



**PRESENTATION OF PRELIMINARY RESULTS
FOR 12 MONTHS TO 31 DECEMBER 2007**

CHAIRMAN PAUL FULLAGAR
CHIEF EXECUTIVE OFFICER KARIM PEERMOHAMED
FINANCE DIRECTOR PETER YOUNGS

INNOVATIVE

Financial Objects is an international provider of financial software solutions.

We deliver innovative technology solutions for banking, wealth management and risk management.

INTERNATIONAL

The Group has a client base of large international companies; it employs around 300 people and operates globally throughout offices in the UK, Europe, the USA and Asia, including a development centre in Bangalore.

GROWTH

Third year of consecutive growth

ACQUISITIONS

Continued integration of acquisitions

MANAGEMENT TEAM

Strengthened management team including a new head of Banking and a new head of Wealth Management

SALES TEAMS

Ongoing investment in sales teams

BANGALORE DEVELOPMENT CENTRE

50% of total workforce employed at the Bangalore Development Centre

PRODUCTS

Undertook a major review of all products and are now working closely with Microsoft to develop next generation solutions

REVENUE

Increased by 7% to £21.2 million (2006 : £19.9m)

OPERATING PROFIT*

Increased to £3.0 million (2006 : £2.3m)

OPERATING MARGINS

Improved to 14% (2006 : 12%)

PRE TAX PROFIT

Increased by 40% to £2.8 million (2006 : £2.0m)

ADJUSTED EPS**

Increased by 27% to 7.0 pence (2006 : 5.5 pence)

DIVIDEND

Proposed dividend up 50% to 1.5 pence (2006 : 1.0 pence)

OPERATING CASH FLOW

Up 9% to £2.4 million (2006 : £2.2 million)

NET FUNDS

£4.8 million (2006 : £2.8 million)

*excluding amortisation of acquired intangible assets

** excluding income tax and amortisation of acquired intangible assets

INCOME STATEMENT

Year to 31 December 2007

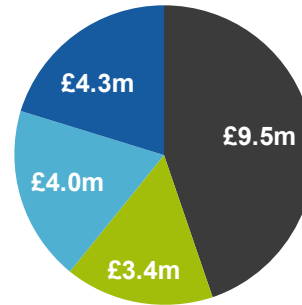
	2007	2006
	£m	£m
Revenue	21.2	19.9
Operating profit*	3.0	2.3
Amortisation of acquired intangible assets	(0.3)	(0.2)
Profit before interest and tax	2.7	2.1
Interest	0.1	-
Profit before tax	2.8	2.1
Tax	(0.1)	0.6
Profit after tax	2.7	2.7
EPS – basic (pence)	6.2	6.2
EPS – adjusted (pence)**	7.0	5.5

*excluding amortisation of acquired intangible assets

** excluding income tax and amortisation of acquired intangible assets

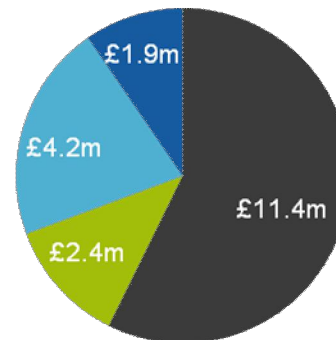
2007 TOTAL £21.2M

- Banking £9.5m
- Wealth Management £3.4m
- Other Software Products £4.0m
- Risk Management £4.3m

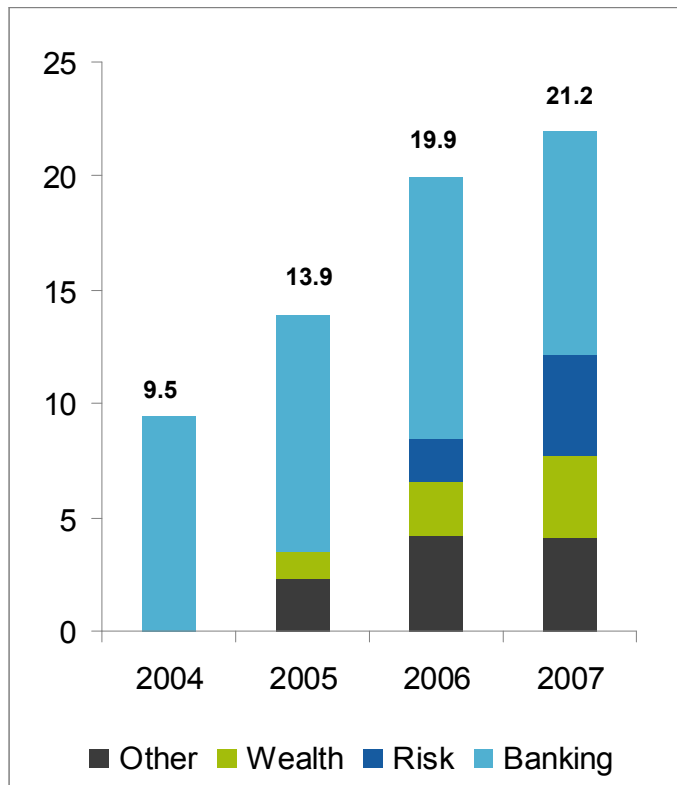


2006 TOTAL £19.9M

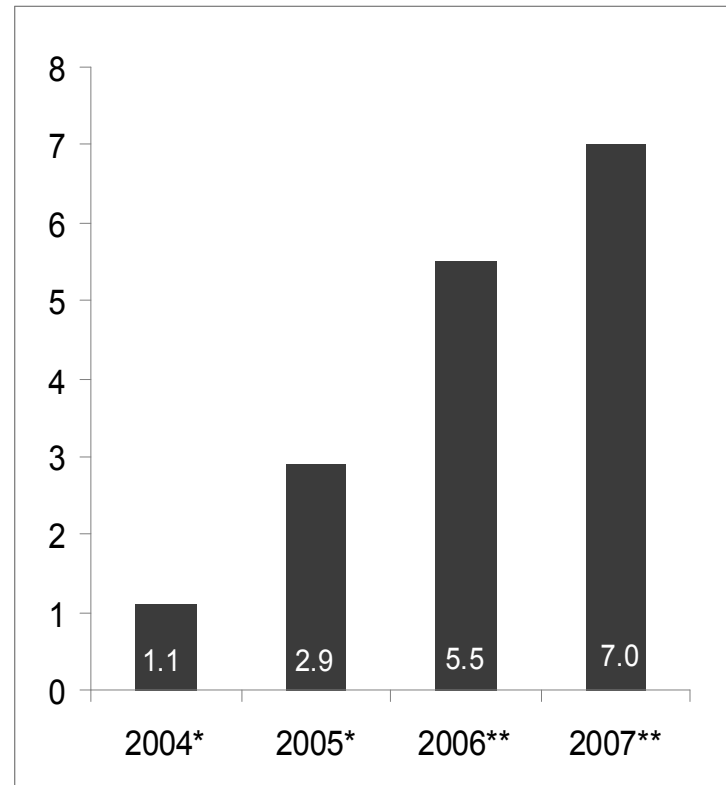
- Banking £11.4m
- Wealth Management £2.4m
- Other Software Products £4.2m
- Risk Management £1.9m



REVENUE £M



ADJUSTED EPS PENCE



*UK GAAP **IFRS

SEGMENTAL ANALYSIS

Year to 31 December 2007

	2007		2006	
	Sales	Profit	Sales	Profit
	£m	£m	£m	£m
Banking	9.5	1.9	11.4	2.5
Wealth management	3.4	0.3	2.4	-
Risk management	4.3	1.0	1.9	0.1
Other software products	4.0	0.8	4.2	0.8
	<u>21.2</u>	<u>4.0</u>	<u>19.9</u>	<u>3.4</u>
Unallocated central costs		(1.0)		(1.1)
Operating profit*		<u>3.0</u>		<u>2.3</u>

*excluding amortisation of acquired intangible assets

INCOME STATEMENT

Year to 31 December 2007

	Banking	Wealth	Risk	Other	Total
	£m	£m	£m	£m	£m
License	0.9	1.3	1.4	0.4	4.0
Services	3.6	1.4	2.2	1.6	8.8
Support	5.0	0.7	0.7	2.0	8.4
Total revenue	9.5	3.4	4.3	4.0	21.2

Year to 31 December 2006

	Banking	Wealth	Risk	Other	Total
	£m	£m	£m	£m	£m
License	2.0	0.5	0.4	0.3	3.2
Services	4.4	1.2	1.0	1.8	8.4
Support	5.0	0.7	0.5	2.1	8.3
Total revenue	11.4	2.4	1.9	4.2	19.9

RECURRING REVENUE

- > **75% of recurring revenue from existing customers**
 - > contracted recurring revenue – 40%
 - > semi-recurring revenue – 35%

REVENUE RESILIENCE

- > **No reliance on one product group (Banking 45%, Risk 20%, Wealth 16%, Other 19%)**
- > **No reliance on one customer (no individual customer budgeted > 4% of sales)**
- > **International spread (UK 57%, Nordic 10% Other Europe 16%, USA 15%)**

GROWTH

- > **Potential for high growth in Wealth (plus 42% on 2006) and Risk (plus 126% on 2006)**
- > **Track record of three years of growth; track record of successful acquisitions**

CASH GENERATIVE

- > **Free cash flow of £2.4m**

STRONG BALANCE SHEET

- > **Net cash of £4.8m**

DIVIDEND

- > **Increased to 1.5p**

SOLUTION

- > Provide solutions to the international commercial banking market (IBIS S2) and the domestic retail market (*activebank*)

2007 REVIEW

- > Strengthened management – new Divisional head appointed in October 2007
- > Expanded sales team to compete with Temenos and iFlex / Oracle

2008 STRATEGY

- > Sales focused on markets that are better shielded from the “sub-prime” crisis:
 - > Mid tier market where banks are looking to expand their market share and grow quickly – examples of customers include Gruppo MPS, DnB NOR, Alpha Bank, ICA Banken, C. Hoare and Co.
 - > Geographical focus of Southern Africa, Central Europe and the Asian subcontinent
- > Expect to see stronger traction from cross selling our wealth and later in the year our credit risk solutions as banks seek to manage their clients investment portfolios and manage their exposure to loans and mortgages

SOLUTION

- > **activebank Wealth Manager is an ideal entry point for organisations in the wealth and asset management market**
- > **Sophisticated front and middle office portfolio management and client reporting solution**
- > **It is flexible, scalable and easy to use**
- > **Strong portfolio modeling and performance measurement tools allow our customers to manage their clients' investments in line with customer mandates outlining customers' investment goals and appetite for risk**

2007 REVIEW

- > **Strengthened management team**
- > **Better quality software, improved customer satisfaction and better margins**
- > **Clients now include Russian Commercial Bank, Svenska Handelsbanken, Swedbank, Thomas Miller and Borders Asset Management**

2008 STRATEGY

- > **Sales focus on areas where there is a clear demand for new technology**
- > **Family offices; Central and Northern Europe; explore Indian market where total assets under management (AUM) is set to grow by 30% per annum (source Celent)**
- > **Sales campaigns in tandem with Banking division**
- > **Leverage opportunity presented by increase in wealth of high net worth individuals**

SOLUTION

- > Our software provides functionality to manage credit risk supporting the entire credit risk process for energy trading organisations
- > It provides advanced exposure calculation, limit monitoring, scoring, collateral management and manages potential future exposures
- > Ability to handle multiple commodities including carbon emissions

2007 REVIEW

- > Improvement in sales pipeline in both energy trading companies and banks
- > Key management appointments from larger organisations – SunGard
- > New *energycredit* product
- > Growing client base including – Shell Trading, E.ON, RWE, Nuon, Calpine

2008 STRATEGY

- > A growing market opportunity
- > Focus on Europe and USA for energy trading with European emphasis on banking
- > Expect to enter the banking marketplace in 2008 (requirement for managing exposure to consumer and corporate debt)

AIM TO USE ADVANCED, INNOVATIVE TECHNOLOGY ACROSS THE GROUP

- > Key objective is to ensure that we can maximise skills within the group by deploying solutions that run on the same technology platforms and frameworks

DEVELOPMENT OF LONGER TERM PRODUCT ROADMAPS

- > Product enhancement
- > Technology innovation
- > Maximise use of our Bangalore Development Centre

DEVELOPING PARTNERSHIP WITH MICROSOFT

- > One of top 20 Independent Software Vendors (ISV) partners in financial services in Europe and in the top 100 globally

AIM TO MAKE FULL USE OF MICROSOFT SOLUTIONS THAT ARE BEING RELEASED

- > Silverlight
- > SQL 2008
- >.NET framework
- > Windows Server 2008
- > Other Microsoft services – operations manager, windows workflow foundation etc

STATUS AT FULL YEAR 2007

- > 3rd successive year of growth
- > Stable business – cash position, forward visibility, diversity of revenue sources
- > Right management, products and sales structure now in place
- > 50% dividend increase

2008 OUTLOOK

- > Focus on growth markets
- > Further investment in sales and products
- > Cross sell between divisions
- > Seek appropriate acquisitions to complement organic growth

MARKET ANALYSIS

- > **Banking**
- > **Wealth Management**
- > **Risk**

CASH FLOW

BALANCE SHEET

CONVERSION TO IFRS

SHARE REGISTER

Appendix 1

Some of the top trends affecting banks * source TowerGroup				
Business drivers*	Banks strategic response*	Technology initiatives*	Financial Objects solution	Financial Objects product
Market instability	Improve operational efficiency	Unify banking portals	Multi channel delivery capabilities using latest Microsoft Technology	IBIS S2 and <i>activebank</i>
Changing customer perceptions	Forecast channel migration and strengthen infrastructure	Adopt flexible IT service orientated architecture (SOA)	SOA ready solutions	<i>activebank</i>
Payments initiatives	Maximise business and revenue opportunities	Consolidate and streamline payment processing	Payments and messaging components and modules	IBIS S2 and <i>activebank</i>
Increased competition	Offer private label and insourcing solutions	Flexible architectures	SOA ready solutions / deployment of industry standard component based architectures	IBIS S2 and <i>activebank</i>
Organic growth	Improve loss / risk mitigation policies	Improve product innovation and delivery capability	Immediate creation of new products	<i>activebank</i>

Appendix 2

Some of the top trends affecting wealth managers * source TowerGroup				
Business drivers*	Wealth Management strategic response*	Technology initiatives*	Financial Objects solution	Financial Objects product
Pricing pressure / rising costs	Shift from commission based income to fee based income	Client data management	Clearly defined client reporting to show portfolio performance against pre-determined criteria	<i>activebank</i> Wealth Manager
Transfer of responsibility and liability for investment decisions to customer	IT governance	Client reporting and analytics	Risk based profiling and strong client reporting	<i>activebank</i> Wealth Manager
Consumer profile – what does the customer really want	Relationship management	Consumer portal	SOA ready solutions / deployment of industry standard components	<i>activebank</i> Wealth Manager
Market consolidation	Build buy merge or divest	Collaboration technology	SOA ready solutions / deployment of industry standard component based architectures	<i>activebank</i> Wealth Manager
Competition for holistic wealth management	Product innovation	IT open architecture and wide range of functionality	Immediate creation of new products	<i>activebank</i> Wealth Manager

FINANCIAL OBJECTS PLC

RISK REVIEW – REASONS WHY ENERGY TRADING COMPANIES AND BANKS WILL BUY OUR SOLUTIONS

Appendix 3

Some of the top trends affecting energy trading organisations

* source Energy Insights

Business drivers*	Energy Trading strategic response*	Technology initiatives*	Financial Objects solution	Financial Objects product
Rising demand for clear management of detailed credit exposure	Group wide credit risk modelling tools	Ability to deploy open solutions capable of integrating with existing infrastructure	SOA applications running on open architecture	<i>energycredit</i>
Growing market for trading of commodities market for Trading and Risk Management Software was estimated to be USD\$700m in 2007*	Product innovation and entry into new markets	Flexible applications designed to provide clear management of exposures	Rich functionality and ability to handle varied instruments	<i>energycredit</i> and future banking
Requirements to manage potential future exposures as market conditions change	Analytical tools to determine and model “what if” scenarios	Modelling tools using quantitative analysis as basis for calculation of exposure	Analytics	<i>energycredit</i>
Focus on existing losses in the credit arena	Build or buy new credit risk applications	Open systems, thin client deployment	SOA ready solutions / portal based applications using industry standard frameworks	<i>energycredit</i> and future banking

Appendix 4

	2007	2006
Net funds at start of year	2.8	2.6
Operating cash flow	2.4	2.2
Capital and development expenditure	(0.5)	(0.3)
Interest / sale of shares	0.5	-
Acquisitions	-	(1.7)
Dividends	<u>(0.4)</u>	<u>-</u>
Net funds at end of period	<u>4.8</u>	<u>2.8</u>

BALANCE SHEET

Appendix 5

(£ millions)	December 2007	December 2006
Equipment	0.4	0.4
Intangible assets	9.7	10.0
Deferred tax assets	1.2	1.4
Total non-current assets	11.3	11.8
Trade and other receivables	5.5	5.6
Cash	5.1	4.1
Total current assets	10.6	9.7
Total assets	21.9	21.5
Loans	-	0.3
Deferred tax liabilities	0.9	1.0
Total non-current liabilities	0.9	1.3
Loans	0.3	1.1
Trade and other payables	6.6	7.7
Tax	0.3	0.4
Total current liabilities	7.2	9.2
Total liabilities	8.1	10.5
Equity	13.8	11.0

UK GAAP format	UK GAAP		IFRS	
	£million	£million	£million	IFRS Format
Turnover	19.9	-	19.9	Revenue
Operating costs	(18.5)	0.7	(17.8)	Operating costs
Operating profits	1.4	0.7	2.1	Operating profit
Net interest	-	-	-	Finance income
Profit on ordinary activities before taxation	1.4	0.7	2.1	Profit before taxation
Tax on profit on ordinary activities	<u>0.9</u>	<u>(0.3)</u>	<u>0.6</u>	
Profit on ordinary activities after amortisation	<u>2.3</u>	<u>0.4</u>	<u>2.7</u>	
Analysis of differences				
Amortisation of capitalised software development		(0.2)		
Expenditure in software development		0.2		
Amortisation of acquired intangibles		(0.3)		
Amortisation of goodwill		<u>1.0</u>		
		<u>0.7</u>		
Deferred tax on goodwill / intangible assets		<u>(0.3)</u>		

Appendix 7

	Million Shares	
Paul Fullagar	6.8	15%
Slater Investments	4.9	11%
Gartmore	2.4	6%
Blackrock	2.3	5%
Bury Fitzwilliam-lay	1.7	4%
TAVR	1.7	4%
Brewin Dolphin, Private Clients	1.5	3%
Barclays, Private Clients	1.5	3%

Thank you.