remuneration for audit services	59	52
Other operating expenses	1,081	1,540
	8,698	9,470

Operating leases represents payments for office and data centre space

Fees payable to Baker Tilly UK Audit LLP and associates in respect of both audit and non audit services:

	2010 £'000	2009 £'000
Audit services		
- statutory audit of parent and consolidated accounts	12	12
- audit of subsidiaries, pursuant to legislation, by Baker Tilly UK Audit LLP and its associates	47	40
Other services relating to taxation	5	48
Other services	4	3
	68	103

8 **Finance income**

	2010 £'000	2009 £'000
Bank interest	40	33

9 **Finance costs**

	2010 £'000	2009 £'000
Bank interest	9	8
Finance lease interest	-	2
Loan interest	12	37
Other interest	-	43
	21	90

10 **Exceptional items**

The exceptional item included in the 2010 accounts relates to the costs of integrating the two London offices

As FFastFill reached the end of its development phase in the financial year 08/09, the advances that had been made in software and operational processes over the past few years resulted in new productivity gains which facilitated several cost reduction opportunities As a result of this FFastFill was able to effect various cost saving measures through some staff reductions and building and data centre consolidation Included in the 2009 accounts was an exceptional item of £0 6m to facilitate these reductions

11 Tax

	2010 £'000	2009 £'000
Current taxation		
Research and development tax credit	(22)	(59)
Corporate tax charge	7	-
Overseas tax	15	14
Deferred taxation in respect of the current year	338	11
Deferred tax benefits from previously unrecognised tax losses	(280)	-
Tax charge/(credit)	58	(34)
Factors affecting tax credit for the year		
Profit before taxation/(Loss) before taxation	1,199	(441)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	336	(124)
Expenses not deductible for tax purposes	57	30
Losses not recognised for deferred tax purposes	-	260
Capital allowances not recognised for deferred tax purposes	(48)	(43)
Other temporary differences not recognised for tax purposes	(7)	(91)
Share based payments not recognised for deferred tax purposes	7	28
Deferred tax recognised in respect of trading losses arising in earlier years	(280)	-
Different UK tax rate applied for deferred tax purposes	-	(46)
Income tax credit re researching and development	(22)	(59)
Foreign tax	15	11
Tax charge/(credit) for the year	58	(34)

The directors have considered forecasts for the reasonable future in determining the recognised deferred tax asset There are further tax losses of £24m (2009 £25m) which have not been recognised on the grounds of uncertainty over the timing of their recovery All amounts are expected to reverse after more than one year

11 **Tax – (continued)**

Deferred taxation	**2010 £'000**	**2009 £'000**
At 1 April	1,494	1,505
Charged to profit or loss	(58)	(11)
At 31 March	1,436	1,494

The deferred tax asset is all in respect of unrelieved tax losses

12 **Goodwill – Group**

Cost	**2010 £'000**	**2009 £'000**
At 1 April	7,633	6,480
Addition	151	1,153
At 31 March	7,784	7,633

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination During the year FFastFill Australia Pty Limited paid to the previous shareholders of Exchange Technology Pty Limited deferred consideration of £0 15m, representing the addition to goodwill in the year

- The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill may have been impaired

- The recoverable amounts of the CGUs are determined from the value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and allocated costs during the period Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs The rate used to discount the forecast cash flows is 8 0% The growth rates are based on the Group's own forecasts and a rate of 10% has been used Changes in revenues and direct costs are based on past practice and expectations of future changes in the market

- The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the board for the next three financial years and extrapolates cash flows for the following two years based on the estimated growth rate of 10% The Group has experienced higher growth rates compared to the industry average, even in the recent difficult market conditions and hence believes it is justifed in the adoption of the stated growth rates

- On the assumption that there was a decrease in the growth rate to 2 5%, goodwill would not be impaired

13 Intangible assets - Group

	Computer software £'000	Capitalised development £'000	Total £'000
Cost			
At 1 April 2008	220	3,577	3,797
Acquisition	-	50	50
Addition	61	1,691	1,752
Exchange movement	4	-	4
At 31 March 2009	285	5,318	5,603
Addition	40	1,800	1,840
Exchange movement	3	-	3
At 31 March 2010	328	7,118	7,446
Amortisation			
At 1 April 2008	189	1,013	1,202
Charge for the year	23	811	834
At 31 March 2009	212	1,824	2,036
Charge for the year	40	1,339	1,379
Exchange movement	16	-	16
At 31 March 2010	268	3,163	3,431
Net book value			
At 31 March 2010	60	3,955	4,015
At 31 March 2009	73	3,494	3,567
At 31 March 2008	31	2,564	2,595

14 Property, plant and equipment – Group

	Computer hardware £'000	Office equipment £'000	Short leasehold improvements £'000	Total £'000
Cost				
At 1 April 2008	4,161	245	197	4,603
Additions	512	7	1	520
Acquisition	31	2	-	33
Exchange movement	54	1	-	55
At 31 March 2009	4,758	255	198	5,211
Additions	512	5	17	534
Disposals	(10)	(31)	(178)	(219)
Exchange movement	130	(6)	1	125
At 31 March 2010	5,390	223	38	5,651
Depreciation				
At 1 April 2008	3,436	198	184	3,818
Charge for the year	573	26	8	607
Exchange movement	33	3	-	36
At 31 March 2009	4,042	227	192	4,461
Charge for the year	486	15	4	505
Disposal	(7)	(31)	(178)	(216)
Exchange movement	64	(4)	1	61
At 31 March 2010	4,585	207	19	4,811
Net book value				
At 31 March 2010	805	16	19	840
At 31 March 2009	716	28	6	750
At 31 March 2008	725	47	13	785

15 Available for sale investments - Group

	2010 £'000	2009 £'000
At 1 April	-	5
Provision released/(made)	5	(5)
At 31 March	5	-

The investment is classified as an available for sale asset under IFRS There is no active market for this equity instrument and as such the asset is held at fair value which the Board believes approximates to its cost value at the reporting date The Board has assessed this asset for impairment and consider that there are no grounds for impairment at this time This investment represents a level 3 investment (under IFRS 7) as the fair value has been derived from valuation techniques that include inputs not based on observable market data

16 Investments - Company

	Subsidiary companies £'000
Cost	
At 1 April 2008	30,444
Additions – capital contribution to subsidiary company	612
At 31 March 2009 and 31 March 2010	31,056
Impairment	
At 1 April 2008	22,787
Charge for the year	612
At 31 March 2009	23,399
Reversal of impairment	(4,130)
At 31 March 2010	19,269
Net book value	
At 31 March 2010	11,787
At 31 March 2009	7,657
At 31 March 2008	7,657

At 31 March 2009, FFastFill Plc made a capital contribution to eliminate the amounts due from FFastFill Inc The company holds the following shareholdings in subsidiary undertakings

Company	*% of equity owned*	*Country of incorporation*	*Activity*
FFastFill Asia Pacific Pte Limited	100	Singapore	IT Services
FFastFill Australia Pty Ltd	100	Australia	IT Services
FFastFill Europe Limited	100	Great Britain	IT Services
FFastFill Inc	100	USA	IT Services
FFastFill Japan KK	100	Japan	IT Services
Future Dynamics Inc (2)	100	USA	IT Services
FFastFill FD Limited	100	Great Britain	Dormant
Exchange Technology Pty Limited (1)	100	Australia	Dormant
FFastFill France SAS	100	France	Dormant
FFastFill Post-trade Processing Limited	100	Great Britain	Dormant
FFastFill UK Limited	100	Great Britain	Dormant
Spreadmania Limited	75	Great Britain	Dormant

All above investments are represented by ordinary share capital, except for FFastFill Post-trade Processing Limited, where FFastFill Plc owns all of the preference and ordinary shares of this entity

The Group tests investments annually for impairment, or more frequently if there are indications that the investment may have been impaired Investments acquired are allocated to the cash-generating units (CGUs) that are expected to benefit from the investment, having due regard to overall risk factors

16 **Investments – Company (continued)**

(1) held via FFastFill Australia Pty Limited
(2) held via FFastFill FD Limited

17 Trade and other receivables

	2010		2009	
	Group	**Company**	**Group**	**Company**
	£'000	**£'000**	**£'000**	**£'000**
Non-current				
Other receivables	-	-	145	100
Amounts owed by Group undertakings	-	3,281	-	2,077
	-	3,281	145	2,177
Current				
Trade receivables	1,879	-	2,872	-
Less provision for impairment of receivables	-	-	(12)	-
	1,879	-	2,860	-
Other receivables	157	54	146	9
Prepayments and accrued income	933	70	1,176	68
	2,969	124	4,182	77

The average credit period taken on sales of goods and services is 54 days (2009 52 days) Interest is chargeable on overdue balances The directors consider that the carrying amount of trade and other receivables approximates to their fair value The movement in the bad debt provision for the year was £nil (2009 £12,000)

The movement in bad debt provisions on trade receivables in the year is as follows

	Group 2010 £'000	**Company 2009 £'000**
At 1 April 2008	-	-
Provision	12	-
At 31 March 2009	12	-
Release of provision against irrecoverable debt	(12)	-
At 31 March 2010	-	-

18 **Trade and other payables:** amounts fallıng due wıthın one year

	2010		2009	
	Group £'000	**Company £'000**	**Group £'000**	**Company £'000**
Non-current				
Deferred revenue	432	-	367	-
Current				
Trade payables	1,663	99	1,420	157
Amounts owed to Group undertakıngs	-	6,862	-	4,464
Other taxatıon and socıal securıty	1,036	-	1,142	-
Deferred revenue	2,878	-	3,550	-
Corporate tax	7	7	-	-
Accruals	623	121	1,107	196
Other payables	210	26	257	58
	6,417	7,115	7,476	4,875

Trade and other payables and accruals prıncıpally comprıse amounts outstandıng for trade purchases and ongoıng costs The average credıt perıod taken for trade purchases ıs 59 days (2009 58 days) The dırectors consıder that the carryıng amount of trade and other payables approxımates to theır fair value

19 **Borrowings**

	2010		2009	
	Group £'000	**Company £'000**	**Group £'000**	**Company £'000**
Bank loan repayable				
Wıthın one year	125	125	500	500
In the second to fifth years	-	-	125	125
	125	125	625	625
Included ın current lıabılıtıes	125	125	500	500
Included ın non-current lıabılıtıes	-	-	125	125
	125	125	625	625

Interest ıs charged at LIBOR, plus 2 25% and the borrowıngs are secured over the assets of the whole of the Group

20 **Called up share capital**

	2010 £'000	2009 £'000
Authorised		
750,000,000 ordinary shares of £0 01 each	7,500	7,500
Allotted, called up and fully paid		
At 1 April (396,464,787 ordinary shares of £0 01 each)	3,965	3,705
Shares issued in the year	5	260
At 31 March (396,959,787 ordinary shares of £0 01 each)	3,970	3,965

The following share issues were completed during the year

31 March 2010

13 July 2009	200,000 shares at 4 875p for cash
15 October 2009	75,000 shares at 6p for cash
21 January 2010	60,000 shares at 6p for cash
21 January 2010	130,000 shares at 4 875p for cash
2 February 2010	30,000 shares at 7 75p for cash

These share issues relate to the exercise of employee share options

31 March 2009

4 June 2008	6,856,914 shares at 7p for cash
30 June 2008	265,000 shares at 5p for cash
2 July 2008	3,418,245 shares at 7p for cash
30 November 2008	15,384,615 shares at 6 5p for cash
31 December 2008	70,000 shares at 5p for cash

These share issues relate to the exercise of employee share options, placement to raise funds for the Asia Pacific strategy and the funding of the acquisition of FFastFill Post-trade Processing Limited (formerly Exchange Systems Technology Limited) and Exchange Technology Pty Limited

20 Called up share capital (continued)

Details of the share options and warrants outstanding at the year end are as follows -

	2010		2009	
	Number of share options and warrants	Weighted average exercise price (in £)	Number of share options and warrants	Weighted average exercise price (in £)
Outstanding as at 1 April	54,190,986	£0 067	53,675,986	£0 067
Granted during the year	4,430,000	£0 0717	2,720,000	£0 0735
Lapsed in year	(2,450,000)	£0 0702	(1,870,000)	£0 0488
Exercised during the year	(495,000)	£0 0537	(335,000)	£0 0721
Outstanding as at 31 March	55,675,986	£0 0681	54,190,986	£0 067
Exercisable at the end of year	42,318,986	£0 0655	38,793,986	£0 067

The total number of share options and warrants in issue at 19 May 2010 is 55,675,986

Included in the above summary are warrants totalling 10,674,766 (2009 10,674,766) with a weighted average exercise price of £0 0830

The weighted average share price at the date of exercise of the options exercised during the period was £0 0692 The options outstanding at 31 March 2010 had a weighted average exercise price of £0 0655, and weighted average remaining contractual life of 5 years

In the year ended 31 March 2010 options were granted in the year, which had an estimated aggregate fair value of £51,000

The total fair value that was charged to the profit or loss in relation to the share options was £22,000 (2009 £112,000), all of which related to equity settled share based payment transactions

The fair value of the options has been calculated using the Black-Scholes Model The model takes into account the following factors in determining the fair value of an option

a) Share price and exercise price
   Share prices are closing share prices as at the date of grant Exercise prices are listed in the above schedule

b) Expected term of the options
   It is assumed that the expected life of the options under consideration is 5 years

c) Volatility
   Volatility of the company's share price has been calculated as the annualised deviation of daily continuously compounded returns on the company stock, derived from the company's historical share process, adjusted for splits, over 3 years back from each date of grant

20 **Called up share capital (continued)**

d) Risk-free interest rate
The risk-free rates of interest are assumed to be the yield to maturity on a UK Gilt Strip with the term to maturity equal to the expected life of the option The inputs into the Black-Scholes model are as follows -

	2010	2009
Weighted average exercise price	£0 0681	£0 0675
Expected volatility	36 80%	49 39%
Expected life	5	5
Risk free rate	4%	4%
Expected dividend yield	-%	-%

21 **Operating lease commitments**

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows

Groups **Land and buildings**	**2010** **£'000**	**2009** **£'000**
Amounts due		
Within one year	424	499
Between two and five years	1,363	1,240

The Group leases various offices and data centre space under non-cancellable operating lease agreements The leases have varying terms, escalation clauses and renewal rights

Company **Land and buildings**	**2010** **£'000**	**2009** **£'000**
Amounts due		
Within one year	100	121

The Company leases various offices under non-cancellable operating lease agreements The leases have varying terms, escalation clauses and renewal rights

22 Basic earnings/(loss) per share and fully diluted earnings per share

Basic earnings/(loss) per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the parent for each year amounting to £1,141,000 (2009 loss £407,000) for the year ended 31 March 2010 by 396,679,608 (2009 383,998,302), being the weighted average number of ordinary shares in issue during each year

Diluted earnings/(loss) per share share

The weighted average number of ordinary shares for calculating fully diluted earnings/(loss) per share is determined as follows

	2010 No:	2009 No:
Weighted average number of ordinary shares	396,679,608	383,998,302
Share options	6,641,888	-
Fully diluted weighted average number of ordinary shares	403,321,496	383,988,302

Share options were non-dilutive for the year ended 31 March 2009 as the Group incurred a loss

23 Financial instruments

The Group's financial instruments comprise cash and various items arising directly from its operations, such as trade receivables and trade payables The main purpose of these financial instruments is to provide working capital for the Group The Group's policy is to obtain the highest rate of return on its cash balances, subject to having sufficient resources to manage the business on a day to day basis and not exposing the Group to unnecessary risk of default

The Group operates in a number of overseas markets, as disclosed in note 4 The directors minimise the Group's foreign currency risk by retaining surplus cash in the functional currency of the entity

The cash balances at the year end exposed to foreign currencies and interest rates were as follows

Group		**Variable rate interest £'000**	**Fixed rate interest £'000**
31 March 2010			
Cash balances	- Sterling	2,046	-
	- US dollar	244	-
	- Czech Koruna	198	-
	- Australia dollar	60	-
		2,548	-

		Variable rate interest £'000	**Fixed rate interest £'000**
31 March 2009			
Cash balances	- Sterling	1,459	-
	- US dollar	204	-
	- Euros	17	-
	- Czech Koruna	199	-
	- Australia dollar	135	145
		2,014	145

The fixed interest rate on Australia cash balances was 0% (2009 2 80%)

Company		**Variable rate interest £'000**	**Fixed rate interest £'000**
31 March 2010			
Cash balances	- Sterling	2,035	-
	- US dollar	134	-
	- Australia dollar	1	-
		2,170	-

		Variable rate interest £'000	**Fixed rate interest £'000**
31 March 2009			
Cash balances	- Sterling	1,336	-
	- US dollar	100	-
	- Euros	17	-
	- Czech Koruna	-	-
	- Australia dollar	41	145
		1,494	145

Further information on currency risk is set out in note 24F

24 Financial risk management

A. Risk management policies

The Group's finance function is responsible for procuring the Group's capital resources and maintaining an efficient capital structure, together with managing the Group's liquidity, foreign exchange and interest exposures

All treasury operations are conducted within strict policies and guidelines that have been approved by the directors

The Group's portfolio of cash and cash equivalents is managed such that there is no significant concentration of credit risk in any one bank or other financial institution Management monitors closely the credit quality of the institutions with which it holds deposits

B. Financial assets and liabilities

Financial assets and liabilities analysed by the categories defined in IAS 39 *Financial Instruments recognition and measurement,* were as follows

B. Financial assets and liabilities (continued)

Group	**Available for sale investments £'000**	**Loans and receivables £'000**	**Total carrying value £'000**
As at 31 March 2010			
Financial assets			
Investments	5	-	5
Trade receivables	-	1,879	1,879
Other receivables and accrued income	-	583	583
Cash and cash equivalents	-	2,548	2,548
	5	5,010	5,015

	Other financial liabilities £'000
Financial liabilities	
Trade and other payables	(2,496)
Borrowings	(125)
	(2,621)
Net financial assets position	2,394

Group	**Loans and receivables £'000**
As at 31 March 2009	
Financial assets	
Trade receivables	2,860
Other receivables and accrued income	907
Cash and cash equivalents	2,159
	5,926

	Other financial liabilities £'000
Financial liabilities	
Trade and other payables	(2,784)
Borrowings	(625)
	(3,409)
Net financial assets position	2,517

24 Financial risk management (continued)

Company

	Loans and receivables £'000
As at 31 March 2010	
Financial assets	
Other receivables and accrued income	54
Amounts owed by Group undertakings	3,281
Cash and cash equivalents	2,170
	5,505

	Other financial liabilities £'000
Financial liabilities	
Trade and other payables	(246)
Amounts owed to Group undertakings	(6,862)
Borrowings	(125)
	(7,233)
Net financial liabilities position	(1,728)

As at 31 March 2009	Loans and receivables £'000
Financial assets	
Other receivables and accrued income	109
Amounts owed by Group undertakings	2,077
Cash and cash equivalents	1,639
	3,825

	Other financial liabilities £'000
Financial liabilities	
Trade and other payables	(411)
Amounts owed to Group undertakings	(4,464)
Borrowings	(625)
	(5,500)
Net financial liabilities position	(1,675)

Cash and cash equivalents attract fixed and floating interest rates Their carrying amounts are considered to approximate to fair value

24 Financial risk management (continued)

C. Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group Maximum credit risk at 31 March 2010 was as follows

	2010 £'000	2009 £'000
Group		
Trade and other receivables	2,462	3,767
Cash and cash equivalents	2,548	2,159
	5,010	5,926

	2010 £'000	2009 £'000
Company		
Trade and other receivables	54	109
Amounts owed by Group undertakings	3,281	2,077
Cash and cash equivalents	2,170	1,639
	5,505	3,825

Before accepting a new customer, the Group assesses each potential customer's credit quality and risk Customer contracts are drafted to reduce any potential credit risk to the Group Where appropriate the customer's recent financial statements are reviewed

Trade receivables are regularly reviewed for bad and doubtful debts There were £nil of bad debts provided for in the accounts for 2010 (2009 £12,000)

£134,000 (2009 £865,000) of trade receivables were past due for payment as at 31 March 2010, by five months or less, of which £39,000 was collected by 19 May 2010 (2009 £632,000) As at 31 March 2010, there was a bad debt provision of nil (2009 £12,000)

The Group and Company seek to limit the level of credit risk on cash and cash equivalents by depositing funds with banks that have high credit ratings

24 Financial risk management (continued)

D. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations at the year end Liquidity management policy is carried out and involves projecting cash flows in major currencies and considers the levels of liquid assets necessary to meet these

Contractual cash flows relating to the Group's financial liabilities are as follows

	2010			2009		
Group	**Within 1 year**	**In the second to fifth year**	**Total**	**Within 1 year**	**In the second to fifth year**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	2,496	-	2,496	2,784	-	2,784
Borrowings	125	-	125	500	125	625
	2,621	-	2,621	3,284	125	3,409

	2010			2009		
Company	**Within 1 year**	**In the second to fifth year**	**Total**	**Within 1 year**	**In the second to fifth year**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	246	-	246	411	-	411
Amounts owed to Group undertakings	6,862	-	6,862	4,464	-	4,464
Borrowings	125	-	125	500	125	625
	7,233	-	7,233	5,375	125	5,500

24 Financial risk management (continued)

E. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates The Group invests surplus cash at the best available rate at the date of transaction in reputable banking organisations

The interest rate profile of the Group's financial assets and liabilities, was as follows

	2010			
Group	**Floating rate**	**Fixed Rate**	**Non-Interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Trade receivables	-	-	1,879	1,879
Other receivables and accrued income	-	-	583	583
Cash and cash equivalents	2,548	-	-	2,548
Financial liabilities				
Trade and other payables	-	-	(2,496)	(2,496)
Borrowings	(125)	-	-	(125)
	2,423	-	(34)	2,389

24 Financial risk management (continued)

Group	Floating Charge	Fixed Rate	Non-Interest bearing	Total
	2009			
	£'000	£'000	£'000	£'000
Financial assets				
Trade receivables	-	-	2,860	2,860
Other receivables and accrued income	-	-	907	907
Cash and cash equivalents	2,013	145	-	2,158
Financial liabilities				
Trade and other payables	-	-	(2,784)	(2,784)
Borrowings	(625)	-	-	(625)
	1,388	145	983	2,516

Company	Floating Charge	Fixed Rate	Non-Interest bearing	Total
	2010			
	£'000	£'000	£'000	£'000
Financial assets				
Other receivables	-	-	54	54
Amounts owed from Group undertakings	-	-	3,281	3,281
Cash and cash equivalents	2,170	-	-	2,170
Financial liabilities				
Trade and other payables	-	-	(246)	(246)
Amounts owed to group undertakings	-	-	(6,862)	(6,862)
Borrowings	(125)	-	-	(125)
	2,045	-	(3,773)	(1,728)

24 **Financial risk management (continued)**

Company	**Floating Charge**	**Fixed Rate**	**2009** **Non-Interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Other receivables	-	-	109	109
Amounts owed from Group undertakings			2,077	2,077
Cash and cash equivalents	1,494	145	-	1,639
Financial liabilities				
Trade and other payables	-	-	(411)	(411)
Amounts owed to Group undertakings	-		(4,464)	(4,464)
Borrowings	(625)	-	-	(625)
	869	145	(2,689)	(1,675)

F. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates Currency risk arises on financial assets and liabilities that are denominated in a currency other than the functional currency of the entity by which they are held The Group's exposure to currency risk was as follows

	Australian Dollar	**Czech Koruna**	**Euro**	**Japanese Yen**	**US Dollar**	**Total**
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Functional Currency of Entity						
Sterling	93	194	(260)	(24)	(123)	(120)
Group						
Sterling	213	(45)	(11)	(65)	(15)	77

On the assumption that the change in exchange rates is applied to the risk exposures in existence at the reporting date, an increase/decrease of 10% in the value of the functional currencies of the entities concerned against the currencies in which the financial assets and liabilities are denominated would increase/decrease the Group's loss with a corresponding impact to equity by £12,000 (2009 £8,000)

The above sensitivity calculation excludes the impact of the retranslation of the Group's foreign entities for reporting purposes

24 **Financial risk management (continued)**

Net foreign currency financial assets/(liabilities)

	Australian Dollar	Czech Koruna	Euro	Japanese Yen	US Dollar	Total
				2010		
Company	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Functional Currency of Entity						
Sterling	1	-	-	-	134	135
Company				2009		
Sterling	41	-	7	-	100	148

On the assumption that the change in exchange rates is applied to the risk exposures in existence at the reporting date, an increase/decrease of 10% in the value of the functional currencies against the currencies in which the financial assets and liabilities are denominated would increase/decrease the company's loss with a corresponding impact to equity by £14,000 (2009 £15,000)

25 **Capital risk management**

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern The Group places funds which are not required on deposit at the best interest rates it is able to secure from its bankers

The Group defines capital as the company share capital plus retained reserves

The Group has short term borrowings of £125,000

The Group is under no obligation to meet any externally imposed capital requirements The Group does not, as a matter of course, enter into currency hedging transactions Wherever possible the Group also utilised foreign currency earned in one of its subsidiaries to satisfy expenses in another subsidiary in the same currency

	2010 £'000	2009 £'000
Total borrowings	125	625
Net debt	125	625
Total equity	12,688	11,462
Total capital (debt + equity)	12,813	12,087
Gearing ratio	0 98%	5 17%