



FFastFill Plc

Annual Report and Accounts 2006

2006

Applications
Presenters

FFastFill plc

CONSOLIDATED REPORT AND ACCOUNTS

For the year ended

31 March 2006



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Directors and advisers

Executive directors	T K Todd (Executive Chairman) N R Hartnell
Non-executive directors	H N P McCorkell (Joint Deputy Chairman and Senior Independent Non-Executive Director) J E Oliff (Joint Deputy Chairman) D A Hurst-Brown H Hughes
Secretary	P A Colcombe
Registered office	1-3 Norton Folgate London E1 6DB
Bankers	Royal Bank of Scotland PO Box 39 5th Floor, Abbey House 282 Farnborough Road Farnborough Hampshire GU14 7YU
Nominated advisers and Brokers	KBC Peel Hunt Limited 111 Old Broad Street London EC2N 1PH
Independent 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

I am pleased to report another year of progress in delivering our strategy to become the leading provider of application services (ASP) to the futures industry. During the past 12 months we have achieved;

- Turnover of £4.753 million (2004/5 £4.327 million)
 - Continuing operations revenue growth of 18.7 %
 - Application services growth of 119% to £2.361 million
- Increased our CME/ FX on Reuters customer base to seven global banks
- Successfully launched our TT service in Chicago and now have six customers including two global banks.
- An order book of over £5 million to support current year revenue

Financial results for the year 2005/6

Full year revenue grew to £4.753 million (2004/5 £4.327 million). Continuing operations revenue was £4.753 million (2004/5 £4.004million), up 18.7%. Application Services revenue at £2.361 million (2004/5 £1.048 million) now accounts for 50% of our total revenue.

The revenue growth has been achieved by increasing the average income per customer and the increase in the number of customers to over 40. Our top 20 customers account for approximately 90% of revenue, and their average income is now £232k per customer, a growth of 16%.

During the year, we achieved new customer wins for our application services in addition to the major TT application service contract wins. There was delay in some contract signings, most of which have now been achieved, as well as some delay in user number growth under existing contracts. The CME FX on Reuters service growth is expected to improve following the recent launch of an enhanced version of the service.

The investment in technology and service offerings, combined with delays in signing new customers, has had a short-term negative impact on the company's financial performance in the year ended 31 March 2006; however the Board is convinced that this investment will benefit shareholders in the medium and long term.

The EBITDA loss in the period at £2.450 million (2004/5 £2.260 million) increased due to the heavy investment in our service development programme including software development and operational delivery capability ahead of contract wins. We now have available a highly competitive range of services that are delivered from our three data centres in London and Chicago and supported 24 hours a day, 5.5 days a week. The increased Pre-tax loss of £3.328 million (2004/5 £2.879 million) was the result of the lower EBITDA and a higher depreciation charge.

We have continued to maintain a rigorous control of costs. However costs were increased in order to expand our delivery capability and to complete the development of a number of service offerings. We have recently re-organised our approach to customer management as our business has become increasingly centred on global customers. As a result of this we have been able to reduce cost by eliminating some overlapping activities. This cost reduction, together with other reductions achieved, means that we start the current year with a lower monthly cost base than that which we incurred on average during last year. We are not expecting any significant change in staffing numbers during the current year.



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Chairman's statement

Cash outflow from operating activities was £2.162 million (2004/5 £2.859 million). This improvement was due to reduced working capital requirements. Capital expenditure was £1.171 million (2004/5 £1.138 million) in support of the additional data centre and customer contracts. £759k was financed as part of a customer backed finance lease.

The cash balance at 31 March 2006 was £1.230 million (2004/5 £911k). We have also announced a £1.4m placement. This was approved at an EGM on 31 May 2006.

Operational review:

Strategy: Our core application services strategy has remained unchanged; we have however expanded the breadth of the ASP offering to include a third party product, our multi asset class execution capability and our strengthened order book.

Business development: We are seeing significant progress in our ability to win new global customers and to expand the business we do with these large banks. The combination of our offerings, the increased acceptance of our application services approach and our reputation are underpinning this progress.

We launched the TT service in October in Chicago and this has led to a number of wins including two global banks. These contracts have demonstrated the value of our strategy to offer third party products as part of our service offering.

We recently announced three new services to complement our existing ASP trade execution service and Reuters CME service.

European based TT service: We will be launching a London-based service which will be available from July 2006. This will allow us to support the European operations of existing US TT service customers with a European-based offering and will open up new opportunities for London-based trading firms.

Multi-asset class trading service: We have now completed the development of our multi-asset class trading system. This will allow firms who predominantly trade listed derivatives to also trade foreign exchange, equities, contracts for difference and bonds via their FFastFill execution screen.

New generation 'Global Order Book': We announced the availability of the first phase of a new generation of global order book which the board believe will substantially improve order and risk management for participants in the derivatives industry. New functionality will be released during 2006/7 which will include the integration of traditional clearing functionality.

Staff: We could not have achieved the progress we have made without the skill and commitment of our teams in London, Chicago and Prague. The board and I would like to thank them for their dedication and commitment.



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Chairman's statement

Governance

The board consist of two executive directors and four non executive directors, three of whom are independent. During the year Mr Jim Oliff has become a part time non executive director but remains joint deputy chairman. The senior independent non-executive is Mr Nigel McCorkell who is also joint deputy chairman.

Outlook

Whilst delays in signing new customers together with the investment made in expanding our service offerings have adversely affected our financial results for the year ended 31 March 2006, the Board is convinced that this investment will benefit shareholders in the medium and long term.

FFastFill now has a strong order book of over £5 million. The Directors believe that this order book, together with the substantial completion of the company's investment programme and the implementation of various cost reduction measures, position the company well to achieve EBITDA profitability. The Directors believe that the funds raised via the placing will be sufficient to achieve this goal.

Keith Todd
Executive Chairman
31 May 2006



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Directors' report

The directors present their report and the accounts for the year ended 31 March 2006.

Principal activities

The principal activity of the group is the provision of application services for use in the global financial 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 group's future prospects.

Results for the year and dividends

The results for the year are disclosed on page 17.

The directors are unable to recommend the payment of a dividend (2005: £ nil).

Directors and their interests

The directors who served during the period were as follows:

Executive directors

T K Todd

N R Hartnell

Non-Executive directors

H N P McCorkell

J E Oliff

D A Hurst-Brown

J Rankin (resigned 20 January 2006)

H L Hughes

D A Hurst-Brown and J E Oliff retire by rotation and, being eligible, offer themselves for re-election.

The interests of the directors who held office at 31 March 2006, together with those persons connected with the directors, in the share capital of the company were as follows:

	Ordinary shares of £0.01 each	
	31 March 2006	31 March 2005
Executive directors		
T K Todd	10,683,333	5,950,000
N R Hartnell	510,000	375,000
Non-Executive directors		
D A Hurst-Brown	775,000	625,000
H N P McCorkell	152,420	152,420
J E Oliff	750,000	250,000
H L Hughes	—	—

J Rankin resigned on 20 January 2006.



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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 2005 through various share option and warrant schemes.

	Scheme status	Exercise price	Number of share options and warrants		Exercise period
			at 31 March 2006	at 31 March 2005	
T K Todd	EMI ⁽¹⁾	£0.07	2,666,666	2,666,666	26 September 2002 to 25 September 2012
	Unapproved ⁽¹⁾	£0.07	8,808,073	8,808,073	26 September 2002 to 25 September 2012
	Unapproved	£0.01	—	3,333,333	1 April 2004 to 31 March 2013
N R Hartnell	EMI ⁽¹⁾	£0.07	2,666,666	2,666,666	26 September 2002 to 25 September 2012
	Unapproved ⁽¹⁾	£0.07	624,017	624,017	26 September 2002 to 25 September 2012
	Unapproved	£0.01	1,645,342	1,645,342	1 April 2004 to 31 March 2013
J E Oliff	Unapproved	£0.04	500,000	500,000	31 March 2003 to 30 March 2012
	Unapproved	£0.01	1,066,667	1,066,667	1 April 2004 to 31 March 2013
D A Hurst-Brown	Warrants	£0.07	150,000	150,000	17 June 2005 to 16 June 2013
	Warrants	£0.04	100,000	100,000	17 June 2005 to 16 June 2013
H N P McCorkell	Warrants	£0.07	150,000	150,000	14 May 2005 to 13 May 2013
	Warrants	£0.04	100,000	100,000	14 May 2005 to 13 May 2013

Note

1. These options will vest in three tranches; two and three being subject to the market capitalisation of the group reaching £14.45m and £24.45m respectively.



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Directors' report

Directors' emoluments

Details of directors' emoluments are as follows:

	2006 £'000	2005 £'000
Executive directors		
T K Todd	83	75
N R Hartnell	47	62
Non-executive directors		
H L Hughes	10	10
D A Hurst-Brown	15	15
N McCorkell	15	15
J E Oliff	57	48
J Rankin	8	10
	<u>235</u>	<u>235</u>

On 22 November T K Todd exercised 3,333,333 of shares options at 1p. The gain on this exercise of share options is £92,000. Since the date of exercise, T K Todd has not disposed of this holding of shares or any of his holding in FFastFill plc.

These options had been granted to T K Todd in recognition of him voluntarily waiving £100,000 of salary for the year ended 31 March 2004.

Research and development

The group is committed to continuing to develop both its application software products and its network-based services. Expenditure on these developments in the year of £1,323,000 (2005: £1,120,000) is included within administrative expenses.

Policy on payments 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 2006 was 55 days (2005: 83 days).

Post balance sheet event

In May 2006 the company announced it has raised £1.4 million (before expenses) by the placing of 46,669,000 new ordinary shares of 1p, at 3p per share. The company will use the net proceeds to provide further working capital and strengthen the company's balance sheet in support of major sales opportunities. This was approved at an Extraordinary General Meeting of the company on 31 May 2006.



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Directors' report

Auditors

A resolution to reappoint Baker Tilly, Chartered Accountants, as the company's auditors will be put to the members at the Annual General Meeting.

Statement as to the disclosure of information to the auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

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

P A Colcombe
Secretary

31 May 2006



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Report on corporate governance

Whilst the group is not required to comply with the provisions of the Revised 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 Revised 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 four 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, monitors progress towards achievement of those budgets and longer term strategies.

The Board, chaired by Keith Todd, currently has four non-executive directors, 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. 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.



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Report on corporate governance

Remuneration committee

The Remuneration Committee comprises Nigel McCorkell and Hugh Hughes each of whom is an independent non-executive director.

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 this 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 11 May 2006.

Audit committee

The Audit Committee comprises Nigel McCorkell and David Hurst-Brown, who are independent non-executive directors.

The Audit Committee meets at least twice a year. The 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 appointed auditors Baker Tilly, and their overseas associates, have been objective and independent of the company. Baker Tilly and their associates 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 £3.3 million (2005: £2.9 million) and had net assets at 31 March 2006 of £2.3 million (2005: £2.6 million).

As a result of winning a number of significant new customers during the year, the group's order book of recurring and run-rate revenue at the end of March was over £5 million. This has already increased further in the period since the end of the year and the group has a strong pipeline of further business from both current and new customers. During the year the group substantially completed its investment programme and the directors have also implemented a number of cost reduction measures.

In addition, since the year end, the company has raised £1.4 million (before expenses) by the placing of 46,669,000 new ordinary shares of 1p, at 3p per share. The group will use the net proceeds to provide further working capital and strengthen the company's balance sheet.

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 were inappropriate.



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Statement of directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom generally accepted Accounting Practice.

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.

Independent Auditors' Report to the Members of FFastFill Plc

We have audited the accounts on pages 17 to 35.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 and whether the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read 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 and the Report 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 group's and 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.



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Independent Auditors' Report to the Members of FFastFill Plc

Opinion

In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2006 and the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

BAKER TILLY
Registered Auditor
Chartered Accountants
31 May 2006

2 Bloomsbury Street
London
WC1B 3ST



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Consolidated profit and loss account for the year ended 31 March 2006

	Notes	2006		2005	
		£'000	£'000	£'000	£'000
Turnover					
— continuing operations		4,753		4,004	
— discontinued operations		—		323	
			4,753		4,327
Administrative expenses					
— exceptional			—		(92)
— other	5		(8,160)		(7,035)
Other operating income			31		51
Operating loss					
— continuing operations		(3,376)		(2,507)	
— discontinued operations		—		(242)	
	5		(3,376)		(2,749)
Exceptional items — reorganisation costs	5		—		(219)
Interest receivable and similar income			83		99
Interest payable and similar charges	6		(35)		(10)
Loss on ordinary activities before taxation			(3,328)		(2,879)
Tax on loss on ordinary activities	7		(8)		(7)
Loss on ordinary activities after taxation			(3,336)		(2,886)
Minority interest	18		—		4
Loss for the financial year attributable to shareholders			(3,336)		(2,882)
Basic and diluted loss per share	19		(1.43p)		(1.60p)



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Consolidated statement of total recognised gains and losses for the year ended 31 March 2006

	2006	2005
	£'000	£'000
Loss for the financial year	(3,336)	(2,882)
Currency translation differences on foreign currency net investments	<u>(11)</u>	<u>(83)</u>
Total recognised gains and losses relating to the year	<u>(3,347)</u>	<u>(2,965)</u>



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Consolidated balance sheet as at 31 March 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Intangible asset	8	1,680	1,799
Tangible assets	9	<u>1,566</u>	<u>1,139</u>
		<u>3,246</u>	<u>2,938</u>
Current assets			
Debtors	11	1,011	2,666
Cash at bank and in hand		<u>1,230</u>	<u>911</u>
		2,241	3,577
Creditors: amounts falling due within one year	12	<u>(1,940)</u>	<u>(1,978)</u>
Net current assets		<u>301</u>	<u>1,599</u>
Total assets less current liabilities		3,547	4,537
Creditors: amounts falling due more than one year		(360)	—
Deferred income	13	<u>(930)</u>	<u>(1,953)</u>
Net assets		<u>2,257</u>	<u>2,584</u>
Capital and reserves			
Called up share capital	14	2,427	1,949
Share premium account	15	25,706	23,156
Other reserve	15	235	235
Merger reserve		890	890
Profit and loss account	15	<u>(27,001)</u>	<u>(23,654)</u>
Equity shareholders' funds	16	2,257	2,576
Minority interest	18	<u>—</u>	<u>8</u>
Total capital employed		<u>2,257</u>	<u>2,584</u>

The accounts were approved and authorised for issue by the Board of Directors on 31 May 2006 and were signed on its behalf by:

Keith Todd
Director



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Company balance sheet as at 31 March 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Investments	10	<u>2,107</u>	<u>2,208</u>
Current assets			
Debtors	11	144	103
Cash at bank and in hand		<u>951</u>	<u>335</u>
		1,095	438
Creditors: amounts falling due within one year	12	<u>(776)</u>	<u>(467)</u>
Net current liabilities		<u>319</u>	<u>(29)</u>
Total assets less current liabilities		<u>2,426</u>	<u>2,179</u>
Capital and reserves			
Called up share capital	14	2,427	1,949
Share premium account	15	25,706	23,156
Other reserves	15	235	235
Profit and loss account	15	<u>(25,942)</u>	<u>(23,161)</u>
Equity shareholders' funds	16	<u>2,426</u>	<u>2,179</u>

The accounts were approved and authorised for issue by the Board of Directors on 31 May 2006 and were signed on its behalf by:

Keith Todd
Director



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Consolidated cash flow statement for the year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
Net cash outflow from operating activities	A	<u>(2,162)</u>	<u>(2,859)</u>
Returns on investments and servicing of finance			
Interest received		83	99
Interest element of finance lease payments		<u>(35)</u>	<u>(10)</u>
Net cash inflow from returns on investments and servicing of finance		<u>48</u>	<u>89</u>
Taxation			
Overseas tax paid		(6)	(7)
Capital expenditure			
Purchase of tangible fixed assets		(1,171)	(1,138)
Acquisitions			
Purchase of subsidiary undertakings		—	(36)
Net cash acquired with subsidiary undertaking		<u>—</u>	<u>75</u>
Net cash inflow from acquisitions		<u>—</u>	<u>39</u>
Cash outflow before financing		<u>(3,291)</u>	<u>(3,876)</u>
Financing			
Issue of ordinary shares		3,020	3,821
Sale and leaseback		759	
Capital element of finance lease payments		<u>(169)</u>	<u>(1)</u>
Net cash inflow from financing		<u>3,610</u>	<u>3,820</u>
Increase/(decrease) in cash	B	<u>319</u>	<u>(56)</u>



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Notes to the cash flow statement for the year ended 31 March 2006

A. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	2006	2005
	£'000	£'000
Operating loss	(3,376)	(2,749)
Reorganisation costs of subsidiaries acquired during the year	—	(177)
Depreciation	744	359
Amortisation of goodwill	182	130
Foreign exchange translation differences	(11)	32
Decrease/(increase) in debtors	1,767	(1,218)
(Decrease)/increase in creditors	<u>(1,468)</u>	<u>764</u>
Net cash outflow from operating activities	<u>(2,162)</u>	<u>(2,859)</u>

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

	2006	2005
	£'000	£'000
Increase/(decrease) in cash in the year	319	(56)
Sale and leaseback	759	—
Repayment of finance leases	<u>(169)</u>	<u>1</u>
Change in net funds resulting from cash flows	909	(55)
Net funds at beginning of year	<u>911</u>	<u>966</u>
Net funds at end of year	<u>1,820</u>	<u>911</u>

C. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April	Cash flows	At 31 March
	2005	£'000	2006
	£'000	£'000	£'000
Cash at bank and in hand	911	319	1,230
Finance leases	<u>—</u>	<u>590</u>	<u>590</u>
Total	<u>911</u>	<u>909</u>	<u>1,820</u>



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Notes to the accounts for the year ended 31 March 2006

1 ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements comprise 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 subsidiaries have accounting year ends of 31 March 2006.

Going concern

During the year the group made losses of £3.3 million (2005: £2.9 million) and had net assets at 31 March 2006 of £2.3 million (2005: £2.6 million).

As a result of winning a number of significant new customers during the year, the group's order book of recurring and run-rate revenue at the end of March 2006 was over £5 million. This has already increased further in the period since the end of the year and the group has a strong pipeline of further business from both current and new customers. During the year the group substantially completed its investment programme and the directors have also implemented a number of cost reduction measures.

In addition, since the year end, the company has raised £1.4 million (before expenses) by the placing of 46,669,000 new ordinary shares of 1p, at 3p per share. The company will use the net proceeds to provide further working capital and strengthen the company's balance sheet.

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 were inappropriate.

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%
Short leasehold improvements	—	33%

Fixed asset investments

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

Goodwill

Purchased goodwill is amortised through the profit and loss account over the useful life of ten years.



FFastFill

Notes to the accounts for the year ended 31 March 2006

1 ACCOUNTING POLICIES (continued)

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. Any differences are taken to the profit and loss account. 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.

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.



FFastFill

Notes to the accounts for the year ended 31 March 2006

1 ACCOUNTING POLICIES (continued)

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.

Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 SEGMENTAL INFORMATION

	2006			2005		
	Turnover	Operating loss	Net assets/ (liabilities)	Turnover	Operating loss	Net assets/ (liabilities)
	£'000	£'000	£'000	£'000	£'000	£'000
UK Continuing Operations	4,182	(2,213)	1,955	3,620	(1,467)	1,983
US Continuing Operations	571	(546)	(2,124)	384	(438)	(1,578)
US Discontinued Operations	—	—	—	323	(242)	—
Plc	—	(577)	2,426	—	(602)	2,179
	<u>4,753</u>	<u>(3,336)</u>	<u>2,257</u>	<u>4,327</u>	<u>(2,749)</u>	<u>2,584</u>

3 DIRECTORS' EMOLUMENTS

	2006	2005
	£'000	£'000
Directors' remuneration	<u>235</u>	<u>235</u>

Emoluments disclosed above includes payments to the highest paid director of £83,000 (2005: £75,000).

The directors did not receive any pension contributions during the year.

On 22 November T K Todd exercised 3,333,333 of shares options at 1p. A gain on this exercise of share options is £92,000. Since the date of exercise, T K Todd has not disposed of this holding of shares or any of his holding in FFastFill plc. This gain is not included in the directors' remuneration disclosure above.

These options had been granted to T K Todd in recognition of him voluntarily waiving £100,000 of salary for the year ended 31 March 2004.



FFastFill

Notes to the accounts for the year ended 31 March 2006

4 EMPLOYEE INFORMATION

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

	2006	2005
	No.	No.
Software development and support — Prague	46	36
Software and services development and support — Other	50	38
Sales and marketing	6	5
Finance, administration and management	10	14
	<u>112</u>	<u>93</u>

As at 31 March 2006 the staff numbers were 114 (2005: 105)

	2006	2005
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	3,806	3,527
Social security costs	592	398
Pension costs	9	35
	<u>4,407</u>	<u>3,960</u>

5 OPERATING LOSS IS STATED AFTER CHARGING:

	2006	2005
	£'000	£'000
Depreciation		
— owned assets	651	359
— leased assets	93	—
Amortisation of goodwill	182	130
Auditors' remuneration		
— for audit services — group auditors	28	27
— other auditors	7	6
— for other services	15	23
Operating leases — land and buildings	562	339
— equipment	160	162
Research and development expenditure	1,323	1,120
Exceptional items		
— salary costs	—	92
	<u>—</u>	<u>92</u>

As result of the reorganisation of operations, the group incurred costs of £Nil (2005: £92,000).



FFastFill

Notes to the accounts for the year ended 31 March 2006

5 OPERATING LOSS IS STATED AFTER CHARGING: (continued)

On 15 July 2004, FFastFill Plc acquired 100% of issued share capital of Future Dynamics Limited (now renamed FFastFill FD Limited) and its subsidiary Future Dynamics Inc. Following this acquisition, FFastFill Plc and its subsidiaries incurred the following exceptional costs, as result of the integration of the FFastFill FD Limited and Future Dynamics Inc operating activities into those FFastFill plc and its other subsidiaries:

	2006 £'000	2005 £'000
Redundancy costs	—	108
Other	—	111
	<u>—</u>	<u>219</u>

6 INTEREST PAYABLE

	2006 £'000	2005 £'000
Other interest	1	7
Bank interest	3	2
On finance leases	31	1
	<u>35</u>	<u>10</u>

7 TAXATION

	2006 £'000	2005 £'000
Overseas taxation	(8)	(7)
	<u>(8)</u>	<u>(7)</u>

Factors affecting tax charge for the year:

Loss on ordinary activities before taxation	(3,238)	(2,850)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 — 30%)	(971)	(864)
Capital allowances in excess of depreciation	76	(69)
Expenses not deductible for tax purposes	10	20
Tax losses not utilised	885	913
Overseas taxation	8	7
Current tax charge for the year	<u>8</u>	<u>7</u>

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 2006.

At 31 March 2006, the group has estimated tax trading losses of £20 million (2005 — £18 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 has not been recognised in respect of these losses.



FFastFill

Notes to the accounts for the year ended 31 March 2006

8 INTANGIBLE ASSET — GOODWILL

Group	Goodwill £'000
Cost	
At 1 April 2005	1,929
Addition	<u>63</u>
At 31 March 2006	<u>1,992</u>
Amortisation	
At 1 April 2005	130
Charge for the year	<u>182</u>
At 31 March 2006	<u>312</u>
Net book value	
At 31 March 2006	<u>1,680</u>
At 31 March 2005	<u>1,799</u>

The goodwill addition represents an adjustment to the goodwill arising upon acquisition of FFastFill FD Limited on 15 July 2004, as permitted by Financial Reporting Standard No.7.

9 TANGIBLE FIXED ASSETS — GROUP

	Computer hardware £'000	Computer software £'000	Office equipment £'000	Short Leasehold improve- ments £'000	Total £'000
Cost					
At 1 April 2005	2,186	183	144	181	2,694
Additions	1,137	—	48	—	1,185
Disposals	—	(11)	—	(3)	(14)
At 31 March 2005	<u>3,323</u>	<u>172</u>	<u>192</u>	<u>178</u>	<u>3,865</u>
Depreciation					
At 1 April 2005	1,274	162	64	55	1,555
Charge for the year	610	7	86	41	744
At 31 March 2006	<u>1,884</u>	<u>169</u>	<u>150</u>	<u>96</u>	<u>2,299</u>
Net book value					
At 31 March 2006	<u>1,439</u>	<u>3</u>	<u>42</u>	<u>82</u>	<u>1,566</u>
At 31 March 2005	<u>912</u>	<u>21</u>	<u>80</u>	<u>126</u>	<u>1,139</u>



FFastFill

Notes to the accounts for the year ended 31 March 2006

9 TANGIBLE FIXED ASSETS — GROUP (continued)

Included in computer hardware are assets being acquired under finance lease agreement as follows:

	2006	2005
	£'000	£'000
Cost	730	—
Accumulated depreciation	(96)	—
Net book value	<u>634</u>	<u>—</u>
Depreciation charge for the year	<u>96</u>	<u>—</u>

10 FIXED ASSET INVESTMENTS Company

	Subsidiary companies £'000
Cost	
At 1 April 2005	18,670
Additions	1,718
At 31 March 2006	<u>20,388</u>
Provision	
At 1 April 2005	16,462
Increase in provision	1,819
At 31 March 2006	<u>18,281</u>
Net book value	
At 31 March 2006	<u>2,107</u>
At 31 March 2005	<u>2,208</u>

At 31 March 2006, FFastFill Plc made capital contributions to eliminate the amounts due from FFastFill Europe Limited and FFastFill Inc.

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 Inc	100	USA	IT services
FFastFill FD Limited	100	Great Britain	Computer Software
Future Dynamics Inc ⁽¹⁾	100	USA	Computer Software
FFastTrade LLC ⁽²⁾	80	USA	Dormant
FFastFill France SAS	100	France	Dormant
Spreadmania Limited	75	Great Britain	Dormant
FFastFill Australia Pty Ltd	100	Australia	Dormant

(1) held via FFastFill FD Limited

(2) held via FFastFill Inc



FFastFill

Notes to the accounts for the year ended 31 March 2006

11 DEBTORS

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	406	—	2,159	—
Other debtors	391	78	116	84
Prepayments	214	66	391	19
	<u>1,011</u>	<u>144</u>	<u>2,666</u>	<u>103</u>

Other debtors include £100,000 (2005: 81,000) in the group and £72,000 (2005: £72,000) in the company due after more than one year.

12 CREDITORS: amounts falling due within one year

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases	230	—	—	—
Trade creditors	742	131	891	88
Other creditors	74	—	58	—
Amounts owed to group undertakings	—	573	—	202
Other taxation and social security	680	—	634	2
Corporation tax	1	—	3	—
Accruals	213	72	392	175
	<u>1,940</u>	<u>776</u>	<u>1,978</u>	<u>467</u>

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

13 DEFERRED INCOME

	2006 Group £'000	2005 Group £'000
Deferred income	<u>930</u>	<u>1,953</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 2006 will be credited to the profit and loss account within one year, except for an amount of £Nil (2005: £7,000) 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 2006

14 CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
367,131,972 ordinary shares of £0.01 each	<u>3,671</u>	<u>2,000</u>
Allotted, called up and fully paid		
242,647,645 (2005: 194,851,930) ordinary shares of £0.01 each	<u>2,427</u>	<u>1,949</u>

The following share issues were completed during the year:

25 May 2005	44,285,715 shares at 7p for cash
3 June 2005	10,000 shares at par for cash
22 November 2005	3,333,333 shares at par for cash
3 February 2006	166,667 shares at par for cash

These issues relate to the exercise of options and the funding of working capital requirements.

At 31 March 2006, the following share options and warrants were in existence.

Scheme	At 1 April 2005	At 31 March 2006	Exercise price	Dates from which exercisable	Expiry date
EMI	175,000	165,000	£0.04	31 March 2005	30 March 2012
	11,698,262	11,438,262	£0.07	26 September 2002 to 10 December 2007	25 September 2012 to 10 December 2014
	766,667	600,000	£0.01	1 April 2004	31 March 2013
	592,500	587,500	£0.05	1 April 2004 to 11 June 2006	1 April 2013 to June 2013
	500,000	500,000	£0.06875	15 December 2006	14 December 2013
	—	2,195,000	£0.06	8 July 2008 to 3 April 2009	8 July 2015 to 3 April 2016
	6,712,009	3,378,676	£0.01	31 August 2000 to 1 April 2004	30 September 2005 to 31 March 2013
Unapproved	1,663,750	1,330,000	£0.04	10 October 2002 to 31 March 2003	30 September 2005 to 31 March 2012
	11,199,782	11,199,782	£0.07	26 September 2002 to 28 June 2006	25 September 2012 to 11 June 2013
	165,000	165,000	£0.05	11 June 2006	11 June 2013
	—	400,000	£0.06	7 July 2008 to 30 September 2008	8 July 2015 to 30 September 2015



FFastFill

Notes to the accounts for the year ended 31 March 2006

14 CALLED UP SHARE CAPITAL (continued)

Scheme	At 1 April 2005	At 31 March 2006	Exercise price	Dates from which exercisable	Expiry date
Warrants	150,000	—	£0.55	18 July 2000	7 July 2005
	250,000	250,000	£0.65	28 September 2000	7 September 2010
	200,000	200,000	£0.10	27 June 2002	26 June 2007
	10,224,766	10,224,766	£0.07	28 October 2002 to 17 June 2005	16 June 2013
	300,000	200,000	£0.04	14 May 2005 to 17 June 2005	14 May 2013 to 16 June 2013
	<u>44,597,736</u>	<u>42,833,986</u>			

The total number of share options and warrants in issue at 31 May 2006 is 44,543,986.

15 RESERVES

Group	Share Premium £'000	Other reserve £'000	Profit and loss account £'000
At 1 April 2005	23,156	235	(23,654)
Loss for the year	—	—	(3,336)
Premium on issue of shares	2,657	—	—
Share issue costs	(108)	—	—
Exercise of options	1	—	—
Foreign exchange movement	—	—	(11)
At 31 March 2006	<u>25,706</u>	<u>235</u>	<u>(27,001)</u>

The other 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	Share Premium £'000	Shares to be issued £'000	Profit and loss account £'000
At 1 April 2005	23,156	235	(23,161)
Loss for the year	—	—	(2,781)
Premium on issue of shares	2,657	—	—
Share issue costs	(108)	—	—
Exercise of share options	1	—	—
At 31 March 2006	<u>25,706</u>	<u>235</u>	<u>(25,942)</u>

The other 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.



FFastFill

Notes to the accounts for the year ended 31 March 2006

16 RECONCILIATION OF MOVEMENT OF EQUITY SHAREHOLDERS' FUNDS

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
At 1 April 2005	2,576	220	2,179	77
Loss for the year	(3,336)	(2,882)	(2,781)	(3,219)
Charge on grant of options	—	—	—	—
Issue of share capital	3,028	5,321	3,028	5,321
Foreign currency movement	(11)	(83)	—	—
At 31 March 2006	<u>2,257</u>	<u>2,576</u>	<u>2,426</u>	<u>2,179</u>

17 OPERATING LEASE COMMITMENTS

	2006	2005
	£'000	£'000
The Group had annual commitments under operating leases as follows:		
Land and buildings		
Leases which expire:		
Within one year	142	17
Between two and five years	<u>120</u>	<u>165</u>
Other		
Leases which expire:		
Within one year	27	—
Between one and two years	<u>421</u>	<u>230</u>

18 MINORITY INTEREST

	2006	2005
	£'000	£'000
At 1 April 2005	8	11
Interest of minority in loss for the year	(8)	(4)
Foreign exchange movement	—	1
At 31 March 2006	<u>—</u>	<u>8</u>

19 LOSS PER SHARE AND DILUTED LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to ordinary shareholders for each year amounting to £3,336,000 (2005: £2,882,000) for the year ended 31 March 2006 by 233,676,355 (2005: 181,494,031), being the weighted average number of ordinary shares in issue during each year.

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



FFastFill

Notes to the accounts for the year ended 31 March 2006

20 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 lease obligations are disclosed in note 12. 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.

The group operates in a number of overseas markets, as disclosed in note 2. 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:

	Variable rate interest £'000	Fixed rate interest £'000
31 March 2006		
Cash balances – Sterling	659	300
– US Dollar	103	—
– Euros	11	—
– Czech Koruna	157	—
	<u>930</u>	<u>300</u>
31 March 2005		
Cash balances – Sterling	381	300
– US Dollar	98	—
– Euros	2	—
– Czech Koruna	124	—
– Australian Dollar	6	—
	<u>611</u>	<u>300</u>

The fixed interest rate on sterling cash balances was 1.75% (2005: 1.95%).

The carrying value of all financial instruments is not materially different from 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.



FFastFill

Notes to the accounts for the year ended 31 March 2006

21 POST BALANCE SHEET EVENT

Since the year end, the company has raised £1.4 million (before expenses) by the placing of 46,669,000 new ordinary shares of 1p, at 3p per share. The company will use the net proceeds to provide further working capital and strengthen the company's balance sheet in support of major sales opportunities. The funding was agreed at an Extraordinary General Meeting of the company on 31 May 2006.

22 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred in Financial Reporting Standard No.8, not to disclose transactions with group companies.



FFastFill

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of FFastFill plc ("the Company") will be held at the offices of KBC Peel Hunt Limited, 111 Old Broad Street, London EC2N 1PH at 10.00 am on 12 July 2006 for the following purposes.

Ordinary Business

1. To receive the directors' report and accounts for the financial year ended 31 March 2006 and the auditors' report on the accounts.
2. To reappoint as a director D A Hurst-Brown 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 J E Oliff who retires by rotation pursuant to the Company's Articles of Association and who, being eligible, offers himself for re-election.
4. To reappoint Baker Tilly as the 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.

By Order of the Board

P A Colcombe

Secretary

Registered Office:

1-3 Norton Folgate
London E1 6DB

Notes:

- (1) Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the company) to attend and, on a poll, to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.
- (2) In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power of attorney or authority, must reach the company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the meeting or of any adjournment of the meeting.
- (3) Any person entered on the register of members of the company at 9.30 a.m. on 10 July 2006 (or, if the meeting is adjourned, in such register 48 hours before the time of any adjourned meeting) is entitled to attend and vote at the meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the register of members after the above time and date shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.



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 of the Company to be held at the offices of KBC Peel Hunt Limited, 111 Old Broad Street, London at 10.00 am on 12 July 2006 and at any adjournment thereof.

Dated2006

Signature(s)

	For	Against
1. Ordinary resolution – to receive the directors' report and accounts for the financial year ended 31 March 2006		
2. Ordinary resolution – to reappoint D A Hurst-Brown as a director		
3. Ordinary resolution – to reappoint J E Oliff as a director		
4. Ordinary Resolution – to reappoint Baker Tilly as auditors of the Company until the next AGM		

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.



Third Fold (Tuck in)

BUSINESS REPLY SERVICE
Licence No. MB 122



Capita Registrars (Proxies)
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