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**Activ Financial Systems, Inc**

**Financial Statements  
For the period ended 31 December 2007**

**Company Registration Number: FC026751**

THURSDAY



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**Activ Financial Systems Inc.****Balance Sheet as at 31 December 2007**

	31 Dec 07	31 Dec 06
	US \$	US \$
<b>ASSETS</b>		
Cash & Cash Equivalents	544,170 01	220,722 92
Accounts Receivables	2,175,060 68	1,263,054 72
Prepaid Expenses	385,356 76	181,375 62
Short Term Deposits	<u>146,395 43</u>	<u>3,502 18</u>
Total Current Assets	3,250,982 88	1,668,655 44
Net Property and Equipment	1,160,453 11	622,939 01
Long Term Deposits	<u>322,005 51</u>	<u>110,648 00</u>
<b>TOTAL ASSETS</b>	<b><u>4,733,441.50</u></b>	<b><u>2,402,242.45</u></b>
<b>LIABILITIES &amp; EQUITY</b>		
Accounts Payable	707,813 18	322,478 77
Interest Payable	19,527 02	21,043 72
Accrued Payroll & Benefits	60,723 26	255,768 43
Sales & Other Taxes Payable	46,621 56	35,860 54
Deferred Tax Liability – Current	803,493 00	269,069 00
Customer Deposits	<u>667,115.00</u>	<u>429,475 00</u>
Total Current Liabilities	2,305,293 02	1,333,695 46
Deferred Tax Liability – Non Current	7,754 00	53,884 00
Convertible Debt	<u>910,000 00</u>	<u>910,000 00</u>
<b>TOTAL LIABILITIES</b>	<b>3,223,047 02</b>	<b>2,297,579 46</b>
Capital (common stoc \$ 001 par value, authorised 10,000,000 shares, issued and outstanding shares are 1,145,454 as of December 31, 2006 and 2007	1,145 45	1,145 45
Paid-In Capital	2,755,789 35	2,755,789 35
Treasury Stock	<u>-16,914 37</u>	<u>-16,914 37</u>
Total Shareholders Equity	2,740,020 43	2,740,020 43
Retained Earnings – P Y	-2,635,357 44	-3,836,543 37
Retained Earnings – C Y	<u>1,405,731 49</u>	<u>1,201,185.93</u>
Total Equity	<u>1,510,394 48</u>	<u>104,662 99</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>4,733,441.50</u></b>	<b><u>2,402,242.45</u></b>

Notes are an integral part of the financial statements

**Activ Financial Systems Inc.**

**Statement of Operations for the year ended 31 December 2007**

	31 Dec 07 US \$	31 Dec 06 US \$
<b>Revenues</b>	<b>14,713,703.59</b>	<b>9,128,262.39</b>
Cost of Sales	<u>4,869,325.98</u>	<u>2,893,113.99</u>
<b>Gross Margin</b>	<b>9,844,377.61</b>	<b>6,235,148.40</b>
<b>Operating Expenses</b>		
Sales and Marketing	772,462.39	357,617.17
Salary & Benefits	4,897,281.04	2,658,788.50
Rent, Utilities & Telephone	626,952.06	484,792.06
Other G & A	509,663.60	517,366.91
Depreciation	<u>483,815.35</u>	<u>248,586.61</u>
Total Operating Expense	<u>7,290,174.44</u>	<u>4,267,151.25</u>
<b>EBIT</b>	<b>2,554,203.17</b>	<b>1,967,997.15</b>
Interest Income	10,522.14	2,290.52
Interest Expense	<u>94,839.68</u>	<u>124,647.74</u>
<b>Income (Loss) before Income Taxes</b>	<b>2,469,885.63</b>	<b>1,845,639.93</b>
Income Taxes	575,861.14	321,501.00
Deferred Income Taxes	<u>488,293.00</u>	<u>322,953.00</u>
<b>Net Income (Loss)</b>	<b><u>1,405,731.49</u></b>	<b><u>1,201,185.93</u></b>



## Notes to Financial Statements for the year ended December 31, 2007:

### 1 Summary of Significant Accounting Policies

ACTIV Financial Systems, Inc (the Company) provides financial information services, content and technology to the global capital markets industry. The Company was incorporated on January 16, 2002 and has offices in Chicago, Wheaton, Illinois, New York, New York, Cambridge, UK, Tokyo, Japan and data centers in Chicago, Illinois, Singapore and Hong Kong. In early 2008, the company is intending to open a data center in London, UK.

**Cash and cash Equivalents** The Company considers all highly liquid instruments with a maturity of three months or less as cash equivalents.

**Foreign Currencies** Transactions in foreign currencies are translated at the of exchange ruling at the date of the transaction. Foreign exchange rate differences are taken into account when arriving at net income.

**Property and equipment** Property and equipment are recorded at cost. The Company has leased data center in New York equipped with certain equipment the title to which is transferred to the Company by the Lessor. The value of the equipment installed in the New York Data Center is not recorded in the financial statements. The Company estimates the replacement cost to be approximately \$500,000. The renewals and betterments of property are accounted for as additions to the asset accounts.

**Depreciation** Depreciation is computed using the straight line method. The cost of all depreciable property is charged to operations over their useful lives ranging from 3 to 10 years.

**Research and Development costs** Research and Development costs are charged to expense during the year in which they occur.

**Contracts and Commitments** The Company recognizes the contract revenues and obligations only as and when earned or incurred.

**Income Taxes** Deferred income taxes result from the difference in the recognition of certain revenue or expense items for tax and financial statement purposes. The Company uses cash basis for tax purposes. For tax year 2008 the Company will elect to convert from cash to accrual basis.

**Estimates** The preparation of financial statements in conformity of generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reporting in the financial statements and accompanying notes. Actual results could differ from those estimates.

### 2 Convertible Notes

#### Convertible Notes Payable

The Company raised financing for initial operations from private investors, through issuance of convertible notes in the amount of \$910,000 maturing five years after issue, bearing interest at prime plus one per cent rate as published by Capital One Bank. The note is secured by a Security Agreement and may be converted into number of shares of common stock of the Company equal to \$10.00 per share of Common Stock after 24 months from the date of the Note.

3 Commitments

The Company has entered into the following lease agreements for office space

Location	Expires in
Chicago	March 31, 2014
Wheaton	December 31, 2008
40Rector, New York	January 31, 2011
60 East 42 <sup>nd</sup> , New York	January 31, 2018 and
Cambridge, UK	September 30, 2014

The future total minimum lease commitment through 2018 is 3,857,823

The Company has entered into a 12 month agreement commencing October 1, 2007 with Equinix for co-locating a data center at Equinix center in Chicago, IL. The monthly minimum commitment is \$12,470

The Company has entered into various agreements with content providers none of which are in excess of 12 month term

4 Contracts

On an average the license contract that the Company enters into with its customers is for a period of 24 months

The Company has entered into a significant contract in June 2004. The contract is for building Exchange Feed handlers and translators for North American Exchanges. The minimum contracted revenue is \$1,198,000 excluding usage based fees that the client is required to pay the Company under certain terms and conditions.

The Company's total minimum contracted revenue as of December 31, 2007 is \$8.7 million with approximately 209 contracts.

In April 2005, The Company entered into a five year revenue share arrangement with TSX, Inc. Under the agreement the Company has granted rights to TSX to sell ACTIV products in Canada and elsewhere under certain revenue share and other terms and conditions.

5 Receivables

The Company offers thirty day term to its customers. Provision for bad debts will be made upon experience.

6 Stock Options

The Company has a Nonqualified Stock Option Plan which was implemented by the Board in May 2004. The options under the plan may be granted to employees based on the performance of the Company and employee performance against certain targets. The options generally vest in two years and are exercisable within ten years thereafter. The number of options granted under the Plan as of December 31, 2007 is equivalent to 44,500 shares.