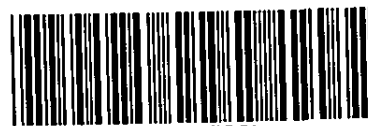


Company Registration No 3086310 (England and Wales)

Patsystems (UK) Limited
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2007

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COMPANIES HOUSE

Patsystems (UK) Limited
DIRECTORS AND ADVISERS

Directors	David Webber Martin Thorneycroft Andrew Edwards
Secretary	Martin Thorneycroft
Registered office	Cottons Centre Hays Lane London SE1 2QP
Company number	3086310
Principal Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Solicitors	DLA Piper 3 Noble Street London EC2V 7EE
Registered auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Patsystems (UK) Limited

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Patsystems (UK) Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report for Patsystems (UK) Limited and audited financial statements for the year ended 31 December 2007

Principal activity

The principal activity of the Company was the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges

Results and dividends

The profit of the Company after taxation for the year ended 31 December 2007 was £1,156,713 compared to a profit of £5,375,180 for the year ended 31 December 2006. In 2006 the Company recognised a large deferred tax asset in respect of accumulated unrelieved losses. The profit before taxation for the year ended 31 December 2007 was £784,306 compared to a profit before taxation of £143,755 for the year ended 31 December 2006. The directors do not recommend the payment of a dividend for the year (2006 Nil).

Review of business

The Directors are pleased with the Company's performance during the year and its position at 31 December 2007. The Directors are confident that performance will continue to improve in 2008 and beyond.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Patsystems Group, which include those of the Company, are discussed in the Chief Executive's Report and the Finance Director's Review of the Group's annual report which does not form part of this report.

Key performance indicators (KPIs)

From the perspective of the Company, the KPIs as to the development, performance and position of the Company are integrated with the KPIs of the Group and are not analysed separately. The KPIs of the Patsystems Group, which include those of the Company, are discussed in the Finance Director's Review of the Group's annual report which does not form part of this report.

Directors

The directors who held office during the year were

David Webber

Martin Thorneycroft

Andrew Edwards

Patsystems (UK) Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

Research and development

All expenditure, whether incurred through internal staff costs or through third party suppliers, relating to research and development is written off to the profit and loss account in the period incurred

Charitable and political donations

The Company made charitable contributions of £500 during the year (2006 £550) The donations were made to Children of St Mary's Intensive Care No political donations were made in 2007 or 2006

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year In preparing those financial statements, 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 financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors confirm that the financial statements comply with the above requirements

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

Disclosure of information to auditors

For each of the persons who were directors at the time this report was prepared, the following applies

- So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware, and
- The directors 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 the Company's auditors are aware of that information

Patsystems (UK) Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

Auditors

The directors dispensed with the requirement to hold an Annual General Meeting and to appoint auditors annually as the Company is a wholly owned subsidiary

By order of the Board

A handwritten signature in black ink, appearing to read 'M. Thorneycroft', written over a horizontal line.

Martin Thorneycroft

Company Secretary

6 May 2008

Patsystems (UK) Limited

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PATSYSTEMS (UK) LIMITED

We have audited the financial statements of Patsystems (UK) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements 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 financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

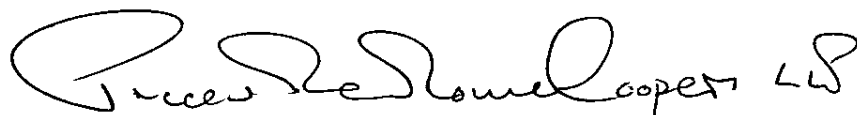
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, London

6 May 2008

Patsystems (UK) Limited**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2007**

		2007	2006
	Notes	£	£
Turnover	2	6,189,321	6,009,306
Cost of sales		(105,576)	(242,827)
Gross profit		6,083,745	5,766,479
Administrative expenses		(10,363,341)	(9,764,700)
Other Income		5,057,541	4,135,019
Operating profit	5	777,945	136,798
Interest receivable and similar income	6	6,599	8,166
Interest payable and similar charges	7	(238)	(1,209)
Profit on ordinary activities before taxation		784,306	143,755
Tax on profit on ordinary activities	8	372,407	5,231,425
Profit for the financial year	18	1,156,713	5,375,180

The profit and loss account has been prepared on the basis that all operations are continuing operations

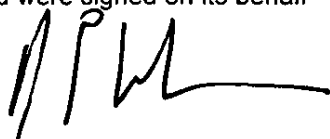
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The Company has no recognised gains or losses other than the profit for the year above and therefore no separate statement of total recognised gains and losses has been prepared

Patsystems (UK) Limited
BALANCE SHEET
AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Intangible assets	9	394,189	111,840
Tangible assets	10	629,309	615,753
		<u>1,023,498</u>	<u>727,593</u>
Current assets			
Stock	11	7,081	185,186
Debtors	12	10,206,700	10,084,593
Deferred tax asset	13	5,784,000	5,342,000
Cash at bank		585,855	640,031
		<u>16,583,636</u>	<u>16,251,810</u>
Creditors: amounts falling due within one year	14	<u>(1,836,783)</u>	<u>(2,713,887)</u>
Net current assets		<u>14,746,853</u>	<u>13,537,923</u>
Total assets less current liabilities		<u>15,770,351</u>	<u>14,265,516</u>
Creditors: amounts falling due after more than one year	15	<u>(35,443,731)</u>	<u>(35,119,609)</u>
Provisions	16	<u>(58,000)</u>	<u>(34,000)</u>
Net liabilities		<u>(19,731,380)</u>	<u>(20,888,093)</u>
Capital and reserves			
Called up share capital	17	1,874	1,874
Share premium account	18	3,961,366	3,961,366
Profit and loss account	18	(23,694,620)	(24,851,333)
Equity Shareholders' deficit	19	<u>(19,731,380)</u>	<u>(20,888,093)</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 6 May 2008 and were signed on its behalf



David Webber - Director

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 1985, under the historical cost convention

The following accounting policies have been applied consistently throughout the year in relation to the Company's financial statements

1 1. Going concern

The accounts have been prepared on a going concern concept because the Parent Company, Patsystems Plc, has agreed to provide funds for the Company to meet its liabilities as they fall due for twelve months from the date of this report

1 2. Turnover and revenue recognition

Turnover represents amounts receivable for goods and services net of VAT. The amounts included and their treatment in the financial statements are as follows

- (i) Non-refundable installation income – this is invoiced in advance of installation work and is taken to the profit and loss account in line with the performance of the work
- (ii) Monthly end-user or lot charges and annual maintenance income on any rentals – these are credited to the profit and loss account in the period in which the service is provided
- (iii) Income from consultancy and software development projects – this is recognised in the profit and loss account on the date of acceptance of the consultancy or software development by the customer

1.3 Cost of sales

Cost of sales represents cost of goods resold directly to customers

1.4. Software licences

The software licences purchased are being amortised over their estimated useful lives (three years)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	- over period of lease
Computer equipment	- over 3 years on a straight-line basis
Fixtures and fittings	- over 4 years on a straight-line basis

1.6. Research and development

All research and development expenditure is written off as incurred

1 7. Stocks

Stocks are stated at the lower of cost and net realisable value

1.8. Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1 9. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where the 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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits to utilise carried forward tax losses and against which the reversal of underlying timing differences can be deducted

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

1.10. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, except, where the transaction is settled at a contracted rate, the contracted rate is used

1.11. Related party transactions

Financial Reporting Standard (FRS) 8, "Related Party Transactions", requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between group companies

1.12. Pension Costs

The Company operates a defined contribution scheme which is open to all Company employees and was set up in 2001. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable in respect of the financial year

1.13. Cash Flow statement

The Company is a wholly owned subsidiary of Patsystems Holdings Limited and is included in the consolidated financial statements of Patsystems Plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996)

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

2. Segmental analysis

	2007	2006
	£	£
Analysis of turnover on continuing operations		
By origin		
United Kingdom	6,189,321	6,009,306
By destination		
United Kingdom	5,359,480	4,895,016
Asia Pacific	829,841	1,114,290
	6,189,321	6,009,306

3 Staff Costs

Staff costs (including directors' emoluments) during the year amounted to

	2007	2006
	£	£
Wages and salaries	5,993,705	5,388,372
Social security costs	692,577	588,178
Pension costs	292,558	241,902
	6,978,840	6,218,452

There is no pension prepayment or accrual

The average monthly number of employees (including directors) during the year was

	2007	2006
Sales and Account Management	8	7
Customer Operations, Testing and Technical	41	61
Development	30	6
Finance, Administration and Board	16	16
	95	90

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

4. Directors' emoluments

	2007 £	2006 £
Aggregate emoluments	624,349	621,553
Pension contributions	52,000	48,000

Retirement benefits are accruing to three (2006 three) directors under defined contribution schemes

Highest paid director

David Webber is the highest paid director. Total emoluments for the year ended 31 December 2007 are £292,072 (2006 £291,889) and pension contributions for the year are £23,000 (2006 £21,000)

5. Operating profit

	2007 £	2006 £
Operating profit is stated after charging/(crediting)		
Amortisation of intangible assets	163,144	142,445
Depreciation of tangible assets	346,820	374,628
Operating lease rentals – plant and machinery	24,078	22,884
– other	219,773	211,688
Research and development costs	1,355,763	1,550,000
Auditors' remuneration	35,000	32,000
Remuneration of auditors for non-audit work	25,095	36,602
Foreign exchange gain	(15,951)	(20,547)
Other Income – royalties	5,057,541	4,135,019

*The fees paid to auditors for non-audit purposes in 2006 and 2007 were for tax and accounting advice

Operating expenses are all of an administrative nature

6. Interest receivable and similar income

	2007 £	2006 £
Bank interest	6,599	8,166

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

7. Interest payable and similar charges

	2007 £	2006 £
On bank loans and overdrafts	238	1,209

8. Taxation

	2007 £	2006 £
Withholding tax	69,593	110,575
Deferred tax (note 13)	(442,000)	(5,342,000)
Taxation credit	(372,407)	(5,231,425)

The tax for the year is different from that which would result from applying the standard rate of Corporation Tax in the UK (30%) The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	784,306	143,755
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 30% (2006 30%)	235,292	43,127
Effects of		
Expenses not deductible for tax purposes	40,818	10,931
Relief for parent company share options exercised	(28,568)	-
Losses surrendered (by) / to group companies	(1,758)	-
Withholding tax	69,593	110,575
Relief claimed on withholding tax	(20,878)	-
Depreciation in excess of capital allowances	-	112,388
Amortisation of software licences	-	42,734
Tax losses utilised	-	(209,180)
Recognition of deferred tax assets in respect of losses, capital allowances and other timing differences	(1,080,168)	(5,342,000)
Deferred tax asset not recognised	111	-
Remeasurement of deferred tax on change of rate	413,151	-
Tax on profit on ordinary activities	(372,407)	(5,231,425)

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

During the year, as a result of the change in Corporation Tax rates which will be effective from 1 April 2008, deferred tax balances have been remeasured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2008 is measured at 30% and deferred tax relating to temporary differences expected to reverse after 1 April 2008 is measured at the tax rate of 28% as these are the tax rates that will apply on reversal.

9. Intangible fixed assets

	Software Licences
Cost	£
At 1 January 2007	1,018,420
Additions	445,493
At 31 December 2007	1,463,913
Amortisation	
At 1 January 2007	906,580
Charge for year	163,144
At 31 December 2007	1,069,724
Net book value	
At 31 December 2007	394,189
At 31 December 2006	111,840

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

10. Tangible fixed assets

	Leasehold improvements	Computer equipment	Fixtures & fittings	Total
	£	£	£	£
Cost				
At 1 January 2007	485,788	1,809,884	505,332	2,801,004
Additions	-	315,992	44,384	360,376
Disposals	-	(14,034)	-	(14,034)
At 31 December 2007	485,788	2,111,842	549,716	3,147,346
Depreciation				
At 1 January 2007	215,110	1,496,644	473,497	2,185,251
Charge for the year	90,226	232,056	24,538	346,820
Disposals	-	(14,034)	-	(14,034)
At 31 December 2007	305,336	1,714,666	498,035	2,518,037
Net book value				
At 31 December 2007	180,452	397,176	51,681	629,309
At 31 December 2006	270,678	313,240	31,835	615,753

11. Stock

	2007 £	2006 £
Goods for resale	7,081	185,186

12. Debtors

	2007 £	2006 £
Trade debtors	844,865	1,938,707
Amounts owed by group undertakings	8,415,626	7,302,332
Other debtors	253,482	218,312
Prepayments and accrued income	692,727	625,242
	10,206,700	10,084,593

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

13 Deferred tax asset

	<u>Trading losses</u>	<u>Capital allowances</u>	<u>Other timing differences</u>	<u>Total</u>
	£	£		£
At 1 January 2007	5,142,000	200,000	-	5,342,000
Adjustments in respect of prior years	620,478	449,490	10,200	1,080,168
Utilisation of losses against current year profits	(340,016)	-	-	(340,016)
Other (charges) / credits arising in the year	-	76,948	38,051	114,999
Remeasurement on change of Corporation Tax rate	(361,462)	(48,438)	(3,251)	(413,151)
Deferred tax (charge) / credit for the year	(81,000)	478,000	45,000	442,000
At 31 December 2007	5,061,000	678,000	45,000	5,784,000

14. Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	173,652	572,199
Amounts due to group undertakings	-	161,140
Other taxes and social security costs	264,556	384,394
Accruals and deferred income	1,398,575	1,596,154
	<u>1,836,783</u>	<u>2,713,887</u>

15. Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Amounts due to group undertakings	<u>35,443,731</u>	<u>35,119,609</u>

Amounts due to group undertakings are unsecured and interest free

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

16. Provisions

	At 1 January 2007	New provisions made in year	At 31 December 2007
	£	£	£
Dilapidations provision	34,000	24,000	58,000

The dilapidation provision is in respect of works to be carried out at the end of the leases on property
The provision is due to expire in the second half of 2009

17 Share capital

	2007	2006
	£	£
Authorised		
10,000,000 Ordinary shares of 1p each	100,000	100,000
Allotted, called up and fully paid		
187,432 (2006 187,432) Ordinary shares of 1p each	1,874	1,874

18. Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2007	3,961,366	(24,851,333)
Profit for the year	-	1,156,713
Balance at 31 December 2007	3,961,366	(23,694,620)

19. Reconciliation of movements in shareholders' deficit

	2007	2006
	£	£
Profit for the financial year	1,156,713	5,375,180
Opening shareholders' deficit	(20,888,093)	(26,263,273)
Closing shareholders' deficit	(19,731,380)	(20,888,093)

Patsystems (UK) Limited**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2007****20. Financial commitments**

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007	2006
	£	£
Expiry date		
In 2 – 5 five years	208,042	208,042
	Plant and machinery	
	2007	2006
	£	£
Expiry date		
Within 1 year	-	1,369
In 2 – 5 five years	21,058	19,461
	21,058	20,830
	Total	
	2007	2006
	£	£
Expiry date		
Within 1 year	-	1,369
In 2 – 5 five years	229,100	227,503
	229,100	228,872

21. Related party transactions

Turnover includes £358,000 (2006 £366,000) in respect of Banca Caboto Spa (London Branch), a member of a group of companies which include CAI (Suisse), a shareholder of the ultimate parent company

22. Ultimate parent undertaking

The immediate parent undertaking is Patsystems Holdings Limited. The ultimate controlling party is Patsystems Plc, a company incorporated in Great Britain. Copies of the financial statements of Patsystems Plc can be obtained from the Company Secretary at the Company's registered office at Cottons Centre, Hays Lane, London SE1 2QP or from the Investor Relations section of the Company's internet site at www.patsystems.com