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**Fixnetix Limited**

**Directors' Report and Financial  
Statements**

Registered number 5460456

31 March 2012

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## Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2012

### Business review and principal activities

The Company's principal activities continued to be the provision and development of market data, trading and communications services

### Business development

Having reached an annual turnover in excess of £25m in the year ended 31<sup>st</sup> March 2011 the board engaged financial advisors to review the company's operations and provide strategic advice on the best route for Fixnetix to continue its high growth rate

The recommendation from this strategic review was for Fixnetix to form a relationship with a substantial organisation operating in complementary areas of the financial services sector to give immediate access to additional overseas markets and infrastructure

In February 2012 the board was pleased to announce that NYSE Technologies, a 100% subsidiary of the New York Stock Exchange had acquired a 25% stake in Fixnetix with an option to acquire the remainder of the share capital during a 3 year period

We expect the NYSE relationship to provide a spring board into Far East markets whilst providing significant enhancements to its product offerings in Europe and the Americas, as well as enabling infrastructure cost savings

Product development resources continued to be focused on the development of Fixnetix's next generation of ultra low latency products utilising FPGA hardware based infrastructure. During the year a number of customer trials of iX-eCute were successfully completed and orders are expected to add significantly to 2012/13 reviews

### Financial Results

The directors are pleased to report that despite a year of difficult trading conditions caused by on-going market and regulatory uncertainties, Fixnetix's revenues grew by 10.9% to £28,134,126 (2011 £25,375,243)

The Group reports a net loss for the year before taxation of £2,939,819 (2011 £732,110 profit), after incurring development costs on new products of £2,100,895 (2011 £1,364,727), non-recurring expenses related to strategic advice and concluding the NYSE transaction of £983,346 and a provision for termination of a vendor contract of £500,000. The EBITDA for the period was £532,386 loss (2011 £3,187,672 profit) calculated as operating loss of £2,828,938 (2011 £984,534 profit) plus depreciation and amortisation of £2,296,552 (2011 £2,203,138). Taking into account the one-off transaction costs and termination of contract costs above, EBITDA is a profit of £950,960

### Developments for the future

During the year £2,156,632 (2011 £1,451,092) of direct costs was spent on developing the FPGA based product and other software related products of which £55,737 (2011 £86,365) was capitalised. These costs have been absorbed into the result for the year under review

Revenues from these developments are forecast to contribute to the current 2012/13 results

## **Directors' report** *(continued)*

### **Business risk factors**

As with any business we are exposed to certain risks which could adversely affect our results and general financial condition. The items detailed below are the risks which management is currently aware of which would have a detrimental impact. There may be other factors which emerge as material risks in the future.

#### ***System Failures***

Our business reputation is heavily dependent upon providing a reliable uninterrupted service to our customers. If for whatever reason our service was to suffer from significant outages then customers may move to vendors offering a more resilient service.

#### ***Contract Renewals***

A significant percentage of our revenues are derived from customers renewing their contracts. In 2012 recurring revenues accounted for 87% of turnover. In order to maintain current levels of revenue and to generate higher revenues we are in part dependent upon our customers continuing to renew their contracts with us.

#### ***Third Party Providers***

We rely on a number of third party providers for information, telecommunications and datacentre facilities. In addition we license technology from other organisations. Some of these businesses may seek to increase their fees or charges. If we are unable to negotiate acceptable commercial terms our business could be adversely affected.

#### ***General Market Conditions***

Our customers all operate in the financial services sector. If their businesses are adversely affected by an economic downturn or recession there will inevitably be an impact on the collective amount spent on the type of services provided by Fixnetix.

### **Capital**

At this time based on current plans for the company the directors consider the company to now have sufficient working capital for its projected business requirements. Repayments of £964,472 (2011 £1,371,782) were made on loans during the year.

### **2012/13 outlook**

The company starts the new financial year with orders awaiting installation that will generate revenues of some £200,000 per month. This coupled with a strong prospect list should ensure continued overall growth in revenues in the forthcoming year.

### **Proposed dividend**

The directors do not recommend the payment of a dividend.

### **Directors**

The directors who held office during the year were as follows:

Mr P R Ellis  
Mr R D Fuller (resigned 13/03/12)  
Mr H L Hughes  
Mr R M Johnson  
Mr A J Moore  
Mr A Yarrow  
Mr K J Yeadon  
Mr S Young (appointed 02/03/12 and resigned 01/06/12)

## **Directors' report** *(continued)*

### **Financial risk management objectives and policies**

The company makes limited use of financial instruments other than operational and term deposit bank accounts (see note 14) and fixed rate borrowings (see note 15 and 16) and so its exposure to interest rate risk, price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and result of the company

### **Charitable contributions**

The Company made donations of £3,535 (2011 £2,310) to UK charities during the year

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information

### **Auditors**


Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

On behalf of the board



**Mr H L Hughes**  
*Director*

33 King William Street  
London  
EC4R 9AS

 July 2012

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 parent company and of their profit or loss for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditor's report to the members of Fixnetix Limited**

We have audited the financial statements of Fixnetix Limited for the year ended 31 March 2012 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

## **Independent auditor's report to the members of Fixnetix Limited** *(continued)*

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

**Adrian John Wilcox (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

17 July 2012



**Consolidated profit and loss account**  
*for the year ended 31 March 2012*

	<i>Note</i>	2012 £	2011 £
<b>Turnover</b>	<b>2</b>	<b>28,134,126</b>	25,375,243
Cost of sales		<u>(18,114,769)</u>	<u>(15,185,996)</u>
<b>Gross profit</b>		<b>10,019,357</b>	10,189,247
Administrative expenses – Administrative expenses excluding amortisation, depreciation and one-off costs		<u>(9,068,397)</u>	<u>(7,001,575)</u>
<b>EBITDA</b>		<b>950,960</b>	3,187,672
Administrative expenses - Amortisation and depreciation	3	<u>(2,296,552)</u>	(2,203,138)
Administrative expenses - Transaction costs	3	<u>(983,346)</u>	-
Administrative expenses - Vendor contract termination	3	<u>(500,000)</u>	-
Administrative expenses - Total		<u>(12,848,295)</u>	<u>(9,204,713)</u>
<b>Operating (loss) / profit</b>		<b>(2,828,938)</b>	984,534
Interest receivable and similar income	6	23,661	2,168
Interest payable and similar charges	7	<u>(134,542)</u>	<u>(254,592)</u>
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(2,939,819)</b>	732,110
Tax on (loss) / profit on ordinary activities	8	<u>(543,794)</u>	<u>(285,495)</u>
<b>(Loss) / profit for the financial year</b>	<b>18</b>	<b><u>(3,483,613)</u></b>	<b><u>446,615</u></b>

A statement of total recognised gains and losses has not been included as part of these financial statements as the Group made no gains or losses in the period other than disclosed above in the profit and loss account

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The results stated above are all derived from continuing operations

**Consolidated balance sheet**  
*at 31 March 2012*

	<i>Note</i>	2012	2011
		£	£
<b>Fixed assets</b>			
Intangible assets	9	87,801	100,311
Tangible assets	10	1,540,867	2,283,840
		<u>1,628,668</u>	<u>2,384,151</u>
<b>Current assets</b>			
Stocks	12	553	147,177
Debtors	13	4,305,957	4,140,047
Investments – term deposits	14	2,251,572	7,201,571
Cash at bank and in hand		1,991,866	685,701
		<u>8,549,948</u>	<u>12,174,496</u>
<b>Creditors: amounts falling due within one year</b>	15	(8,680,794)	(10,735,560)
<b>Net current assets</b>		<u>(130,846)</u>	<u>1,438,936</u>
<b>Total assets less current liabilities</b>		<u>1,497,822</u>	<u>3,823,087</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(165,195)	(717,006)
<b>Net assets</b>		<u>1,332,627</u>	<u>3,106,081</u>
<b>Capital and reserves</b>			
Called up share capital	17	7,840,354	7,840,332
Share premium account	18	1,733,082	159,768
Profit and loss account	18	(8,240,809)	(4,894,019)
<b>Shareholders' funds</b>		<u>1,332,627</u>	<u>3,106,081</u>

These financial statements were approved by the board of directors on behalf by

17 July 2012 and were signed on its



**Mr H L Hughes**  
*Director*

**Company balance sheet**  
*at 31 March 2012*

	Note	2012	2011
		£	£
<b>Fixed assets</b>			
Intangible assets	9	87,801	100,311
Tangible assets	10	1,537,709	2,273,857
Investments	11	7	7
		<u>1,625,517</u>	<u>2,374,175</u>
<b>Current assets</b>			
Stocks	12	553	147,177
Debtors	13	4,616,435	4,421,341
Investments – term deposits	14	2,251,572	7,201,571
Cash at bank and in hand		1,915,312	550,193
		<u>8,783,872</u>	<u>12,320,282</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(8,576,805)</u>	<u>(10,678,380)</u>
<b>Net current assets</b>		<u>207,067</u>	<u>1,641,902</u>
<b>Total assets less current liabilities</b>		<u>1,832,584</u>	<u>4,016,077</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(165,195)</u>	<u>(717,006)</u>
<b>Net assets</b>		<u>1,667,389</u>	<u>3,299,071</u>
<b>Capital and reserves</b>			
Called up share capital	17	7,840,354	7,840,332
Share premium account	18	1,733,082	159,768
Profit and loss account	18	(7,906,047)	(4,701,029)
<b>Shareholders' funds</b>		<u>1,667,389</u>	<u>3,299,071</u>

These financial statements were approved by the board of directors on behalf by



**Mr H L Hughes**  
*Director*

17 July 2012 and were signed on its

**Consolidated cash flow statement**  
*for the year ended 31 March 2012*

	Note	2012 £	2011 £
<b>Cash flow statement</b>			
Cash (outflow) / inflow from operating activities	22	(2,472,493)	8,448,645
Returns on investments and servicing of finance	23	(110,881)	(252,424)
Taxation		-	23,313
Capital expenditure	23	(1,541,069)	(2,068,167)
		<hr/>	<hr/>
Cash (outflow) / inflow before use of liquid resources and financing		(4,124,443)	6,151,367
Management of liquid resources	23	4,949,999	(7,200,001)
Financing	23	480,609	(329,177)
		<hr/>	<hr/>
Increase / (decrease) in cash in the year		1,306,165	(1,377,811)
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net debt</b>			
	24		
Increase / (decrease) in cash in the year		1,306,165	(1,377,811)
Cash outflow from decrease in debt financing		965,472	1,371,782
New debenture loans		-	(1,000,000)
New loans		-	(82,138)
Repayment of / (increase in) finance leases		127,255	(261,053)
		<hr/>	<hr/>
Movement in net debt in the year		2,398,892	(1,349,220)
Net debt at beginning of year		(1,061,073)	288,147
		<hr/>	<hr/>
Net debt at the end of the year		1,337,819	(1,061,073)
		<hr/>	<hr/>

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 March 2012*

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
(Loss) / profit for the financial year	(3,483,613)	446,615	(3,327,599)	631,696
New share capital subscribed	22	-	22	-
Share premium on new share capital subscribed	1,573,314	-	1,573,314	-
Credit in relation to share based payments	122,581	52,472	122,581	52,472
Foreign exchange	14,242	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net increase to shareholders' (deficit) / funds	(1,773,454)	499,087	(1,631,682)	684,168
Opening shareholders' funds	3,106,081	2,606,994	3,299,071	2,614,903
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Closing shareholders' funds	1,332,627	3,106,081	1,667,389	3,299,071
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules

#### *Going concern*

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2012

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

#### *Related party transactions*

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related Party Transactions' not to disclose transactions or balances with entities which form part of the group headed by Fixnetix Limited as 100% of the voting rights are controlled within the group and the results are included within the consolidated financial statements

#### *Intangible fixed assets and amortisation*

Intangible fixed assets purchased separately from a business are capitalised at their cost. Amortisation is provided to write off the cost of intangible fixed assets to nil by equal instalments over their useful economic lives as follows

Intellectual property	-	20% per annum
Software costs	-	50% per annum

#### *Investments*

In the company's financial statements investments in subsidiary undertakings are stated at cost.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer equipment	-	33% or 50% per annum
Furniture and equipment	-	50% per annum

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Taxation*

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Share based payments*

The share option programme allows employees to acquire shares of the Group. The fair value of options granted after 7 November 2002 are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. The group provides market data and telecommunications services. Turnover is recognised in line with performance of contracted obligations.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the Group*

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, and
- b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by related future sales and adequate resources exist to enable the project to be completed. Amortisation is provided to write off the cost of capitalised development expenditure to nil by equal instalments over two years.

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

### 2 Turnover

The table below sets out information for each of the Group's geographic areas of operation

	2012 £	2011 £
UK	23,495,383	21,335,441
Europe	1,583,584	1,607,256
Americas and Canada	2,691,039	2,251,021
Other	364,120	181,525
	<hr/> 28,134,126 <hr/>	<hr/> 25,375,243 <hr/>



## Notes (continued)

### 3 Notes to the profit and loss account

<i>Loss on ordinary activities before taxation is stated after charging:</i>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Depreciation and other amounts written off tangible and intangible fixed assets		
Owned by the Group	<b>2,160,980</b>	2,149,973
Leased	<b>135,572</b>	53,165
Hire of other assets - operating leases	<b>426,987</b>	379,743
Research and development on new products	<b>2,100,895</b>	1,364,727
Audit of these financial statements	<b>39,750</b>	35,000
Amounts receivable by auditors and their associates in respect of		
Other services relating to taxation	<b>6,350</b>	5,500
	<u><b>                    </b></u>	<u><b>                    </b></u>

Included within administrative expenses is £983,346 of one off transaction costs in relation to the purchase of 25% of the share capital of Fixnetix Limited (see note 17) and £500,000 of costs in relation to a termination of a vendor contract

### 4 Remuneration of directors

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>877,632</b>	470,989
Company contributions to money purchase pension schemes	<b>9,750</b>	9,000
	<u><b>                    </b></u>	<u><b>                    </b></u>
	<b>887,382</b>	479,989
	<u><b>                    </b></u>	<u><b>                    </b></u>

The aggregate of the emoluments of the highest paid director was £316,205 (2011 £147,657) and Company pension contributions of £nil (2011 £9,000) were made to a money purchase scheme on his behalf. During the year 2 directors exercised share options (2011 nil)

	<b>Number of directors</b>	
	<b>2012</b>	<b>2011</b>
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<b>1</b>	1
	<u><b>                    </b></u>	<u><b>                    </b></u>

Details of directors' advances, credits and guarantees are disclosed in note 26

### 5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows

	<b>Number of employees</b>	
	<b>2012</b>	<b>2011</b>
Administration and management	<b>9</b>	7
IT development and support	<b>54</b>	42
Sales and marketing	<b>12</b>	10
	<u><b>                    </b></u>	<u><b>                    </b></u>
	<b>75</b>	59
	<u><b>                    </b></u>	<u><b>                    </b></u>

## Notes (continued)

### 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2012 £	2011 £
Wages and salaries	6,106,118	4,457,390
Social security costs	760,805	513,768
Pension contributions	330,758	176,984
	<u>7,197,681</u>	<u>5,148,142</u>

### 6 Interest receivable and similar income

	2012 £	2011 £
Bank interest	23,661	2,168
	<u>23,661</u>	<u>2,168</u>

### 7 Interest payable and similar charges

	2012 £	2011 £
Interest on debenture loans and finance leases	134,542	254,592
	<u>134,542</u>	<u>254,592</u>

### 8 Taxation

	2012 £	2011 £
<i>Analysis of charge in period</i>		
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	-	(14,195)
Total current tax	-	(14,195)
<i>Deferred tax</i>		
Origination of timing differences	466,354	186,377
Effect of decreased tax rate	77,440	113,313
Adjustments in respect of prior periods	-	-
Total deferred tax charge	543,794	299,690
Tax charge on profit on ordinary activities	543,794	285,495

## Notes (continued)

### 8 Taxation (continued)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2011 higher) than the standard rate of corporation tax in the UK of 26%, 2011 28%) The differences are explained below

	2012 £	2011 £
<i>Current tax reconciliation</i>		
(Loss) / profit on ordinary activities before tax	(3,483,613)	732,110
Current tax at 26% (2011 28%)	(905,739)	204,991
<i>Effects of</i>		
Expenses not deductible for tax purposes	337,263	61,344
Capital allowances for period in deficit of depreciation	260,438	318,529
Carry forward / (utilisation) of tax losses	540,377	(525,503)
Adjustments in respect of prior periods	-	(14,195)
Foreign losses not deductible for UK tax	40,564	51,821
Enhanced expenditure relief on research and development	(92,266)	(111,182)
Income allowable for tax purposes	(180,637)	-
Total current tax credit	-	(14,195)

The recognised deferred tax assets movement is as follows

	2012 £	2011 £
At beginning of year	1,473,073	1,772,763
Debit to the profit and loss for the year	(543,794)	(299,690)
At end of year	929,279	1,473,073

The elements of recognised deferred tax assets are as follows

	2012 £	2011 £
<i>Effects of</i>		
Difference between accumulated depreciation and capital allowances	569,279	382,803
Tax losses	360,000	1,090,270
Total deferred tax asset at end of year	929,279	1,473,073

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

The deferred tax asset does not include further taxable losses available totalling £4,664,228 (2011 £nil) on the grounds that there is uncertainty over their recoverability against future trading profits of the Group within the next 12 months.

## Notes (continued)

### 9 Intangible fixed assets

	Software Costs £	Intellectual Property £	Total £
<b>Group and Company</b>			
<i>Cost</i>			
At beginning of year	86,365	30,941	117,306
Additions	55,737	-	55,737
	<u>142,102</u>	<u>30,941</u>	<u>173,043</u>
At end of year	<u>142,102</u>	<u>30,941</u>	<u>173,043</u>
<i>Amortisation</i>			
At beginning of year	7,197	9,798	16,995
Charge for the year	62,059	6,188	68,247
	<u>69,256</u>	<u>15,986</u>	<u>85,242</u>
At end of year	<u>69,256</u>	<u>15,986</u>	<u>85,242</u>
<i>Net book value</i>			
At 31 March 2012	<u>72,846</u>	<u>14,955</u>	<u>87,801</u>
At 31 March 2011	<u>79,168</u>	<u>21,143</u>	<u>100,311</u>

## Notes (continued)

### 10 Tangible fixed assets

	Computer equipment £	Furniture and equipment £	Total £
<b>Group</b>			
<b>Cost</b>			
At beginning of year	5,799,890	298,839	6,098,729
Additions	1,440,352	44,980	1,485,332
	<u>          </u>	<u>          </u>	<u>          </u>
At end of year	7,240,242	343,819	7,584,061
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
At beginning of year	3,633,658	181,231	3,814,889
Charge for year	2,134,646	93,659	2,228,305
	<u>          </u>	<u>          </u>	<u>          </u>
At end of year	5,768,304	274,890	6,043,194
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 March 2012	1,471,938	68,929	1,540,867
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2011	2,166,232	117,608	2,283,840
	<u>          </u>	<u>          </u>	<u>          </u>

The net book value of computer equipment includes £68,732 (2011 £171,830) which are held as security for promissory notes (see notes 15 and 16) with a depreciation charge for the year of £103,098 (2011 £103,098)

Included in the total net book value of computer equipment is £82,407 (2011 £217,979) in respect of assets held under finance leases. Depreciation for the year on these assets was £133,573 (2011 £53,165)

## Notes (continued)

### 10 Tangible fixed assets (continued)

	Computer equipment £	Furniture and equipment £	Total £
<b>Company</b>			
<b>Cost</b>			
At beginning of year	5,799,890	271,260	6,071,150
Additions	1,438,723	44,980	1,483,703
	<u>          </u>	<u>          </u>	<u>          </u>
At end of year	7,238,613	316,240	7,554,853
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
At beginning of year	3,633,658	163,635	3,797,293
Charge for year	2,126,192	93,659	2,219,851
	<u>          </u>	<u>          </u>	<u>          </u>
At end of year	5,759,850	257,294	6,017,144
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 March 2012	1,478,762	58,946	1,537,709
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2011	2,166,232	107,625	2,273,857
	<u>          </u>	<u>          </u>	<u>          </u>

The net book value of computer equipment includes £68,732 (2011 £171,830) which are held as security for promissory notes (see notes 15 and 16) with a depreciation charge for the year of £103,098 (2011 £103,098)

Included in the total net book value of computer equipment is £82,407 (2011 £217,979) in respect of assets held under finance leases. Depreciation for the year on these assets was £135,573 (2011 £53,165)

## Notes (continued)

### 11 Fixed asset investments

	Shares in group undertakings £
<b>Company</b>	
<b>Cost</b>	
At beginning of year	7
Additions	-
	<u>7</u>
At end of year	<u>7</u>
<b>Provision</b>	
At beginning of year	-
	<u>-</u>
At end of year	<u>-</u>
<b>Net book value</b>	
At 31 March 2012	<u>7</u>
At 31 March 2011	<u>7</u>

The principal subsidiaries in which the Company's interest at the year end is more than 20% and have been included in these consolidated accounts are as follows

Company Name	Country of incorporation	Principal Activity	Description of Shares held	Percentage of shares held
Fixnetix Inc	USA	Provides low latency software development services	\$0.001 Ordinary Shares	100%

### 12 Stocks

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Finished goods and goods for resale	<u>553</u>	<u>147,177</u>	<u>553</u>	<u>147,177</u>

## Notes (continued)

### 13 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	2,126,229	1,716,969	1,686,632	1,701,164
Amounts owed by group undertakings	-	-	820,433	323,216
Finance lease debtors	234,175	-	234,175	-
Other debtors	40,426	218,003	24,907	214,848
Deferred tax assets (note 8)	929,279	1,473,073	929,279	1,473,073
Prepayments and accrued income	975,848	732,002	921,009	709,040
	<u>4,305,957</u>	<u>4,140,047</u>	<u>4,616,435</u>	<u>4,421,341</u>

### 14 Investments (held as current assets)

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Fixed term deposits	2,251,572	7,201,571	2,251,572	7,201,571
	<u>2,251,572</u>	<u>7,201,571</u>	<u>2,251,572</u>	<u>7,201,571</u>

The investments are fixed term deposits which mature on a weekly basis and during this period the deposits cannot be accessed by the company without incurring an interest penalty

### 15 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Debenture loans and promissory notes	420,063	940,242	420,063	940,242
Obligations under finance leases and hire purchase contracts	302,964	89,526	302,964	89,526
Trade creditors	856,774	571,120	791,729	566,358
Other creditors	50,054	47,882	50,054	47,657
Taxation and social security	1,067,589	1,505,729	1,067,589	1,505,694
Accruals and deferred income	5,983,350	7,581,061	5,944,406	7,528,903
	<u>8,680,794</u>	<u>10,735,560</u>	<u>8,576,805</u>	<u>10,678,380</u>



## Notes (continued)

### 16 Creditors: amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Debenture loans and promissory notes	101,186	545,479	101,186	545,479
Obligations under finance leases and hire purchase contracts	65,009	171,527	65,009	171,527
	<u>165,195</u>	<u>717,006</u>	<u>165,195</u>	<u>717,006</u>

The debenture loans are secured by a first fixed charge over the company's property (any future freehold or leasehold property), intellectual property, shares and goodwill. The debenture loans are also secured by a floating charge over all of the company's other assets. The company has also secured £68,732 (2011 £171,830) of its promissory notes over certain of its fixed assets (see note 10).

#### Loan maturity analysis

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Within one year	420,063	940,242	420,063	940,242
In the second to fifth years	101,186	545,479	101,186	545,479
	<u>520,249</u>	<u>1,485,721</u>	<u>521,249</u>	<u>1,485,721</u>

The obligations under finance leases and hire purchase contracts are secured over the assets to which they relate. The net book value of assets secured is stated at note 10.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Within one year	302,964	89,526	302,964	89,526
In the second to fifth years	65,009	171,527	65,009	171,527
	<u>367,973</u>	<u>261,053</u>	<u>367,973</u>	<u>261,053</u>

## Notes (continued)

### 17 Called up share capital

	2012	2011
<i>Allotted, called up, fully and partly paid</i>		
1,164,453 (2011 1,000,000) Ordinary Shares of £0 0001 each	117	100
2,392,512 (2011 2,342,627) 'A' Ordinary Shares of £0 0001 each	239	234
7,839,968 (2011 7,839,998) 'A' Preferred Shares of £1 each	7,839,968	7,839,998
30 (2011 nil) 'B' Preferred Shares of £1 each	30	-
	<u>7,840,354</u>	<u>7,840,332</u>

The 'A' Ordinary Shares rank pari passu in all respects with the Ordinary Shares issued by the company

During the year 104,547 Ordinary Shares were issued to NYSE Technologies for a consideration of £14 99 per share settled in cash. Of the remaining 59,906 Ordinary Shares issued, 56,049 shares were issued to share option holders and immediately transferred to NYSE Technologies as part of their tender offer and 3,857 shares were issued to other shareholders of the company at a price of £5 07 per share settled in cash.

In addition, 43,458 'A' Ordinary Shares were issued to share option holders and immediately transferred to NYSE Technologies in the year as part of their tender offer and 6,427 'A' Ordinary Shares were issued to shareholders of the company for a consideration of £9 08 per share settled in cash.

30 'A' Preferred Shares were redesignated as 'B' Preferred Shares in the year with no consideration given.

### 18 Share premium and reserves

	Share premium account £	Profit and loss account £	Total £
<b>Group</b>			
At beginning of year	159,768	(4,894,019)	(4,734,251)
Premium on shares issued	1,573,314	-	1,573,314
Loss for the year	-	(3,483,613)	(3,483,613)
Exchange adjustments	-	14,242	14,242
Credit in relation to share based payments	-	122,581	122,581
	<u>1,733,082</u>	<u>(8,240,809)</u>	<u>(6,507,727)</u>
<b>At end of year</b>	<u>1,733,082</u>	<u>(8,240,809)</u>	<u>(6,507,727)</u>
	Share premium account £	Profit and loss account £	Total £
<b>Company</b>			
At beginning of year	159,768	(4,701,029)	(4,541,261)
Premium on shares issued	1,573,314	-	1,573,314
Loss for the year	-	(3,327,599)	(3,327,599)
Credit in relation to share based payments	-	122,581	122,581
	<u>1,733,082</u>	<u>(7,906,047)</u>	<u>(6,172,965)</u>
<b>At end of year</b>	<u>1,733,082</u>	<u>(7,906,047)</u>	<u>(6,172,965)</u>

## Notes (continued)

### 19 Capital commitments

	2012 £	2011 £
Contracted for at year end but not provided for	133,723	120,902

### 20 Other financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Group		Company	
	2012	2011	2012	2011
	Land and buildings £	Land and buildings £	Land and buildings £	Land and buildings £
Operating leases which expire				
Within one year	291,306	381,357	291,306	381,357
In the second to fifth years inclusive	275,175	73,314	275,175	-
	<u>566,401</u>	<u>454,671</u>	<u>566,401</u>	<u>381,357</u>

### 21 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £330,758 (2011 £176,984).

Contributions amounting to £50,820 (2011 £41,845) were payable to the scheme at the year end and are included in creditors.

## Notes (continued)

### 22 Reconciliation of operating profit to operating cash flows

	2012	2011
	£	£
Operating (loss) / profit	(2,828,938)	984,534
Depreciation and amortisation charge	2,296,552	2,203,138
Share based payment charge	122,581	52,472
Exchange adjustments	14,242	-
Profit on disposal of fixed assets	-	(4,839)
Increase / (decrease) in stocks	146,624	(129,706)
Increase in debtors	(475,529)	(384,179)
(Decrease) / increase in creditors	(1,748,025)	5,727,225
	<hr/>	<hr/>
Net cash (outflow) / inflow from operating activities	(2,472,493)	8,448,645
	<hr/>	<hr/>

## Notes (continued)

### 23 Analysis of cash flows

	2012		2011
	£	£	£
<b>Returns on investment and servicing of finance</b>			
Interest received	23,661		2,168
Interest paid	(126,799)		(251,345)
Interest element of finance lease rental arrangements	(7,743)		(3,247)
	<u>          </u>		<u>          </u>
		(110,881)	(252,424)
		<u>          </u>	<u>          </u>
<b>Capital expenditure</b>			
Purchase of intangible fixed assets	(55,737)		(86,365)
Purchase of tangible fixed assets	(1,485,332)		(1,989,302)
Sale of tangible fixed assets	-		7,500
	<u>          </u>		<u>          </u>
		(1,541,069)	(2,068,167)
		<u>          </u>	<u>          </u>
<b>Management of liquid resources</b>			
Cash withdrawn / (placed) on 7 day deposit		4,949,999	(7,200,001)
		<u>          </u>	<u>          </u>
<b>Financing</b>			
Shares issued in the period	1,573,336		-
Repayment of loans	(965,472)		(1,371,782)
New loans	-		1,082,138
Capital element of finance lease rental payments	(127,255)		(39,533)
	<u>          </u>		<u>          </u>
		480,609	(329,177)
		<u>          </u>	<u>          </u>

## Notes (continued)

### 24 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash at bank	685,701	1,306,165	1,991,866
Debt due			
in less than one year	(940,242)	520,179	(420,063)
in greater than one year	(545,479)	445,293	(100,186)
Finance leases	(261,053)	(127,255)	(133,798)
<b>Total</b>	<b>(1,061,073)</b>	<b>2,398,892</b>	<b>1,337,819</b>

### 25 Share based payments – Group and Company

During the year options existed under an approved Enterprise Management Incentive (EMI) scheme and an unapproved scheme on the ordinary shares. The terms and conditions of options granted in the year are as follows

Grant date and nature of scheme	Method of settlement accounting	Number of instruments	Conditions	Contractual life of options
Brought forward number of options	Equity	429,048	No performance conditions have to be met before the options become exercisable	19/12/2016 to 30/09/2020
Equity settled award to employees in the unapproved scheme granted by parent on 31/05/2011	Equity	3,000	No performance conditions have to be met before the options become exercisable	31/05/2021
		432,048		

The vesting periods of the options are five years. Upon each anniversary of the date of the grant 20% of such options shall become exercisable. The latest date for the exercise of the options is the tenth anniversary of the date of the grant.

#### Share-based payment charge

The total expense recognised in the year arising from share based payments was £122,581

## Notes (continued)

### 25 Share based payments (continued)

The number and weighted average exercise prices of share options in issue are as follows

	2012 Weighted average exercise price £	2012 Number of options
Outstanding at the beginning of the year	0.0908	511,363
Granted during the year	0.0908	3,000
Forfeited during the year	-	-
Exercised during the year	0.0908	(73,508)
Lapsed during the year	0.0908	(8,807)
	<hr/>	<hr/>
Outstanding at the end of the year	0.0908	432,048
	<hr/>	<hr/>
Exercisable at the end of the year	0.0908	248,204
	<hr/>	<hr/>

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of the services received is measured using a Black Scholes model. Measurement inputs and assumptions are as follows

	2012 Approved EMI scheme	2012 Unapproved scheme
Fair value at measurement date (£)	14.92	14.92
Weighted average share prices (£)	15.00	15.00
Exercise price (£)	0.0908	0.0908
Exercise option life (years)	5	5
Employee retention rate (%)	100	100
Expected volatility (%)	30	30
Dividend yield (%)	0	0
Risk free interest rate based on national government bonds (%)	2.14	2.14

All of the options granted during the year had an exercise price of £0.0908 but management consider the market value of a share during the year ended 31 March 2012 to be £15.00 based on transactions that have taken place.

No dividends are anticipated.

The expected volatility is based on historic volatility adjusted for any expected changes to future volatility.

## Notes *(continued)*

### **26 Related parties**

Included in other debtors is £1,632 (*2011 £6,532*) due from Mr P R Ellis, director. The advance is interest free and repayable on demand. During the year the maximum amount outstanding was £7,387 (*2011 £10,000*).

The company made purchases of £1,333,972 from NYSE Technologies, a key shareholder. At the year end a total of £58,356 was owed to NYSE Technologies and is included in trade payables.

### **27 Ultimate controlling party**

In the directors' opinion, the Group has no ultimate controlling party.