

Company Registration No. 4240845 (England and Wales)

XCONNECT TRADING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008



XCONNECT TRADING LIMITED

COMPANY INFORMATION

Directors	Paul White Mark Limbert Adrian Chorley (Appointed 6 February 2009)
Secretary	Mark Limbert
Company number	4240845
Registered office	8-10 Old Jewry London EC2R 8DN
Auditors	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
Business address	8-10 Old Jewry London EC2R 8DN

XCONNECT TRADING LIMITED

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XCONNECT TRADING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

The principal activity of the company is to provide administration and market access to traders and brokers on world wide derivative exchanges. The company is authorised and regulated by the financial services authority.

Principal risks and uncertainties

Financial instruments

The company's principle financial instruments comprise cash and liquid resources as well as various items, such as trade debtors, and creditors that arise directly from its operations. The main purpose of these instruments is to provide regulatory capital and finance for operations and seed capital for new business.

Liquidity risk

The company finances its operations through share capital and retained earnings. Surplus funds are placed on deposit with highly rated banks.

Interest rate risk

The company is not exposed to interest rate risk because its cash deposits have short maturities and so earn interest on a floating rate basis.

Foreign currency risk

The company holds cash balances in US dollars and Euros as income is generated in these currencies. Foreign exchange risk is managed by ensuring any surplus non-Sterling cash is converted to Sterling on a regular basis.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 January 2008:

Paul White

Mark Limbert

Adrian Chorley

(Appointed 6 February 2009)

Auditors

In accordance with the Company's Articles, a resolution proposing that The Gallagher Partnership LLP be reappointed as auditors of the company will be put at a General Meeting.

XCONNECT TRADING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 period. In preparing those financial statements, the directors are required to:

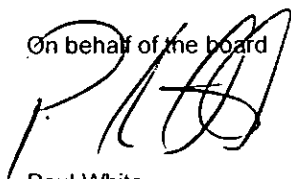
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Paul White

Director

17 April 2009

XCONNECT TRADING LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF XCONNECT TRADING LIMITED

We have audited the financial statements of XConnect Trading Limited for the year ended 31 December 2008 set out on pages 5 to 16. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the 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).

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 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.

XCONNECT TRADING LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF XCONNECT TRADING LIMITED

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 2008 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.


The Gallagher Partnership LLP

Chartered Accountants
Registered Auditor

20 April 2009
69/85 Tabernacle Street
London
EC2A 4RR

XCONNECT TRADING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Turnover	2	5,479,507	3,224,687
Cost of sales		<u>(3,650,265)</u>	<u>(2,010,534)</u>
Gross profit		1,829,242	1,214,153
Administrative expenses		<u>(1,745,552)</u>	<u>(1,179,812)</u>
Operating profit	3	83,690	34,341
Other interest receivable and similar income	4	41,407	35,396
Interest payable and similar charges	5	<u>(7,954)</u>	<u>(12,062)</u>
Profit on ordinary activities before taxation		117,143	57,675
Tax on profit on ordinary activities	6	<u>(35,704)</u>	<u>(16,063)</u>
Profit for the year	13	<u>81,439</u>	<u>41,612</u>

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

There are no recognised gains and losses other than those passing through the profit and loss account.

XCONNECT TRADING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	7		64,878		45,301
Current assets					
Debtors	8	332,381		389,807	
Cash at bank and in hand		1,722,406		938,541	
		<u>2,054,787</u>		<u>1,328,348</u>	
Creditors: amounts falling due within one year	9	<u>(1,577,575)</u>		<u>(897,814)</u>	
Net current assets			<u>477,212</u>		<u>430,534</u>
Total assets less current liabilities			542,090		475,835
Provisions for liabilities	10		(5,200)		(1,400)
Accruals and deferred income	11		-		(18,984)
			<u>536,890</u>		<u>455,451</u>
Capital and reserves					
Called up share capital	12		360,000		360,000
Profit and loss account	13		176,890		95,451
Shareholders' funds	14		<u>536,890</u>		<u>455,451</u>

Approved by the Board and authorised for issue on 17 April 2009


Paul White
Director

XCONNECT TRADING LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£	£
Net cash inflow from operating activities	884,214	131,154
Returns on investments and servicing of finance		
Interest received	41,407	35,396
Interest paid	(7,954)	(12,062)
Net cash inflow for returns on investments and servicing of finance	33,453	23,334
Taxation	(18,271)	(9,858)
Capital expenditure		
Payments to acquire tangible assets	(51,848)	(1,721)
Net cash outflow for capital expenditure	(51,848)	(1,721)
Net cash inflow before management of liquid resources and financing	847,548	142,909
Financing		
Issue of ordinary share capital	-	100,000
Repayment of other long term loans	-	(50,000)
Net cash (outflow)/inflow from financing	-	50,000
Increase in cash in the year	847,548	192,909

XCONNECT TRADING LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

1 Reconciliation of operating profit to net cash inflow from operating activities		2008	2007
		£	£
	Operating profit	83,690	34,341
	Depreciation of tangible assets	32,271	21,789
	Decrease/(increase) in debtors	57,426	(73,147)
	Increase in creditors within one year	729,811	173,482
	Movement on deferred rent	(18,984)	(25,311)
	Net cash inflow from operating activities	884,214	131,154

2 Analysis of net funds	1 January 2008	Cash flow	Other non-cash changes	31 December 2008
	£	£	£	£
Net cash:				
Cash at bank and in hand	938,541	783,865	-	1,722,406
Bank overdrafts	(91,405)	63,683	-	(27,722)
	<u>847,136</u>	<u>847,548</u>	<u>-</u>	<u>1,694,684</u>
Net funds	<u>847,136</u>	<u>847,548</u>	<u>-</u>	<u>1,694,684</u>

3 Reconciliation of net cash flow to movement in net funds		2008	2007
		£	£
	Increase in cash in the year	847,548	192,909
	Cash (inflow)/outflow from (increase)/decrease in debt	-	50,000
	Movement in net funds in the year	847,548	242,909
	Opening net funds	847,136	604,227
	Closing net funds	<u>1,694,684</u>	<u>847,136</u>

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial information is not intended to achieve full compliance with the provisions of UK Generally Accepted Accounting Principles.

1.3 Turnover

Turnover represents amounts receivable for services provided in the normal course of business. Revenue is recognised in line with accrual accounting based on fees received for services provided during the financial year.

1.4 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:

Plant and machinery	33% on a reducing balance basis
Fixtures, fittings & equipment	33% on a reducing balance basis

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and Eire.

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

3	Operating profit	2008	2007
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	32,271	21,789
	Loss on foreign exchange transactions	74,282	12,755
	Operating lease rentals	372,202	364,965
	Auditors' remuneration	13,000	13,000
		<u> </u>	<u> </u>
4	Investment income	2008	2007
		£	£
	Bank interest	41,407	35,396
		<u> </u>	<u> </u>
		41,407	35,396
		<u> </u>	<u> </u>
5	Interest payable	2008	2007
		£	£
	On bank loans and overdrafts	7,954	12,062
		<u> </u>	<u> </u>

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

6 Taxation	2008	2007
	£	£
Domestic current year tax		
U.K. corporation tax	31,893	18,260
Adjustment for prior years	11	(497)
	<u>31,904</u>	<u>17,763</u>
Current tax charge	31,904	17,763
Deferred tax		
Deferred tax charge/credit current year	3,800	(1,700)
	<u>35,704</u>	<u>16,063</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>117,143</u>	<u>57,675</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2007 - 20.00%)	<u>24,600</u>	<u>11,535</u>
Effects of:		
Non deductible expenses	11,425	5,162
Depreciation add back	6,777	4,358
Capital allowances	(10,527)	(2,558)
Adjustments to previous periods	11	(497)
Other tax adjustments	(382)	(237)
	<u>7,304</u>	<u>6,228</u>
Current tax charge	<u>31,904</u>	<u>17,763</u>

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2008	79,433	35,459	114,892
Additions	44,551	7,297	51,848
	<hr/>	<hr/>	<hr/>
At 31 December 2008	123,984	42,756	166,740
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2008	42,959	26,632	69,591
Charge for the year	26,950	5,321	32,271
	<hr/>	<hr/>	<hr/>
At 31 December 2008	69,909	31,953	101,862
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2008	54,075	10,803	64,878
	<hr/>	<hr/>	<hr/>
At 31 December 2007	36,474	8,827	45,301
	<hr/>	<hr/>	<hr/>

8 Debtors

	2008	2007
	£	£
Other debtors	193,051	283,718
Prepayments and accrued income	139,330	106,089
	<hr/>	<hr/>
	332,381	389,807
	<hr/>	<hr/>

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

9 Creditors: amounts falling due within one year	2008	2007
	£	£
Bank loans and overdrafts	27,722	91,405
Trade creditors	564,693	249,919
Corporation tax	31,893	18,260
Other taxes and social security costs	50,229	33,017
Other creditors	424,682	25,000
Accruals and deferred income	478,356	480,213
	<u>1,577,575</u>	<u>897,814</u>

10 Provisions for liabilities and charges

	Deferred tax liability
	£
Balance at 1 January 2008	1,400
Profit and loss account	3,800
	<u>5,200</u>
Balance at 31 December 2008	<u>5,200</u>

The deferred tax liability is made up as follows:

	2008	2007
	£	£
Accelerated capital allowances	<u>5,200</u>	<u>1,400</u>

11 Accruals and deferred income

	Deferred rent
	£
Balance at 1 January 2008	18,984
Amortisation in the year	(18,984)
	<u>-</u>
Balance at 31 December 2008	<u>-</u>

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

12 Share capital	2008	2007
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
360,000 Ordinary shares of £1 each	360,000	360,000
	<u> </u>	<u> </u>
13 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2008		95,451
Profit for the year		81,439
		<u> </u>
Balance at 31 December 2008		176,890
		<u> </u>
14 Reconciliation of movements in shareholders' funds	2008	2007
	£	£
Profit for the financial year	81,439	41,612
Proceeds from issue of shares	-	100,000
	<u> </u>	<u> </u>
Net addition to shareholders' funds	81,439	141,612
Opening shareholders' funds	455,451	313,839
	<u> </u>	<u> </u>
Closing shareholders' funds	536,890	455,451
	<u> </u>	<u> </u>

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

15 Financial commitments

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2009:

	Land and buildings	
	2008	2007
	£	£
Operating leases which expire: Between two and five years	278,017	253,116

16 Directors' emoluments

	2008	2007
	£	£
Emoluments for qualifying services	191,667	133,333

17 Employees

Number of employees

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

	2008	2007
	Number	Number
Management and operations	6	6
Broking and administration	6	6
	12	12

Employment costs

	2008	2007
	£	£
Wages and salaries	762,486	477,406
Social security costs	95,488	75,229
	857,974	552,635

XCONNECT TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

18 Control

The ultimate controlling party is Mr P White, an executive director of the company.

19 Related party transactions

Mr P White, an executive director of the company, has a beneficial interest and is a member of Xconnect Derivatives LLP, and Xconnect Market Maker LLP.

During the year the company shared commission amounting to £585,000 (2007 -£2 55,000) and charged fees of £1,057,536 (2007 - £626,424) to Xconnect Derivatives LLP. At the year end the company owed £424,682 (2007:receivable - £190,348) to Xconnect Derivatives LLP.

At the year end £nil (2007 - £35,985) was repayable to Xconnect Market Maker LLP for cash advanced to the company.

20 Liquidity Risk

In view of the current economic circumstances, the Financial Reporting Council has recommended that all companies comment on their going concern and liquidity position.

The company has substantial cash or cash equivalent resources and the directors believe that the company is well placed to manage all its business risks successfully despite the current uncertain economic outlook. The directors have reviewed the budgets, cash flow and commitments for the next twelve months and have concluded that the company has adequate resources to continue in operational existence for the foreseeable future.