Regulatory Announcement

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Company	First Derivatives PLC
TIDM	FDP
Headline	Final Results
Released	07:00 25-May-05
Number	7152M

First Derivatives plc (FDP)

Preliminary results for the year ended 28th February 2005

25th May 2005

The principal activities of FDP are the provision of a range of support services to the investment banking market and the derivatives technology industry and the provision of its own range of e-business applications.

Financial highlights

- Turnover £3.79 million (2004: £2.68 million) +41.4 %
- Profit before tax and amortisation £991,000 (2004: £757,000) + 30.9%
- Earnings per share 4.6p (2004: 3.3p) + 39.4%
- Proposed final dividend of 1.46p per share (2004: 1.1p)
- Cash balances as at 28th February 2005 of £788,000

Business highlights

- Upturn in activity in the second half of the year, with the e-commerce division moving into profitability
- Major contract signed with EDS, to work with a major London Bank
- Since the year end, signed a new partnership with KX on enhanced terms
- Signed 10 new KX customers since the interims with a total value in excess of £1 million

David Anderson, Chairman of FDP, commented:

"The growth experienced in the first half of the year, has continued at pace in the second half of the year. The agreement signed with KX has enhanced our sales pipeline, along with the high profile deal signed with EDS. With the e-commerce division moving into profitability since the year end, we are well positioned for the new financial year."

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First Derivatives plc

Preliminary results for the year ended 28th February 2005

Chairman's statement

2004/2005 has once again been a successful year for the Company with the growth shown in the first six months of the year continuing in the second half of the year. Earnings before tax, depreciation and amortisation were £1,060,000 compared with £787,000 in the previous year, an increase of 35%. This is the first year that EBITDA has exceeded £1.0 million. Pre-tax profits for the year were £811,000 compared with £577,000 in the previous year, an increase of over 40%.

Earnings per share increased by 39% from 3.3p to 4.6p. In the light of the continued growth in the profitability of the Company and the strong cash flow the Board is recommending a dividend for the year of 1.46p. This dividend will be covered 3.2 times by earnings. The Company has to date only paid a final dividend but your Board intends to review its dividend policy at the time the results for the six months figures for the period ending 31st August 2005 are announced.

In my interim statement I referred to the upturn in business in our Capital Markets activity. This has continued in the second half of the year and a major contract was signed earlier this year with EDS for work on behalf of a major bank in London. The impact of this contract on profits will not be felt until the second half of the current financial year.

The sales and support for Kx database technology is a significant part of our business. In the past six months staffing levels in the New York office have been increased to cater for the enhanced level of activity and since the financial year end an experienced executive has been appointed to head up the North American Business Development Team. This appointment is expected to generate Capital Markets business in addition to Kx business. A new partnership with Kx was signed in April on enhanced terms and the sale of Kx products is continuing at a very satisfactory level and there is a healthy pipeline of prospective sales. The Company continues to benefit from its relationship with Kx and in the past six months the Company has signed consultancy agreements with more than 10 Kx customers with a total value in excess of £1 million (a number of which are on a rolling basis).

During the year the e-Business activity has continued at a low level and overheads in this area have been reduced to a minimum. There has been a recent upturn in e-Business activity and I am pleased to report that in the last quarter we moved into a breakeven position ahead of plan.

During the course of the year the Company purchased 2 further residential properties in London to provide accommodation for staff supporting the increased level of activity. Since the year end a residential property has also been acquired in New York for the same purpose. Shareholders funds now stand at £2.116m compared with £1.698 million a year ago.

Partnership agreement discussions are continuing with a number of high profile software companies. The increased level of activity experienced in the second half of the financial year has continued in the early part of the current financial year. Again this increase has been in all areas of the Company's activities and the Board looks forward to a satisfactory outcome for the year.

David
Anderson
May 2005

Chairman

Managing Director's statement

The general climate in the Technology, Media and Telecommunications market has continued to improve. The most striking theme in the Deloitte 2005 Fast 500 CEO Survey Results was the increased confidence in future growth prospects.

FDP operates primarily in the capital markets sector and there is little evidence of any contraction in technology spend in major financial institutions. Banks continue to focus on getting value for money from suppliers and are placing severe pressure on charge out rates and increasingly looking to outsource non-core functions. FDP have secured a small number of lucrative nearshore support contracts but the challenge from low cost centres such as India remains.

Review of Activities

First Derivatives operates loosely as 4 profit centres. Personnel can easily transfer from one profit centre to another. Capital Markets and Sales Partnerships contributes the vast majority of our current turnover and profitability but our investment in R&D should start to filter through to the bottom line in the current financial year.

Capital Markets - FDP provides highly skilled resources to the capital markets providing consulting, support and development services. We have ongoing contracts with 5 of the largest banks in Europe and have 3 nearshore support contracts in place. These nearshore contracts involve providing remote support services from our offices in Newry. The biggest of these contracts for the provision of 12 resources with EDS was announced in February. This and other recurring revenues accounts for 62% of our income.

Sales Partnerships - FDP continues to provide sales and marketing support for all industry sectors (excluding insurance) of Kx Systems worldwide. The contract was renegotiated with more favourable commercial terms, effective as of 1

January 2005. Their products continue to be widely used by some of the world's largest financial institutions including J P Morgan, Merrill Lynch, Deutsche Bank and Dresdner. We have provided consulting and support services to 15 of these organisations in the past year at various locations including London, New York and Tokyo. Most of these contracts are recurring in nature. We will continue to build our portfolio of alliances with other non-competing software vendors.

Product Development - this group is in the process of developing a number of products, primarily for the use of customers of Kx Systems. The team is at an advanced stage of prototyping new products in the capital markets sector and more are in the development roadmap. Development has also commenced on a number of products which will be marketed to the telecoms sector and which will complement our e-business offering. No significant revenue will accrue from this division until the next financial year.

e-business – this division gained some sales traction in the second half of the financial year and the partnership with BT is beginning to bear fruit. Pilots have started in a number of regions in England including Northumberland, Yorkshire and Manchester. Contracts have been signed with local authorities in Dublin, Cork, Kerry and Newry and Mourne for the use of our award winning e-procurement modules over the coming years. This division has now reached breakeven point and should contribute to profits in the current financial year.

Managing Director's statement

Personnel

The company now employs 46 people and has staff based in London, New York and Stockholm. We will continue to source staff in Ireland due to the favourable cost differential vis-a-vis major financial centres. Most of our employees are participating in option schemes which we see as a key driver in retaining staff. Our staff turnover is relatively low which means that we are seeing increasing wage inflation as the average experience increases.

Once again I would like to pay tribute to all FDP employees who almost without exception are hard working, talented, flexible and dedicated. Our customer retention rates are evidence of this.

Property Portfolio

As the number of staff working on-site in the major financial centres increases we will continue to buy property in lieu of paying for hotels and rented accommodation. As at the balance sheet date we had purchased 4 properties in London financed by cash and term loans and in the interim period have secured the purchase of a further property in New York.

Financial Review

Our pre-tax profit (2005: £811,000; 2004: £577,000), EBITDA (2005: £1,126,000, 2004: £810,000) and turnover (2005: £3,793,000; 2004: £2,679,000) were significantly up on last year. This was largely due to increased consultant utilisation and sales commission from partner agreements. Our balance sheet is strong with a cash balance of £788,000 and equity shareholders' funds of £2,116,000. This and our confidence in our ability to generate cash going forward enables us to declare a dividend of 1.46p per share.

Outlook

We are increasing headcount to meet demand from the current sales pipeline and to develop product. Our outlook for the year ahead is for trading to continue in line with previous trends and the further strengthening of our balance sheet. We now have a spread of activities with our recurring revenue stream insulating us against general industry downturn and our interest in the sale of various software products giving us the benefit of considerable potential upside.

Brian Conlon 25 May 2005

Managing Director

Profit and loss account

Year ended 28 February 2005

	Note	**Year ended 28 February 2005 £'000**	Year ended 29 February 2004 £'000
Turnover - continuing operations	*2*	**3,793**	2,679
Cost of sales		**(2,411)**	(1,724)
Gross profit		**1,382**	955
Administrative expenses		**(560)**	(497)
Other income		**55**	142
Operating profit - continuing operations		**877**	600
Interest receivable		**8**	8
Interest payable and other similar charges	*4*	**(74)**	(31)
Profit on ordinary activities before taxation	*3*	**811**	577
Tax on profit on ordinary activities	*5*	**(242)**	(165)
Profit on ordinary activities after taxation		**569**	412
Retained profit brought forward		**877**	600
		1,446	1,012
Dividends	*8*	**(181)**	(135)
Retained profit carried forward		**1,265**	877

Earnings per share	**- basic**	*9a*	**4.6p**	3.3p
	- diluted	*9a*	**4.5p**	3.3p
Adjusted earnings per share	**- basic**	*9b*	**6.6p**	4.7p
	- diluted	*9b*	**6.5p**	4.6p

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. There is no material difference between the company's results as reported and on a historical cost basis. Accordingly no note of historical cost profits and losses has been prepared. The turnover and operating profit amounts as stated above are derived solely from continuing operations.

Balance Sheet

Year ended 28 February 2005

		At 28 February		At 29 February	
			2005		2004
	Note	**£'000**	**£'000**	£'000	£'000
Fixed assets					
Intangible assets	*10*		**540**		720
Tangible assets	*11*		**2,032**		808
Fixed asset investment	*12*		**111**		74
			2,683		1,602
Current assets					
Debtors	*13*	**1,046**		606	
Cash at bank and in hand		**788**		848	
		1,834		1,454	
Creditors - amounts falling due within one year	*14*	**(1,109)**		(828)	
Net current assets			**725**		626
Total assets less current liabilities			**3,408**		2,228
Creditors - amounts falling due after more than one year	*15*		**(1,289)**		(523)
Provisions for liabilities and charges	*16*		**(3)**		(7)
Net assets			**2,116**		1,698
Share capital and reserves					
Called-up share capital	*17*		**62**		62
Shares to be issued	*18*		**9**		7
Share premium account	*18*		**780**		752
Profit and loss account	*18*		**1,265**		877
Equity shareholders' funds	*19*		**2,116**		1,698

These financial statements were approved by the board of directors on 24 May 2005.

Brian Conlon

Director

Cash flow statement

Year ended 28 February 2005

	Note	**Year ended 28 February 2005 £'000**	Year ended 29 February 2004 £'000
Cash inflow from operating activities	*25*	**617**	1,065
Returns on investment and servicing of finance	*26a*	**(66)**	(23)
Taxation	*26b*	**(160)**	(269)
Capital expenditure	*26c*	**(1,318)**	(856)
Cash inflow before financing		**(927)**	(83)
Financing	*26d*	**867**	376
(Decrease)/increase in cash in the period		**(60)**	293

Reconciliation of net cash flow to movement in net (debt)/funds

Year ended 28 February 2005

	Note	**Year ended 28 February 2005 £'000**	Year ended 29 February 2004 £'000
(Decrease)/increase in cash in the period		**(60)**	293
Decrease in debt		**93**	37
Change in net debt resulting from cash flows	*27*	**33**	330
New long term loan		**(932)**	(375)
Movement in net debt in the period		**(899)**	(45)
Net funds at start of the period		**277**	322
Net (debt)/funds at end of the period	*27*	**(622)**	277

Notes

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.

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.

Intangible fixed assets

Intangible fixed assets comprise intellectual property rights over software and are capitalised where purchased on an arm's length basis. Such assets are amortised over their estimated useful lives, estimated to be 5 years.

Tangible fixed assets

Tangible fixed 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
Buildings	-	2% 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.

Fixed asset investments

Fixed asset investments are stated at cost unless, in the opinion of the Directors, there has been an impairment, in which case an appropriate adjustment is made. For shares acquired on the exercise of an option previously granted to the company, cost includes any in the money element of the option, as calculated at the date the option was granted.

Research and development

All research and development expenditure is written off in the period in which it is incurred.

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

1 Accounting policies

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.

2 Turnover

Turnover excludes value added tax and represents the fair value of services delivered to customers in the accounting period. Services are deemed to have been delivered to customers when, and to the extent that, the entity has met its obligations under its service contracts. Credit for enterprise software licence revenue is deferred and released over the period of the licence on a straight line basis.

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

		Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
Profit on ordinary activities before taxation has been arrived at after charging:			
Depreciation		**69**	30
Amortisation		**180**	180
Auditors' remuneration	- audit	**10**	10
	- tax	**7**	10
Hire of premises - rentals payable under operating lease		**14**	12

4 Interest payable and other similar charges

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
On bank loans	**74**	31

5 Tax on profit on ordinary activities

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
UK corporation tax for the period	**246**	170
Adjustments relating to earlier years	**-**	(7)
Total current tax charge	**246**	163
Deferred tax (see note 16)	**(4)**	2
	242	165

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

The current tax charge for the period is higher (2004: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	**811**	577
Current tax at 30% (2004: 30%)	**243**	173
Effects of:		
Expenses not deductible for tax purposes	**6**	23
Capital allowances for period in excess of depreciation	**15**	(3)
Other timing differences	-	1
Small companies relief	**(18)**	(24)
Adjustments to tax charge in respect of previous periods	**-**	(7)
Total current tax charge	**246**	163

The directors are not aware of any issues that will significantly impact on the future tax charge.

6 Staff numbers and costs

The average weekly number of persons (including the directors) employed by the company during the year is set out below.

	Year ended 28 February 2005 Average No.	Year ended 29 February 2004 Average No.
Administration	**1**	2
Technical	**38**	32
	39	34
Their total remuneration was:		
	£'000	£'000
Wages and salaries	**1,180**	980
Social security costs	**132**	98
Other pension costs	**70**	45
	1,382	1,123

7 Emoluments of directors

The remuneration paid to the directors was:

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
Aggregate emoluments (including benefits in kind)	**140**	107
Company pension contributions	**22**	22
	162	129

During the period there were 2 directors accruing benefits under a defined contribution pension scheme (29 February 2004: 2).

The aggregate emoluments and company pension contributions of the highest paid director amounted to £55,000 and £16,056 respectively during the year (2004: £55,000 and £5,994 respectively).

8 Dividends

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
Final proposed 1.46p (2004: 1.1p) per share	**(181)**	(135)

9 (a) Earnings per ordinary share

Basic

The calculation of basic 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 £569,000 (2004: £412,000). The weighted average number of ordinary shares for the year ended 28 February 2005 and ranking for dividend was 12,360,620 (2004: 12,302,807).

	Year ended 28 February 2005 Pence per share	Year ended 29 February 2004 Pence per share
Basic earnings per share	**4.6**	3.3

Diluted

The calculation of diluted 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 £569,000 (2004: £412,000). The weighted average number of ordinary shares for the year ended 28 February 2005 and ranking for dividend was 12,560,149 (2004: 12,484,555).

	Year ended 28 February 2005 Pence per share	Year ended 29 February 2004 Pence per share
Diluted earnings per share	**4.5**	3.3

9 (b) Adjusted earnings per ordinary share

Adjusted earnings per share are based on profit before taxation of £811,000 (2004: £577,000). The number of shares used in this calculation is consistent with note 9(a) above.

	Year ended 28 February 2005 Pence per share	Year ended 29 February 2004 Pence per share
Basic adjusted earnings per ordinary share	**6.6**	4.6
Diluted adjusted earnings per ordinary share	**6.5**	4.6

9 (b) Adjusted earnings per ordinary share

Reconciliation from earnings per ordinary share to adjusted earnings per ordinary share.

	Year ended 28 February 2005 Pence per share	Year ended 29 February 2004 Pence per share
Basic earnings per share	**4.6**	3.3
Impact of taxation charge	**2.0**	1.3
Adjusted basic earnings per share	**6.6**	4.6
Diluted earnings per share	**4.5**	3.3
Impact of taxation charge	**2.0**	1.3
Adjusted diluted earnings per share	**6.5**	4.6

Adjusted earnings per share has been presented to facilitate pre-tax comparison returns on comparable investments.

10 Intangible fixed assets

	2005 £'000
At 1 March 2004	720
Additions	-
Amortisation	(180)
At 28 February 2005	**540**

The intangible fixed asset relates to the software asset discussed in note 23.

11 Tangible fixed assets

	Land and buildings	*Plant and equipment*	*Office furniture and equipment*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost				
At 1 March 2004	791	124	25	940
Additions	1,224	69	-	1,293
At 28 February 2005	**2,015**	**193**	**25**	**2,233**
Depreciation				
At 1 March 2004	15	93	24	132
Charged during period	34	35	-	69
At 28 February 2005	**49**	**128**	**24**	**201**
Net book value				
At 28 February 2005	**1,966**	**65**	**1**	**2,032**
At 1 March 2004	776	31	1	808

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

12 Fixed asset investments

	2005
	£'000
Unlisted investment	
At 1 March 2004	74
Additions	37
At 28 February 2005	**111**

The unlisted investment relates to shares held in a company resident in the United States and was valued on acquisition by the directors, on the basis of financial information available at that time.

13 Debtors

	28 February 2005 £'000	29 February 2004 £'000
Trade debtors	**828**	455
Sundry debtors	**109**	60
Prepayments	**39**	49
Amounts due from related undertaking	**19**	42
Accrued income	**51**	-
	1,046	606

14 **Creditors** - amounts falling due within one year

	28 February 2005 £'000	29 February 2004 £'000
Trade creditors	**182**	135
Other taxation and social security	**111**	82
Accruals and deferred income	**189**	89
Corporation tax	**291**	205
Other creditors	**34**	134
Bank loans	**121**	48
Dividend proposed	**181**	135
	1,109	828

15 **Creditors** - amounts falling due after more than one year

	28 February 2005 £'000	29 February 2004 £'000
Loans	**1,289**	523
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less	**121**	48
Between one and two years	**133**	51
Between two and five years	**466**	177
In five years or more	**690**	295
	1,410	571

The company has three separate loans, taken out to fund the acquisition of apartments in London. The loans are secured on these properties. A debenture is also in place over the company's assets and undertaking (excluding uncollected capital).

Interest on all loans is variable. Interest of 2% above LIBOR is charged on the company's first loan which has an outstanding balance of £196,117. Interest of 1.75% above the Bank of Ireland's Northern Ireland base rate is charged on the company's second loan which has an outstanding balance of £322,446. Interest of 3% above LIBOR is charged on the company's third loan which has an outstanding balance of £891,334.

16 Provisions for liabilities and charges

	28 February 2005 £'000	29 February 2004 £'000
Deferred taxation		
At beginning of period	**7**	5
(Release)/charge for the period (see note 5)	**(4)**	2
At end of period	**3**	7

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:

	28 February 2005 £'000	29 February 2004 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**4**	8
Other timing differences	**(1)**	(1)
Deferred tax liability	**3**	7

17 Share capital

	28 February 2005 Number	28 February 2005 £'000	29 February 2004 Number	29 February 2004 £'000
Equity shares				
Authorised				
Ordinary shares of 0.5pence each	**20,000,000**	**100**	20,000,000	100
Issued, allotted and fully paid				
Ordinary shares of 0.5pence each	**12,397,825**	**62**	12,317,825	62

Options have been granted as set out below under the company's two share option schemes which are open to all directors and employees of the company. The options are subject to performance conditions as set by the company prior to the grant of the option, and are exercisable following the satisfaction of the performance criteria for a period not exceeding 10 years.

Options granted are as follows:

Number of shares under option at 29 February 2004	***Granted***	***Exercised***	***Lapsed***	***Number of shares under option at 28 February 2005***	***Exercise price***
265,000	-	(50,000)	(20,000)	195,000	26.5 pence
246,000	-	-	(27,000)	219,000	51.0 pence
375,000	-	-	(46,000)	329,000	53.5 pence
70,000	-	-	-	70,000	40.0 pence
30,000	-	(30,000)	-	-	50.0 pence
-	257,000	-	-	257,000	62.0 pence

80,000 share options were exercised during the year, giving rise to an increase in share capital of £400 and an increase in share premium of £28,000.

18 Share premium and reserves

	Shares to be issued	Share premium account £'000	Profit and loss account £'000
At beginning of year	7	752	877
Retained profit for the period	-	-	569
Premium on shares issued	-	28	-
In the money element of options accrued	2	-	-
Dividend proposed	-	-	(181)
At end of year	**9**	**780**	**1,265**

19 Equity shareholders' funds

	28 February 2005 £'000	29 February 2004 £'000
Profit for the financial year	**569**	412
Dividend proposed	**(181)**	(135)
Net proceeds on issue of share capital	**28**	38
In the money element of options accrued	**2**	7
Increase in shareholders' funds	**418**	322
Opening shareholders' funds	**1,698**	1,376
Closing shareholders' funds	**2,116**	1,698

20 Commitments and contingencies

There were no capital commitments at either period end, with the exception of the contingent commitment to make additional payments under a software purchase agreement (note 22).

21 Leasing commitments

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

	28 February 2005 Land and buildings £'000	29 February 2004 Land and buildings £'000
Operating leases which expire:		
In the second to fifth years inclusive	**14**	12

22 Contingent liabilities

Contingent liabilities exist in respect of grants 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 the grant.

In 2003 the company purchased a software asset from e-hub.com Limited. Under the purchase agreement, commission payments will be paid, at a rate of 20% of future sales above £1,000,000, up to a maximum of an additional £1,100,000. The amount so paid in the current year was £Nil (2004: Nil). No provision has been made in this regard as the crystallisation of this liability is currently deemed to be remote and the expiry date of this agreement is 28 February 2006.

23 Related party transactions

Brian Conlon is a shareholder of e-hub.com Limited. During the period the company traded with e-hub.com Limited on a normal commercial basis resulting in sales of £Nil (2004: £73,094). Purchases on a normal commercial basis from e-hub.com Limited amounted to £Nil. The amount due by e-hub.com Limited to the company at 28 February 2005 amounted to £14,541 (2004: £37,542). The amount owed to e-hub.com Limited at 28 February 2005 amounted to £11,525 (2004: £16,225).

Brian Conlon is the majority shareholder in k-hub Limited. The company did not trade with k-hub in the current year. The amount due from k-hub to the company at 28 February 2005 amounted to £15,933 (2004: £20,933).

The company is charged rent annually for the use of apartments owned by the managing director, located in London. The charge incurred during the financial year amounted to £52,800 (2004: £22,400). Rent deposits of £26,400 have been paid to Brian Conlon in respect of these apartments.

24 Ultimate controlling party

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

25 Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
Operating profit	**877**	600
Depreciation on tangible fixed assets	**69**	30
Amortisation of intangible asset	**180**	180
(Increase)/decrease in debtors	**(445)**	60
(Decrease)/increase in creditors	**(66)**	188
In the money element of options accrued	**2**	7
Net cash inflow from operating activities	**617**	1,065

26 Analysis of cash flows for headings in the cash flow statement

		Year ended 28 February 2005 £'000	Year ended 29 February 2004 £'000
a)	**Returns on investment and servicing of finance**		
	Interest paid	**(74)**	(31)
	Interest received	**8**	8
	Net cash inflow from returns on investment and servicing of finance	**(66)**	(23)
b)	**Taxation**		
	Corporation tax paid	**(160)**	(269)
c)	**Capital expenditure**		
	Purchase of tangible fixed assets	**(1,318)**	(856)
d)	**Financing**		
	Repayment of long term loan	**(93)**	(37)
	Issue of share capital	**28**	38
	Receipt of new long term loan	**932**	375
		867	376

27 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 March 2003	555	-	(18)	(215)	322
Cash flow	293	-	37	-	330
New long term loan	-	-	(15)	(360)	(375)
Other non cash change	-	-	(52)	52	-
Balance at 1 March 2004	848	-	(48)	(523)	277
Cash flow	(60)	-	48	45	33
New long term loan	-	-	(37)	(895)	(932)
Other non cash change	-	-	(84)	84	-
Balance at 28 February 2005	788	-	(121)	(1,289)	(622)

END