

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

Company Number 3909745



**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**

**FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

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## **EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**

### **DIRECTORS' REPORT**

For the year ended 31 December 2012

The Directors present their report together with the audited financial statements for the year ended 31 December 2012

#### **Directors**

The Directors who held office during the period from 1 January 2012 to the date of this report are as follows

K Al-Mughesib – resigned on 5 April 2013

Mr Graham John Prior – appointed on 5 April 2013

Mr Robin Raina – appointed on 5 April 2013

#### **Results and dividends**

The Statement of Comprehensive Income is set out on page 5 and shows the loss for the year amounting to £7.17 million

The Directors do not recommend the payment of a dividend (2011 nil)

#### **Principal activity**

Ebix UK Limited's (formerly Qatarlyst Limited) (the Company) principal activity includes professional and consulting services, design, development, maintenance and marketing of an electronic trading service for the global insurance and reinsurance industries

#### **Business review**

The number of individual users of the service increased by over 2,000 and no customers were lost in 2012. The most encouraging events in the year in terms of turnover and potential for growth were the continued roll out by the Company's largest broker customer and the signing up of another major global broker client. The latter came too late in 2012 to make a noticeable impact on the 2012 results.

Turnover for the year amounted to £1.64 million compared to £1.27 million in the previous year. The operating loss was £7.03 million and, after charging net interest of £139,000, the loss before taxation was £7.17 million compared with £5.92 million in 2011.

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

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

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

#### **Research and development**

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

The GOP project development cost has been expensed in 2012 as it is no longer expected to generate future economic benefits and profit for the Company due to the cessation of the GOP project development.

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**  
**DIRECTORS' REPORT (*continued*)**  
For the year ended 31 December 2012

**Policy and practice on payment of creditors**

The Company's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that all suppliers are made aware of the terms of payment and to abide by these when making payments

**Financial instrument risk**

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

**Employees**

During the year the number of full time employees increased from 42 to 57. The increase is predominantly due to the GOP development.

**Political and charitable contributions**

During the year the Company made charitable contributions of £955 (2011 - £100). The Company made neither political donations nor incurred any political expenditure during the year.

**Going concern**

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

As at 31 December 2012 the Company was dependent on continuing finance from Qatar Insurance Services LLC ('QIS') and Qatar Financial Centre Authority ('QFCA').

Post-acquisition, the financial support will be provided by Ebix Inc, the parent undertaking, to enable it to meet its liabilities as they fall due. Ebix Inc has agreed to provide sufficient funds to the Company for these purposes. On this basis the Directors believe it appropriate to prepare financial statements on the going concern basis.

**STATEMENT OF 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 International Financial Reporting Standards (IFRSs) as adopted by the EU 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 period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**  
**DIRECTORS' REPORT (*continued*)**  
For the year ended 31 December 2012

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

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.

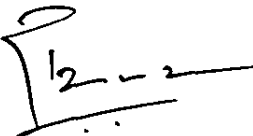
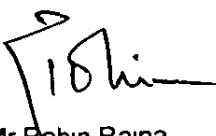
**Disclosure of Information to auditors**

The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

**Auditors**

During the year Ernst & Young LLP resigned as auditors and KPMG LLP were appointed in their place. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be appointed and KPMG LLP will therefore continue in the office.

**On behalf of the Board**



Mr Robin Raina  
Director

Date 4/12 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**

We have audited the financial statements of Ebix UK Limited (formerly Qatarlyst Limited) for the year ended 31 December 2012 set out on pages 5 - 24. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the EU.

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 director and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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.

### **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.

### **Jonathan Bell (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

100 Temple Street

Bristol

BS1 6AG

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

In £ '000

	<b>Note</b>	<b>2012</b>	<b>2011</b>
<b>REVENUE</b>		<b>1,640</b>	<b>1,275</b>
Cost of sales		(2)	(3)
<b>GROSS PROFIT</b>		<b><u>1,638</u></b>	<b><u>1,272</u></b>
Other operating income	4	131	69
Staff cost		(3,527)	(4,123)
Depreciation	6	(163)	(118)
Other expenses		<u>(5,107)</u>	<u>(2,879)</u>
<b>OPERATING LOSS</b>	5	<b><u>(7,028)</u></b>	<b><u>(5,779)</u></b>
Financial expenses	21	<u>(139)</u>	<u>(139)</u>
<b>LOSS BEFORE TAX</b>		<b>(7,167)</b>	<b>(5,918)</b>
Taxation	22	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR</b>		<b><u>(7,167)</u></b>	<b><u>(5,918)</u></b>

The attached notes on pages 9 to 24 form an integral part of these financial statements

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

In £ '000

	<b>Share capital</b>	<b>Share premium</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at 1 January 2011	12,203	8,393	(22,929)	(2,333)
Total comprehensive income for the year	-	-	(5,918)	(5,918)
Balance at 1 January 2012	12,203	8,393	(28,847)	(8,251)
Total comprehensive income for the year	-	-	(7,167)	(7,167)
<b>At 31 December 2012</b>	<b>12,203</b>	<b>8,393</b>	<b>(36,014)</b>	<b>(15,418)</b>

The attached notes on pages 9 to 24 form an integral part of these financial statements



**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)****BALANCE SHEET****AS AT 31 DECEMBER 2012**

In £ '000

	<b>Note</b>	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	611	708
Intangible assets	7	<u>680</u>	<u>-</u>
<b>Total non-current assets</b>		<u>1,291</u>	<u>708</u>
<b>Current assets</b>			
Trade and other receivables	8	862	709
Cash and cash equivalents		<u>337</u>	<u>382</u>
<b>Total current assets</b>		<u>1,199</u>	<u>1,091</u>
<b>TOTAL ASSETS</b>		<u><b>2,490</b></u>	<u><b>1,799</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	12,203	12,203
Share premium		8,393	8,393
Retained earnings		<u>(36,014)</u>	<u>(28,847)</u>
<b>Total equity</b>		<u>(15,418)</u>	<u>(8,251)</u>
<b>Non-current liabilities</b>			
Other payables		<u>29</u>	<u>29</u>
		<u>29</u>	<u>29</u>
<b>Current liabilities</b>			
Trade and other payables	11	1,724	1,853
Other interest-bearing loans and borrowings	12	14,485	7,932
Other financial liabilities	13	<u>1,670</u>	<u>236</u>
<b>Total current liabilities</b>		<u>17,879</u>	<u>10,021</u>
<b>Total liabilities</b>		<u>17,908</u>	<u>10,050</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,490</b></u>	<u><b>1,799</b></u>

These financial statements were approved by the Board of Directors and signed on their behalf by the following on

  
 Mr Robin Raina  
 Director and Board Member

The attached notes on pages 9 to 24 form an integral part of these financial statements

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**In £ '000**

	<b>Note</b>	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>			
Loss for the year		(7,167)	(5,918)
<i>Adjustments for</i>			
Depreciation on property and equipment	6	163	118
Loss on sale of property and equipment	5	7	-
Financial expenses		<u>139</u>	<u>139</u>
<b>Operating loss before working capital changes</b>		(6,858)	(5,661)
Increase in trade and other receivables		(153)	(547)
Increase in trade and other payables		<u>1,305</u>	<u>1,112</u>
<b>Cash used in operating activities</b>		(5,706)	(5,096)
<b>Net cash used in operating activities</b>		<u>(5,706)</u>	<u>(5,096)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	6	(73)	(796)
Acquisition of intangible assets	7	<u>(680)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(753)</u>	<u>(796)</u>
<b>Cash flows from financing activities</b>			
Proceeds from loan		6,553	5,756
Interest paid		(139)	(139)
R&D cash payment		-	24
Consortium relief payment		<u>-</u>	<u>231</u>
<b>Net cash from financing activities</b>		<u>6,414</u>	<u>5,872</u>
<b>Net decrease in cash and cash equivalents</b>		(45)	(20)
Cash and cash equivalents at 1 January		<u>382</u>	<u>402</u>
<b>Cash and cash equivalents at 31 December</b>		<u>337</u>	<u>382</u>

The attached notes on pages 9 to 24 form an integral part of these financial statements

## **1. REPORTING ENTITY**

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

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

As at 31 December 2012 the following applied

The immediate parent company was QIS

The ultimate parent and controlling party is the QFCA. The QFCA is an independent legal entity established pursuant to Qatari Law No 7 of 2005 (as amended), wholly owned by the Government of the State of Qatar and with the objective of developing and promoting the Qatar Financial Centre as a leading location for international finance and business.

The smallest group of companies for which group financial statements are prepared and of which the Company is a member is QIS. The largest group for which group financial statements are prepared and of which the Company is a member is the QFCA.

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

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

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

These financial statements have been prepared in accordance with IFRSs as adopted by the EU. The Company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS1 *First-Time Adoption of International Financial Reporting Standards*. The transition to Adopted IFRSs from UK GAAP has not had a material effect on the reported financial position, financial performance and cash flows of the Company, as discussed in note 3(i).

### **b) Basis of measurement**

These financial statements have been prepared under the historical cost convention. An explanation of how the transition to IFRS has affected the financial position, financial performance and cash flows of the Company is provided in note 3(i).

### **c) Functional and presentation currency**

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

### **d) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 2. BASIS OF PREPARATION (CONTINUED)

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

### *Impairment of trade and other receivables*

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

### *Impairment of Intangible Assets*

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

### *Useful lives, residual values and related depreciation charges of property and equipment*

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

## e) Going concern

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

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

## f) Standards, amendments and interpretations effective from 1 January 2012

The Company complied with all IFRSs that have been adopted by the EU and are effective from years ending on or after 1 January 2012.

## g) Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The impact is not expected to be significant and the Company does not plan to early adopt these standards.

### i) IAS 1 (amendment) - Presentation of items of other comprehensive income

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning after 1 July 2012 with an option of early application.

**2 BASIS OF PREPARATION (CONTINUED)**

*ii) Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)*

Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the Company will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

*iii) IFRS 9 - Financial Instruments*

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions to the standard relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues. The Company has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed.

*iv) IFRS 12 - Disclosures of interests in other entities*

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests.

## 2 BASIS OF PREPARATION (CONTINUED)

The standard is effective for annual periods beginning on or after 1 January 2013. The Group is currently assessing the disclosure requirements for interests in subsidiaries and unconsolidated unstructured entities in comparison with existing disclosures.

### v) IFRS 13 - Fair value measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Company to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013. The Company is currently reviewing its methodologies for determining fair values.

### h) Early adoption of standards

The Company did not early adopt any new or amended standards or interpretations in 2012.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### a) Revenue recognition

#### *Membership and other fees*

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

### b) Property and equipment

#### *Recognition and measurement*

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Subsequent costs*

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

*Depreciation*

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

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

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

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

**c) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**d) Research and development cost**

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. The enhancement of the Marketplace platform was completed in December 2012 so no amortisation was charged for the year ended 31 December 2012.

**e) Financial instruments****(i) Non-derivative financial assets**

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Company has the following non-derivative financial assets: trade and other receivables and cash and cash equivalents.

#### *Trade and other receivables*

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

#### *Cash and cash equivalents*

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

#### (ii) Non-derivative financial liabilities

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

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

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

#### *Trade and other payables*

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

#### (iii) Derivative financial instruments

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

#### f) Impairment

##### **Financial assets**

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

#### **Non financial assets**

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

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

#### **g) Provisions**

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

#### **h) Income tax**

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

Current tax is the expected tax payable or receivable on the taxable loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### **i) Transition to Adopted IFRSs**

As stated in note 2(a), these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

In £ '000

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The accounting policies set out in this note have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS balance sheet at 01 January 2011

In preparing the opening IFRS balance sheet we have reviewed all balances in the 2011 financial statements prepared in accordance with its old basis of accounting under UK GAAP and no significant differences between UK GAAP and IFRS were identified and therefore no restatement was required. The only impact of the transition to IFRS in 2012 is on research and development costs summarised below

	2012	2011
Intangible assets	<b>£0.68M</b>	£0 00M

The amount capitalized for 2012 relates to the Marketplace platform enhancement which was completed in December 2012 so no amortisation was charged for the year ended 31 December 2012

Marketplace platform costs were expensed in 2011 as they were not expected to generate future economic benefits and profit for the Company

Research and development costs which were charged to expenses during the year amounts to £3.39 million and related mainly to the GOP project (2011: £1.50 million)

**4. OTHER OPERATING INCOME**

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

	2012	2011
Sub-lease rental income	131	69
	<u>131</u>	<u>69</u>

**5. EXPENSES AND AUDITOR'S REMUNERATION**

Included in operating loss are the following

	Note	2012	2011
Loss on sale of property, and equipment		7	-
Research and development expenses	3	<b>3,385</b>	1,495
Auditor's remuneration	19	<b>36</b>	35

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

**In £ '000**

**6. PROPERTY AND EQUIPMENT**

	<b>Office and computer equipment</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Total 2012</b>	<b>Total 2011</b>
<b>Cost</b>					
Balance at 1 January	523	133	500	1,156	362
Additions	60	13	-	73	796
Disposals	(2)	(4)	-	(6)	(1)
Asset write off	(7)	-	-	(7)	-
Balance at 31 December	<u>574</u>	<u>142</u>	<u>500</u>	<u>1,216</u>	<u>1,157</u>
<b>Depreciation</b>					
Balance at 1 January	380	34	34	448	332
Charge for the year	69	43	51	163	118
Disposals	(2)	(4)	-	(6)	(1)
Balance at 31 December	<u>447</u>	<u>73</u>	<u>85</u>	<u>605</u>	<u>449</u>
<b>Net book value</b>					
<b>At 31 December 2012</b>	<u><b>127</b></u>	<u><b>69</b></u>	<u><b>415</b></u>	<u><b>611</b></u>	<u><b>708</b></u>
At 31 December 2011	<u>143</u>	<u>99</u>	<u>466</u>	<u>708</u>	<u>30</u>

NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

In £ '000

## 7. INTANGIBLE ASSETS

	Developed software (note 7.1)	Total 2012	Total 2011
<b>Cost</b>			
Balance at 1 January	-	-	-
Additions	680	680	-
	<u>680</u>	<u>680</u>	<u>-</u>
Balance at 31 December	<u>680</u>	<u>680</u>	<u>-</u>
<b>Depreciation</b>			
Balance at 1 January	-	-	-
Amortisation for the year	-	-	-
Balance at 31 December	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
<b>At 31 December 2012</b>	<u><b>680</b></u>	<u><b>680</b></u>	<u><b>-</b></u>
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>

## 7.1 Developed software

During 2012, the Company performed GBP 0.7 million of enhancements to the legacy platform called Marketplace which meet the criteria of development expenditure and hence capitalised.

The Company prepared a business plan which demonstrates that the legacy enhancements are forecasted to generate future economic benefits and profit for the Company.

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)****NOTES TO THE FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

In £ '000

**8. TRADE AND OTHER RECEIVABLES**

	<b>2012</b>	<b>2011</b>
Trade debtors	185	77
Prepayments and accrued income	98	196
Rent deposit	335	335
Other debtors	244	101
	<u><b>862</b></u>	<u><b>709</b></u>

**9 SHARE CAPITAL**

	<b>2012</b>	<b>2011</b>
Authorized capital 12,202,946 of £1 each	<u><b>12,203</b></u>	<u><b>12,203</b></u>
	<b>2012</b>	<b>2011</b>
Issued and fully paid up capital 12,202,946 of £1 each	<u><b>12,203</b></u>	<u><b>12,203</b></u>

**10. STAFF NUMBERS AND COSTS**

The average number of persons employed by the Company (including Directors) during the year was as follows

	<b>2012</b>	<b>2011</b>
Average number of employees	<b>57</b>	<b>42</b>

The aggregate payroll costs of these persons were as follows

Wages and salaries	3,512	2,863
Social security costs	404	360
Pension costs	131	37
	<u><b>4,047</b></u>	<u><b>3,260</b></u>

Staff costs include GOP development research costs

**11. TRADE AND OTHER PAYABLES**

	<b>2012</b>	<b>2011</b>
Trade payables	488	278
Other taxes and social security	134	350
Accruals, deferred income and other payables	1,102	1,225
	<u><b>1,724</b></u>	<u><b>1,853</b></u>

**EBIX UK LIMITED (FORMERLY QATARLYST LIMITED)****NOTES TO THE FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

In £ '000

**12. OTHER INTEREST BEARING LOANS AND BORROWINGS**

	Note	2012	2011
Interest free loan from QIS	17	13,131	6,717
Interest bearing loan from QIS	17	1,354	1,215
		<u>14,485</u>	<u>7,932</u>

The Company does not have any fixed arrangement to repay the loan and the loan interest is 13%

**13. OTHER FINANCIAL LIABILITIES**

	Note	2012	2011
Intercompany balance due to QIS	17	1,670	236
		<u>1,670</u>	<u>236</u>

The Company does not have any fixed arrangement to repay the balance which is interest free

**14. RELATED PARTIES**

Related parties represent QIS, QFCA, Directors and key management personnel of the Group, and bodies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

**Related party transactions**

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

	2012	2011
Services from QIS	<u>688</u>	<u>122</u>

**Related party balances**

Balances with related parties included in the balance sheet were as follows

	2012	2011
QIS	<u>1,670</u>	<u>236</u>

The Company was acquired by Ebix Singapore PTE Limited on 4 April 2013

**15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

In £ '000

**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****(i) Credit risk**

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

**Exposure to credit risk**

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

	<b>Carrying amounts</b>	
	<b>2012</b>	<b>2011</b>
Trade receivables	185	77
Other receivables	342	632
Rent deposit	335	-
Bank balances	337	382
	<u><b>1,199</b></u>	<u><b>1,091</b></u>

**Impairment losses**

The aging of trade receivables at the reporting date was

	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
Not past due	137	-	67	-
Past due 0 – 30 days	38	-	7	-
Past due 31 – 120 days	9	-	4	(1)
Over 121 days	17	(16)	12	(12)
<b>Total</b>	<u><b>201</b></u>	<u><b>(16)</b></u>	<u><b>90</b></u>	<u><b>(13)</b></u>

There was no impairment in other receivables and rent deposit.

**(ii) Liquidity risk**

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

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

As at 31 December 2012 the Company was dependent on continuing finance from QIS and QFCA.

Post-acquisition, the financial support will be provided by Ebix Inc the parent undertaking to enable it to meet its liabilities as they fall due. Ebix Inc has agreed to provide sufficient funds to the Company for these purposes.

**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(iii) Market risk**

**a) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's foreign currency denominated receivables and payables are mainly denominated in USD. The total balance of USD 11,831 comprising the bank balance of USD 11,303 and debtor balance of USD 528 was held at 31 December 2012.

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

**b) Interest rate risk**

Interest rate risk reflects the risk of a change in interest rates, which might affect future earnings. At 31 December 2012, the Company did have interest rate sensitive liabilities in the form of an interest bearing loan from QIS at an interest rate of 13%.

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

**Equity price risk**

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

**Fair values**

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

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

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

**16 CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions and shareholders' expectation. No changes were made in the objectives, policies or processes during the year ended 31 December 2012. Ebix Singapore PTE Limited will continue to provide the Company with Group support.

**17. SUBSEQUENT EVENTS**

The Company name has been changed from Qatarlyst Limited to Ebix UK Limited on 30 May 2013 which was due to the acquisition by Ebix Singapore PTE Limited on 4 April 2013.

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

The intercompany balance due to QIS from Ebix UK Limited (formerly Qatarlyst Limited) was written off.



**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012**

In £ '000

**18. COMPARATIVE FIGURES**

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

**19. AUDITORS' REMUNERATION**

	2012	2011
Audit of these financial statements	25	25
Other services relating to taxation	11	10
	<hr/>	<hr/>

The 2011 audit fee was payable to the previous auditors Ernst & Young

**20. DIRECTORS' REMUNERATION**

The sole Director of the Company during the year was remunerated by the Company's parent, QIS

No recharge was made to this Company for the services provided

**21. FINANCIAL EXPENSES**

	2012	2011
Recognised in profit or loss		
Total interest expense on other interest-bearing loans and borrowings	139	139
	<hr/>	<hr/>

**22. TAXATION****Recognised in the income statement:**

	2012	2011
Current tax expense		
Current tax	-	-
Adjustments for prior years	<hr/>	<hr/>
Current tax expense	<hr/>	<hr/>

**Income tax recognised in other comprehensive income**

No tax has been recognised in other comprehensive income in the current year

**Tax recognised directly in equity**

No tax has been recognised directly in equity in the current year

**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. TAXATION (CONTINUED)****Reconciliation of effective tax rate**

	<b>2012</b>	2011
Loss for the year	(7,167)	(5,918)
Total tax expense (including tax on discontinued operations)	-	-
Loss before taxation	<b>(7,167)</b>	(5,918)
Tax using the UK corporation rate of 24.5% (26.5%)	<b>(1,756)</b>	(1,568)
Non-deductible expenses	<b>14</b>	12
Deferred tax not recognised	<b>1,742</b>	1,556
Total tax expense (including tax on discontinued operations)	-	-

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly and reduce the deferred tax asset and liability at 31 December 2012 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date).

Deferred tax assets of £6,370k (2011: £5,147k) have not been recognised in respect of certain trading losses and temporary differences as it is not probable that future profit will be available against which the Company can utilise the benefits.

**23. OPERATING LEASES**

Non-cancellable operating leases are payable as follows

	<b>2012</b>	2011
Less than one year	318	-
Between one and five years	1,490	1,435
More than five years	1,171	1,544
	<b>2,979</b>	2,979

During the year £291,385 was recognised as an expense in the income statement in respect of operating leases (2011: £337,423).