

FFastFill plc

CONSOLIDATED REPORT AND ACCOUNTS

For the year ended

31 March 2003



FFastFill

Contents

	Pages
Directors and advisers	3
Chairman's statement	4
Directors' report	8
Report on corporate governance	12
Statement of directors' responsibilities in respect of the accounts	15
Independent auditors' report	16
Consolidated profit and loss account	17
Consolidated statement of total recognised gains and losses	18
Consolidated balance sheet	19
Company balance sheet	20
Consolidated cash flow statement	21
Notes to the cash flow statement	22
Notes to the accounts	23
Information about resolutions to be proposed at the Annual General Meeting	36
Notice of Annual General Meeting	38
Information about the purpose of the Extraordinary General Meeting	41
Form of Proxy for Annual General Meeting	42
Form of Proxy for Extraordinary General Meeting	45



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Directors and advisers

Executive directors	T K Todd (Executive Chairman) N R Hartnell
Non-executive directors	H N P McCorkell (Deputy Chairman) J Rankin
Secretary	C R Harrison
Registered office	10 Arthur Street London EC4R 9AY
Bankers	Barclays Bank plc 54 Lombard Street London EC3P 3AH
Nominated advisers	KBC Peel Hunt Limited 111 Old Broad Street London EC2N 1PH
Auditors	Baker Tilly Chartered Accountants 2 Bloomsbury Street London WC1B 3ST
Solicitors	Field Fisher Waterhouse 35 Vine Street London EC3N 2AA
Company registered number	3978346



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Chairman's statement

Introduction

The year just completed was a year of significant change and progress. I was pleased to join the company as Executive Chairman on 26 September 2002 and to lead the transformation of FFastFill from an ISV to a company that is well placed to benefit from its new focus as an applications services company for the capital markets. I am also pleased to announce that we have agreed a new funding package which will result in the company securing £1.2m of additional funding to help underpin our plans

Six months of real progress

The past six months have been challenging but good progress has been achieved.

- We have completed the implementation of the first phase of the FFastConnect contract for Dresdner Kleinwort Wasserstein (DrKW)
- We have completed the development of FFastTrack, our trade tracking system
- We have implemented new development and test procedures to underpin the focus on improved software quality and shortening development lead times
- We have initiated the new software architecture development which will be progressively released during 2003. This will give us an advanced modular architecture and a unique set of service features
- We have completed the first implementation of our new service management system that will underpin all our service offerings
- We have built a stable platform on which our USA Introducing Broker business can now expand. Monthly revenues rose to \$84k in March 2003
- We have built a strong prospect list for our primary offerings
- We have reduced our monthly cost base to £377k in April 2003 by establishing streamlined management processes and eliminating redundant resources
- Ongoing recurring revenue as at 31 March 2003 is now approximately £2.4m for delivery in 2003/04 (includes £600k US revenues based on March 2003 achievement)

Financial results for the year:

Revenue grew to £1,372k (2001/2 £896k) up 53%. Particularly encouraging is the revenue comparison between the first six months to 30 September 2002 (£396k) and the six months to 31 March 2003 (£976k), this is an increase of 146% since the new management team arrived.

Operating loss before exceptional administrative expenses was £4,620k (2001/2 £6,737k). The operating loss in the second half was £2,308k down from £2,718k in the first six months of the year. This included writing off all software development cost and the staff costs associated with the build of FFastConnect .



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Chairman's statement

There were £406k of exceptional expenses in the year to resize the business and simplify management processes.

The loss after tax was £4,635k, which represented a loss per share of 10.05p down from 16.73p per share in 2001/2.

The cash balance at 31 March 2003 was £998k with cash out flow in the second half of £1.4m compared to £2.6m in the first six months.

In April and May the company initiated further cost reduction measures including the shutting of the French company and a salary sacrifice for options scheme in which executive directors and senior management participated. Details of the changes that the executive directors made are included in the directors' report.

New funding arrangement

The Company is pleased to announce a new funding package of £1.2m, including a new equity placing and subscription to raise £780k (before expenses) and the signing of a leasing arrangement which will release £420k of capital in May 2003.

The Placing is for 12,055,000 new ordinary shares and the subscription is for 7,500,000 new ordinary shares, at 4p per share. The Placing is being made to a group of current and new investors including directors and senior managers. Approval for the placing and subscription will be sought at the AGM on 16 June 2003. The lease arrangement that has been put in place is a precursor to the leasing arrangements we expect to put in place to support the financing of capital required for our FFastConnect offering.

In addition to the committed funding announced today we will seek shareholder approval at the AGM for the issue of up to £1m convertible secured loan stock with a 6% coupon and a conversion rate of not less than 6p. This is aimed at the VCT investment community and we are currently seeking confirmation of its qualification from the Inland Revenue.

Board Changes

I am pleased to announce that we are appointing on 16 May 2003 three new board members to expand the experience and knowledge of the board.

Mr Jim Oliff is currently chairman and CEO of FFastTrade our US IB business and is also Deputy Chairman of the CME. Jim brings to the board extensive knowledge of derivatives and an exceptional reputation both in Chicago and global derivatives markets.

Mr Hugh Hughes who is CEO of Thales Information Systems (Finance) and has worked extensively in the City over 20 years brings to the board a breadth of business knowledge of the financial markets.

Mr David Hurst-Brown who was previously with UBS Warburg in a number of corporate finance positions brings to the board an astute understanding of the corporate finance markets and extensive technology business understanding.



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Chairman's statement

The board will now have four non executive members and three executive members. We are also amending the Board's remuneration in line with market rates.

Operational review

Strategy: We are continuing to implement our new strategy of providing applications as a service. The essence of this proposition is to provide our customers with a service, based around a service level agreement (SLA), which frees up their management time, budgets and technical resources, allowing them to focus on their own business imperatives rather than the internal operation and management of the technology.

The deployment of this strategy is built around two fundamentals, developing long term, strategic relationships with our customers, and providing a set of service offerings which enhance our extensive application functionality.

Business Development: In order to market this differentiated proposition we have brought together a specialist team of sales executives and have already developed a substantial list of prospective clients. Following the successful implementation of phase one at DrKW, we believe that a significant number of these will become clients during 2003.

We are continuing to develop the number and range of our sales partnerships, including Thales Information Systems and are working actively with other specialist consultancies in the financial sector.

Services: Our major focus over the past six months has been the implementation of FFastConnect, the first SLA-based exchange connectivity service for the derivatives markets. This has now been completed for Eurex, Euronext.liffe, and IDEM. We are now planning to extend this to cover a further five exchanges by the end of 2003.

In implementing this service we have also built our core service management platform which provides us with the base on which we can introduce other network-based services later this year. The next of these is the provision of our own trading, risk and order book management solutions as a service. We are currently implementing this for one of our clients and are planning to bring other customers on to the service later in the year.

Application: The initial work on enhancing our development, testing and support processes paid off with a significant improvement in quality in our major upgrade release at the end of March. This provided significant new functionality in the area of pre-trade risk management, and expanded the range of exchange connections to include One Chicago, IDEM, BTEX and OMLX. Our software now connects to 10 major derivatives exchanges.

In addition we delivered the first release of our new multi-asset class, trade tracking system. This system can be used in conjunction with other ISV's order capture front-end systems, as well as our own and can handle information on FX, equities, and bonds as well as derivatives trades.



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Chairman's statement

We are now progressively introducing elements of our new software architecture which will allow us to deploy the application under an SLA-based service agreement. We believe that this will be a first for this industry and will open up a wide range of new market opportunities for the company.

USA: The Introducing Broker business grew substantially during the second half of the year with monthly revenues increasing to \$84k in March. In addition we have started to develop the opportunity for the provision of application services (ASP) to the institutional market. Whilst there is synergy between these two businesses, we will progressively be developing them in parallel paths, in line with their own requirements.

DrKW: We achieved a number of major milestones with DrKW. The first was the implementation of phase one of FFastConnect. We have also recently secured a £480k pa bespoke software development contract, which will be serviced from our Software Development Centre in Prague. Additionally, we implemented a major new release of our trading and risk management system. We continue to expect that we will extend this relationship further to the mutual advantage of both the bank and your company.

People

Software Development Centre: Our software development team in Prague have continued to validate the earlier decision to relocate this team by demonstrating high quality skills and producing high quality software. In addition, significant steps were taken to further enhance the professionalism and process management of this unit.

Communication: Much effort has been made over the past six months to improve the communication with all staff and wherever possible to involve them in the future direction of the company. I continue to be delighted by the range of skills that the company possesses and with the degree of commitment with which these skills are used.

Management: During the second half of the year I have progressively reduced the size of the management team in line with improving management efficiency and the needs of a small company. As part of this activity, I have taken over as acting CEO following the resignation of Chris Stone, who continues to work with the company in an advisory capacity. The new executive management team all demonstrated their commitment by exchanging salary for options in April. We have a strong, experienced team, which brings together mission critical computing skills and experience in the financial services sector, with proven ability to execute.

Outlook

The business is operating in a difficult economic environment; however the board is confident that, following the progress over the past six months in meeting our commitments to customers, the company will continue to progress well in 2003/4.

Keith Todd
Executive Chairman
15 May 2003



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Directors' report

The directors present their report and the accounts for the year ended 31 March 2003.

Principal activities

The principal activity of the group is the provision of application services for use in the global derivatives markets.

Review of business and future developments

A review of the development of the business during the year is given in the Chairman's Statement on pages 4 to 6. This also includes reference to the company's future prospects.

Results for the year and dividends

The results for the year are disclosed on page 16.

The directors are unable to recommend the payment of a dividend (2002: £ nil).

Directors and their interests

The directors who served during the period were as follows:

Executive directors

N R Hartnell (appointed 26 September 2002)

T K Todd (appointed 26 September 2002)

Dr J A Elmore (appointed 26 September 2002 and resigned 11 December 2002)

L M M Morfoisse (resigned 11 December 2002)

C M Stone (resigned 21 February 2003)

Dr T Zinoulis (resigned 10 October 2002)

Non-Executive directors

H N P McCorkell

J Rankin

N J Durlacher (resigned 11 December 2002)

The interests of the directors who held office at 31 March 2003, together with that of persons connected with the directors, in the share capital of the company were as follows

	Ordinary shares of £0.01 each	
	31 March 2003	31 March 2002 or at date of appointment
Executive directors		
N R Hartnell	—	—
T K Todd	1,300,000	—
Non-Executive directors		
H N P McCorkell	27,420	27,420
J Rankin	—	—



Directors' report

At the year end the company had the following outstanding options and warrants issued to directors who were in office at 31 March 2003 through various share option and warrant schemes.

			Number of share options		
	Scheme	Exercise	at 31 March	at 31 March	Exercise period
	status	price	2003	2002 or at date	
				of appointment	
T K Todd	EMI	£0.07	2,666,666	2,666,666	26 September 2002 to 25 September 2012
	Unapproved	£0.07	12,141,406	12,141,406	26 September 2002 to 25 September 2012
N R Hartnell	EMI	£0.07	2,666,666	2,666,666	26 September 2002 to 25 September 2012
	Unapproved	£0.07	2,269,359	2,269,359	26 September 2002 to 25 September 2012
H N P McCorkell	Warrants	£0.55	27,500	27,500	15 November 2001 to 14 November 2005

On 1 April 2003 the Board of Directors and Remuneration Committee approved a salary waiver scheme and granted share options to equivalent value to those individuals who waived salary for the twelve months to 31 March 2004.

On 1 April 2003, T K Todd waived £100,000 of salary for the year ended 31 March 2004 and voluntarily had 3,333,333 unapproved share options with an exercise price of 7p each cancelled. In recognition of this he was issued with the same number of unapproved share options (3,333,333) with an exercise price of 1p each.

Also on 1 April 2003, N R Hartnell waived £49,306 of salary for the year ended 31 March 2004 and voluntarily had 1,645,342 unapproved share options with an exercise price of 7p each cancelled. In recognition of this he was issued with the same number of unapproved share options (1,645,342) with an exercise price of 1p each.



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Directors' report

Directors' emoluments

Details of directors' emoluments, for directors who held office during the year, are as follows:—

	2003			2002		
	Remuneration	Compensation	Total	Remuneration	Compensation	Total
	for loss of	for loss of		for loss of	for loss of	
	office	office		office	office	
	£'000	£'000	£'000	£'000	£'000	£'000
Executive directors						
S G Dawson	—	—	—	58	30	88
J A Elmore	25	—	25	—	—	—
N R Hartnell	25	—	25	—	—	—
L Morfoisse	136	—	136	70	—	70
H A Raw	—	—	—	49	90	139
P N Sampson	—	—	—	43	99	142
C Stone	150	118	268	140	—	140
T K Todd	31	—	31	—	—	—
T Zinoulis	63	80	143	80	—	80
Non-executive directors						
N J Durlacher	8	—	8	15	—	15
N McCorkell	12	—	12	15	—	15
J Rankin	15	—	15	16	—	16
	<u>465</u>	<u>198</u>	<u>663</u>	<u>486</u>	<u>219</u>	<u>705</u>

Research and development

The company is committed to continuing to develop both its application software products and its network-based services. Expenditure on these developments of £1,808,000 (2002: £2,784,000) is included within administrative expenses.

Policy on payment to creditors

The company does not follow any code or standard on payment practice for its suppliers. The company applies a policy of agreeing payment terms with each of its main suppliers and aims to abide by those terms, subject to satisfactory performance by suppliers. The period of credit taken from suppliers as at 31 March 2003 was 53 (2002: 31).

Post balance sheet events

FFastFill France SAS

On 24 April 2003, the Board of Directors agreed that FFastFill France SAS would cease to trade during the first three months of the financial year ended March 2004.



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Directors' report

Share options

On 1 April 2003 the Board of Directors and Remuneration Committee approved a salary waiver scheme and granted share options to those individuals who waived salary for the twelve months to 31 March 2004. In connection with this, on 1 April 2003, the Board of Directors and the Remuneration Committee granted share options to T K Todd and N R Hartnell who are executive directors of FFastFill plc, details of which are disclosed on Page 8, and also granted share options at an exercise price of 1p to other staff who participated in the salary waiver scheme.

On 1 April 2003 the Board of Directors and Remuneration Committee granted share options to a key member of staff.

Further details are in note 24 on Page 37.

Auditors

Smith and Williamson resigned as auditors during the year and Baker Tilly were appointed in their place. A resolution to reappoint Baker Tilly, Chartered Accountants, as the company's auditors will be put to the members at the annual general meeting.

APPROVED BY THE BOARD OF DIRECTORS
AND SIGNED ON BEHALF OF THE BOARD.

C R Harrison
Secretary



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Report on corporate governance

Whilst the group is not required to comply with the provisions of the Combined Code, it has chosen to make the following voluntary disclosures.

The directors are responsible for the group's system of corporate governance and the key components of this system. The company supports the Principles of Good Governance and the Code of Best Practice ("The Combined Code"). Accordingly this report will deal with the requirements of paragraphs (a) and (b) of the Financial Services Authority Listing Rule 12.43A relating to section 1 of The Combined Code.

The current policies and procedures adopted by the group are set out below.

Board of directors

The Board currently comprises two executive and two non-executive directors and meets monthly. It leads and controls the company and group by taking responsibility for overall strategy, acquisition policy, approval of major capital expenditure projects and consideration of significant financing matters. It reviews the strategic direction of operations and annual budgets, progresses towards achievement of those budgets and longer term strategies.

The Board, chaired by Keith Todd, currently has two non-executive directors (which will increase to four), who have between them considerable and varied experience in the business world and the City and the Board considers them to be an effective independent body. It is the intention of the Board to comprise a majority of non-executives. Three of the non-executive directors are considered to be independent of management and free from any business or other relationships, which could materially affect their independent judgement. Their objective views and sound advice carry considerable weight in relation to all matters considered at board meetings. Between formal meetings, the Executive Chairman, Keith Todd, remains in touch with the non-executives, consulting them on appropriate issues and updating them on the group's progress.

Prior to each Board meeting every member of the Board is supplied with a set of management accounts together with a summary of the key features of the group's performance overall. This includes an analysis of the results against the original budget for the year and the previous year's performance. The Board papers also include other documents, which relate to matters included in the agenda, in order to ensure that members of the Board are given the fullest opportunity for consideration of matters to be debated at meetings.

The Board has determined that it is appropriate for matters, which would normally be delegated to a Nomination Committee to be referred to the full board. The Board, acting as a Nomination Committee, meets as required to carry out the selection process for new Board members and to propose any new appointments to the Board, whether executive or non-executive.

Remuneration committee

The Remuneration Committee comprises Nigel McCorkell (Deputy Chairman) and James Rankin, both independent non executive directors.



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Report on corporate governance

The principal duties of the Remuneration Committee are to consider all aspects of directors' remuneration, performance and employment. The Committee's policy is to establish remuneration packages, which enable the group to attract, retain and motivate directors with the skills and experience necessary to manage a business of its size.

No director has a contract with a notice period of more than one year. The Committee consults with the Executive Chairman about its proposals. Details of directors' remuneration are set out in the directors' report.

The Committee also considers grants of options under the company's share option schemes. The policy of the Committee is to grant share options to senior and other employees as part of a remuneration package to motivate them to contribute to the growth of the group over the medium to long term.

The Remuneration Committee meets when required and at least once per year and last met on 1 April 2003.

Audit committee

The Audit Committee comprises Nigel McCorkell (Deputy Chairman) and James Rankin, both independent non executive directors.

The Audit Committee meets at least twice a year. The Director of Finance, Executive Chairman and engagement partner from the external auditors attend such meetings. The Committee reviews the accounts and monitors financial accounting procedures and policies, including statutory and regulatory compliance.

The Audit Committee's purposes are to ensure that the financial and accounting systems provide accurate and up-to-date information on the group's financial position to the Board, that the group's published accounts present a true and fair view and that a proper system of internal control is in operation.

The Audit Committee is satisfied that the group's newly appointed auditors Baker Tilly, and their overseas associates, have been objective and independent of the company. FFastFill France SAS continues to be audited by Nexia. Baker Tilly and their associates and Nexia perform non-audit services for the group, but the Audit Committee is satisfied that their objectivity is not impaired by such work.

Internal control

The directors are responsible for the system of internal control. Although no system of internal control can provide absolute assurance of meeting internal control objectives, the group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The directors regularly review the company's internal control procedures.

The key procedures that have been established and which are designed to provide effective internal controls are:



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Report on corporate governance

Financial information

Detailed annual budgets are prepared in advance of each financial year. These are reviewed and agreed by the Board with subsequent actual monthly performance reported against these budgets, updated forecasts and prior year comparatives, as part of the management accounts.

Operating unit financial controls

Key controls over major financial risks include reviews against budget and exception reporting and of monthly reporting to, and meetings with, the Board of Directors.

Computer systems

The group has established controls and procedures over the data held on the computer systems.

Going concern

During the year, the group made losses of £4.6 million and had net assets at 31 March 2003 of £210,000. As disclosed in the Chairman's Statement on pages 4 to 6, the directors have taken steps to reduce operating losses and they are optimistic that revenues will increase significantly in the year ended 31 March 2004 which will further reduce these losses.

In addition, the directors have prepared cashflow forecasts for the foreseeable future and are in the process of securing funding from existing shareholders and new investors. Based on these discussions, the directors are confident that they will be able to procure sufficient finance to enable the group to meet its liabilities as they fall due for the foreseeable future.

On this basis, the directors have prepared the accounts on the going concern basis. The accounts do not include any adjustments that would arise if this basis was inappropriate.



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Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that year. In preparing those accounts, 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position for the group and company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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BAKER TILLY LOGO

Independent auditors' report to the members of FfastFill plc

We have audited the accounts on pages 16 to 37.

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 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Chairman's Statement, the Directors' Report and the Statement on Corporate Governance. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Fundamental uncertainty — going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the accounts concerning cash flow forecasts and the possible outcome of negotiations for securing additional funding. The accounts have been prepared on a going concern basis, the validity of which depends upon the directors procuring sufficient finance. The accounts do not include any adjustments that would result from a failure to obtain adequate funding. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 March 2003 and of the group loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY
Registered Auditor
Chartered Accountants

15 May 2003

2 Bloomsbury Street
London
WC1B 3ST



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Consolidated profit and loss account for the year ended 31 March 2003

	Notes	2003		2002	
		£'000	£'000	£'000	£'000
Turnover					
— continuing operations	2	1,345		890	
— discontinued operations	2	<u>27</u>		<u>6</u>	
	3		1,372		896
Administrative expenses					
— exceptional	6		(406)		(1,670)
— other	2		<u>(5,992)</u>		<u>(7,633)</u>
Operating loss					
— continuing operations	2	(4,501)		(8,037)	
— discontinued operations	2	<u>(525)</u>		<u>(370)</u>	
	6		(5,026)		(8,407)
Interest receivable and similar income			103		390
Interest payable and similar charges	7		<u>(3)</u>		<u>(1)</u>
Loss on ordinary activities before taxation			(4,926)		(8,018)
Tax on loss on ordinary activities	8		<u>285</u>		<u>412</u>
Loss on ordinary activities after taxation			(4,641)		(7,606)
Minority interest	20		<u>6</u>		<u>3</u>
Loss for the financial year attributable to shareholders	18		<u>(4,635)</u>		<u>(7,603)</u>
Basic and diluted loss per share	22		(10.05p)		(16.73p)



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Consolidated statement of total recognised gains and losses for the year ended 31 March 2003

	2003	2002
	£'000	£'000
Loss for the financial year	(4,635)	(7,603)
Currency translation differences on foreign currency net investments	<u>3</u>	<u>3</u>
Total recognised gains and losses relating to the year	<u>(4,632)</u>	<u>(7,600)</u>



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Consolidated balance sheet as at 31 March 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Negative goodwill	9	—	(31)
Tangible assets	10	<u>629</u>	<u>474</u>
		<u>629</u>	<u>443</u>
Current assets			
Debtors	12	681	488
Cash at bank and in hand		<u>998</u>	<u>5,093</u>
		1,679	5,581
Creditors: amounts falling due within one year	13	<u>(1,222)</u>	<u>(1,079)</u>
Net current assets		<u>457</u>	<u>4,502</u>
Total assets less current liabilities		1,086	4,945
Creditors: amounts falling due after more than one year	14	(1)	(3)
Deferred income	15	<u>(875)</u>	<u>(100)</u>
Net assets		<u>210</u>	<u>4,842</u>
Capital and reserves			
Called up share capital	16	464	456
Share premium account		16,834	16,834
Shares to be issued	17	203	293
Merger reserve		890	890
Profit and loss account	17	<u>(18,202)</u>	<u>(13,660)</u>
Equity shareholders' funds	18	189	4,813
Minority interest	20	<u>21</u>	<u>29</u>
Total capital employed		<u>210</u>	<u>4,842</u>

The accounts were approved by the Board of Directors on 15 May 2003 and were signed on its behalf by:

Director



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Company balance sheet as at 31 March 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Investments	11	<u>275</u>	<u>275</u>
Current assets			
Debtors	12	40	—
Cash at bank and in hand		<u>760</u>	<u>4,515</u>
		800	4,515
Creditors: amounts falling due within one year	13	<u>(310)</u>	<u>(433)</u>
Net current assets		<u>490</u>	<u>4,082</u>
Total assets less current liabilities		<u>765</u>	<u>4,357</u>
Capital and reserves			
Called up share capital	16	464	456
Share premium account		16,834	16,834
Shares to be issued	17	203	293
Profit and loss account	17	<u>(16,736)</u>	<u>(13,226)</u>
Equity shareholders' funds	18	<u>765</u>	<u>4,357</u>

The accounts were approved by the Board of Directors on 15 May 2003 and were signed on its behalf :

Director



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Consolidated cash flow statement for the year ended 31 March 2003

	Notes	2003 £'000	2002 £'000
Net cash outflow from operating activities	A	<u>(3,987)</u>	<u>(6,858)</u>
Returns on investments and servicing of finance			
Interest received		103	348
Interest element of finance lease payments		<u>(3)</u>	<u>(1)</u>
Net cash inflow from returns on investments and servicing of finance		<u>100</u>	<u>347</u>
Taxation			
Research and development tax credit received		<u>285</u>	<u>412</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(499)	(183)
Purchase of investments		<u>—</u>	<u>(453)</u>
Net cash outflow from capital expenditure and financial investment		<u>(499)</u>	<u>(636)</u>
Acquisitions			
Cash acquired with subsidiary		<u>—</u>	<u>47</u>
Cash outflow before financing		<u>(4,101)</u>	<u>(6,688)</u>
Financing			
Issue of ordinary shares		8	1
Capital element of finance lease payments		<u>(2)</u>	<u>(2)</u>
Net cash inflow/(outflow) from financing		<u>6</u>	<u>(1)</u>
Decrease in cash	B	<u>(4,095)</u>	<u>(6,689)</u>



FFastFill

Notes to the cash flow statement for the year ended 31 March 2003

A. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	2003	2002
	£'000	£'000
Operating loss	(5,026)	(8,407)
Depreciation	363	268
Amortisation of negative goodwill	(31)	(6)
Foreign exchange translation differences	25	(3)
(Increase)/decrease in debtors	(193)	468
Increase in creditors	875	191
Charge on issue of unapproved share options	—	52
Provision against investments	—	579
Net cash outflow from operating activities	<u>(3,987)</u>	<u>(6,858)</u>

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

	2003	2002
	£'000	£'000
Decrease in cash in the year	(4,095)	(6,689)
Repayment of finance leases	<u>2</u>	<u>2</u>
Change in net funds resulting from cash flows	(4,093)	(6,687)
Net funds at beginning of year	<u>5,088</u>	<u>11,775</u>
Net funds at end of year	<u>995</u>	<u>5,088</u>

C. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April	Cash flows	At 31 March
	2002		2003
	£'000	£'000	£'000
Cash at bank and in hand	5,093	(4,095)	998
Finance leases	<u>(5)</u>	<u>2</u>	<u>(3)</u>
Total	<u>5,088</u>	<u>(4,093)</u>	<u>995</u>



FFastFill

Notes to the accounts for the year ended 31 March 2003

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounting policies adopted are consistent with those applied in previous years except with regard to deferred taxation. This change has been made to comply with Financial Reporting Standard No. 19, the new accounting standard on deferred taxation, which has been applied to the financial statements for the first time. There is no financial impact on the results for the current or prior year.

Basis of consolidation

The consolidated financial statements incorporate those of FFastFill plc and all of its subsidiary undertakings. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. All financial statements have accounting year ends of 31 March 2003.

Going concern

During the year, the group made losses of £4.6 million and had net assets at 31 March 2003 of £210,000. As disclosed in the Chairman's Statement on pages 4 to 6, the directors have taken steps to reduce operating losses and they are optimistic that revenues will increase significantly in the year ended 31 March 2004 which will further reduce these losses.

In addition, the directors have prepared cashflow forecasts for the foreseeable future and are in the process of securing funding from existing shareholders and new investors. Based on these discussions, the directors are confident that they will be able to procure sufficient finance to enable the group to meet its liabilities as they fall due for the foreseeable future.

On this basis, the directors have prepared the accounts on the going concern basis. The accounts do not include any adjustments that would arise if this basis was inappropriate.

Goodwill

Negative goodwill represents the surplus of the fair value of assets acquired over the consideration paid in respect of those assets. Amortisation of negative goodwill is provided in equal annual instalments over the estimated useful lives of the non-monetary assets acquired.

Fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used.

Computer hardware	—	33%
Computer software	—	33%
Office equipment	—	25%
Telephone equipment	—	33%
Leasehold improvements	—	33%



FFastFill

Notes to the accounts for the year ended 31 March 2003

1. ACCOUNTING POLICIES (continued)

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for impairment.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recoverable against suitable taxable profits in the future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Assets held under finance leases are included in fixed assets and the capital element of the related lease commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit over the period of the lease.

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date.

Assets and liabilities of foreign subsidiaries are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rate of exchange for the year. Where material exchange differences arise these are taken to reserves.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied. Income derived from software licence agreements is recognised on an annual basis at the time the licence is granted, where the licence is non-cancellable and there is no continuing or future cost or obligation associated with the granting of the licence. Where income relates to future services or there are associated ongoing costs the income is spread over the life of the provision of the service. All other income is recognised when invoiced.



FFastFill

Notes to the accounts for the year ended 31 March 2003

1. ACCOUNTING POLICIES (continued)

Share options

The amount charged to the profit and loss account in respect of share options is calculated in accordance with Urgent Issues Task Force Abstract No. 17, and represents the difference between the fair value of the shares at the date of grant of the option and the consideration to be received from the employee. The total amount charged has been credited to a separate reserve "Shares to be issued".

Research and development

All research and development expenditure is charged to the profit and loss account.

Research and development tax credits

Research and development tax credits are recognised in the accounts when they are received.

2. CONTINUING AND DISCONTINUED ACTIVITIES

Since the year end, the Board of directors have decided that FFastFill France SAS will cease to trade during the first three months of the year ended 31 March 2004. Included within administrative expenses — other, are expenses of £552,000 (2002: £376,000) which relate to FFastFill France SAS.

3. SEGMENTAL INFORMATION

	2003			2002		
	Turnover	Operating Loss	Net assets/ (liabilities)	Turnover	Operating Loss	Net assets/ (liabilities)
	£'000	£'000	£'000	£'000	£'000	£'000
UK	934	3,964	3,688	847	6,768	7,292
France	27	525	(856)	6	370	(345)
US	409	464	(1,901)	43	883	(1,436)
Other overseas	2	73	(721)	—	386	(669)
	<u>1,372</u>	<u>5,026</u>	<u>210</u>	<u>896</u>	<u>8,407</u>	<u>4,842</u>

As noted under Note 2, the Group's operations in France will cease to trade during the first three months of the year ended 31 March 2004.

4. DIRECTORS' EMOLUMENTS

	2003 £'000	2002 £'000
Directors' remuneration	<u>663</u>	<u>705</u>

Directors' remuneration includes compensation for loss of office for two directors (2002: three) totalling £198,000 (2002: £219,000).

Emoluments disclosed above, includes payments to the highest paid director of £268,000 (2002: £142,000).

Directors' emoluments are fully detailed in the directors' report on page 9.



FFastFill

Notes to the accounts for the year ended 31 March 2003

5. EMPLOYEE INFORMATION

The average number of persons, including directors, employed by the group during the year was:

	2003	2002
	No.	No.
Software and services development and support — Prague	35	13
Software and services development and support — Other	20	33
Sales and marketing	8	13
Finance and administration	11	9
	<u>74</u>	<u>68</u>

As at 31 March 2003 the staff numbers were 67 (2002: 74)

	2003	2002
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	3,417	4,251
Social security costs	319	329
	<u>3,736</u>	<u>4,580</u>

6. OPERATING LOSS IS STATED AFTER CHARGING/(CREDITING):

	2003	2002
	£'000	£'000
Depreciation		
— owned assets	361	266
— assets held under finance leases	2	2
Amortisation of negative goodwill	(31)	(6)
Auditors' remuneration		
— for audit services — to the group	22	26
— amounts paid to other auditors	9	7
— for other services	168	21
Operating leases — land and buildings	288	267
Research and development expenditure	1,808	2,784
Charge on issue of unapproved share options	—	52
Exceptional items		
— redundancy costs	406	—
— impairment of investments	—	299
— provision against staff loans	579	792
	<u>579</u>	<u>792</u>

As result of the reorganisation of the operations, the group incurred redundancy costs of £406,000 (2002: £299,000).



FFastFill

Notes to the accounts for the year ended 31 March 2003

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£'000	£'000
Bank interest	1	—
On finance leases	2	1
	<u>3</u>	<u>1</u>

8. TAXATION

	2003	2002
	£'000	£'000
Research and development tax credit	<u>285</u>	<u>412</u>
Factors affecting tax charge for the year:		
Loss on ordinary activities before taxation	(4,926)	(8,018)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 — 30%)	(1,478)	(2,350)
Capital allowances in excess of depreciation	109	80
Expenses not deductible for tax purposes	36	12
Other timing differences	(178)	(15)
Unrelieved capital loss	—	174
Tax losses not utilised	1,511	2,099
Research and development tax credit	<u>285</u>	<u>412</u>
Current tax credit for the year	<u>285</u>	<u>412</u>

No liability to UK or overseas corporation taxes arises as sufficient trading losses are available for offset against future taxable profits of the same trade.

Factors that may affect future tax charges:

In accordance with the group accounting policy, research and development tax credits are recognised on a receipts basis. The directors anticipate that a research and development tax credit claim will be submitted based on the accounts for the year ended 31 March 2003.

At 31 March 2003, the group has estimated tax trading losses of £9.0 million (2002 — £4.0 million) which subject to the agreement of the Inland Revenue and overseas tax authorities, are available to carry forward against future profits of the same trade. A deferred tax asset of £2.7 million (£1.2 million) has not been recognised in the financial statements in respect of these losses because of the uncertainty as to the timing of future profits which the directors expect to be earned by group companies carrying out the same trade.



FFastFill

Notes to the accounts for the year ended 31 March 2003

9. NEGATIVE GOODWILL – GROUP

	Total £'000
Cost	
At 1 April 2002 and at 31 March 2003	37
Amortisation	
At 1 April 2002	6
Amortisation for the year	31
At 31 March 2003	37
Net book value	
At 31 March 2003	—
At 31 March 2002	31

The negative goodwill of £37,000 arose following the acquisition of an 80% interest in FFastTrade US LLC (formerly LST Commodities LLC) on 1 December 2001.

10. TANGIBLE FIXED ASSETS – GROUP

	Computer hardware £'000	Computer software £'000	Office equipment £'000	Telephone equipment £'000	Leasehold improve- ments £'000	Total £'000
Cost						
At 1 April 2002	731	141	57	37	34	1,000
Additions	428	82	—	18	14	542
Foreign exchange movement	(29)	—	(3)	—	—	(32)
At 31 March 2003	1,130	223	54	55	48	1,510
Depreciation						
At 1 April 2002	373	85	19	26	23	526
Charge for the year	273	56	8	11	15	363
Foreign exchange movement	(8)	2	(2)	—	—	(8)
At 31 March 2003	638	143	25	37	38	881
Net book value						
At 31 March 2003	492	80	29	18	10	629
At 31 March 2002	358	56	38	11	11	474

The net book value for telephone equipment includes £Nil (31 March 2002: £2,000) in respect of assets held under finance leases.



FFastFill

Notes to the accounts for the year ended 31 March 2003

11. FIXED ASSETS INVESTMENTS

Group

	Other investments £'000
Cost	
At 1 April 2002 and at 31 March 2003	<u>453</u>
Provision	
At 1 April 2002 and at 31 March 2003	<u>(453)</u>
Net book value	
At 31 March 2003 and at 31 March 2002	<u>—</u>

Company

	Subsidiary companies £'000	Other investments £'000	Total £'000
Cost			
At 1 April 2002 and at 31 March 2003	<u>447</u>	<u>453</u>	<u>900</u>
Provision			
At 1 April 2002 and at 31 March 2003	<u>(172)</u>	<u>(453)</u>	<u>(625)</u>
Net book value			
At 31 March 2003 and at 31 March 2002	<u>275</u>	<u>—</u>	<u>275</u>

The company holds the following shareholdings in subsidiary undertakings:

Company	% of equity owned	Country of incorporation	Activity
FFastFill Europe Limited	100	Great Britain	Computer software
FFastFill UK Limited	100	Great Britain	IT services
FFastFill France SAS*	100	France	Computer software
FFastFill Inc	100	USA	Computer software
FFastTrade US LLC**	80	USA	Brokerage
Spreadmania Limited	75	Great Britain	Dormant
FFastFill Singapore Pte Ltd	100	Singapore	Dormant
FFastFill Australia Pty Ltd	100	Australia	Dormant

* since the year end, it has been decided that FFastFill France SAS will cease to trade during the first three months of the financial year ended 31 March 2004.

** held via FFastFill Inc

Other investments for both group and company comprise a minority interest in Easy2Trade plc, a company incorporated in England.



FFastFill

Notes to the accounts for the year ended 31 March 2003

12. DEBTORS

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	93	—	213	—
Other debtors	337	40	188	—
Prepayments	251	—	87	—
	<u>681</u>	<u>40</u>	<u>488</u>	<u>—</u>

Other debtors include £93,000 (2002: £106,000) in the group and £Nil (2002: £Nil) in the company due after more than one year.

13. CREDITORS: amounts falling due within one year

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases	2	—	2	—
Trade creditors	671	155	157	4
Other creditors	34	—	323	356
Other taxation and social security	154	—	215	—
Accruals	361	155	382	73
	<u>1,222</u>	<u>310</u>	<u>1,079</u>	<u>433</u>

The obligations under finance leases are secured on the related assets.

14. CREDITORS: amounts falling due after more than one year

	2003 Group £'000	2002 Group £'000
Obligations under finance leases	<u>1</u>	<u>3</u>

The obligations under finance leases are secured on the related assets.

15. DEFERRED INCOME

	2003 Group £'000	2002 Group £'000
Deferred income	<u>875</u>	<u>100</u>

Deferred income is recognised in the accounts in line with the group's revenue recognition accounting policy, as disclosed in Note 1. All of the deferred income at 31 March 2003 will be credited to the profit and loss account within one year, except for an amount of £106,000 (2002: £Nil) which will be credited to the profit and loss account after more than one year.



FFastFill

Notes to the accounts for the year ended 31 March 2003

16. CALLED UP SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised		
200,000,000 ordinary shares of £0.01 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
46,401,030 (2002: 45,601,030) ordinary shares of £0.01 each	<u>464</u>	<u>456</u>

The following share issues were completed during the year:

10 June 2002	250,000 shares at par for cash
19 June 2002	250,000 shares at par for cash
28 October 2002	300,000 shares at par for cash

At 31 March 2003, the following share options and warrants were in existence.

Scheme	At 1 April 2002	At 31 March 2003	Exercise price	Dates from which exercisable	Expiry date
EMI	60,000	—	£0.65	15 November 2001 to 15 November 2003	13 September 2010
	366,660	266,660	£0.50	15 November 2001 to 21 February 2003	2 April 2003
	83,333	—	£1.20	15 November 2001 to 15 November 2003	12 November 2010
	816,250	320,000	£0.04	14 March 2003 to 31 March 2005	23 April 2003 to 30 March 2012
	—	10,752,429	£0.07	26 September 2002 to 28 February 2003	25 September 2012 to 27 February 2013
Unapproved	2,156,820	1,356,820	£0.01	31 August 2000	30 September 2004 to 9 October 2005
	1,733,340	1,733,340	£0.01	31 March 2002	28 September 2005
	3,238,750	3,043,750	£0.04	31 March 2002	30 March 2012
	—	16,680,124	£0.07	26 September 2002 to 28 February 2003	25 September 2012 to 27 February 2013
Warrants	377,500	177,500	£0.55	7 September 2000	6 September 2005
	250,000	250,000	£0.65	28 September 2000	7 September 2010
	—	200,000	£0.10	27 June 2002	26 June 2007
	—	9,924,766	£0.07	28 October 2002 to 28 April 2005	27 October 2005 to 27 October 2012
	<u>9,082,653</u>	<u>44,705,389</u>			

The total number of share options and warrants in issue at 15 May 2003 is 47,272,056.

Please refer to Note 24 for options issued since 31 March 2003.



FFastFill

Notes to the accounts for the year ended 31 March 2003

17. RESERVES

Group	Shares to be issued £'000	Profit and loss account £'000
At 1 April 2002	293	(13,660)
Loss for the year	—	(4,635)
Exercise of share options	(90)	90
Foreign exchange movement	—	3
At 31 March 2003	<u>203</u>	<u>(18,202)</u>

The shares to be issued reserve represents the difference between the fair value of the shares at the date of grant of the option and the consideration to be received from the employee in accordance with the group's accounting policy for share options.

Company	Shares to be issued £'000	Profit and loss account £'000
At 1 April 2002	293	(13,226)
Loss for the year	—	(3,600)
Exercise of share options	(90)	90
At 31 March 2003	<u>203</u>	<u>(16,736)</u>

The shares to be issued reserve represents the difference between the fair value of the shares at the date of grant of the option and the consideration to be received from the employee in accordance with the group's accounting policy for share options.

The company has taken advantage of s230 Companies Act 1985 in not publishing its own profit and loss account.

18. RECONCILIATION OF MOVEMENT OF EQUITY SHAREHOLDERS' FUNDS

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
At 1 April 2002	4,813	12,363	4,357	17,520
Loss for the year	(4,635)	(7,603)	(3,600)	(13,216)
Charge on grant of options	—	52	—	52
Exercise of share options	8	1	8	1
Foreign currency movement	3	—	—	—
At 31 March 2003	<u>189</u>	<u>4,813</u>	<u>765</u>	<u>4,357</u>



FFastFill

Notes to the accounts for the year ended 31 March 2003

19. OPERATING LEASE COMMITMENTS

	2003	2002
	£'000	£'000
The Group had annual commitments under operating leases as follows:		
Land and buildings		
Leases which expire:		
Within one year	41	66
Between one and two years	85	45
Between two and five years	<u>109</u>	<u>92</u>

20. MINORITY INTEREST

	2003	2002
	£'000	£'000
At 1 April 2002	29	—
Arising on acquisition	—	11
Minority interest arising from transfer of assets to subsidiary	—	21
Interest of minority in loss for the year	(6)	(3)
Foreign exchange movement	<u>(2)</u>	<u>—</u>
At 31 March 2003	<u>21</u>	<u>29</u>

21. RELATED PARTY TRANSACTIONS – GROUP AND COMPANY

T K Todd is a director of FFastFill plc. During the period, Knotty Green Consultants Limited, of which T K Todd is also a director, received £45,500 (2002: £180,000) for consultancy services provided to FFastFill Europe Limited. These payments were paid, before T K Todd was a director of FFastFill plc. No amounts were outstanding as at 31 March 2003 (2002: £nil).

22. LOSS PER SHARE AND DILUTED LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to ordinary shareholders for each period amounting to £4,635,000 for the year ended 31 March 2003 (2002: £7,603,000) by 46,124,866 (2002: 45,451,450), being the weighted average number of ordinary shares in issue during each year.

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

23. FINANCIAL INSTRUMENTS

The group's financial instruments comprise cash, finance leases and various items arising directly from its operations, such as trade debtors and trade creditors. Trade debtors, trade creditors and other items arising directly from operations have been excluded from the following disclosures. Details of finance leases are disclosed in notes 13 and 14. The main purpose of these financial instruments is to provide working capital for the group. The group's policy is to obtain the highest rate of return on its cash balances, subject to having sufficient resources to manage the business on a day to day basis and not exposing the group to unnecessary risk of default.



FFastFill

Notes to the accounts for the year ended 31 March 2003

23. FINANCIAL INSTRUMENTS (continued)

The group operates in a number of overseas markets, as disclosed in Note 11. The directors minimises the group's foreign currency risk by retaining surplus cash in sterling.

The cash balances at the year end exposed to foreign currencies and interest rates were as follows:

Total cash at bank and in hand as at 31 March 2003 was £998,000 (2002: £5,093,000).

	Variable rate interest £'000	Fixed rate interest £'000
31 March 2003		
Cash balances – Sterling	(5)	755
– US Dollar	104	—
– Euros	59	—
– Czech Koruna	80	—
– Australian Dollar	5	—
	<u>243</u>	<u>755</u>
	Variable rate interest £'000	Fixed rate interest £'000
31 March 2002		
Cash balances – Sterling	3,730	1,000
– US Dollar	253	—
– Euros	64	—
– Czech Koruna	15	—
– Australian Dollar	20	—
– Singapore Dollar	11	—
	<u>4,093</u>	<u>1,000</u>

The fixed interest rates on sterling cash balances was 2.9% (2002: 3.86%).

The carrying value of all financial instruments is not materially different to their fair value. It is, and has been throughout the year, the group's policy that no principal trading in financial instruments shall be undertaken.

24. POST BALANCE SHEET EVENTS

FFastFill France SAS

On 24 April 2003, the Board of Directors agreed that FFastFill France SAS would cease to trade during the first three months of the financial year ended 31 March 2004.

Share options

Salary Waiver



Notes to the accounts for the year ended 31 March 2003

24. POST BALANCE SHEET EVENTS (continued)

On 1 April 2003 the Board of Directors and Remuneration Committee approved a salary waiver scheme and granted share options to equivalent value to those individuals who waived salary for the twelve months to 31 March 2004.

On 1 April 2003, T K Todd waived £100,000 of salary for the year ended 31 March 2004 and voluntarily had 3,333,333 unapproved share options with an exercise price of 7p each cancelled. In recognition of this he was issued with the same number of unapproved share options (3,333,333) with an exercise price of 1p each.

Also on 1 April 2003, N R Hartnell waived £49,306 of salary for the year ended 31 March 2004 and voluntarily had 1,645,342 unapproved share options with an exercise price of 7p each cancelled. In recognition of this he was issued with the same number of unapproved share options (1,645,342) with an exercise price of 1p each.

The Board of Directors and Remuneration Committee, also granted share options at an exercise price of 1p to other staff who participated in the salary waiver scheme, detailed below.

Scheme	At 1 April 2003	Exercise price	Dates from which exercisable	Expiry date
Unapproved	1,066,667	£0.01	1 April 2004	31 March 2013
EMI	666,667	£0.01	1 April 2004	31 March 2013

Other

On 1 April 2003 the Board of Directors and Remuneration Committee also granted the following share options to a member of staff.

Scheme	At 1 April 2003	Exercise price	Dates from which exercisable	Expiry date
EMI	500,000	£0.05	1 April 2006	31 March 2013
EMI	500,000	£0.07	1 April 2006	31 March 2013



FFastFill

Information about resolutions to be proposed at the Annual General Meeting

Introduction

The Annual General Meeting ("AGM") of the company will be held at KBC Peel Hunt Ltd, 111 Old Broad Street London EC2N 1HP. The formal notice of the AGM is attached and these notes should be read in conjunction with that notice. These notes are intended to explain the background to the resolutions to be proposed at the AGM.

The meeting is divided between Ordinary Business and Special Business. Resolutions 1-6 will be dealt with as Ordinary Business and are carried by a simple majority whilst Resolutions 7 and 8 will be dealt with as Special Business. Resolution 7 will be carried by a simple majority and Resolution 8 will be carried by a 75% vote in favour of the resolution.

Resolution 1

The shareholders are asked to receive the directors' report and the audited accounts for the year ended 31 March 2003.

Resolution 2

In accordance with the company's Articles of Association Nigel McCorkell retires by rotation and offers himself for re-election. Mr. McCorkell has been a director of the Company since 15 August 2000 and is Deputy Chairman and chairman of the audit and remuneration committees.

Resolution 3

The company's Articles of Association require that any director who has been appointed since the previous Annual General Meeting must stand for re-election and, accordingly, Hugh Hughes offers himself for re-election. Mr. Hughes has been a director of the company since 16 May 2003 and is a non-executive director and also is CEO of Thales Information Systems (Finance).

Resolution 4

The company's Articles of Association require that any director who has been appointed since the previous Annual General Meeting must stand for re-election and, accordingly, David Hurst-Brown offers himself for re-election. Mr. Hurst-Brown has been a director of the company since 16 May 2003 and is a non-executive director. Mr Hurst-Brown was previously with UBS Warburg in a number of corporate finance positions.

Resolution 5

The company's Articles of Association require that any director who has been appointed since the previous Annual General Meeting must stand for re-election and, accordingly, Jim Oliff offers himself for re-election. Mr. Oliff has been a director of the company since 16 May 2003 and is Chairman and CEO of FFastTrade US LLC and is also Deputy Chairman of the CME.

Resolution 6

The current auditors, Baker Tilly, have indicated that they are willing to continue and shareholders are asked to approve their re-appointment.



FFastFill

Information about resolutions to be proposed at the Annual General Meeting

Resolution 7

Under the Companies Act 1985 the directors are prohibited from allotting shares without prior authorisation from shareholders to do so. Resolution 7 will allow the directors to:

- (a) allot shares up to the specified maximum aggregate nominal amount pursuant to the placing announced on 19 May which is currently being arranged on behalf of the Company by KBC Peel Hunt Limited;
- (b) grant and issue to DrKW warrants that convert (at a price of 6p per share) into shares up to the specified maximum aggregate nominal amount in connection with future business opportunities with DrKW;
- (c) issue loan stock pursuant to the Loan Stock Instrument which converts (at a price of no less than 6p per share) into shares up to the specified maximum aggregate nominal amount;
- (d) allot further securities up to the specified maximum aggregate nominal amount (the directors seek this authority to enable them to allot new securities if it should appear desirable to do so).

If granted, the authorities in Resolution 7 would replace the existing authority for the directors to allot securities. The new authorities will expire 5 years from the date of the resolution unless amended or revoked at an earlier date.

Resolution 8

The Companies Act 1985 also provides that unless the shareholders otherwise consent all new equity securities to be allotted for cash must first be offered to existing shareholders in proportion to their existing shareholdings. The effect of Resolution 8 is to give the directors authority to enable:

- (a) the allotment and issue of shares pursuant to the placing announced on 19 May 2003 which is currently being arranged on behalf of the Company by KBC Peel Hunt Limited;
- (b) the grant and issue to DrKW of warrants that convert (at a price of 6p per share) into shares in connection with future business opportunities with DrKW;
- (c) the issue of loan stock pursuant to the Loan Stock Instrument which converts (at a price of no less than 6p per share) into shares;
- (d) the authority to enable the allotment of equity securities to the further aggregate maximum nominal amount.

without first offering the relevant shares to existing shareholders. Otherwise any allotment of shares must be offered to existing shareholders in proportion to their respective holdings of ordinary shares.

If granted, the authority would replace the existing authority of the directors to allot securities without following the pre-emption provisions. The new authorities will expire 5 years from the date of the resolution unless amended or revoked at an earlier date.



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at KBC Peel Hunt, 111 Old Broad Street London EC2N 1HP at 9.30 am on 16 June 2003 for the following purposes:

Ordinary Business

1. To receive the directors' report and accounts for the financial period ended 31 March 2003 and the auditor's report on the accounts.
2. To reappoint as a director Nigel McCorkell who retires by rotation pursuant to the Company's Articles of Association and who, being eligible, offers himself for re-election.
3. To reappoint as a director Hugh Hughes who was elected as a director since the Company's last Annual General Meeting.
4. To reappoint as a director David Hurst-Brown who was elected as a director since the Company's last Annual General Meeting.
5. To reappoint as a director James E. Oliff who was elected as a director since the Company's last Annual General Meeting.
6. To reappoint Baker Tilly as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company, at a remuneration to be fixed by the directors.

Special Business

To consider and, if thought fit, pass the following resolutions of which Resolution 7 will be proposed as an Ordinary Resolution and Resolution 8 will be proposed as a Special Resolution:

7. That the directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 (the "Act")):
 - (a) up to an aggregate nominal amount of £195,550 pursuant to the placing of shares currently being arranged by and on behalf of the Company;
 - (b) up to an aggregate nominal amount of £36,222 in satisfaction of warrants to be granted and issued to Dresdner Bank AG London Branch ("Dresdner") or any of its associated companies;
 - (c) up to an aggregate nominal amount of £166,667 in satisfaction of the conversion rights granted in loan stock to be issued pursuant to the instrument by way of deed poll (the "Loan Stock Instrument") to be executed by the Company constituting £1,000,000 nominal 6% convertible secured loan stock 2008 or in such other loan stock as may be issued by the Company on terms which, in the opinion of the



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Notice of Annual General Meeting

board of directors of the Company, are no less favourable to the Company than the terms set out in the Loan Stock Instrument; and

- (d) up to a further aggregate nominal amount of £159,355 during the period commencing on the date this resolution is passed and expiring 5 years after the date of this resolution unless previously renewed, varied or revoked by the Company in General Meeting, save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after that date and the Company may implement the same as if the authority conferred thereby had not expired and this authority shall be in substitution for all subsisting authorities to the extent unused other than in respect of any allotments pursuant to offers or agreements made prior to the passing of this resolution.
8. That, subject to and conditional upon Resolution 7 above being passed, the directors be and are hereby authorised and empowered pursuant to Section 95 of the Act during the period commencing on the date of the passing of this resolution, and expiring 5 years after the date of this resolution unless previously renewed, varied or revoked by the Company in General Meeting, to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by Resolution 7 above as if Section 89(1) of the Act did not apply to any such allotment save that the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not so expired and this power shall be in substitution for all subsisting powers to the extent unused other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution provided that this power shall be limited:
- (a) to the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to exclusions or other arrangements which the directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
 - (b) to the allotment of equity securities pursuant to the placing of shares currently being arranged by and on behalf of the Company up to an aggregate nominal amount of £195,550; and
 - (c) to the allotment of equity securities to satisfy the warrants to be granted and issued to Dresdner or any of its associated companies up to an aggregate nominal amount of £36,222; and
 - (d) to the allotment of equity securities to satisfy the conversion rights to be granted in loan stock to be issued pursuant to the Loan Stock Instrument or in such other loan stock as may be issued by the Company on terms which, in the opinion of the board of directors of the Company, are no less favourable to the Company than the terms set out in the Loan Stock Instrument up to an aggregate nominal amount of £166,667; and



FFastFill

Notice of Annual General Meeting

- (e) to the allotment (otherwise than pursuant to sub-paragraphs (a), (b), (c) or (d) above) of equity securities up to an aggregate nominal amount of £159,355.

By Order of the Board

C R Harrison

for and on behalf of FFastFill Plc

Secretary

Registered Office:

10 Arthur Street
London EC4R 9AY

Date: 23 May 2003

Notes

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.

The Company, pursuant to regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Ordinary shareholders registered in the register of members of the Company as at 9.30 am 14 June 2003, or in the event that the meeting is adjourned, in such register 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of securities after 9.30am 14 June 2003 or, in the event that the meeting is adjourned, in such register less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's registrars so as to be received not later than 48 hours before the time appointed for holding the meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.



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Information about the purpose of the Extraordinary General Meeting

The Extraordinary General Meeting ("EGM") of the company will be held at KBC Peel Hunt, 111 Old Broad Street London. The formal notice of the EGM is attached and these notes should be read in conjunction with that notice.

Section 142 of the Companies Act 1985 (the "Act") requires the directors of a public company to convene an extraordinary general meeting if the net assets of the company have fallen below 50% of the called-up share capital in order to consider whether any steps should be taken to deal with the situation. The EGM has been convened to satisfy this requirement.

The company is not required by section 142 of the Act to propose any specific resolutions at the EGM. In view of the company's recently announced new funding package the directors do not believe that any further steps should be taken to deal with the situation and therefore no specific resolutions are to be proposed at the EGM.

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at KBC Peel Hunt, 111 Old Broad Street London on 16 June 2003 at 10 am or, if later, following the conclusion of the Annual General Meeting of which notice has been given to commence at 9.30 am on the same day at the same place as aforesaid, pursuant to the provisions of Section 142(1) of the Companies Act 1985, to consider whether any, and if so what, steps should be taken to deal with the situation arising by virtue of the fact that the net assets of the Company are half or less of its called up share capital.

By Order of the Board

C R Harrison

for and on behalf of FFastFill Plc

Secretary

Registered Office:

10 Arthur Street
London EC4R 9AY

Date: 23 May 2003

Notes

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.

The Company, pursuant to regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Ordinary shareholders registered in the register of members of the Company as at 10 am 14 June 2003, or in the event that the meeting is adjourned, in such register 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of securities after 10am 14 June 2003 or, in the event that the meeting is adjourned, in such register less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's registrars so as to be received not later than 48 hours before the time appointed for holding the meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.



FFastFill

Form of Proxy for FFastFill plc Annual General Meeting

I/We

of
being (a) member(s) of the above-named Company hereby appoint the chairman of the meeting or (See Note 3)

.....
as my/our proxy to attend and/or vote for me/us on my/our behalf at the annual general meeting to be held at KBC Peel Hunt, 111 Old Broad Street, London at 9.30 am on 16 June 2003 and at any adjournment thereof.

Dated2003

Signature(s).....

	For	Against
1. Ordinary resolution – to receive the director's report and accounts for the financial period ended 31 March 2003		
2. Ordinary resolution – to reappoint Nigel McCorkell as a director		
3. Ordinary resolution – to reappoint Hugh Hughes as a director		
4. Ordinary resolution – to reappoint David Hurst-Brown as a director		
5. Ordinary resolution – to reappoint James E Oliff as a director		
6. Ordinary Resolution – to reappoint Baker Tilly as auditors of the Company until the next AGM		
7. Ordinary resolution – to authorise the directors to allot shares		
8. Special resolution – to disapply pre-emption rights on the allotment of shares for cash		

Notes

1. Please indicate with an "X" in the spaces provided appropriate boxes how you wish your vote to be cast.
2. If you do not indicate how you wish your proxy to vote, your proxy will exercise his/her discretion as to whether, and if so how, he/she votes. Your proxy may also vote or abstain from voting as he/she thinks fit on any other business which may properly come before the meeting including on any permissible amendment to the resolutions set out in the notice of meeting.
3. A proxy need not be a member of the Company. A member may appoint a proxy of his/her own choice. If you wish to appoint someone else, please delete the words "the chairman of the meeting" and insert the name of the person whom you wish to appoint in the space provided. The chairman of the meeting will act as your proxy, whether or not such deletion is made, if no other name is inserted.
4. In the case of joint registered holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated. The vote of the senior (according to the order in which the names stand in the register of members in respect of the holding) who tenders a vote in person or by proxy will be accepted to the exclusion of the votes of the other joint holders.
5. Completion and return of the proxy will not preclude you from attending and voting at the meeting should you decide to do so.
6. If the appointor is a corporation this proxy should be under seal or under the hand of an officer or attorney duly authorised.
7. To be effective, this proxy, together with any power of attorney or any other authority (if any) under which it is executed, or a copy of such power of attorney or other authority, certified notarially, must be lodged at the Company's registrars at the address overleaf, not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting at which it is to be used.



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Licence No. MB 122



Capita Registrars (Proxies)
P.O. Box 25
Beckenham
Kent
BR3 4BR

First FOLD

Second FOLD



FFastFill

Form of Proxy for FFastFill plc Extraordinary General Meeting

I/We

of

being (a) member(s) of the above-named Company hereby appoint the chairman of the meeting or (See Note 1)

.....
as my/our proxy to attend and/or vote for me/us on my/our behalf at the extraordinary general meeting to be held at KBC Peel Hunt, 111 Old Broad Street, London at 10.00 am on 16 June 2003 and at any adjournment thereof.

Dated2003

Signature(s).....

Notes

1. A proxy need not be a member of the Company. A member may appoint a proxy of his/her own choice. If you wish to appoint someone else, please delete the words "the chairman of the meeting" and insert the name of the person whom you wish to appoint in the space provided. The chairman of the meeting will act as your proxy, whether or not such deletion is made, if no other name is inserted.
2. In the case of joint registered holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated. The vote of the senior (according to the order in which the names stand in the register of members in respect of the holding) who tenders a vote in person or by proxy will be accepted to the exclusion of the votes of the other joint holders.
3. Completion and return of the proxy will not preclude you from attending and voting at the meeting should you decide to do so.
4. If the appointor is a corporation this proxy should be under seal or under the hand of an officer or attorney duly authorised.
5. To be effective, this proxy, together with any power of attorney or any other authority (if any) under which it is executed, or a copy of such power of attorney or other authority, certified notarially, must be lodged at the Company's registrars at the address overleaf, not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting at which it is to be used.



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First FOLD

Second FOLD