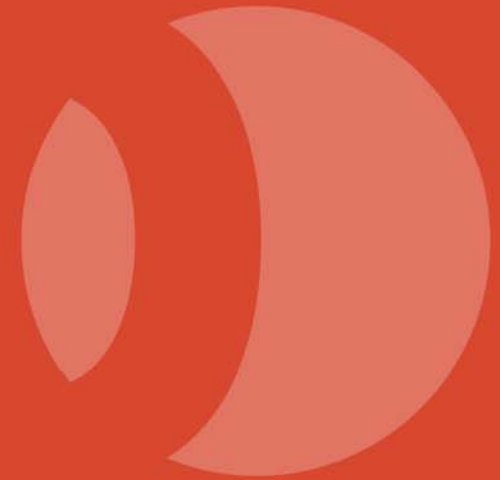




Patsystems plc Investor Presentation

9th February 2010





Mission Statement

To be the external **partner of choice** for investment banks, futures clearing merchants and exchanges for the provision of electronic trading, trade matching and risk management technology

Trading systems

Complete professional and retail electronic trading solutions for the electronically traded derivatives and options market

USP: Connectivity, cost of deployment & range of connectivity

Risk systems

Global and local risk solutions for both pre and post trade risk monitoring and control

USP: Real-time, rapid integration & user interface

Exchange systems

Complete matching, clearing and settlement systems for electronic futures & commodity exchanges

USP: End-to-end solution for futures exchanges



2009 Business Overview

- **Exchange business new wins**
 - Indonesian Commodity & Derivatives Exchange, (“ICDX”) signs contract to provide matching, clearing and trading systems.
 - Turkish Derivative Exchange (“Turkdex”) signs contract to provide matching, clearing, risk and trading systems.
- **Risk Informer product - strong sales pipeline**
 - Prudential Bache – Derivatives
 - J P Morgan – Derivatives & FX
 - Newedge – FX extension licence



2009 Business Overview

- **Extended market connectivity; BM&F, Bursa Malaysia, HKMEX, ICDX, Turkdex, SAIFEX, SICOM and SMX**
- **Trading System sales success in new markets targeted by Patsystems in 2009:**
 - Flow Corretora – Brazil
 - Philip Futures – Malaysia
 - TA Futures – Malaysia
 - Blashnet – Korea
- **Trading System sales success in existing Asian territories:**
 - Mizuho – Singapore
 - Trader Securities – Japan
 - SMBC – Japan



Financial Highlights

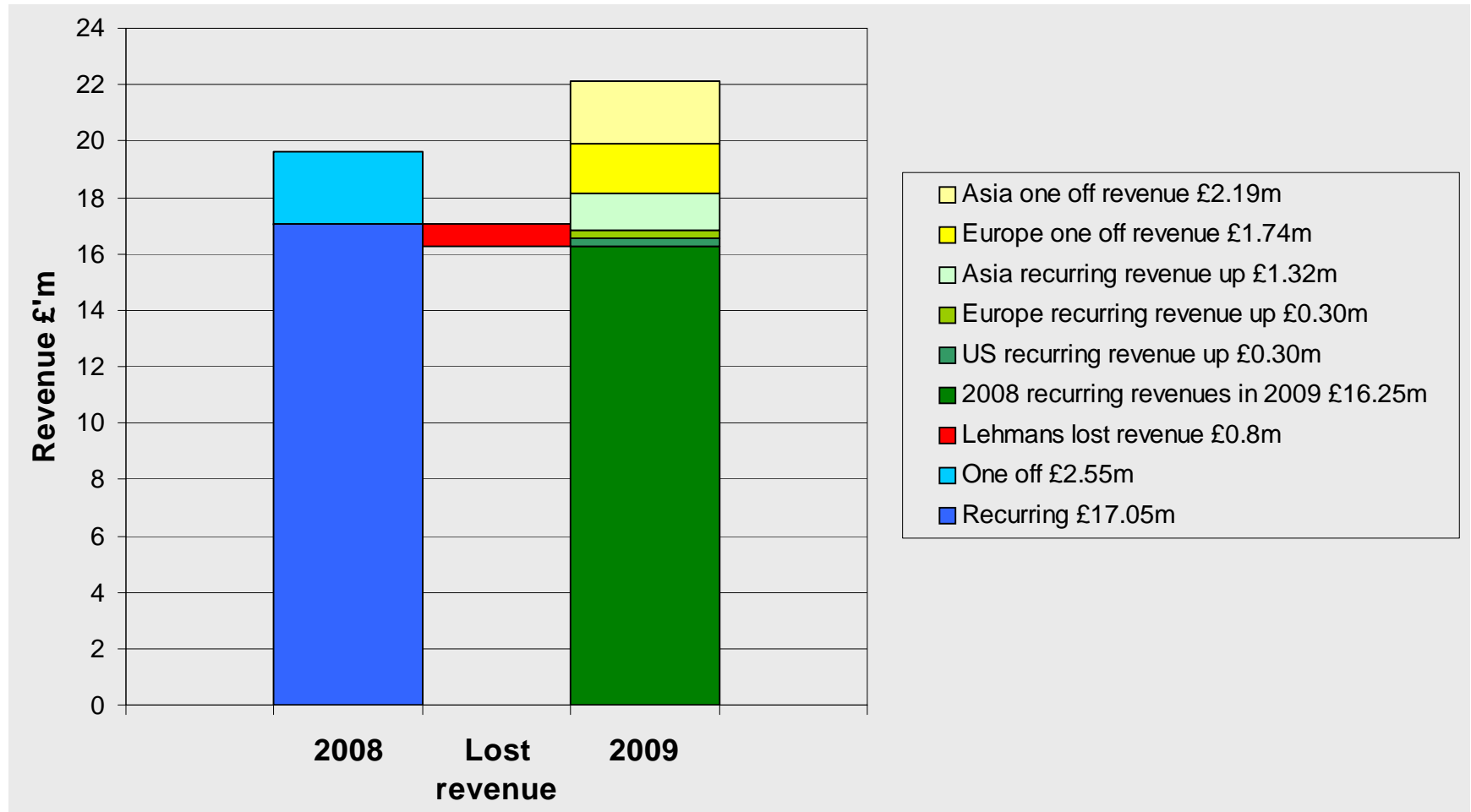
- Revenue increased by 13% to £22.1 million (2008: £19.6 million)
- Adjusted pre-tax profit grew by 7% to £3.9 million (2008: £3.7 million)*
- Cash flow from operating activities of £4.3 million (2008: £3.6 million)
- Cash balances at the year end of £8.9 million (£5.9 million)
- Proposed full year dividend of 0.57p per share (2008: 0.363p per share)

** Adjusted for share option costs, marking to market of derivatives used to hedge cash flows and amortisation of intangibles other than internally developed software*



Continued Revenue Growth

Continued growth in revenue despite impact of Lehman's





2009 Cost Base Reconciliation

	2009	2008	Movement
	£'000	£'000	£'000
Reported IFRS	17,196	17,203	7
Mark-to-Market (non cash)	1,029	(883)	(1,912)
Amortisation of intangibles	(203)	(391)	(188)
Share option costs	(261)	(329)	(68)
Adjusted cost base	17,761	15,600	(2,161)



Key Movements in Cost Base

	2009 £'000	2008 £'000	Movement £'000
Realised FX (gains)/losses	455	(678)	(1,133)
Staff costs *	11,933	10,931	(1,002)
Property costs	1,032	789	(243)
Communications and Equipment	752	809	57
Finance costs	40	99	59
Amortisation and Depreciation	969	1,032	63
			<hr/> (2,199) <hr/>
* Staff costs	£'000		
Chinese Development Centre	153		
Reduction in capitalised cost	210		
New staff and 2009 increases	639		
	<hr/> 1,002 <hr/>		



Cash Flow Statement

	2009	2008
	£'000	£'000
Cash flows from operating activities		
Cash flows from operations	4,292	3,556
Interest received	140	127
Tax paid	(149)	(135)
Net cash flows from operating activities	4,283	3,548
Cash from investing activities		
Purchase of intangible assets	(653)	(864)
Purchase of property, plant and equipment	(596)	(126)
Net cash flows used in investing activities	(1,249)	(990)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	682	86
Dividends paid to Company's shareholders	(689)	(602)
Net cash flows used in financing activities	(7)	(516)
Net increase in cash and cash equivalents	3,027	2,042
Cash and cash equivalents at beginning of the period	5,929	3,191
Effect of exchange rates on cash and cash equivalents	(60)	696
Cash and cash equivalents at end of the period	8,896	5,929



Cash Flow Statement

Reconciliation of net profit to net cash flows from operating activities

	2009	2008
	£'000	£'000
Net profit	3,361	616
Tax	1,124	1,450
Depreciation of property, plant and equipment	419	409
Amortisation of intangible assets	753	1,014
Share compensation expense	261	329
Finance income	(140)	(127)
Decrease in inventories	2	9
Decrease / (increase) in trade and other receivables	1,123	(1,487)
(Increase) / decrease in financial assets and liabilities	(1,029)	883
(Decrease) / increase in trade and other payables	(1,687)	368
Increase in provisions	104	92
Cash flows from operating activities	4,292	3,556



Growth Strategy

- Increase the level of technology spend at existing and new customers from the existing Patsystems products
- Continue to extend the breadth of commodity types and markets supported by the trading systems by both building connectivity and providing matching technology directly to exchanges
- Extend geographical coverage to emerging growth markets
- Continue to develop technology solutions both as components and single solutions



2010 Growth Assumptions

- **“Emerging market” opportunities that play to growth**
 - Extending connectivity USP
 - Providing end-to-end technology solutions to exchanges
 - Providing trading system installations
 - Delivering trading capability as a service
- **“Established market” opportunities that play to risk aversion and cost reduction**
 - Risk products
 - Hosting/out sourcing
 - Globalisation
 - Minimal trading recurring fee growth in North America & Europe



2010 Business Objectives

- Solidify our position as the premier provider of risk margin systems within the top global banks
- Extend our sales penetration in new countries with additional sales in Malaysia, Indonesia and Brazil
- Deliver hosted services to new and existing customers within all the regions we operate
- Continue the 2009 sales success for our exchange system offering



Why Invest in Patsystems?

- Growth opportunities from additional product sales to global banks
- Growth opportunities from product sales into emerging markets
- Capability to deliver operational gearing from establish global sales presence and global support function
- Complimentary product family supporting “best of breed” or “turn key” sales opportunities
- Truly global operation spreading the risk from exposure to a single country or region
- Resilient business model with high levels of recurring revenue
- Strong operating cash generation and debt free balance sheet



Appendix 1

- Profit and Loss
- Balance Sheet
- Cash Flow Statement



Profit and Loss

Consolidated income statement

for the year ended 31 December 2009

	<u>2009</u> £'000	<u>2008</u> £'000
Revenue	22,097	19,627
Cost of sales	(555)	(485)
Gross profit	21,542	19,142
Operating expenses	(17,196)	(17,203)
Operating profit	4,346	1,939
Finance income	140	127
Profit on ordinary activities before taxation	4,486	2,066
Current tax charge	(249)	(152)
Deferred tax charge	(875)	(1,298)
Taxation - total	(1,124)	(1,450)
Profit for the year attributable to equity holders of the Company	3,362	616



Consolidated Balance Sheet

	<u>2009</u>	<u>2008</u>
	£'000	£'000
ASSETS		
Non-current assets		
Goodwill	3,251	3,251
Intangible assets	3,426	3,527
Property, plant and equipment	689	516
Deferred tax assets	4,945	5,877
Trade and other receivables	326	519
	12,637	13,690
Current assets		
Inventories	1	3
Trade and other receivables	5,006	6,476
Financial assets – derivative financial instruments	176	0
Income tax	8	3
Cash and cash equivalents	8,896	5,929
	14,087	12,411
LIABILITIES		
Current liabilities		
Trade and other payables	(2,793)	(4,923)
Financial liabilities – derivative financial instruments	-	(853)
Current income tax liabilities	(98)	0
Provisions	(317)	(82)
	(3,208)	(5,858)
Net current assets	10,879	6,553
Non-current liabilities		
Trade and other payables	-	(50)
Provisions	(8)	(139)
	(8)	(189)
Net assets	23,508	20,054
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	1,853	1,795
Share premium account	4,493	3,869
Other reserves	20,862	20,862
Retained earnings	(3,700)	(6,472)
Total equity	23,508	20,054



Cash Flow Statement

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