

# First Derivatives plc

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# First Derivatives plc

## Chairman's statement

I have pleasure in reporting on the financial year ended 28<sup>th</sup> February 2002 of First Derivatives plc ("the company") which was completed before our recent successful flotation on the Alternative Investment Market ("AIM"). The flotation attracted applications for 2,296,158 shares raising £1,148,000 gross, which after issue expenses of £374,000 raised a net £774,000 for the company.

Turnover for the year was £1.778 million compared with £1.852 million in the previous eleven month period, the decrease being primarily due to a reduction in non-core business. Turnover with the banking sector increased from £1.36 million to £1.45 million. The profit before taxation for the year was £612,000 (2001: £605,000).

Historically consulting revenue from the banking sector has been our main source of income. This has been in substantial one off contracts which has made it difficult to maintain the optimum staffing level to maximise profitability. During the past year significant progress has been made in generating recurring revenues and we started the current financial year with a number of substantial support contracts.

In March 2002 we announced that First Derivatives had extended its joint consulting and implementation partner agreement with Kx Systems Inc ("Kx") to include North American and Asian financial institutions. First Derivatives has also assumed responsibility for selling the suite of products to those markets. Kx is a market leader in enabling financial services firms to meet the need for acquiring, managing and analysing data at extremely high speeds. Under the agreement the company will receive commission on software sales and be responsible for implementation. As part of the arrangements the Company has been granted an option to acquire up to 1% of ordinary share capital in Kx.

During the current financial year there has been a build up of personnel to support the anticipated work arising from the Kx relationship. We have had a permanent presence in New York for the last 3 months and a low cost office has been in operation since the middle of July. The benefits of this initiative should be felt in the second half of the current financial year. We have recently been informed that we will receive a DTI grant of £45,000 to support this and other export initiatives.

Typically there is a long lead time for consulting contracts and towards the end of the last financial year a number of consulting contracts came to an end. The first three months of the current financial year has seen a lower level of activity in this area although there are on going discussions on a number of contract opportunities. We were informed in May 2002 that we are to receive a grant of £145,000 from IRTU towards the development costs of our Trading Simulation Product. The commencement of this project will result in more efficient utilisation of staff time and should ultimately result in additional software and implementation revenues. It is anticipated that this product will be ready for market in the latter part of the current financial year.

The company continues to explore opportunities for agreements on consulting and implementation and discussions are progressing with a number of potential partners. Whilst trading conditions remain challenging the initiatives taken within the last twelve months should enable the company to take advantage of opportunities in a fast moving market.

# First Derivatives plc

## Directors and advisers

<b>Directors</b>	R D Anderson – Non-executive chairman* B G Conlon – Managing director M G O'Neill – Operations director M J Chicken – Non-executive director*	
<b>Secretary</b>	Richard Fulton	
<b>Registered Office</b>	21 Arthur Street Belfast BT1 4GA	
<b>Auditors</b>	KPMG Chartered Accountants Stokes House 17/25 College Square East Belfast BT1 6DH	
<b>Solicitors</b>	Mills Selig 21 Arthur Street Belfast BT1 4GA	
<b>Bankers</b>	Bank of Ireland Trevor Hill Newry Co Down BT34 1DN	Bank of Ireland Corporate Headquarters Donegall Place Belfast BT1 5LU
<b>Nominated adviser</b>	Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP	
<b>Stockbrokers</b>	J M Finn & Co Salisbury House London Wall London EC2M 5TA	
<b>Company registration number</b>	NI 30731	
<b>Registrar and Transfer Office</b>	Melton Registrars Limited PO Box 30 Cresta House Alma Street Luton LU1 2PU	

\* Members of the audit committee and of the remuneration committee.

# First Derivatives plc

## Directors' report

The directors have pleasure in submitting their annual report to the shareholders and the audited financial statements for the year ended 28 February 2002.

### **Activities and business review**

The principal activities of the company are the provision of a range of support services to the derivatives market and the derivatives technology industry.

On 3 December 2001 the company re-registered as a public limited company and changed its name from First Derivatives Limited to First Derivatives plc.

A review of business is given in the chairman's statement.

### **Share capital**

On 3 December 2001 there was a bonus issue of four £1 ordinary shares for every 1 ordinary share held on that date, by way of capitalisation of reserves. Immediately following this on the same date the issued and unissued ordinary share capital was subdivided into 10,000,000 issued and 20,000,000 authorised ordinary shares of 0.5pence each.

Following the financial year end the issued share capital was increased to 12,296,158 ordinary shares of 0.5 pence by the Offer for Subscription.

An ordinary resolution, resolution 6, will be proposed to give, until the next annual general meeting or the date falling 15 months after the passing of the resolution, whichever is the earlier, the directors power to allot relevant securities up to an aggregate nominal amount of £20,000. In addition, a further ordinary resolution, resolution 7, will be proposed to disapply the statutory pre-emption provisions of Article 99(1) of the Companies (Northern Ireland) Order 1986 in respect of any rights issues and for cash issues up to an aggregate nominal amount of £3,074 (614,808 shares) being 5 per cent of the issued share capital of the company, which power will expire at the conclusion of the next annual general meeting, or the date falling 15 months after the passing of the resolution, whichever is the earlier.

### **Post balance sheet events**

Following a public offering of shares the shares of the company were admitted to trading on the Alternative Investment Market of the London Stock Exchange on 28 March 2002. The offer for subscription raised approximately £774,000 after issue expenses.

### **Dividend**

The dividend paid for the period is shown in note 8 to the financial statements. The directors do not propose the payment of a final dividend for the year.

# First Derivatives plc

## Directors' report (*continued*)

### Directors and their interests

Mr B Conlon held office throughout the year. Mr M G O'Neill was appointed a director on 25<sup>th</sup> October 2001 and Messrs R D Anderson and M J Chicken were appointed directors on 3<sup>rd</sup> December 2001. In accordance with the Articles of Association of the company, resolutions proposing the election of Messrs M G O'Neill, R D Anderson and M J Chicken will be put to the members at the Annual General Meeting.

Directors beneficial interests in the issued share capital of the company at 28<sup>th</sup> February 2002 and 28<sup>th</sup> February 2001 were as follows:-

	28 <sup>th</sup> February 2002 Ordinary shares of 0.5 pence each	28 <sup>th</sup> February 2001 Ordinary shares of £1 each
R D Anderson	-	-
B G Conlon	9,999,000	9,999
M G O'Neill	-	-
M J Chicken	-	-

Subsequently, on floatation R D Anderson subscribed for 5,000 ordinary shares at the subscription price of 50p per share and Merchant Place Corporate Finance Limited, of which MJ Chicken is a director, received 180,000 ordinary shares at the subscription price in lieu of fees.

On floatation R D Anderson was granted an option to subscribe for 30,000 ordinary shares at the subscription price of 50p per share. No other director holds any options to purchase shares in the company.

R D Anderson is currently a non-executive chairman of several other companies. Previously non-executive director of Downtex plc he has over 20 years experience in corporate advisory work.

M J Chicken is a director of Merchant Place Corporate Finance Limited, the sponsor to the company's Offer for Subscription. He is non-executive director of a number of other companies.

The directors did not have any interest in contracts requiring disclosure under the Companies (Northern Ireland) Order 1986, except for the matters referred to in note 21 to the financial statements.

### Substantial shareholdings

At 4 July 2002 the company had received no notification of any interests in 3% or more of the ordinary share capital.

# First Derivatives plc

## Directors' report (*continued*)

### **Employees**

It is company policy to ensure that equal opportunity is given for the employment, training and career development of disabled persons, including persons who become disabled whilst in the company's employment.

The company is committed to keeping employees as fully informed as possible, on matters which affect them as employees.

### **Political and charitable donations**

During the year the company made charitable donations of £2,000 (2001: £9,000).

### **Supplier payment policy**

The company does not have a standard code which deals specifically with the payment of suppliers. However, suppliers are made aware of payment terms and how any disputes are to be settled and payment is made in accordance with those terms. At 28 February 2002 the company had 45 days purchases outstanding (28 February 2001: 19 days).

### **Auditors**

KPMG have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the board

Richard Fulton  
*Secretary*

4 July 2002

# First Derivatives plc

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give, in accordance with applicable Northern Ireland law and accounting standards, a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- n select suitable accounting policies and then apply them consistently;
- n make judgements and estimates that are reasonable and prudent;
- n state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- n prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.

# First Derivatives plc

## Corporate governance

There is no requirement for the directors to report on compliance with the Combined Code on Corporate Governance. However, the board fully supports the principles contained in the Combined Code and has sought to generally comply with the provisions of the Code, in as far as it is appropriate given the company's size and structure.

The main features of the company's corporate governance procedures are:

- n The board meets on a regular basis and brings independent judgement to bear. It approves budgets, long term plans, significant contracts. There is a formal schedule of matters reserved for decision by the board in place.
- n The board has two non-executive directors, both take an active role in board matters.
- n The company has an audit committee and a remuneration committee. These committees consist of the non-executive directors with executive directors in attendance when necessary. They have written constitutions and terms of reference.
- n The audit committee meets twice each year, prior to the publication of the interim and final results. The auditors attend audit committee meetings.
- n The remuneration committee meets annually to determine the remuneration of the board. Levels of remuneration are set in order to attract and retain the directors needed to run the company without paying more than is necessary for this purpose.
- n The board of directors recognises its overall responsibility for the company's systems of internal control and for monitoring their effectiveness. All activity is organised within a defined structure with formal lines of responsibility and delegation of authority. The company produces information packs on a weekly and monthly basis. These packs, together with annual budgets, enable the board to monitor operational performance and cash position each month.



## Independent auditors' report to the members of First Derivatives plc

We have audited the financial statements on pages 9 to 22.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements in accordance with applicable Northern Ireland law and accounting standards. Our responsibilities, as independent auditors, are established in Northern Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 Order. As also required by the Order, we report to you if, in our opinion

- n the directors' report is not consistent with the financial statements;
- n the company has not kept proper accounting records;
- n we have not received all the information and explanations we require for our audit;
- n information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of affairs of the company as at 28 February 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

4 July 2002

# First Derivatives plc

## Profit and loss account

Year ended 28 February 2002

	<i>Note</i>	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
<b>Turnover</b> - continuing operations	2	<b>1,778</b>	1,852
Cost of sales		<b>(1,152)</b>	(1,190)
<b>Gross profit</b>		<b>626</b>	662
Administrative expenses		<b>(85)</b>	(121)
Other income - grant received		<b>92</b>	49
<b>Operating profit</b> - continuing operations		<b>633</b>	590
Interest receivable		-	33
Interest payable and other similar charges	4	<b>(21)</b>	(18)
<b>Profit on ordinary activities before taxation</b>	3	<b>612</b>	605
Tax on profit on ordinary activities	5	<b>(182)</b>	(186)
<b>Profit on ordinary activities after taxation</b>		<b>430</b>	419
Retained profit brought forward		<b>492</b>	835
		<b>922</b>	1,254
Dividends paid	8	<b>(575)</b>	(762)
Transfer from reserves	15,16	<b>(40)</b>	-
<b>Retained profit carried forward</b>		<b>307</b>	492
<b>Earnings per share</b>	9	<b>4.3p</b>	4.2p

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The turnover and operating profit amounts as stated above are derived solely from continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

# First Derivatives plc

## Balance sheet

Year ended 28 February 2002

	<i>Note</i>	<b>At 28 February 2002</b>		<b>At 28 February 2001</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Tangible assets	10		37		41
<b>Current assets</b>					
Debtors	11	1,514		1,580	
		<u>1,514</u>		<u>1,580</u>	
<b>Creditors</b> - amounts falling due within one year	12	(1,184)		(1,111)	
		<u>(1,184)</u>		<u>(1,111)</u>	
<b>Net current assets</b>			<b>330</b>		469
			<u>330</u>		<u>469</u>
<b>Total assets less current liabilities</b>			<b>367</b>		510
			<u>367</u>		<u>510</u>
<b>Creditors</b> - amounts falling due after more than one year	13	-			(4)
<b>Provisions for liabilities and charges</b>	14	(10)			(4)
		<u>(10)</u>			<u>(4)</u>
<b>Net assets</b>			<b>357</b>		502
			<u>357</u>		<u>502</u>
<b>Share capital and reserves</b>					
Called-up share capital	15	50		10	
Profit and loss account	16	307		492	
		<u>307</u>		<u>492</u>	
<b>Equity shareholders' funds</b>	17	357		502	
		<u>357</u>		<u>502</u>	

These financial statements were approved by the board of directors on 4 July 2002.

Brian Conlon  
*Director*

The notes on pages 12 to 22 form part of these financial statements.

# First Derivatives plc

## Cashflow statement

Year ended 28 February 2002

	<i>Note</i>	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
<b>Cash inflow from operating activities</b>	24	<b>844</b>	620
Returns on investment and servicing of finance	25a	(22)	15
Taxation	25b	(130)	(123)
Capital expenditure	25c	(15)	(36)
Equity dividend	25d	(575)	(762)
		<hr/>	<hr/>
<b>Cash inflow/(outflow) before financing</b>		<b>102</b>	(286)
Financing	25e	(15)	(13)
		<hr/>	<hr/>
<b>Increase/(decrease) in cash in the period</b>		<b>87</b>	(299)
		<hr/> <hr/>	<hr/> <hr/>

## Reconciliation of net cash flow to movement in net debt

Year ended 28 February 2002

	<i>Note</i>	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
Increase/(decrease) in cash in the period		87	(299)
Decrease in debt		16	13
		<hr/>	<hr/>
Change in net debt resulting from cash flows	26	<b>103</b>	(286)
		<hr/>	<hr/>
<b>Movement in net funds/(debt) in the period</b>		<b>103</b>	(286)
<b>Net debt at start of the period</b>		<b>(374)</b>	(88)
		<hr/>	<hr/>
<b>Net debt at end of the period</b>	26	<b>(271)</b>	(374)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 22 form part of these financial statements.

# First Derivatives plc

## Notes

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The company has adopted FRS 17 "Retirement benefits", FRS18 "Accounting policies" and FRS19 "Deferred tax" in these financial statements. The comparative figures have been restated accordingly.

#### ***Basis of accounting***

The financial statements have been prepared under the historical cost accounting rules.

#### ***Basis of preparing the financial statements***

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

#### ***Fixed assets***

Tangible assets are stated at historical cost, less accumulated depreciation. Depreciation is calculated to write off the original cost less the expected residual value of fixed assets over their anticipated useful lives at the following annual rates:

Motor vehicles	-	25% straight line
Office furniture and equipment	-	25% straight line
Plant and equipment	-	25-50% straight line

#### ***Government grants***

Government grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute.

#### ***Pension plans***

The company operates "Personal Pension Plans" whereby the company agrees to pay, for eligible employees, a defined contribution into the employee's own personal pension scheme. The pension charge represents contributions payable by the company for the period. The company's liability is limited to the amount of the contribution. The liability for meeting future pension payments rests solely with the employee's personal pension scheme.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

# First Derivatives plc

Notes (continued)

## 2 Turnover

Turnover represents the invoiced value of services to third parties exclusive of value added tax and trade discounts and includes expenses recharged to customers.

The directors are of the opinion that disclosure of the analysis of turnover and profit by geographical market would be prejudicial to the interests of the company.

## 3 Profit on ordinary activities before taxation

	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
Profit on ordinary activities before taxation has been arrived at after charging:		
Depreciation	<b>19</b>	18
Auditors' remuneration - audit	<b>10</b>	5
- other services	<b>14</b>	12
Hire of premises - rentals payable under operating lease	<b>13</b>	11
	<b>=====</b>	<b>=====</b>

In addition to the amounts disclosed above, auditors remuneration for other services charged to the company but included within prepayments as at 28 February 2002 amounted to £122,000. This amount was charged to the share premium account, subsequent to the year end, following the listing of the company on the Alternative Investment Market of the London Stock Exchange.

## 4 Interest payable and other similar charges

	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
On bank loans and overdrafts	<b>21</b>	10
On other loans	-	3
Interest due on late payment of tax	-	5
	<b>=====</b>	<b>=====</b>
	<b>21</b>	18
	<b>=====</b>	<b>=====</b>

# First Derivatives plc

Notes (continued)

## 5 Tax on profit on ordinary activities

	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
UK corporation tax for the period	175	183
Adjustments relating to earlier years	-	(1)
	<hr/>	<hr/>
<b>Total current tax charge</b>	<b>175</b>	<b>182</b>
Deferred tax (see note 14)	7	4
	<hr/>	<hr/>
	<b>182</b>	<b>186</b>
	<hr/> <hr/>	<hr/> <hr/>

The basis by which taxation is calculated is stated in Note 1.

The current tax charge for the period is lower (2001: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
<b><i>Current tax reconciliation</i></b>		
Profit on ordinary activities before tax	<b>611</b>	605
	<hr/>	<hr/>
Current tax at 30% (2001: 30%)	<b>183</b>	181
<b><i>Effects of:</i></b>		
Expenses not deductible for tax purposes	<b>(5)</b>	17
Capital allowances for period in excess of depreciation	<b>1</b>	(6)
Other timing differences	-	(7)
Small companies relief	<b>(4)</b>	(2)
Adjustments to tax charge in respect of previous periods	-	(1)
	<hr/>	<hr/>
<b>Total current tax charge</b>	<b>175</b>	<b>182</b>
	<hr/> <hr/>	<hr/> <hr/>

# First Derivatives plc

Notes (continued)

## 6 Staff numbers and costs

The average weekly number of persons (including the directors) employed by the company during the year end is set out below. The company employed 26 people at the year end (2001: 22).

	<b>Year ended 28 February 2002 Average No.</b>	11 month period ended 28 February 2001 Average No.
Administration	<b>3</b>	1
Technical	<b>19</b>	17
	<hr/>	<hr/>
	<b>22</b>	18
	<hr/>	<hr/>
Their total remuneration was:	<b>£'000</b>	£'000
	<hr/>	<hr/>
Wages and salaries	<b>607</b>	487
Social security costs	<b>60</b>	49
Other pension costs	<b>26</b>	16
	<hr/>	<hr/>
	<b>693</b>	552
	<hr/>	<hr/>

## 7 Emoluments of directors

The remuneration paid to the directors was:

	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
Aggregate emoluments (including benefits in kind)	<b>37</b>	22
Company pension contributions	<b>17</b>	1
	<hr/>	<hr/>
	<b>54</b>	23
	<hr/>	<hr/>

During the period there were two directors accruing benefits under a defined contribution pension scheme (28 February 2001: 1).

The aggregate emoluments and company pension contributions of the highest paid director amounted to £24,000 and £16,000 respectively during the year (2001:£22,000 and £1,000 respectively).



# First Derivatives plc

Notes (continued)

## 8 Dividend paid

	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
Interim dividend paid on ordinary shares	<b>575</b>	762

No final dividend for either year was proposed.

## 9 Earnings per ordinary share

The calculation of earnings per share is based on the profit on ordinary activities after taxation and before deduction of dividend appropriations in respect of equity shares, namely £430,000 (2001: £419,000). Following the bonus issue of 4 to 1 ordinary shares on 3 December and the subsequent share split from £1 per ordinary share to 0.5p per ordinary share on the same day, the number of ordinary shares outstanding at 28 February 2002 and ranking for dividend was 10,000,000. Earnings per share for the period ended 28 February 2001 have also been calculated based on 10,000,000 shares outstanding.

	<b>Year ended 28 February 2002 Pence per share</b>	11 month period ended 28 February 2001 Pence per share
Earnings per share	<b>4.3</b>	4.2

# First Derivatives plc

Notes *(continued)*

## 10 Tangible fixed assets

	<i>Plant and equipment</i> £'000	<i>Office furniture and equipment</i> £'000	<i>Total</i> £'000
<i>Cost</i>			
At 1 March 2001	80	24	104
Additions	14	1	15
	—	—	—
<b>At 28 February 2002</b>	<b>94</b>	<b>25</b>	<b>119</b>
	—	—	—
<i>Depreciation</i>			
At 1 March 2001	50	13	63
Charged during period	13	6	19
	—	—	—
<b>At 28 February 2002</b>	<b>63</b>	<b>19</b>	<b>82</b>
	—	—	—
<i>Net book value</i>			
<b>At 28 February 2002</b>	<b>31</b>	<b>6</b>	<b>37</b>
	—	—	—
At 28 February 2001	30	11	41
	—	—	—

The bases by which depreciation is calculated are stated in Note 1.

## 11 Debtors

	<b>28 February 2002</b> £'000	28 February 2001 £'000
Trade debtors	<b>1,065</b>	1,102
Sundry debtors	<b>58</b>	477
Prepayments	<b>391</b>	1
	—	—
	<b>1,514</b>	1,580
	—	—

# First Derivatives plc

## Notes (continued)

### 12 Creditors - amounts falling due within one year

	<b>28 February 2002 £'000</b>	28 February 2001 £'000
Bank overdraft	267	354
Trade creditors	141	61
Other taxation and social security	103	95
Accruals and deferred income	300	257
Corporation tax	360	323
Other creditors	9	5
Other loans	4	16
	<hr/>	<hr/>
	<b>1,184</b>	<b>1,111</b>
	<hr/> <hr/>	<hr/> <hr/>

The bank overdraft is secured by way of a fixed and floating charge over the assets of the company together with a letter of guarantee in the amount of £300,000 from Brian Conlon, director.

### 13 Creditors - amounts falling due after more than one year

	<b>28 February 2002 £'000</b>	28 February 2001 £'000
Loan	-	4
	<hr/>	<hr/>

### 14 Provisions for liabilities and charges

	<b>28 February 2002 £'000</b>	28 February 2001 £'000
<i>Deferred taxation</i>		
At beginning of period	3	-
Charge for the period (see note 5)	7	4
	<hr/>	<hr/>
At end of period	<b>10</b>	<b>4</b>
	<hr/> <hr/>	<hr/> <hr/>

The basis by which taxation is calculated is stated in Note 1. There is no unprovided deferred tax.

The elements of deferred taxation are as follows:

	<b>28 February 2002 £'000</b>	28 February 2001 £'000
Difference between accumulated depreciation and amortisation and capital allowances	10	11
Other timing differences	-	(7)
	<hr/>	<hr/>
Deferred tax liability	<b>10</b>	<b>4</b>
	<hr/> <hr/>	<hr/> <hr/>

# First Derivatives plc

Notes (continued)

## 15 Share capital

	<b>28 February 2002 Number</b>	28 February 2001 Number
<i>Equity shares</i>		
<i>Authorised</i>		
Ordinary shares of 0.5pence each (2001: £1 each)	<b>20,000,000</b>	100,000
<i>Issued, allotted and fully paid</i>		
Ordinary shares of 0.5pence each (2001: £1 each)	<b>10,000,000</b>	10,000

In order to re-register as a public limited company, the company was required to satisfy the conditions specified in Article 55 of the Companies (Northern Ireland) Order 1986. In compliance with this legislation, on 3 December 2001 the company made a bonus issue to increase the issued share capital from £10,000 to £50,000 divided into 50,000 ordinary shares of £1 each. The sum of £40,000 was capitalised from revenue reserves and appropriated to the holders of the ordinary shares in the capital of the company by way of 4 new ordinary shares for each 1 share of their existing shareholding.

On 3 December 2001 the existing issued share capital of 50,000 ordinary shares of £1 each and the authorised share capital of 100,000 ordinary shares of £1 each were subdivided into 10,000,000 issued and 20,000,000 authorised ordinary shares of 0.5 pence each respectively.

## 16 Profit and loss account

	<b>28 February 2002 £'000</b>	28 February 2001 £'000
Retained profit brought forward	<b>492</b>	835
Profit on ordinary activities after taxation	<b>430</b>	419
Dividends paid	<b>(575)</b>	(762)
Transfer from reserves (see note 15)	<b>(40)</b>	-
Retained profit carried forward	<b>307</b>	492

# First Derivatives plc

Notes (continued)

## 17 Equity shareholders' funds

	<b>28 February 2002 £'000</b>	28 February 2001 £'000
Total recognised gains and losses for the year	<b>430</b>	419
Dividends paid	<b>(575)</b>	(762)
	<hr/>	<hr/>
<b>Net reduction in shareholders' funds</b>	<b>(145)</b>	(343)
Opening shareholders' funds	<b>502</b>	845
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>357</b>	502
	<hr/> <hr/>	<hr/> <hr/>

## 18 Capital commitments

There were no capital commitments at either period end.

## 19 Leasing commitments

Annual commitments under non-cancellable operating leases are as follows:

	<b>28 February 2002 Land and buildings £'000</b>	31 March 2001 Land and buildings £'000
Operating leases which expire: In the second to fifth years inclusive	<b>12</b>	12
	<hr/> <hr/>	<hr/> <hr/>

## 20 Contingent liabilities

Contingent liabilities exist in respect of the LEDU grant and the IFI loan received by the company, whereby, in the event of the company failing to meet one or more of the conditions contained in the letters of offer to the company, the company would be liable to repay either the LEDU grant and/or the IFI loan.

## 21 Related party transactions

Brian Conlon is the managing director and shareholder of e-hub.com plc. During the period the company traded with e-hub.com plc on a normal commercial basis resulting in sales of £202,000 (2001: £458,000). The amount due by e-hub.com plc to the company at 28 February 2002 amounted to £536,000. It is considered by the directors that whilst there is some uncertainty regarding the timing of the repayment of this debt, there is no significant uncertainty regarding its ultimate recoverability.

Included within trade creditors are amounts due to the directors from the company of £2,000 (2001: amount receivable from directors of £381,000).

The company is charged rent annually for the use of the managing director's apartment located in Kensington, London. The charge incurred during the financial year amounted to £29,000.

# First Derivatives plc

Notes *(continued)*

## 22 Post balance sheet events

Following a public offering of shares, the company was admitted to the Alternative Investment Market of the London Stock Exchange on 28 March 2002.

## 23 Ultimate controlling party

The company is controlled by Brian Conlon, its majority shareholder.

## 24 Reconciliation of operating profit to net cash inflow from operating activities

	<b>Year ended 28 February 2002 £'000</b>	11 month period ended 28 February 2001 £'000
Operating profit	<b>633</b>	590
Depreciation on tangible fixed assets	<b>20</b>	18
Decrease/(increase) in debtors	<b>275</b>	(214)
(Decrease)/increase in creditors	<b>(84)</b>	226
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>844</b>	620
	<hr/> <hr/>	<hr/> <hr/>

# First Derivatives plc

Notes (continued)

## 25 Analysis of cash flows for headings in the cash flow statement

	Year ended 28 February 2002 £'000	11 month period ended 28 February 2001 £'000
<b>a) Returns on investment and servicing of finance</b>		
Interest paid	(22)	(19)
Interest received	-	34
	=====	=====
Net cash inflow from returns on investment and servicing of finance	(22)	15
	=====	=====
<b>b) Taxation</b>		
Corporation tax paid	(130)	(123)
	=====	=====
<b>c) Capital expenditure</b>		
Purchase of tangible fixed assets	(15)	(36)
	=====	=====
<b>d) Equity dividends paid</b>		
Dividends on equity shares	(575)	(762)
	=====	=====
<b>e) Financing</b>		
Repayment of long term loan	(15)	(13)
	=====	=====

## 26 Analysis of changes in net debt during the period

	Cash in hand £	Bank overdrafts £	Debt due within one year £	Debt due after one year £	Total £
Balance at 1 April 2000	3	(58)	(11)	(22)	(88)
Cash flow	(3)	(296)	11	3	(285)
Other non cash change	-	-	(16)	15	-
	=====	=====	=====	=====	=====
Balance at 1 April 2001	-	(354)	(16)	(4)	(374)
Cash flow	-	87	16	-	103
Other non cash change	-	-	(4)	4	-
	=====	=====	=====	=====	=====
Balance at 28 February 2002	-	(267)	(4)	-	(271)
	=====	=====	=====	=====	=====

# First Derivatives plc

## Notice of Annual General Meeting

Notice is hereby given that the Seventh Annual General Meeting of First Derivatives plc (“the Company”) will be held at the offices of Mills Selig, 21 Arthur Street, Belfast, BT1 6DH on Thursday 29 August 2002 at 11.30 am. The business of the meeting will be:

### Ordinary business

- (b) That the Directors’ report, statement of accounts and independent Auditor’s report for the year ended 28 February 2002 be received and approved.
- (c) To elect Robert David Anderson (a member of the audit and remuneration committees), who has been appointed a director since the last annual general meeting, as a director of the Company.
- (d) To elect Michael George O’Neill who has been appointed a director since the last annual general meeting, as a director of the Company.
- (e) To elect Michael John Chicken (a member of the audit and remuneration committees) who has been appointed a director since the last general meeting, as a director of the Company.
- (f) To re-appoint KPMG as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be fixed by the Directors.
- (g) That in substitution for all existing and unexercised authorities, the directors of the Company be and they are hereby generally and unconditionally authorised pursuant to Article 90 of the Companies (Northern Ireland) Order 1986 (the “Order”) to allot relevant securities (as defined in the Article) up to an aggregate nominal amount of £20,000, such authority to expire on the earlier of the date falling 15 months after the date of passing of this resolution, and the next Annual General Meeting of the company, whichever is the later, but so that the Company may, before such expiry, make an offer or agreement which could or might require relevant securities in pursuance of any such offer or agreement as if such authority has not expired.
- (h) That in substitution for all existing and unexercised authorities and subject to the passing of the immediately preceding resolution, the directors of the Company be and they are hereby empowered pursuant to Article 105 of the Order to allot equity securities pursuant to the authority conferred by the preceding resolution as if Article 99(1) of the Order did not apply to any such allotment provided that the power conferred by the resolution, unless previously revoked or varied by special resolution of the Company in general meeting, shall be limited:
  - (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory, and;



# First Derivatives plc

## Notice of Annual General Meeting

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £6,148 representing 10% of the current issued share capital of the Company;

and shall expire on the date of the next Annual General Meeting of the Company or (if earlier) 15 months from the date of the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Registered Office:  
21 Arthur Street  
Belfast  
BT1 4GA

Richard Fulton  
*Secretary*

4 July 2002

### Notes

- 1 A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the company.
- 2 A proxy form is enclosed with this notice. Proxies must be lodged at the registered office of the company, 21 Arthur Street, Belfast, BT1 4GA, not less than 48 hours before the time of the meeting.
- 3 The completion and return of a proxy will not prevent a member from attending and voting in person at the meeting if so desired.
- 4 To be entitled to attend and vote at all the annual general meetings (and for the purpose of determination by the Company of the number of votes they may cast), members must be entered in the Companies Register of Members by 27 August 2002.
- 5 Copies of the executive directors service contracts of service together with the engagement letters of the non-executive directors are available the register of directors (and their families) interest in the share capital of the Company and the Memorandum and Articles of Association for inspection at the registered office of the Company during usual business hours, and will be available for inspection at the Annual General Meeting from 11.15 am until the conclusion of the meeting.

# First Derivatives plc

## Proxy form

### First Derivatives plc

#### For use at the Annual General Meeting convened for 29 August 2002

I/We .....  
(block letters please)

of .....  
being a member(s) of the above named company, hereby appoint the chairman of the meeting\*

or .....  
as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held on 29 August 2002 and at any adjournment thereof.

\*If you wish to nominate an alternative proxy delete "the chairman of the meeting" and insert the name of the chosen proxy.

I/We direct my/our proxy to vote as follows:

Resolutions	For	Against
1 To receive and adopt the audited accounts for the Company for the year ended 28 <sup>th</sup> February 2002.		
2 To elect Robert David Anderson as a director.		
3 To elect Michael George O'Neill as a director.		
4 To elect Michael John Chicken as a director.		
5 To re-appoint KPMG as auditors and to authorise the directors to fix their remuneration.		
6 To grant the directors authority to allot shares.		
7 To disapply the statutory pre-emption rights.		

Please indicate with a tick in the relevant box how you wish your votes to be cast for each resolution.

Signature ..... Date .....

# First Derivatives plc

## Proxy form

### Notes:

- 1 To be valid this form of proxy (together with the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of such power or authority) must be lodged at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- 2 A form of proxy executed by a Corporation must be either under seal or under the hand of an officer or attorney duly authorised.
- 3 In the case of joint holdings the signature of the first-named on the Register of Members will be accepted to the exclusion of the votes of the other joint holders.
- 4 If this form is signed and returned without indication as to how the proxy is to vote, he will exercise his discretion both as to how he votes and whether or not he abstains from voting.
- 5 Completing and returning this form of proxy will not prevent a member from attending in person and voting should he so wish.
- 6 Any amendment to this form of proxy must be initialled.
- 7 A proxy need not be a member.
- 8 A proxy is only entitled to vote on a poll.

# First Derivatives plc

## Financial statements

For the year ended 28 February 2002

Company registration number: NI 30731