

**Company Number: 2056541**

**EXOTIX LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2008**

SATURDAY



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06/12/2008  
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# **EXOTIX LIMITED**

## **Directors' Report for the year ended 31 March 2008**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2008.

### **PRINCIPAL ACTIVITY**

The company's principal activity is the broking of illiquid bonds and loans on both matched principal and agency bases. The company is regulated by the Financial Services Authority.

The company is incorporated and domiciled in England & Wales. The registered office is 2 Broadgate, London, EC2M 7UR.

### **BUSINESS REVIEW**

The directors consider the year end financial position to be satisfactory. At the beginning of the financial year, in order to mitigate future regulatory capital requirements under the Capital Requirements Directive, the company ceased proprietary trading of investments.

### **Principal risks and uncertainties**

These are disclosed in further detail within note 2 of the financial statements.

### **Results and dividends**

The results of the company are set out in the income statement on page 4. The directors recommend the payment of a dividend of £766,797 (2007: £Nil). The net profit for the year of £2,138,000 (2007: £1,447,000) has been transferred to reserves.

### **FINANCIAL RISK MANAGEMENT**

The company's risk profile and financial risk management policies are disclosed in note 2 to the financial statements.

### **KEY PERFORMANCE INDICATORS**

Given the straightforward nature of the business, the company's directors are of the opinion that revenue and operating profit are key performance indicators of the business. These are disclosed on page 4.

### **DIRECTORS**

The directors of the company, who held office during the year were:

P J Bartlett  
A Chappell  
D Gelber  
M Wreford

### **DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRSs as adopted by the European Union; 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 confirm that they have complied with the above requirements in preparing the financial statements.

## **EXOTIX LIMITED**

### **Directors' Report for the year ended 31 March 2008**

The directors are responsible for keeping proper accounting records that 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 1985. 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.

The directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future and confirm that the company is a going concern.

#### **CREDITOR PAYMENT POLICY**

The company has no external trade creditors.

#### **CHARITABLE DONATIONS**

During the year the company made charitable donations of £58,000 (2007: £97,000).

#### **BASEL II REGULATORY REPORTING**

The company's Basel II – Pillar 3 disclosure document is available by written request to the Company Secretary.

#### **LAYING OF REPORTS AND ACCOUNTS**

The company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the members of the company in the general meeting. However, under the provisions of section 253(2) of the Companies Act 1985 (as amended), any member of the company has the right to require this report and accounts to be laid before the members of the company in the general meeting. Any member wishing to exercise this right must deposit notice at the company's registered office within 28 days of the date of this report.

#### **PROVISION OF INFORMATION TO THE AUDITORS**

So far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

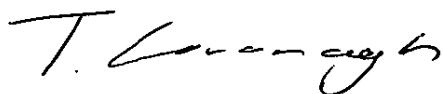
The directors have each taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

On 18 February 2008 Smith & Williamson Solomon Hare Audit LLP changed its name to Nexia Smith & Williamson Audit (Bristol) LLP, trading as Nexia Smith & Williamson LLP.

Nexia Smith & Williamson LLP have indicated their willingness to continue in office.

By Order of the Board



T A Cavanagh

Secretary

Date: 17 November 2008

## **EXOTIX LIMITED**

### **Independent Auditors' Report to the shareholders of Exotix Limited**

We have audited the financial statements of Exotix Limited for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Change in Shareholders' Equity and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We read the information contained within the Directors' Report and consider whether it is consistent with the audited financial statements.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS's as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Nexia Smith & Williamson LLP*

Nexia Smith & Williamson LLP

Chartered Accountants

Registered Auditors

Portwall Place

Portwall Lane

Bristol

BS1 6NA

Date:

*28 November 2008*

**EXOTIX LIMITED****Income Statement for the year ended 31 March 2008**

	<u>Note</u>	<u>Year ended</u> <u>31 March 2008</u> £'000	<u>Year ended</u> <u>31 March 2007</u> £'000
<b>Revenue</b>	3	9,551	5,684
Administrative expenses	4	(6,944)	(3,915)
Other operating income	7	-	16
<b>Operating profit</b>		<u>2,607</u>	<u>1,785</u>
Finance income	8	474	303
Finance costs	9	(4)	(5)
<b>Profit before taxation</b>		<u>3,077</u>	<u>2,083</u>
Taxation	10	(939)	(636)
<b>Profit for the year</b>		<u><u>2,138</u></u>	<u><u>1,447</u></u>

All activities are classified as continuing.

The notes on pages 8 to 19 form part of these financial statements.

**EXOTIX LIMITED****Statement of Changes in Equity for the year ended 31 March 2008**

	<u>Share capital</u>	<u>Share premium reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
As at 1 April 2006	1,000	32	8,155	9,187
Profit for the year	-	-	1,447	1,447
As at 31 March 2007	<u>1,000</u>	<u>32</u>	<u>9,602</u>	<u>10,634</u>
Profit for the year	-	-	2,138	2,138
Dividend paid	-	-	(767)	(767)
As at 31 March 2008	<u>1,000</u>	<u>32</u>	<u>10,973</u>	<u>12,005</u>

The notes on pages 8 to 19 form part of these financial statements.

**EXOTIX LIMITED****Balance Sheet as at 31 March 2008**

	<u>Note</u>	<u>As at</u> <u>31 March 2008</u> <u>£'000</u>	<u>As at</u> <u>31 March 2007</u> <u>£'000</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	194	-
<b>Current assets</b>			
Trade and other receivables	12	8,324	2,288
Derivative financial instruments	13	-	3
Held for trading investments	14	-	3,403
Cash and cash equivalents	15	7,243	5,843
		<u>15,567</u>	<u>11,537</u>
<b>Total assets</b>		<u>15,761</u>	<u>11,537</u>
<b>Current liabilities</b>			
Trade and other payables	16	(3,346)	(268)
Tax payable		(410)	(635)
<b>Total liabilities</b>		<u>(3,756)</u>	<u>(903)</u>
<b>Net assets</b>		<u>12,005</u>	<u>10,634</u>
<b>Equity</b>			
Called up share capital	17	1,000	1,000
Share premium reserve		32	32
Retained earnings		10,973	9,602
<b>Total equity</b>		<u>12,005</u>	<u>10,634</u>

The financial statements were approved by the board of directors on 17th November 2008 and were signed on its behalf by:



**P J Bartlett**



**M Wreford**  
**Directors**

The notes on pages 8 to 19 form part of these financial statements.

# EXOTIX LIMITED

## Cash Flow Statement for the year ended 31 March 2008

	<u>Note</u>	<u>Year ended</u> <u>31 March 2008</u> £'000	<u>Year ended</u> <u>31 March 2007</u> £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		3,077	2,083
Adjustments for:			
Net finance income		(470)	(298)
Operating cash flows before movements in working capital		2,607	1,785
Increase in trade and other receivables		(6,036)	(2,258)
Decrease in derivative financial instruments		3	2
Decrease/(Increase) in trading investments		3,403	(775)
Increase/(Decrease) in trade and other payables		3,078	(1,636)
Operating cash flows after movements in working capital		3,055	(2,882)
Taxation paid		(1,164)	(1,104)
<b>Net cash from/(used in) operating activities</b>		<b>1,891</b>	<b>(3,986)</b>
<b>Net cash from investing activities</b>			
Purchase of property, plant & equipment		(194)	-
Interest income		474	303
		280	303
<b>Net cash used in financing activities</b>			
Dividend paid		(767)	-
Interest paid		(4)	(5)
Net increase/(decrease) in cash and cash equivalents		1,400	(3,688)
Net cash and cash equivalents at beginning of year	15	5,843	9,531
Net cash and cash equivalents at end of year	15	7,243	5,843

The notes on pages 8 to 19 form part of these financial statements.

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, the Companies Act 1985 and under the historical cost convention.

b) Revenue

Revenue comprises:

(i) Commission and brokerage income derived from securities broking

Securities broking comprises voice broking and is mainly transacted on a matched principal basis. To represent the substance of matched principal services provided by the company, where it acts as principal for the simultaneous purchase and sale of securities to third parties, commission income represents the differential between the consideration received on the sale of the security and its purchase price.

For agency trades revenue is stated net of rebates and discounts, value added tax and other sales taxes.

Commission and brokerage income is recognised at trade-date.

(ii) Gains and losses arising from changes in fair value of investments held for trading.

Realised and unrealised gains and losses are recognised as they arise.

c) Taxation

Tax on the profit for the year comprises current tax, as well as adjustments in respect of prior periods. Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

d) Borrowing costs

All borrowing costs are expensed as finance costs in the income statement using the applicable effective interest rate.

e) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the income statement.

f) Property, plant and equipment

Property, plant and equipment is stated at historical cost less provision for any impairment in its value and accumulated depreciation. Property, plant and equipment is depreciated on a straight line basis over its expected useful economic life as follows:

Short leasehold	- The term of the lease
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# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment (Continued)

The company reviews its depreciation rates regularly to take account of any changes in circumstances. These rates are determined upon consideration of factors such as the expected rate of technological development and anticipated usage levels. Depreciation is charged against assets from the date at which the company begins to derive economic benefit from the asset.

g) Matched principal transactions

The company is involved in the purchase and simultaneous commitment to sell equities and securities between third parties. All trades are settled by ICAP Securities Ltd, a former fellow subsidiary undertaking, which acts as clearing agent.

h) Trade receivables

Trade receivables are recognised at fair value less provision for impairment.

i) Derivative financial instruments

Financial assets and liabilities, whose value changes in response to changes in its underlying components and are settled at a future date are designated as derivative financial instruments. Derivatives are used by the company to mitigate financial risks, such as changes in foreign exchange and interest rate. Such instruments are initially recognised at cost or premium paid and subsequently carried at fair value determined by reference to a quoted market price. Gains and losses arising from changes in fair value are recognised in the income statement.

j) Investments

Investments are recognised at trade-date and are classified as held at fair value through the income statement if they were principally acquired for trading in the short term, otherwise they are classified as available-for-sale. Where investments are held for trading purposes, gains and losses arising from changes in fair value are included in the income statement. For other investments, gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

The fair values of investments traded in active markets are based on quoted market prices at the balance sheet date. For investments not traded in active markets (illiquid assets), quoted market prices or dealer quotes for similar instruments are used making provision for the discount that would be required to achieve a sale in the market in which a buyer might not readily be sourced.

k) Cash and cash equivalents

Cash equivalents includes all investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value when it has a maturity of three months or less from the date of acquisition.

l) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

m) Impairment of assets

An impairment review of the recoverable amounts of assets is undertaken at each balance sheet date or when such events or changes in circumstances indicate that an impairment loss may have occurred.

n) Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. These estimates and significant judgments deemed critical to the company's results and financial position, based upon materiality are discussed below:

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- i) Trade receivables – the company provides for impairment of trade receivables to estimate existing bad debts and amendments to sales invoices. The provision is estimated based on historic trends and future expectations.

o) Recent accounting developments

As at the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective. The company has not applied these Standards and Interpretations in the preparation of these financial statements:

IFRS8 'Operating Segments' applies to accounting periods beginning after 1 January 2009. This standard replaces IAS14 'Segment Reporting' and is mandatory only for companies whose equity instruments are traded in a public market.

IFRIC13 'Customer Loyalty Programmes' applies to accounting periods beginning after 1 July 2008 and is not expected to have any impact of the company's financial statements.

IFRIC14 IAS19 'Minimum Funding Requirements' applies to accounting periods beginning after 1 January 2008 and is not expected to have any impact on the company's financial statements.

Amendments to IAS1 'Presentation of Financial Statements', IAS23 'Borrowing Costs', IAS32 'Financial Instruments: Presentation', IFRS3 'Business Combinations', IFRS2 'Share-Based Payment', and IAS27 'Consolidated and Separate Financial Statements' all apply to accounting periods beginning after 1 January 2009 and have not yet been endorsed by the EU.

The impact on the company's financial statements of the future adoption of the Standards and Interpretations is still under review, but the company does not expect any of these changes to have a material effect on the results or net assets of the Company.

### 2. FINANCIAL RISK MANAGEMENT

*Financial risk factors*

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

The overall financial risk management framework, strategy and policies of the company are determined by the board.

*Financial assets and liabilities*

The company's financial assets are analysed below:

Classification of financial assets as at 31 March 2008:

	<u>Financial assets at fair value through profit or loss</u> £'000	<u>Loans and receivables</u> £'000	<u>Total</u> £'000
<b>Financial assets</b>			
Cash and cash equivalents	-	7,243	7,243
Trade receivables	-	260	260
Other receivables	-	8,064	8,064
	<u>-</u>	<u>15,567</u>	<u>15,567</u>

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Classification of financial assets as at 31 March 2007:

	<u>Financial assets at fair value through profit or loss</u> £'000	<u>Loans and receivables</u> £'000	<u>Total</u> £'000
<b>Financial assets</b>			
Held-for-trading investments	3,403	-	3,403
Derivative financial instruments	3	-	3
Cash and cash equivalents	-	5,843	5,843
Trade receivables	-	4	4
Other receivables	-	2,284	2,284
	<u>3,406</u>	<u>8,131</u>	<u>11,537</u>

Financial assets can be reconciled as follows:

	<u>As at 31 March 2008</u> £'000	<u>As at 31 March 2007</u> £'000
<b>Financial assets</b>		
Held-for-trading investments	-	3,403
Derivative financial instruments	-	3
Cash and cash equivalents	7,243	5,843
Trade and other receivables	8,324	2,288
	<u>15,567</u>	<u>11,537</u>

#### a) *Market risk*

##### Foreign exchange risk

The company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements.

Transactional exposure arises from brokerage and remittance of funds in currencies other than the company's functional currency (Sterling), principally United States Dollars. The company policy is to hedge down-side risk on such foreign exchange exposures using derivative financial instruments, such as options. Derivative transactions are only carried out with counterparties of an acceptable credit standing such as global banks with a credit rating of at least AA.

Translational exposure arises on the conversion of foreign currency denominated investments into Sterling. The company does not hedge its translational exposure but its impact is mitigated by the company's use of average exchange rates. In addition the impact on the balance sheet is managed, where appropriate, by structural hedges.

It is estimated that, based on year-end exchange rates, a 10 cent strengthening in the exchange rates of the United States dollar would not have a material impact on the company's income statement and equity.

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the company's exposure to concentrations of foreign currencies as at 31 March 2008.

	USD £'000	EUR £'000	GBP £'000	Total £'000
<b>Assets</b>				
Cash and cash equivalents	-	-	7,243	7,243
Trade and other receivables	-	-	8,324	8,324
	<u>-</u>	<u>-</u>	<u>15,567</u>	<u>15,567</u>
<b>Liabilities</b>				
Trade and other payables	-	-	(3,346)	(3,346)
	<u>-</u>	<u>-</u>	<u>(3,346)</u>	<u>(3,346)</u>
<b>Net financial assets</b>	<u>-</u>	<u>-</u>	<u>12,221</u>	<u>12,221</u>

#### Foreign exchange risk (continued)

The table below summarises the company's exposure to concentrations of foreign currencies as at 31 March 2007:

	USD £'000	EUR £'000	OTHER £'000	GBP £'000	Total £'000
<b>Assets</b>					
Held-for-trading investments	1,896	565	898	44	3,403
Derivative financial instruments	-	-	-	3	3
Cash and cash equivalents	-	-	-	5,843	5,843
Trade and other receivables	-	-	-	2,288	2,288
	<u>1,896</u>	<u>565</u>	<u>898</u>	<u>8,178</u>	<u>11,537</u>
<b>Liabilities</b>					
Trade and other payables	-	-	-	(268)	(268)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268)</u>	<u>(268)</u>
<b>Net financial assets</b>	<u>1,896</u>	<u>565</u>	<u>898</u>	<u>7,910</u>	<u>11,269</u>

#### Interest rate risk

The company's interest rate risk arises from cash and cash equivalents where changes in market rates can have an adverse impact on cash flows and income streams arising on the investment of surplus cash in bank deposits. The company estimates that an increase of 1% in interest rates would not have a material impact on the company's income statement and equity.

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 March 2008 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months (2007: none). The company's effective interest rate profile for the year ended 31 March 2008 was as follows:

	Year Ended 31 March 2008			Total £'000
	None £'000	Fixed £'000	Variable £'000	
<b>Assets</b>				
Cash and cash equivalents	-	4,725	2,518	7,243
Trade and other receivables	8,324	-	-	8,324
	<u>8,324</u>	<u>4,725</u>	<u>2,518</u>	<u>15,567</u>
<b>Liabilities</b>				
Trade and other payables	(3,346)	-	-	(3,346)

As at 31 March 2007, the company's interest rate profile, using effective interest rates, was as follows:

	Year ended 31 March 2007			Total £'000
	None £'000	Fixed £'000	Variable £'000	
<b>Assets</b>				
Derivative financial instruments	3	-	-	3
Cash and cash equivalents	-	5,843	-	5,843
Trade and other receivables	2,288	-	-	2,288
	<u>2,291</u>	<u>5,843</u>	<u>-</u>	<u>8,134</u>
<b>Liabilities</b>				
Trade and other payables	(268)	-	-	(268)

	Year ended 31 March 2008		Year ended 31 March 2007	
	Fixed %	Variable %	Fixed %	Variable %
<b>Assets</b>				
Cash at bank	5.61	4.54	4.82	3.86

#### Price risk

The company is only exposed to price risk when one or both counterparties in a matched principal transaction fail to fulfill their obligations, through trade mismatches or when positions are taken. Risk is restricted to short term price movements in the underlying stock held. This is discussed in more detail below in relation to credit risk.

Unmatched transactions are identified and monitored on a daily basis. The company has policies and procedures in place to reduce the likelihood of such situations but should they arise, the policy is to close out positions immediately or, with Senior Management approval, to carry them with an appropriate hedge in place.

## EXOTIX LIMITED

### Notes to the financial statements for the year ended 31 March 2008

#### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk in regards to positions is monitored and controlled by the setting of low cash limits and the use of hedging arrangements, such as swaps, where appropriate.

*b) Credit risk*

Credit risk arises from the potential that a counterparty is unable or unlikely to perform on an obligation resulting in a loss for the company. The company's exposure to credit risk is limited since it acts as an intermediary whereby business is transacted on an agency or matched principal basis. All counterparties are subject to regular review and assessment by regional credit officers and credit limits are set and approved by the appropriate credit committee.

The company has no significant concentrations of credit risk and the maximum exposure is limited to trade and other receivables (note 0).

*c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit. This is important to ensure that the company can meet all present and future financial obligations as they fall due and comply with regulatory requirements. The company dictates borrowing and investing limits based on an institutions credit rating and the nature of financial instruments that can be held.

Overall the company's exposure to liquidity risk is not significant. The outstanding liabilities as at 31 March 2008 are payable within 3 months.

*d) Fair value*

As at 31 March 2008 there were no significant differences between book values and fair values of financial assets and liabilities.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. The fair values of financial instruments are determined as per the company's accounting policies.

*e) Capital Management*

The company is regulated by the Financial Services Authority. It is not subject to regulatory consolidated capital requirements.

#### 3. REVENUE

The company derived all its income from its principal activity.

#### 4. ADMINISTRATIVE EXPENSES

Included within administrative expenses is a management recharge of £484,000 (2007: £3,787,000) made by ICAP Management Services Limited, a former fellow subsidiary undertaking. £116,000 (2007: £nil) remains outstanding at the year end.

Also included in administrative expenses is management charge income of £239,000 (2007: £609,000) charged to Exotix Investments Limited – a fellow subsidiary undertaking - for services provided by the company in the year. £2,920,000 (2007: £nil) remains outstanding at the year end.

The company's administrative expenses include the auditors' remuneration of £10,000 (2007: £10,000).

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 5. STAFF COSTS

	<u>Year ended</u> 31 March 2008 £'000	<u>Year ended</u> 31 March 2007 £'000
Employee costs:		
Wages and salaries	3,668	2,087
Social security costs	444	271
Other pension costs	48	18
	<u>4,160</u>	<u>2,376</u>

In the previous year, all staff costs were borne by a former fellow subsidiary undertaking of ICAP plc and were charged to the company by way of the group management charges referred to in note 4.

The average number of persons employed by the company during the period was 17 (2007: 14).

### 6. DIRECTORS' REMUNERATION

D Gelber and M Wreford receive no emoluments for their services to the company.

Remuneration payable to the other directors in respect of their services to the company was as follows:

	<u>Year ended</u> 31 March 2008	<u>Year ended</u> 31 March 2007
	Total £'000	Total £'000
	Highest paid director £'000	Highest paid director £'000
Aggregate emoluments	1,083	557
Contributions to defined contribution pension schemes	14	309
	<u>1,097</u>	<u>866</u>
	<u>678</u>	<u>533</u>

As at 31 March 2008, retirement benefits are accruing to 2 directors (2007: 2 directors) under defined contribution schemes.

### 7. OTHER OPERATING INCOME

This represents exchange differences arising on transactions in foreign currencies during the year and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies.

### 8. FINANCE INCOME

	<u>Year ended</u> 31 March 2008 £'000	<u>Year ended</u> 31 March 2007 £'000
Bank deposits	461	303
Interest receivable from third parties	12	-
Fair value gain on derivative financial instruments	1	-
	<u>474</u>	<u>303</u>

## EXOTIX LIMITED

### Notes to the financial statements for the year ended 31 March 2008

#### 9. FINANCE COSTS

	<u>Year</u> <u>ended</u> <u>31 March 2008</u> £'000	<u>Year</u> <u>ended</u> <u>31 March 2007</u> £'000
Interest payable to third parties	4	-
Fair value loss on derivative financial instruments	-	5
	<u>4</u>	<u>5</u>

#### 10. TAXATION

	<u>Year</u> <u>ended</u> <u>31 March 2008</u> £'000	<u>Year</u> <u>ended</u> <u>31 March 2007</u> £'000
a) Analysis of charge for the year		
Current taxation:		
UK corporation tax	936	636
Adjustments to prior periods	3	-
	<u>939</u>	<u>636</u>
b) Factors affecting the taxation charge for the year		
Profit before taxation	<u>3,077</u>	<u>2,083</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 30% (2007: 30%)	923	625
Effects of:		
Expenses not deductible for tax purposes (primarily client entertainment)	13	11
Adjustment to prior periods	3	-
	<u>16</u>	<u>11</u>
Tax charge for year	<u>939</u>	<u>636</u>
Effective tax rate	30.5%	30.5%

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 11. PROPERTY, PLANT AND EQUIPMENT

	<u>Short leasehold</u> £'000	<u>Total</u> £'000
<b>Cost</b>		
As at 1 April 2007	-	-
Additions	194	194
As at 31 March 2008	<u>194</u>	<u>194</u>
<b>Depreciation</b>		
As at 1 April 2007	-	-
Charge for the year	-	-
As at 31 March 2008	<u>-</u>	<u>-</u>
<b>Net book value</b>		
As at 31 March 2008	<u>194</u>	<u>194</u>
As at 31 March 2007	<u>-</u>	<u>-</u>

### 12. TRADE AND OTHER RECEIVABLES

	<u>As at 31 March 2008</u> £'000	<u>As at 31 March 2007</u> £'000
Trade receivables	260	4
Amounts owed by group undertakings (note 18)	3,303	-
Amounts owed by related undertakings	4,603	2,278
Prepayments and accrued income	158	6
	<u>8,324</u>	<u>2,288</u>

The debtors arising from the company's trade are collected by a former fellow subsidiary undertaking of ICAP plc.

Amounts owed by related undertakings to Exotix Limited are due by ICAP Management Services Limited, a former fellow subsidiary undertaking. This balance is subject to a netting agreement and can be offset against a balance of £4,934,000 owed to ICAP Management Services by a fellow subsidiary of Exotix Holdings Limited.

The majority of net trade receivables which are neither impaired nor past their normal settlement dates are held with high quality credit institutions. No trade receivables are identified as impaired.

As at 31 March the following trade receivables were past their normal settlement date, but had not been impaired:

	<u>As at 31 March 2008</u> £'000	<u>As at 31 March 2007</u> £'000
Less than 30 days	224	-
Over 30 days, but less than 90 days	26	-
Over 90 days	10	4
	<u>260</u>	<u>4</u>

# EXOTIX LIMITED

## Notes to the financial statements for the year ended 31 March 2008

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

	<u>As at</u> <u>31 March 2008</u>	<u>As at</u> <u>31 March 2007</u>
	£'000	£'000
Foreign exchange put option	-	3

Foreign exchange options are used by the company to mitigate foreign exchange risk on United States Dollar revenue streams. The company, with its fellow subsidiary undertaking, Exotix Investments Limited, had an option to sell US\$ nil, (2007: US\$3,000,000) which expired on 18 December 2007.

### 14. HELD-FOR-TRADING FINANCIAL ASSETS

	<u>As at</u> <u>31 March 2008</u>	<u>As at</u> <u>31 March 2007</u>
	£'000	£'000
Listed securities:		
Shares listed on overseas exchanges	-	1,430
Unlisted debt securities	-	1,973
	<u>-</u>	<u>3,403</u>

### 15. CASH AND CASH EQUIVALENTS

	<u>As at</u> <u>31 March 2008</u>	<u>As at</u> <u>31 March 2007</u>
	£'000	£'000
31 March 2008		
Cash at bank and in hand	2,518	-
Short-term bank deposits	4,725	5,843
	<u>7,243</u>	<u>5,843</u>

The effective interest rates are disclosed in note 2. The short term deposits have a maturity of less than 30 days.

### 16. TRADE AND OTHER PAYABLES

	<u>As at</u> <u>31 March 2008</u>	<u>As at</u> <u>31 March 2007</u>
	£'000	£'000
Other taxation and social security	111	-
Amounts owed to group undertakings	312	-
Amounts owed to related undertakings	116	-
Accruals	2,807	268
	<u>3,346</u>	<u>268</u>

### 17. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31 March 2008</u>	<u>As at</u> <u>31 March 2007</u>
	£'000	£'000
Authorised, allotted and fully paid:		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## EXOTIX LIMITED

### Notes to the financial statements for the year ended 31 March 2008

#### 18. RELATED PARTY TRANSACTIONS

##### Control

The company is controlled by its parent company, Exotix Holdings Limited (incorporated in United Kingdom), which owns 100% of the Company's shares. Consolidated financial statements incorporating the company will be prepared by Exotix Holdings Limited for the period ended 31 March 2008 and will be available from their registered office.

##### Related party transactions

The company's revenue of £9,551,000 (2007: £5,684,000) arises directly through a related party, ICAP Securities Limited, a former fellow subsidiary undertaking of ICAP plc.

Administrative expenses include management charges from a former fellow subsidiary undertaking ICAP Management Services Limited. Details relating to this cost can be found in note 4.

The company had the following outstanding balances owed by fellow members of the group:

	<u>As at</u> <u>31 March 2008</u> £'000	<u>As at</u> <u>31 March 2007</u> £'000
Parent undertaking	383	-
Fellow subsidiary undertakings	2,920	-
	<u>3,303</u>	<u>-</u>

At the year end £312,000 (2007: £nil) was owed to Exotix USA Inc, a fellow subsidiary.

Balances owed by ICAP Management Services Limited of £4,603,000 (2007: £2,278,000) are disclosed in note 12 and are unsecured, non-interest bearing and are repayable on demand.

##### Remuneration of key personnel

There are no key management personnel other than the directors of the company. Directors' remuneration is disclosed in note 6.

#### 19. GUARANTEES

As part of a clearing arrangement between Exotix Limited and ICAP Securities Limited a former fellow subsidiary undertaking, the company granted an indemnity to ICAP Securities Limited for any loss incurred as a result of it acting as a clearing agent.