

H.I.F.X. LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002



H.I.F.X. LIMITED

COMPANY INFORMATION

Directors

A C Arnold
L N Butcher
J E Halewood
A Meyrick
S P Taylor

Secretary

S J Oldroyd

Company number

3517451

Registered office

Mistress Pages House, High Street
Windsor
Berkshire
SL4 1LD

Auditors

Clarkson Hyde
315 Oxford Street
London
W1C 2HS

Business address

Mistress Pages House, High Street
Windsor
Berkshire
SL4 1LD

Bankers

Barclays Bank plc
PO Box 2481, Napier Court
Napier Road
Reading
RG1 8FD

H.I.F.X. LIMITED

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H.I.F.X. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

The directors present their report and financial statements for the year ended 30 June 2002.

Principal activities and review of the business

The principal activity of the company during the year was dedicated foreign exchange provider.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 July 2001:

A C Arnold
L N Butcher
J E Halewood
A Meyrick
S P Taylor

Directors' interests

The directors' interests in the shares of the company were as stated below:

	"A" ordinary shares of £ 1 each	
	30 June 2002	1 July 2001

A C Arnold	-	-
L N Butcher	-	-
J E Halewood	500	500
A Meyrick	-	-
S P Taylor	-	-

	"B" ordinary shares of £ 1 each	
	30 June 2002	1 July 2001

A C Arnold	-	-
L N Butcher	275	275
J E Halewood	-	-
A Meyrick	-	-
S P Taylor	-	-

	"C" ordinary shares of £ 1 each	
	30 June 2002	1 July 2001

A C Arnold	50	50
L N Butcher	-	-
J E Halewood	-	-
A Meyrick	-	-
S P Taylor	175	175

H.I.F.X. LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

Charitable donations	2002	2001
	£	£

During the year the company made the following payments:

Charitable donations	11,897	-
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Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Clarkson Hyde be reappointed as auditors of the company will be put to the Annual General Meeting.

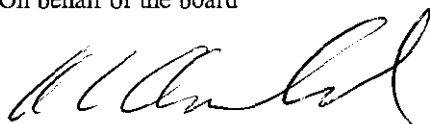
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the board



A C Arnold

Director

3 March 2003

H.I.F.X. LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF H.I.F.X. LIMITED

We have audited the financial statements of H.I.F.X. Limited on pages 4 to 14 for the year ended 30 June 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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.

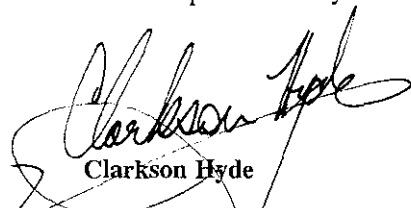
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clarkson Hyde
Chartered Accountants
Registered Auditor

3 March 2003

315 Oxford Street
London
W1C 2HS

H.I.F.X. LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002**

	Notes	2002 £	2001 £
Turnover	2	6,813,069	3,076,922
Cost of sales		(3,011,181)	(1,498,003)
Gross profit		3,801,888	1,578,919
Administrative expenses		(2,281,389)	(844,726)
Operating profit	3	1,520,499	734,193
Other interest receivable and similar income		428,762	381,220
Interest payable and similar charges	4	(398,478)	(266,520)
Profit on ordinary activities before taxation		1,550,783	848,893
Tax on profit on ordinary activities	5	(546,160)	(262,948)
Profit on ordinary activities after taxation		1,004,623	585,945
Dividends	6	-	(200,000)
Retained profit for the year	12	1,004,623	385,945

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.

H.I.F.X. LIMITED

**BALANCE SHEET
AS AT 30 JUNE 2002**

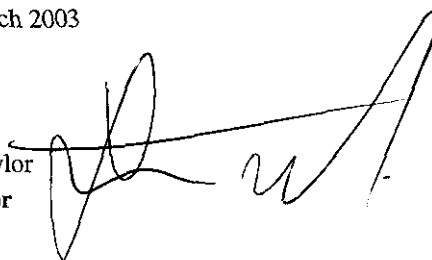
	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	7	229,127		68,512	
Investments	8	552,673		52,673	
		<u>781,800</u>		<u>121,185</u>	
Current assets					
Debtors: amounts falling due within one year	9	15,045,798	12,926,495		
Debtors: amounts falling due after more than one year	9	510,788	-		
Cash at bank and in hand		14,613,133	7,958,643		
		<u>30,169,719</u>	<u>20,885,138</u>		
Creditors: amounts falling due within one year	10	(29,412,491)	(20,471,918)		
Net current assets		<u>757,228</u>		<u>413,220</u>	
Total assets less current liabilities		<u>1,539,028</u>		<u>534,405</u>	
Capital and reserves					
Called up share capital	11	1,000		1,000	
Profit and loss account	12	1,538,028		533,405	
Shareholders' funds - equity interests	13	<u>1,539,028</u>		<u>534,405</u>	

The financial statements were approved by the Board on 3 March 2003

A C Arnold
Director



S P Taylor
Director



H.I.F.X. LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002**

	2002	2001
	£	£
Net cash inflow from operating activities	7,853,702	2,139,737
Returns on investments and servicing of finance		
Interest received	428,762	381,220
Interest paid	(398,478)	(266,520)
Net cash inflow for returns on investments and servicing of finance	30,284	114,700
Taxation	(262,865)	(41,302)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(235,231)	(56,230)
Payments to acquire investments	(650,000)	(52,673)
Receipts from sales of tangible assets	18,600	-
Net cash outflow for capital expenditure	(866,631)	(108,903)
Equity dividends paid	(100,000)	-
Net cash inflow before management of liquid resources and financing	6,654,490	2,104,232
Increase in cash in the year	6,654,490	2,104,232

H.I.F.X. LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002**

1	Reconciliation of operating profit to net cash inflow from operating activities	2002	2001		
		£	£		
	Operating profit	1,520,499	734,193		
	Depreciation of tangible assets	57,971	12,468		
	Loan to group company written off	150,000	-		
	Profit on disposal of tangible assets	(1,955)	-		
	Increase in debtors	(2,630,091)	(9,647,461)		
	Increase in creditors within one year	8,757,278	11,040,537		
		<hr/>	<hr/>		
	Net cash inflow from operating activities	7,853,702	2,139,737		
		<hr/>	<hr/>		
2	Analysis of net funds	1 July 2001	Cash flowOther non-cash changes	30 June 2002	
		£	£	£	
	Net cash:				
	Cash at bank and in hand	7,958,643	6,654,490	-	14,613,133
		<hr/>	<hr/>	<hr/>	<hr/>
	Net funds	7,958,643	6,654,490	-	14,613,133
		<hr/>	<hr/>	<hr/>	<hr/>
3	Reconciliation of net cash flow to movement in net funds	2002	2001		
		£	£		
	Increase in cash in the year	6,654,490	2,104,232		
		<hr/>	<hr/>		
	Movement in net funds in the year	6,654,490	2,104,232		
	Opening net funds	7,958,643	5,854,411		
		<hr/>	<hr/>		
	Closing net funds	14,613,133	7,958,643		

H.I.F.X. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents commissions earned from foreign exchange transactions.

1.3 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:

Office equipment	15% Reducing balance and 33% Straight line
Fixtures and fittings	15% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.6 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. Accrued income in foreign currencies is stated at agreed forward rates.

1.7 Group accounts

The company has taken advantage of s229(2) of the Companies Act 1985 not to prepare consolidated financial statements, as the inclusion of its subsidiary, Halewood International Foreign Exchange (NZ) Limited, is not material for the purpose of giving a true and fair view.

2 Turnover

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

3 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	57,971	12,468
Auditors' remuneration	12,000	8,000
Remuneration of auditors for non-audit work	15,391	7,674
Loan to group company written off	150,000	-
and after crediting:		
Profit on disposal of tangible assets	(1,955)	-

H.I.F.X. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002**

4	Interest payable	2002	2001
		£	£
	Bank interest	116,855	21,925
	Loan interest	3,800	1,079
	Interest payable on clients' deposits	277,823	243,516
		<u>398,478</u>	<u>266,520</u>
5	Taxation	2002	2001
		£	£
	Domestic current year tax		
	U.K. corporation tax	540,000	262,948
	Adjustment for prior years	6,160	-
	Current tax charge	<u>546,160</u>	<u>262,948</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,550,783</u>	<u>848,893</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%)	<u>465,235</u>	<u>254,668</u>
	Effects of:		
	Non deductible expenses	79,275	12,578
	Depreciation	17,392	3,740
	Capital allowances	(21,902)	(8,038)
	Adjustments to previous periods	6,160	-
		<u>80,925</u>	<u>8,280</u>
	Current tax charge	<u>546,160</u>	<u>262,948</u>
6	Dividends	2002	2001
		£	£
	Ordinary final proposed	-	200,000

H.I.F.X. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002**

7 Tangible fixed assets

	Office equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2001	60,471	14,424	14,650	89,545
Additions	108,114	27,445	99,672	235,231
Disposals	-	-	(21,155)	(21,155)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2002	168,585	41,869	93,167	303,621
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 July 2001	10,052	4,068	6,913	21,033
On disposals	-	-	(4,510)	(4,510)
Charge for the year	29,181	9,859	18,931	57,971
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2002	39,233	13,927	21,334	74,494
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2002	129,352	27,942	71,833	229,127
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	50,419	10,356	7,737	68,512
	<hr/>	<hr/>	<hr/>	<hr/>

H.I.F.X. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

8 Fixed asset investments

	Shares in participating interests £	Loans to participating interests £	Shares in group undertakings £	Total £
Cost				
At 1 July 2001	50,000	-	2,673	52,673
Additions	350,000	300,000	-	650,000
At 30 June 2002	400,000	300,000	2,673	702,673
Provisions for diminution in value				
At 1 July 2001	-	-	-	-
Charge for the year	-	150,000	-	150,000
At 30 June 2002	-	150,000	-	150,000
Net book value				
At 30 June 2002	400,000	150,000	2,673	552,673

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Halewood International Foreign Exchange (NZ) Ltd	New Zealand	Ordinary	90
Participating interests			
Halewood International Financial Services Ltd	England and Wales	Preference	32

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Halewood International Foreign Exchange (NZ) Ltd	(103,908)	(106,827)
Halewood International Financial Services Ltd	1,250,100	-

The aggregate amount of capital and reserves and the results of Halewood International Foreign Exchange (NZ) Limited have been converted to sterling using the exchange rate ruling at the balance sheet date.

H.I.F.X. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002**

9 Debtors	2002	2001
	£	£
Client money held at brokers	11,409,797	11,159,735
Other debtors	596,593	263,892
Prepayments and accrued income	3,550,196	1,502,868
	<u>15,556,586</u>	<u>12,926,495</u>
Amounts falling due after more than one year and included in the debtors above are:		
	2002	2001
	£	£
Amounts owed by group undertakings	<u>510,788</u>	<u>-</u>
10 Creditors: amounts falling due within one year	2002	2001
	£	£
Amounts due to clients	27,536,448	19,322,872
Corporation tax	540,000	256,705
Other taxes and social security costs	65,904	56,195
Other creditors	711,531	496,735
Accruals and deferred income	458,608	139,411
Proposed dividend	100,000	200,000
	<u>29,412,491</u>	<u>20,471,918</u>
11 Share capital	2002	2001
	£	£
Authorised		
500 "A" ordinary shares of £ 1 each	500	500
275 "B" ordinary shares of £ 1 each	275	275
225 "C" ordinary shares of £ 1 each	225	225
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
500 "A" ordinary shares of £ 1 each	500	500
275 "B" ordinary shares of £ 1 each	275	275
225 "C" ordinary shares of £ 1 each	225	225
	<u>1,000</u>	<u>1,000</u>

H.I.F.X. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

12 Statement of movements on profit and loss account

Profit and loss account

£

Balance at 1 July 2001	533,405
Retained profit for the year	1,004,623
Balance at 30 June 2002	<u>1,538,028</u>

13 Reconciliation of movements in shareholders' funds

2002

2001

£

£

Profit for the financial year	1,004,623	585,945
Dividends	-	(200,000)
Net addition to shareholders' funds	1,004,623	385,945
Opening shareholders' funds	534,405	148,460
Closing shareholders' funds	<u>1,539,028</u>	<u>534,405</u>

14 Directors' emoluments

2002

2001

£

£

Emoluments for qualifying services	182,494	181,792
Sums paid to third parties for directors' services	172,800	-
	<u>355,294</u>	<u>181,792</u>

15 Transactions with directors

A C Arnold had an interest free loan during the year. The movement on this loan is as follows:

	Amount outstanding		Maximum in year
	2002	2001	
	£	£	£
Director's current account (debit bal)	<u>15,000</u>	<u>-</u>	<u>15,000</u>

H.I.F.X. LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002****16 Employees****Number of employees**

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

2002 Number	2001 Number
40	22

Employment costs

	£	£
Wages and salaries	836,825	419,368

17 Related party transactions

Included within other debtors is an amount of £5,208 (2001:nil) owed by Halewood International Futures Limited, a company sharing some common directors and ultimate shareholders.

Debtors due after more than one year comprise an amount of £510,788 (2000:£247,055 - disclosed as debtor due in less than one year) owed by Halewood International Foreign Exchange (NZ) Limited, a foreign subsidiary.

Included within other creditors are amounts of £145,994 (2000:£29,441) owed to Halewood International Market Strategies Limited, a company sharing common ownership and £194,933 (2000:£216,508) owed to Halewood International Limited, a company in which a director is a major shareholder.

During the year a management charge of £235,000 was paid to Halewood International Limited.