



FFast Fill Plc

2003

Interim Financial Report for the six months ended 30 September 2003



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Chairman's Statement

Introduction

The past six months has been a period of consolidation and progress for the company providing a strong platform from which to launch our new application service offerings. The results, which we are announcing today, show a significant improvement over the equivalent period last year.

Continued improvements

The market continues to be challenging but significant progress has been made:

- Turnover has grown by 317% to £1.6m.
- We have delivered two further quarterly software releases, both on time, to specification and with high levels of reliability.
- We have further enhanced the product functionality raising all components to the level of our industry leading risk management system.
- We have increased again the scope of our exchange connections to include LME, IPE, and e-CBOT. These bring connectivity to 12 exchanges worldwide.
- We have made good progress in bringing forward our next generation of software; this is planned for delivery during the first half of 2004.
- We now have a strong pipeline, which will lead to more new customers signings later this financial year.

Financial results

The results are for the six-month period to 30 September 2003. During this period turnover increased by 317% to £1.651m (2002 £0.396million) and the operating loss on continuing operations reduced to £0.969m (2002 £2.467m). Costs were kept under tight control to make room for the marketing campaign in support of the US business and the investment in the development of the FFastFill NG product to be released next year.

Cash at 30 September 2003 was £1.588 million (2002 £2.445m). During the period the company raised new funding of £1.530 million (before expenses) from a series of current and new investors for the company's development. No interim dividend is proposed.

Operational review

Strategy: As I said in my first statement as Chairman of this company, our new strategy has been to provide our customers with our applications delivered as a service. I am pleased to say that we will be launching this new service later on this month. Our ability to launch this service is a reflection of the success that we have had in both raising the reliability of our software to set a new benchmark for the industry, and in implementing our uniquely resilient exchange connectivity platform, FFastConnect.

We believe that this service approach to technology deployment will become routine in the industry over the next five years and that this new service will give the company a significant first mover advantage over the coming year.



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Chairman's Statement – continued

Services: The FFastConnect platform, which provides the only Service Level Agreement (SLA) based exchange connectivity service for the industry is now operational and is meeting its extremely stretching operational objectives. Interest remains strong amongst a number of prospects who recognise the strategic nature of the proposition.

Software: The two quarterly releases of the software were both delivered on time and to specification, and have been deployed smoothly across our customers. As well as proving highly reliable, we believe that the software suite is competitive with any other available. The investments we have made in establishing our high quality, low cost development facility in Prague now allow us to move into a market leading position as our new software architecture is deployed during the first half of 2004.

USA: FFastTrade, our Introducing Broker, experienced a mixed overall performance in the six months. The business has now been refocused around the popular Citrix offering. This saw growth of 100% to 60 users, as a result of our investment in sales and marketing. In addition we have started to make progress in marketing our application service to US-based institutions. Success in this area will help us to implement our strategy of developing these two businesses down parallel paths over the next six months.

DrKW: Our relationship with DrKW is now well established. During the period we have delivered two new releases of software seamlessly, in line with our quarterly development cycle. Our FFast Connect platform is now in the live environment, and has demonstrated the value of remote application delivery across this high performance platform. We were able to deliver a 'first' with DrKW when we implemented the first direct market order execution system for LME trading.

Outlook

While budgets for IT expenditure in the financial services sector remain constrained, derivatives volumes are growing and our prospects and customers are looking for efficiency improvements in the delivery of their technology. The board has confidence in the competitiveness of the company's software and services and in its ability to deliver its plans.

Keith Todd
Executive Chairman
13 November 2003



Consolidated profit and loss account

for the period ended 30 September 2003

		Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000	Year ended 31 March 2003 (audited) £'000
Turnover				
– continuing operations		1,636	381	1,345
– discontinued operations		15	15	27
		<u>1,651</u>	<u>396</u>	<u>1,372</u>
Administrative expenses – other				
– continuing operations		(2,605)	(2,848)	(5,440)
– discontinued operations		(127)	(266)	(552)
		<u>(2,732)</u>	<u>(3,114)</u>	<u>(5,992)</u>
Administrative expenses – exceptional				
– continuing operations		–	–	(406)
– discontinued operations	2	(164)	–	–
		<u>(164)</u>	<u>–</u>	<u>(406)</u>
Operating loss				
– continuing operations		(969)	(2,467)	(4,501)
– discontinued operations		(276)	(251)	(525)
		<u>(1,245)</u>	<u>(2,718)</u>	<u>(5,026)</u>
Interest receivable and similar income		10	75	103
Interest payable and similar charges		(2)	(5)	(3)
Loss on ordinary activities before taxation		(1,237)	(2,648)	(4,926)
Tax on loss on ordinary activities	3	–	–	285
Loss on ordinary activities after taxation		(1,237)	(2,648)	(4,641)
Minority interest		3	4	6
Loss for the period attributable to shareholders		<u>(1,234)</u>	<u>(2,644)</u>	<u>(4,635)</u>
Basic and diluted loss per share	4	(2.11p)	(5.76p)	(10.05p)



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Consolidated statement of total recognised gains and losses

For the period ended 30 September 2003

	Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000	Year ended 31 March 2003 (audited) £'000
Loss for the financial period	(1,234)	(2,644)	(4,635)
Currency translation differences on foreign currency net investments	<u>(27)</u>	<u>56</u>	<u>3</u>
Total recognised gains and losses relating to the period	<u>(1,261)</u>	<u>(2,588)</u>	<u>(4,632)</u>



Consolidated balance sheet

as at 30 September 2003

	As at 30 September 2003 (unaudited) £'000	As at 30 September 2002 (unaudited) £'000	As at 31 March 2003 (audited) £'000
Fixed assets			
Negative goodwill	–	(23)	–
Tangible assets	<u>312</u>	<u>367</u>	<u>629</u>
	<u>312</u>	<u>344</u>	<u>629</u>
Current assets			
Debtors	512	2,019	681
Cash at bank and in hand	<u>1,588</u>	<u>2,445</u>	<u>998</u>
	2,100	4,464	1,679
Creditors: amounts falling due within one year	<u>(1,383)</u>	<u>(1,220)</u>	<u>(1,222)</u>
Net current assets	<u>717</u>	<u>3,244</u>	<u>457</u>
Total assets less current liabilities	1,029	3,588	1,086
Creditors: amounts falling due after more than one year	–	(2)	(1)
Deferred Income	<u>(480)</u>	<u>(1,390)</u>	<u>(875)</u>
Net assets	<u>549</u>	<u>2,196</u>	<u>210</u>
Capital and reserves			
Called up share capital	5 759	461	464
Share premium account	5 17,754	16,834	16,834
Shares to be issued	5 592	237	203
Merger reserve	5 890	890	890
Profit and loss account	5 <u>(19,463)</u>	<u>(16,248)</u>	<u>(18,202)</u>
Equity shareholders' funds	<u>532</u>	<u>2,174</u>	<u>189</u>
Minority interest	<u>17</u>	<u>22</u>	<u>21</u>
Total capital employed	<u>549</u>	<u>2,196</u>	<u>210</u>



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Consolidated cash flow statement

for the period ended 30 September 2003

		Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000	Year ended 31 March 2003 (audited) £'000
Net cash outflow from operating activities	A	<u>(1,179)</u>	<u>(2,657)</u>	<u>(3,987)</u>
Returns on investments and servicing of finance				
Interest received		10	75	103
Interest paid		<u>(2)</u>	<u>(5)</u>	<u>(3)</u>
Net cash inflow from returns on investments and servicing of finance		<u>8</u>	<u>70</u>	<u>100</u>
Taxation				
Research and development tax credit received		<u>–</u>	<u>–</u>	<u>285</u>
Capital expenditure				
Proceeds from sales of tangible fixed assets		430	–	–
Purchase of tangible fixed assets		<u>(112)</u>	<u>(65)</u>	<u>(499)</u>
Net Cash inflow/(outflow) from capital expenditure		<u>318</u>	<u>(65)</u>	<u>(499)</u>
Cash outflow before financing		<u>(853)</u>	<u>(2,652)</u>	<u>(4,101)</u>
Financing				
Issue of ordinary shares		1,444	5	8
Capital element of finance lease payments		<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
Net cash inflow from financing		<u>1,443</u>	<u>4</u>	<u>6</u>
Increase/(decrease) in cash	B	<u>590</u>	<u>(2,648)</u>	<u>(4,095)</u>



Notes to the cash flow statement

A. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000	Year ended 31 March 2003 (audited) £'000
Operating loss	(1,245)	(2,718)	(5,026)
Depreciation	136	165	363
Amortisation	–	(8)	(31)
Foreign exchange movements	(27)	(5)	25
Decrease/(increase) in debtors	229	(1,531)	(193)
(Decrease)/increase in creditors	(235)	1,431	875
(Profit)/loss on disposal of fixed assets	(137)	9	–
Charge on issue of unapproved share options	100	–	–
Net cash outflow from operating activities	<u>(1,179)</u>	<u>(2,657)</u>	<u>(3,987)</u>

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

	Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000	Year ended 31 March 2003 (audited) £'000
Increase/(decrease) in cash in the period	590	(2,648)	(4,095)
Repayment of finance leases	1	1	2
Net funds at beginning of period	<u>995</u>	<u>5,088</u>	<u>5,088</u>
Net funds at end of period	<u>1,586</u>	<u>2,441</u>	<u>995</u>

C. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2003 (audited) £'000	Cash flows (unaudited) £'000	At 30 September 2003 (audited) £'000
Cash at bank and in hand	998	590	1,588
Finance leases	<u>(3)</u>	<u>1</u>	<u>(2)</u>
	<u>995</u>	<u>591</u>	<u>1,586</u>



Notes to the interim results

1. ACCOUNTING POLICIES

The accounts have been prepared has been prepared on the basis of the accounting policies set out in the audited accounts for the year ended 31 March 2003.

Going concern

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

During the period, the group made losses of £1.2 million and had net assets at 30 September 2003 of £549,000. As disclosed in the Chairman's Statement on pages 1 to 2, the directors have taken steps to further develop the group's range of products and services, which will lead to new customers signings later this year. The going concern basis depends upon the expected benefit from signing new long term contracts.

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

2. EXCEPTIONAL ITEMS

Exceptional items in the accounts for the period ended 30 September 2003 relate to the costs of closing the trading operations of FFastFill France SAS.

3. TAX ON LOSS ON ORDINARY ACTIVITIES

The company has no liability to UK Corporation tax as the company made a loss for the purposes of UK Corporation Tax. During the year ended 31 March 2003 the company received a research and development tax credit.

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:

	Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000	Year ended 31 March 2003 (audited) £'000
Loss attributable to shareholders	£1,234,000	£2,644,000	£4,635,000
Weighted average number of shares	58,581,260	45,898,853	46,124,866

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



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 2003 (audited)	464	16,834	203	890	(18,202)	189
Loss for the period	–	–	–	–	(1,234)	(1,234)
Exercise of share options	24	21	(11)	–	–	34
Issue of shares	271	899	300	–	–	1,470
Charge on grant of share options	–	–	100	–	–	100
Foreign exchange movement	–	–	–	–	(27)	(27)
At 30 September 2003 (unaudited)	<u>759</u>	<u>17,754</u>	<u>592</u>	<u>890</u>	<u>(19,463)</u>	<u>532</u>

A shareholder was committed to pay £300,000 in exchange for 6,000,000 Ordinary Shares. On 29 September 2003 £240,000 was received and the remaining amount of £60,000 was received on 16 October 2003. The shares were issued to the shareholder on 21 October 2003.

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 2002 and 2003 is unaudited. Information relating to the year ended 31 March 2003 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

No interim dividend is proposed.





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