

TOUCHCOMMERCE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Company Registration Number 06538094

RSM Tenon Limited

Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

TUESDAY



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TOUCHCOMMERCE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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TOUCHCOMMERCE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2012

| | |
|-------------------------------|--|
| The board of directors | C Jimenez B Louvat |
| Company secretary | Ovalsec Limited |
| Registered office | 2 Temple Back East Temple Quay Bristol BS1 6EG |
| Auditor | RSM Tenon Audit Limited Davidson House Forbury Square Reading Berkshire RG1 3EU |
| Accountants | RSM Tenon Limited Davidson House Forbury Square Reading Berkshire RG1 3EU |

TOUCHCOMMERCE LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012

Principal activities

The principal activity of the company during the year was the provision of sales and marketing services for its ultimate parent company, TouchCommerce, Inc

Directors

The directors who served the company during the year were as follows

C Jimenez
B Louvat

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006

TOUCHCOMMERCE LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2012

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors



C Jimenez
Director

Approved by the directors on . 9/19/13.

TOUCHCOMMERCE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TOUCHCOMMERCE LIMITED
YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of TouchCommerce Limited for the year ended 31 December 2012 on pages 6 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

TOUCHCOMMERCE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TOUCHCOMMERCE LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2012

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

Mayulee Pinkerton, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

20/09/2013

TOUCHCOMMERCE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 £ | 2011 £ |
|--|------|--------------|--------------|
| Turnover | 2 | 155,794 | 167,990 |
| Administrative expenses | | (148,376) | (159,990) |
| Profit on ordinary activities before taxation | | <u>7,418</u> | <u>8,000</u> |
| Tax on profit on ordinary activities | 4 | (1,588) | (1,554) |
| Profit for the financial year | | <u>5,830</u> | <u>6,446</u> |

The notes on pages 8 to 10 form part of these financial statements

TOUCHCOMMERCE LIMITED*.Registered Number 06538094***BALANCE SHEET****31 DECEMBER 2012**

| | Note | 2012 £ | £ | 2011 £ | £ |
|--|------|----------------|---------------|----------------|---------------|
| Current assets | | | | | |
| Debtors | 5 | 43,748 | | 32,704 | |
| Cash at bank | | 2,542 | | 6,536 | |
| | | <u>46,290</u> | | <u>39,240</u> | |
| Creditors Amounts falling due within one year | 6 | <u>(8,375)</u> | | <u>(7,155)</u> | |
| Net current assets | | | <u>37,915</u> | | <u>32,085</u> |
| Capital and reserves | | | | | |
| Called-up share capital | 8 | | 1 | | 1 |
| Profit and loss account | 10 | | 37,914 | | 32,084 |
| Shareholders' funds | | | <u>37,915</u> | | <u>32,085</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 9/19/13, and are signed on their behalf by


C Jimenez
Director

The notes on pages 8 to 10 form part of these financial statements

TOUCHCOMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

The turnover shown in the profit and loss account represents amounts receivable from the ultimate parent undertaking during the period, for the provision of sales and marketing support functions, exclusive of Value Added Tax

Turnover in respect of services provided to the ultimate parent company is calculated as attributable costs plus a mark up in accordance with an intercompany agreement between TouchCommerce Limited and the ultimate parent company, TouchCommerce, Inc

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. Turnover

Overseas turnover amounted to 100.00% (2011 - 100.00%) of the total turnover for the year.

3. Operating profit

Operating profit is stated after charging

| | 2012 | 2011 |
|-------------------------|--------------|--------------|
| | £ | £ |
| Directors' remuneration | — | — |
| Auditor's fees | <u>4,200</u> | <u>4,200</u> |

During the period, the directors of TouchCommerce Limited were remunerated for their services to the company, through another group company. It is not possible to distinguish remuneration paid in respect of services provided to this company

4. Taxation on ordinary activities

Analysis of charge in the year

| | 2012 | 2011 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| UK Corporation tax | 1,544 | 1,620 |
| Over/under provision in prior year | <u>44</u> | <u>(66)</u> |
| | <u>1,588</u> | <u>1,554</u> |

TOUCHCOMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

5. Debtors

| | 2012 | 2011 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Amounts owed by group undertakings | 43,151 | 30,994 |
| VAT recoverable | 597 | 955 |
| Other debtors | — | 755 |
| | <u>43,748</u> | <u>32,704</u> |

6. Creditors. Amounts falling due within one year

| | 2012 | 2011 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Trade creditors | — | 410 |
| Corporation tax | 1,544 | 1,620 |
| Other taxation and social security | 3,427 | 4,275 |
| Other creditors | 3,404 | 850 |
| | <u>8,375</u> | <u>7,155</u> |

7. Related party transactions

During the year the company has invoiced £155,794 (2011 £167,990) for services provided to and received funding of £137,000 (2011 £166,000) from its parent company, TouchCommerce Inc. Amounts due at the year end totalled £43,151 (2011 £30,994) and are included within debtors.

8. Share capital

Allotted, called up and fully paid.

| | 2012 | | 2011 |
|------------------------------|-------------|----------|-------------|
| | No | £ | No |
| | 1 | 1 | 1 |
| 1 Ordinary shares of £1 each | <u>1</u> | <u>1</u> | <u>1</u> |

TOUCHCOMMERCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

9. Share options

The following options relate to Ordinary shares in the parent company, TouchCommerce Inc

| | 2012 | 2011 |
|---|-----------------|---------------|
| Options outstanding at 1 January 2012 | 90,000 | 90,000 |
| Options granted during the year | 60,000 | - |
| Options cancelled during the year | <u>(90,000)</u> | <u>-</u> |
| Options outstanding at 31 December 2012 | <u>60,000</u> | <u>90,000</u> |

There is 1 (2011: 1) UK employee who has been granted share options in the parent company

The 60,000 share options were granted on 1 March 2012 with an exercise price of \$0.07

All options granted will be eligible to be exercised as long as the following vesting conditions are satisfied

The share options may not be exercised after the Optionee no longer holds employment with any member of the Group or has given or received notice of termination of their employment with any member of the group

All options will lapse in 10 years

10 Profit and loss account

| | 2012 | 2011 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Balance brought forward | 32,084 | 25,638 |
| Profit for the financial year | 5,830 | 6,446 |
| Balance carried forward | <u>37,914</u> | <u>32,084</u> |

11 Ultimate parent company and controlling party

The directors consider the immediate and ultimate parent company, and the largest group for which consolidated accounts are prepared, to be TouchCommerce, Inc, a company registered in the United States of America and organised under the laws of the state of Delaware

The directors also consider there to be no ultimate controlling party