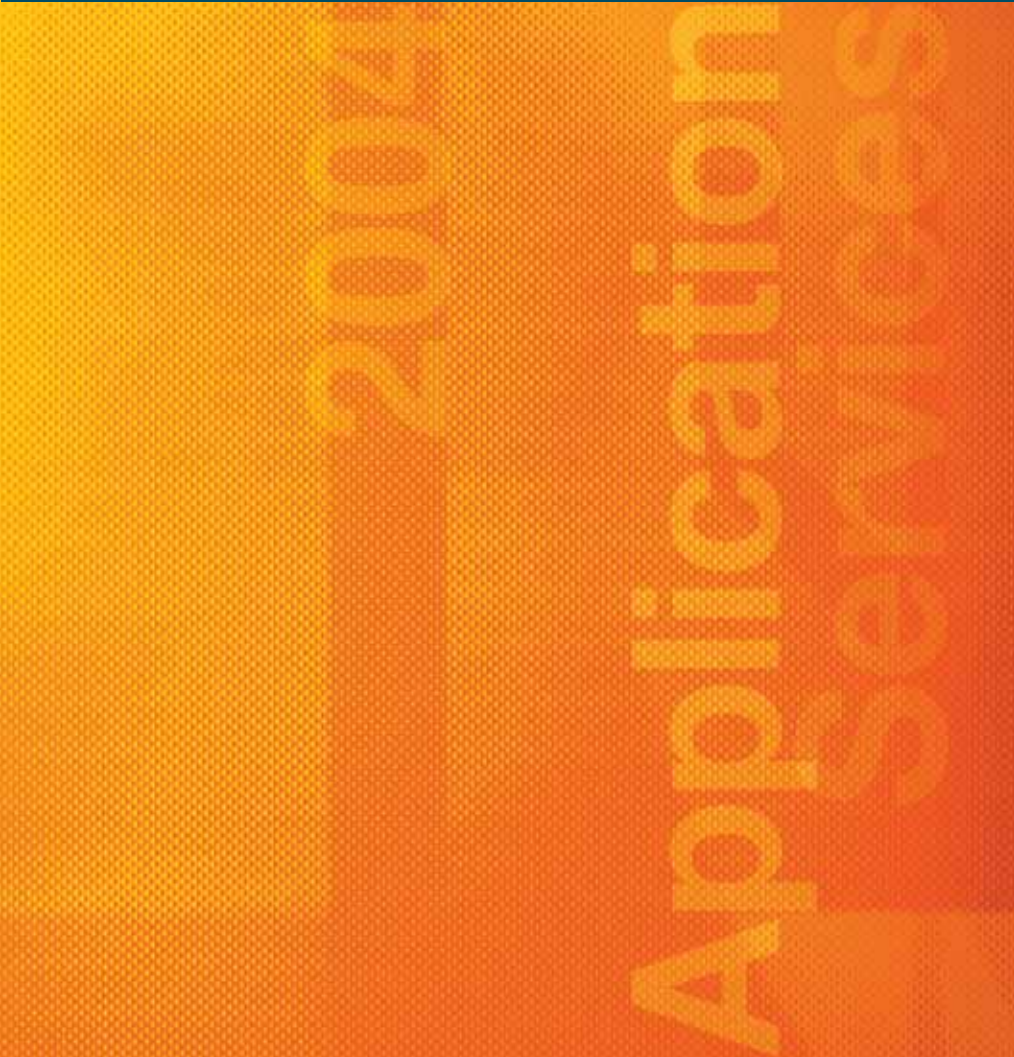




**Interim Financial Report**

For the six months ended 30 September 2004



# FFastFill Plc

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**FFastFill**

## Chairman's Statement

### Introduction

I am pleased to announce the results for the six months to 30 September 2004 showing real progress in the development of FFastFill as an Applications Services Company. Our revenue from continuing operations grew 14.1% to £1.867m (2003: £1.636m) and the operating loss before exceptional costs was £1.414m (2003: £1.245m).

During the period we made major advances:

- May 2004 – The announcement that FFastFill would be the launch partner for the CME's FX offering on the Reuters 3000 trading platform
- June 2004 – The re-launch of FFastFill in London as an Applications Services company based on our new generation, resilient software architecture
- July 2004 – The acquisition of Future Dynamics, extending our offering from the front office through to the middle office and increasing our customer base
- September 2004 – The re-launch of FFastFill Inc, and the announcement of our new US data centre together with a new services road map for the group

The highlight during this period was, undoubtedly, winning the contract to provide the trade execution service for the joint Reuters/CME project to bring the CME e-equivalents foreign exchange (eFX) capability to the Reuters 3000 FX trading screens. The application service is now built and is going through its test phase prior to the January go live date. The initial list of launch customers is impressive, comprising ABNAMRO, Bank of America, HSBC, Barclays Capital, Fimat, RBS and SEB. This project has demonstrated our ability to win major new business, the value of the investment that we have made in our re-architected trading application and the benefits of our ability to provide our applications as a service.

We were also very pleased to announce the acquisition of Future Dynamics Limited, a private company, for a consideration of 33,333,333 new ordinary shares in FFastFill plc. Future Dynamics is an international company of technology specialists and industry professionals, with a history of service to the derivatives industry since 1992 and has operations in both London and Chicago. Future Dynamics offers solutions in electronic order routing, clearing management, post-trade risk administration and back office integration. The integration of the business is progressing well and we expect the companies to be fully merged and through the transition period by 31 December 2004.

### Financial review

Revenue during the period grew to £1.867m (2003: £1.636m), up 14.1%. In the first six months of last year we recognized approximately £520k of one-time revenues from customers' contracts. We have consolidated the Future Dynamics revenue from 1 July 2004. This has added approximately £470k of revenue in the six months.



## FFastFill

### Chairman's Statement – continued

Operating loss was £1.414m (2003: £1.245m). All software development costs are written off as incurred, as are infrastructure build costs. We have continued to keep tight control of costs despite the pressure resulting from a number of large bids that we are pursuing. The acquisition of Future Dynamics initially added approximately £380k to our monthly fixed costs. However, with the integration now well advanced, we are confident that our planned monthly cost savings of approximately £230k will be realized. In this respect, the results included £240k of exceptional expenses relating to the integration of the Future Dynamics business covering redundancies and building closures.

The cash balance at 30 September 2004 was £3.210m. This included the receipt of the cash from the £4m placing, which was approved at the April EGM. The cash (£3.8m net of expenses) was received on 28 April 2004. The institutional backing for this placing has also indirectly helped the company in its sales activity.

#### Operational review

**Strategy:** Our core strategy, to deliver applications as a service to the trading community, has not changed. There continues to be increased acceptance of the benefits of applications being delivered by a dedicated specialist service provider. With the acquisition of Future Dynamics we have extended our product offering into the middle office clearing activity and significantly strengthened our customer base. We will continue to look at acquisitions that will accelerate the implementation of our strategy and are accretive.

**Business Development:** The Reuters win was undoubtedly the highlight of the first half business development activity. While the initial customer contracts for this service are small, they provide the potential for significant revenue in the future. This opportunity is not just in relation to the Reuters contract, but also as a result of the customer experiencing the FFastFill application service with its ease of implementation, scalability, quality of service and cost effectiveness. In addition we are starting the next round of joint sales campaigns in the near future.

The CME has decided not to proceed with the bid for which we had been short-listed. This is disappointing, as we understand that our technology and service capability had scored very highly in the evaluation process. However, we have been able to re-use much of the work that was undertaken, in developing other large-scale bids for the provision of application services to other major institutions. It is difficult to predict when decisions relating to these bids will be made due to the long evaluation cycles that are undertaken.

We have continued our close and long standing relationship with Dresdner Kleinwort Wasserstein (DrKW), and in the period we signed an additional contract for the delivery of an application service to their Frankfurt office.



**FFastFill**

## Chairman's Statement – continued

**Staff:** The business has continued to be superbly supported by the staff in Chicago, London and Prague, and the team that has joined us from Future Dynamics has significantly enhanced our capability. The board and I would like to thank them for their continued dedicated effort in helping to deliver our strategy.

**Applications:** In June, we launched our new generation software platform and then, in September, we announced a new functionality roadmap which lays out a timetable for making all of the Future Dynamics middle office capability available on FFastFill's software architecture. This provides customers with significantly enhanced resilience, flexibility and operational efficiency and allows the company to offer all this functionality as a service backed by a Service Level Agreement. All our product development continues to be done in our facility in Prague. This now includes the software acquired through the acquisition of Future Dynamics.

**USA:** I was pleased to announce the establishment of our new, resilient data centre in Chicago. This has been built to our own specifications in the high quality Equinix data centre facility. This facility complements our well-established UK data centre.

Following the acquisition of Future Dynamics, we now have a stronger presence in Chicago on which we can build. The combined team is now fully integrated within one facility and we had a very successful sales launch in September.

### Outlook

The implementation of our application services strategy is progressing well and growing in market acceptance. The Reuters contract is a good example of the customer benefits of application services: good value and speed to market. We are making good progress and are confident of further improvement in the performance in the second half of the year.

Keith Todd  
Executive Chairman  
10 November 2004



# FFastFill

## Consolidated profit and loss account

for the period ended 30 September 2004

		Six months ended 30 September 2004 (unaudited) £'000	Six months ended 30 September 2003 (unaudited) £'000	Year ended 31 March 2004 (audited) £'000
<b>Turnover</b>				
– continuing operations		1,867	1,636	2,636
– discontinued operations		<u>–</u>	<u>15</u>	<u>15</u>
		1,867	1,651	2,651
Administrative expenses – other				
– continuing operations		(3,281)	(2,605)	(4,954)
– discontinued operations		<u>–</u>	<u>(127)</u>	<u>(127)</u>
		(3,281)	(2,732)	(5,081)
Administrative expenses – exceptional				
– discontinued operations		<u>–</u>	<u>(164)</u>	<u>(137)</u>
<b>Operating loss</b>				
– continuing operations		(1,414)	(969)	(2,316)
– discontinued operations		<u>–</u>	<u>(276)</u>	<u>(251)</u>
		(1,414)	(1,245)	(2,567)
<b>Exceptional items</b>	2	(240)	–	–
Interest receivable and similar income		61	10	24
Interest payable and similar charges		<u>(1)</u>	<u>(2)</u>	<u>(4)</u>
<b>Loss on ordinary activities before taxation</b>		(1,594)	(1,237)	(2,547)
Tax on loss on ordinary activities	3	<u>–</u>	<u>–</u>	<u>(6)</u>
<b>Loss on ordinary activities after taxation</b>		(1,594)	(1,237)	(2,553)
Minority interest		<u>3</u>	<u>3</u>	<u>7</u>
<b>Loss for the period attributable to shareholders</b>		<u>(1,591)</u>	<u>(1,234)</u>	<u>(2,546)</u>
Basic and diluted loss per share	4	(1.00p)	(2.11p)	(3.43p)



**FFastFill**

## Consolidated statement of total recognised gains and losses

for the period ended 30 September 2004

	Six months ended 30 September 2004 (unaudited) £'000	Six months ended 30 September 2003 (unaudited) £'000	Year ended 31 March 2004 (audited) £'000
Loss for the financial period	(1,591)	(1,234)	(2,546)
Currency translation differences on foreign currency net investments	<u>1</u>	<u>(27)</u>	<u>(110)</u>
Total recognised gains and losses relating to the period	<u>(1,590)</u>	<u>(1,261)</u>	<u>(2,656)</u>



# FFastFill

## Consolidated balance sheet

as at 30 September 2004

	As at 30 September 2004 (unaudited) £'000	As at 30 September 2003 (unaudited) £'000	As at 31 March 2004 (audited) £'000
<b>Fixed assets</b>			
Goodwill	664	–	–
Tangible assets	<u>752</u>	<u>312</u>	<u>434</u>
	<u>1,416</u>	<u>312</u>	<u>434</u>
<b>Current assets</b>			
Debtors	1,131	512	512
Cash at bank and in hand	<u>3,210</u>	<u>1,588</u>	<u>967</u>
	4,341	2,100	1,479
<b>Creditors: amounts falling due within one year</b>	<u>(1,687)</u>	<u>(1,383)</u>	<u>(1,168)</u>
<b>Net current assets</b>	<u>2,654</u>	<u>717</u>	<u>311</u>
<b>Total assets less current liabilities</b>	4,070	1,029	745
Deferred Income	<u>(1,279)</u>	<u>(480)</u>	<u>(514)</u>
<b>Net assets</b>	<u>2,791</u>	<u>549</u>	<u>231</u>
<b>Capital and reserves</b>			
Called up share capital	5 1,947	759	1,024
Share premium account	5 21,988	17,754	18,760
Shares to be issued	5 235	592	235
Merger reserve	5 890	890	890
Profit and loss account	5 <u>(22,279)</u>	<u>(19,463)</u>	<u>(20,689)</u>
<b>Equity shareholders' funds</b>	2,781	532	220
Minority interest	<u>10</u>	<u>17</u>	<u>11</u>
<b>Total capital employed</b>	<u>2,791</u>	<u>549</u>	<u>231</u>



## Consolidated cash flow statement

for the period ended 30 September 2004

		Six months ended 30 September 2004 (unaudited) £'000	Six months ended 30 September 2003 (unaudited) £'000	Year ended 31 March 2004 (audited) £'000
<b>Net cash outflow from operating activities</b>	A	<u>(1,097)</u>	<u>(1,179)</u>	<u>(2,603)</u>
<b>Returns on investments and servicing of finance</b>				
Interest received		61	10	24
Interest paid		<u>(1)</u>	<u>(2)</u>	<u>(4)</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>60</u>	<u>8</u>	<u>20</u>
<b>Capital expenditure and financial investment</b>				
Proceeds from sales of tangible fixed assets		–	430	430
Purchase of tangible fixed assets		(451)	(112)	(362)
Exceptional items		(161)	–	–
Cash acquired with subsidiary		<u>75</u>	<u>–</u>	<u>–</u>
<b>Net cash (outflow)/inflow</b>		<u>(537)</u>	<u>318</u>	<u>68</u>
<b>Cash outflow before financing</b>		<u>(1,574)</u>	<u>(853)</u>	<u>(2,515)</u>
<b>Financing</b>				
Issue of ordinary shares		3,818	1,444	2,486
Capital element of finance lease payments		<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
<b>Net cash inflow from financing</b>		<u>3,817</u>	<u>1,443</u>	<u>2,484</u>
<b>Increase/(decrease) in cash</b>	B	<u>2,243</u>	<u>590</u>	<u>(31)</u>



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## Notes to the cash flow statement

### A. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	Six months ended 30 September 2004 (unaudited) £'000	Six months ended 30 September 2003 (unaudited) £'000	Year ended 31 March 2004 (audited) £'000
Operating loss	(1,414)	(1,245)	(2,567)
Depreciation	175	136	266
Amortisation	36	–	–
Foreign exchange movements	(72)	(27)	(98)
Decrease in debtors	317	229	169
(Decrease) in creditors	(139)	(235)	(420)
Profit on disposal of fixed assets	–	(137)	(154)
Charge on issue of unapproved share options	–	100	201
Net cash outflow from operating activities	<u>(1,097)</u>	<u>(1,179)</u>	<u>(2,603)</u>

### B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months ended 30 September 2004 (unaudited) £'000	Six months ended 30 September 2003 (unaudited) £'000	Year ended 31 March 2004 (audited) £'000
Increase/(decrease) in cash in the period	2,243	590	(31)
Repayment of finance leases	1	1	2
Net funds at beginning of period	<u>966</u>	<u>995</u>	<u>995</u>
Net funds at end of period	<u>3,210</u>	<u>1,586</u>	<u>966</u>

### C. ANALYSIS OF CHANGES IN NET FUNDS

	As at 1 April 2004 (audited) £'000	Cash flows (unaudited) £'000	As at 30 September 2004 (unaudited) £'000
Cash at bank and in hand	967	2,243	3,210
Finance leases	<u>(1)</u>	<u>1</u>	<u>–</u>
	<u>966</u>	<u>2,244</u>	<u>3,210</u>



## Notes to the interim results

### 1. ACCOUNTING POLICIES

The accounts have been prepared on the basis of the accounting policies set out in the audited accounts for the year ended 31 March 2004.

#### Going concern

The directors have prepared the accounts on a going concern basis.

During the period, the group made losses of £1,591,000 and had net assets at 30 September 2004 of £2,791,000 (including Cash at bank and in hand: £3,210,000). As disclosed in the Chairman's Statement on pages 1 to 3, the directors have taken steps to further develop the group's range of products and services, which they expect to lead to new customers signings later this year. On this basis, the directors have prepared the accounts on the going concern basis.

### 2. EXCEPTIONAL ITEMS

Exceptional items relate to the reorganisation costs of integrating Future Dynamics Limited into those of FFastFill plc and its subsidiaries.

### 3. TAX ON LOSS ON ORDINARY ACTIVITIES

The group has no liability to Corporation tax as the group made a loss for the purposes of Corporation tax.

### 4. LOSS PER SHARE AND DILUTED LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to ordinary shareholders for each period by the weighted average number of ordinary shares in issue during each period, as follows:

	<b>Six months ended 30 September 2004 (unaudited)</b>	Six months ended 30 September 2003 (unaudited)	Year ended 31 March 2004 (audited)
Loss attributable to shareholders	<b>£1,591,000</b>	£1,234,000	£2,546,000
Weighted average number of shares	<b>165,960,209</b>	58,581,260	74,297,011

For the purposes of dilution, share options are non-dilutive.



## FFastFill

### Notes to the interim results – continued

#### 5. STATEMENT OF MOVEMENT ON SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Merger reserve £'000	Profit and loss account £'000	Share- holders' funds £'000
At 1 April 2004 (audited)	1,024	18,760	235	890	(20,689)	220
Loss for the period	–	–	–	–	(1,591)	(1,591)
Exercise of share options	18	5	–	–	–	23
Issue of shares	905	3,223	–	–	–	4,128
Foreign exchange movement	–	–	–	–	1	1
At 30 September 2004 (unaudited)	<u>1,947</u>	<u>21,988</u>	<u>235</u>	<u>890</u>	<u>(22,279)</u>	<u>2,781</u>

#### 6. FINANCIAL INFORMATION

The financial information set out in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the six month periods ended 30 September 2004 and 2003 is unaudited. Information relating to the year ended 31 March 2004 is derived from the statutory accounts for that period, which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

#### 7. INTERIM DIVIDEND

The directors do not wish to declare an interim dividend.





**FFastFill Plc**  
10 Arthur Street  
London EC4R 9AY

t. 020 7665 8900  
f. 020 7665 8905  
e. [investorrelations@ffastfill.com](mailto:investorrelations@ffastfill.com)  
[www.ffastfill.com](http://www.ffastfill.com)

