

HIFX PLC

Report and Consolidated Financial Statements

For the year ended 30 June 2006

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HIFX PLC

REPORT AND FINANCIAL STATEMENTS

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HIFX PLC

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

Directors

L N Butcher
J E Halewood
M Knowles
D Mason
S P Taylor
A J Vaughan

Secretary

S J Oldroyd

Registered Office

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP

Bankers

Barclays Bank plc
P O Box 2481
Napier Court
Napier Road
Reading
RG1 8FD

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

HIFX PLC

DIRECTORS' REPORT

The directors present their annual report and consolidated financial statements of HIFX PLC for the year ended 30 June 2006.

Principal activities

The principal activity of the group during the year was that of a dedicated foreign exchange provider and dedicated provider of foreign exchange information. 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 future.

Business review

The board is pleased to report another strong year of trading with turnover increasing by in excess of £3billion over the previous year. Gross profit for the year increased by £2.6million a rise of 12% over the previous year with a commensurate rise in operating profit of £0.8million an increase of 31%. The group's overseas subsidiaries' returned a strong performance contributing £1.4million towards the Group's operating profits, compared with £0.2million the previous year. The group continue to show a strong balance sheet position with net assets of £7.1million an increase of £1.8million a rise of 34% on the previous year.

All areas of the business have performed strongly throughout the year. During the year the business has continued to invest heavily in systems and infrastructure to position itself for future developments within the business.

The board look to build further on the progress achieved across the group in 2006 and will look to increase its client base and product offering in the year ahead.

Risk and uncertainties

Earnings growth

There is a risk to shareholder value if the Group is unable to continue growth in its key business areas. Its success is dependant upon the correct strategies being identified and implemented by a capable management team as well as external factors. The Company has maintained growth in all areas of its operation and intends to pursue opportunities to maintain growth in the future.

Competition

The group faces competition from banks and other foreign exchange providers. HiFX aims to keep itself ahead of its competitors by continuing to offer it's clients a first class service.

Regulation

It is not anticipated that the cost of regulation will impose an unreasonable financial and operational burden on the Group. Impending legislation includes the Third Money Laundering Directive, the EU Regulation on Wire Transfers, the Payment Service Directive/New Legal Framework, the HM Treasury consultation paper and the Regulation of Money Service Businesses. The Group welcomes broader regulation and does not consider the likely cost of implementation of the main provisions of the proposed Regulations to be financially or operationally onerous.

Financial risk management

The Board of Directors is responsible for setting financial risk management policy and objectives, and approves the parameters within which the various aspects of financial risk management are operated.

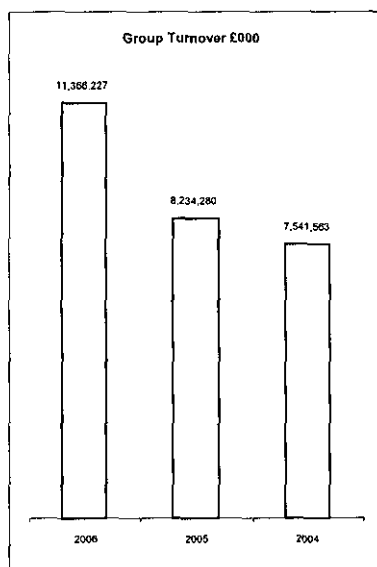
The key financial risk for the group is foreign currency risk which arises through the provision of foreign exchange services. The Group seeks to reduce its foreign exchange exposure arising in various currencies through matching, within the parameters approved by the Board of Directors, receipts and payments in individual currencies.

HIFX PLC

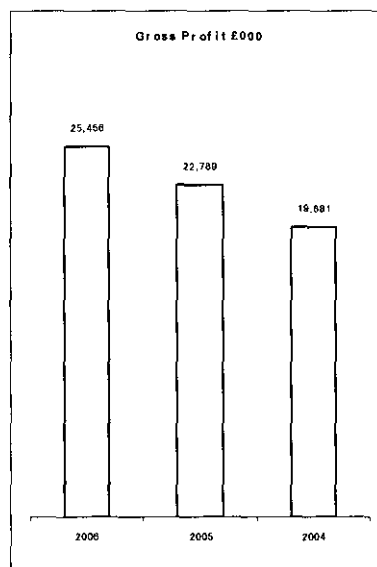
DIRECTORS' REPORT

Key Performance Indicators

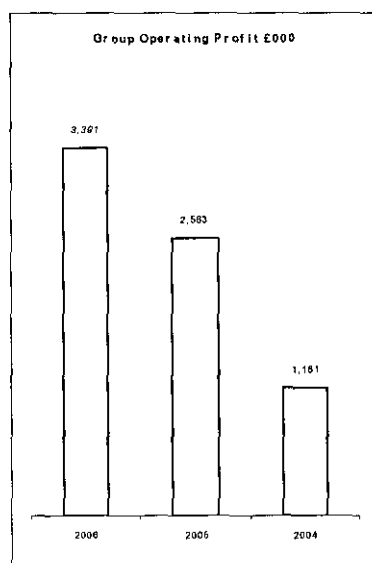
The key performance indicators used by the directors to assess the performance of the group against their stated objectives are as follows



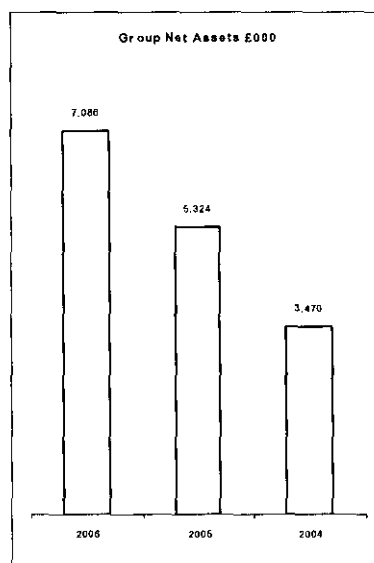
Growth from 2005 to 2006 of 38%



Growth from 2005 to 2006 of 12%



Growth from 2005 to 2006 of 32%



Growth from 2005 to 2006 of 33%

HIFX PLC

DIRECTORS' REPORT

Results and dividends

The results for the year are set out in the profit and loss account on page 9.

The directors do not recommend payment of an ordinary dividend (£2005: £nil).

Directors

The directors of the company, who served throughout the year and to the date of this report, except as noted, were:

A C Arnold (Resigned 13 February 2006)

D Butcher (Resigned 3 January 2006)

L N Butcher

S Clarke (Resigned 30 June 2006)

J E Halewood

M Knowles

D Mason

S P Taylor

A J Vaughan

Directors' Interests

The interests in the shares of the company of those directors serving at the year end were as stated below:

	"A" Ordinary shares of £1 each	
	30 June 2006	30 June 2005*
L N Butcher	-	-
J E Halewood	37,350	37,350
M Knowles	-	-
D Mason	-	-
S P Taylor	-	-
A J Vaughan	-	-
	"B" Ordinary shares of £1 each	
	30 June 2006	30 June 2005*
L N Butcher	18,205	18,205
J E Halewood	-	-
M Knowles	-	-
D Mason	-	-
S P Taylor	-	-
A J Vaughan	-	-
	"C" Ordinary shares of £1 each	
	30 June 2006	30 June 2005*
L N Butcher	2,805	2,805
J E Halewood	-	-
M Knowles	-	-
D Mason	-	-
S P Taylor	12,605	12,605
A J Vaughan	-	-

* or date of appointment if later

The directors' interests in the shares of any subsidiary company are disclosed within those companies.

HIFX PLC

DIRECTORS' REPORT

Charitable donations

	2006 £'000	2005 £'000
During the year the company made the following payments:		
Charitable donations	<u>39</u>	<u>55</u>

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to pay in accordance with the company's contractual and other legal obligations. The average number of creditor days in the year was 39 day (2005: 33 days).

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

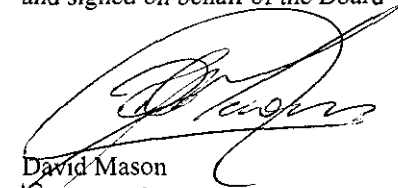
HIFX PLC

DIRECTORS' REPORT

Disclosure of Information to Auditors

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board



David Mason
19 January 2007

HIFX PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIFX PLC

We have audited the group and parent company financial statements (the "financial statements") of HIFX plc for the year ended 30 June 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 18. 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 directors and auditors

The directors' responsibilities for preparing the Annual Report and 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 other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

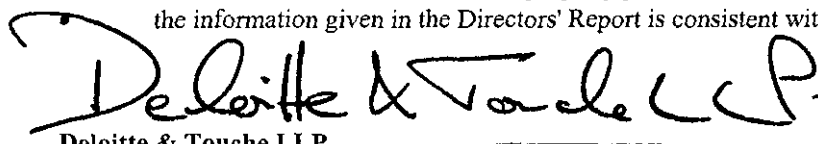
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's 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.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

19 January 2007

HIFX PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2006

	Note	2006 £'000	2005 £'000
TURNOVER	1	11,366,227	8,234,280
Cost of sales		(11,340,771)	(8,211,491)
GROSS PROFIT		25,456	22,789
Administrative expenses		(22,065)	(20,226)
OPERATING PROFIT		3,391	2,563
Share of associate's operating profit		42	41
Other interest receivable and similar income			
- Group		1,243	1,130
- Associate		14	30
Interest payable and similar charges			
- Group	6	(419)	(479)
- Associate		-	-
Profit on disposal of investment in associate		285	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	4,556	3,285
Tax on profit on ordinary activities			
- Group	8	(1,302)	(1,274)
- Associate		(1)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,253	2,011
Equity minority interests	17	(121)	(33)
PROFIT FOR THE FINANCIAL YEAR	16	3,132	1,978

All operations are continuing operations.

HIFX PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 30 June 2006

	Note	2006 £'000	2005 £'000
PROFIT FOR THE FINANCIAL YEAR		3,132	1,978
Capital contribution paid	16	-	(200)
Foreign exchange differences arising on translation of overseas subsidiaries	16	9	(32)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>3,141</u>	<u>1,746</u>

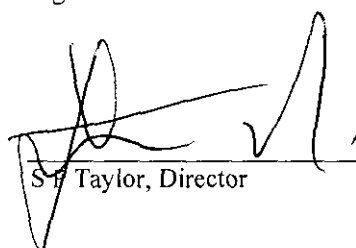
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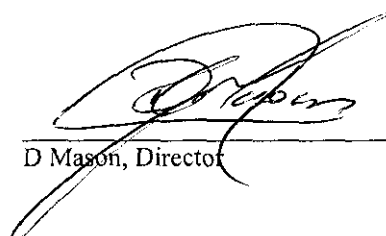
CONSOLIDATED BALANCE SHEET 30 June 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Intangible assets - goodwill	9	143	150
Tangible assets	10	4,050	2,503
Investments	11	250	701
		<u>4,443</u>	<u>3,354</u>
CURRENT ASSETS			
Debtors	12	42,974	30,005
Cash at bank and in hand		28,000	34,075
		<u>70,974</u>	<u>64,080</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(67,849)</u>	<u>(62,067)</u>
NET CURRENT ASSETS		<u>3,125</u>	<u>2,013</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,568	5,367
CREDITORS: AMOUNTS FALLING DUE OVER ONE YEAR	13	(482)	-
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(43)
NET ASSETS		<u>7,086</u>	<u>5,324</u>
CAPITAL AND RESERVES			
Called up share capital	15	71	75
Merger reserve	16	(18)	(18)
Capital redemption reserve	16	4	-
Profit and loss account	16	6,886	5,245
EQUITY SHAREHOLDERS' FUNDS		<u>6,943</u>	<u>5,302</u>
Minority interest	17	143	22
TOTAL CAPITAL EMPLOYED		<u>7,086</u>	<u>5,324</u>

These financial statements were approved by the Board of Directors on 19 January 2007.

Signed on behalf of the Board of Directors


S. Taylor, Director


D. Mason, Director

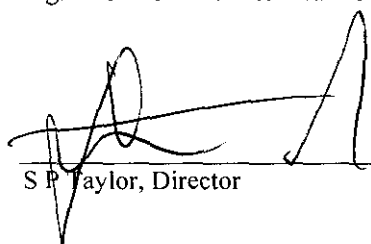
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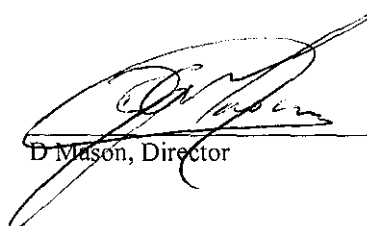
COMPANY BALANCE SHEET 30 June 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	10	3,844	2,304
Investments	11	1,159	2,040
		<u>5,003</u>	<u>4,344</u>
CURRENT ASSETS			
Debtors	12	26,531	20,675
Cash at bank and in hand		25,302	32,464
		<u>51,833</u>	<u>53,139</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(50,061)</u>	<u>(51,815)</u>
NET CURRENT ASSETS		<u>1,772</u>	<u>1,324</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,775	5,668
CREDITORS: AMOUNTS FALLING DUE OVER ONE YEAR	13	(482)	-
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(43)
NET ASSETS		<u>6,293</u>	<u>5,625</u>
CAPITAL AND RESERVES			
Called up share capital	15	71	75
Other reserves	16	6,222	5,550
EQUITY SHAREHOLDERS' FUNDS		<u>6,293</u>	<u>5,625</u>

These financial statements were approved by the Board of Directors on 19 January 2007.

Signed on behalf of the Board of Directors


S P Taylor, Director


D Mason, Director

HIFX PLC

CONSOLIDATED CASH FLOW STATEMENT 30 June 2006

	Notes	2006 £'000	2005 £'000
Net cash outflow from operating activities	1	(892)	(22,997)
Returns on investments and servicing of finance			
Interest received		1,243	1,130
Interest paid		(385)	(478)
Interest element of hire purchase contracts		(34)	(1)
Net cash inflow from returns on investments and servicing of finance		824	651
Taxation paid		(1,826)	(665)
Capital expenditure and financial investment			
Payments to acquire tangible assets		(2,885)	(2,071)
Receipts from sales of tangible assets		194	6
Net cash outflow for capital expenditure		(2,691)	(2,065)
Acquisitions and disposals			
Payment on sale of investment		-	(79)
Payments to associate		-	(250)
Net cash outflow for acquisitions and disposals		-	(329)
Equity dividends paid		-	-
Net cash outflow before management of liquid resources and financing		(4,585)	(25,405)
Financing			
Capital element of hire purchase contracts		10	(4)
Capital contribution paid	16	-	(200)
Payment to acquire own shares		(1,500)	-
Net cash outflow from financing		(1490)	(204)
Decrease in cash and in the year		(6,075)	(25,609)

HIFX PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT 30 June 2006

1. Reconciliation of operating profit to net cash inflow from operating activities

	2006 £'000	2005 £'000
Operating profit	3,391	2,563
Depreciation and amortisation	1,177	628
(Profit) / loss on disposal of tangible assets	(28)	4
Increase in debtors	(12,120)	(14,993)
Increase / (decrease) in creditors	6,688	(11,199)
Net cash outflow from operating activities	(892)	(22,997)

2. Analysis of net funds

	1 July 2005 £'000	Cash flow £'000	Non cash changes £'000	30 June 2006 £'000
Net cash:				
Cash at bank and in hand	34,075	(6,075)	-	28,000
	34,075			
Debt:				
Finance leases	(50)	255	(710)	(505)
	(50)	255	(710)	(505)
Total	34,025	(5,820)	(710)	27,495

3. Reconciliation of net cash flow to movement in net funds

	2006 £'000	2005 £'000
Decrease in cash in the year	(6,075)	(25,608)
Net cash inflow from increase in debt and lease financing	(455)	(8)
Movements in net funds in the year	(6,530)	(25,617)
Opening net funds	34,025	59,641
Closing net funds	27,495	34,025

HIFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2006

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and UK generally acceptable accounting standards.

Accounting convention

The Group consolidated financial statements incorporate the accounts of HIFX PLC and all its subsidiary undertakings. All subsidiaries have been accounted for using acquisition accounting apart from Halewood International Market Strategies Limited, which has been merger accounted for.

Investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associates' profits less losses while the group's share of the net assets of the associates is shown in the consolidated balance sheet.

Turnover

Turnover comprises the total consideration value of foreign exchange transactions executed on behalf of HIFX's clients, which are accounted for on a trade date basis, and sales (less credit notes) relating to the provision of dedicated foreign exchange information, which are accounted for on an accruals basis.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is estimated by the directors' to be 20 years. Provision is made for any impairment.

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation and any impairment in value. 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:

Freehold land and buildings	not depreciated
Office equipment	25% - 100% straight line
Fixtures and fittings	33% straight line
Motor vehicles	25% straight line

Investments

Fixed asset investments are stated at cost less provision for impairment. In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

HIFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2006

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange rules at the balance sheets date.

The results of overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings to the extent that they hedge the group's investments in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2. PROFIT OF THE PARENT COMPANY

As permitted by section 230 of the Companies Act 2985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after taxation for the financial year amounted to £2,168k (2005 - £1,881k).

3. SEGMENTAL INFORMATION

In the opinion of the directors, the group has only one class of business being the provisions of foreign exchange services to its clients.

The group operates in three main geographical locations and the segmental analysis for these locations is provided below.

	UK		Australasia		United States		Group	
	2006	2005	2006	2005	2006	2005	2006	2005
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross profit	21,885	20,482	2,805	1,589	766	718	25,456	22,789
Segment operating profit	2,170	2,548	1,014	264	207	(249)	3,391	2,563
Net assets	7,174	6,095	671	143	(759)	(914)	7,086	5,324

4. EMPLOYEE INFORMATION

	2006	2005
	No.	No.
Group		
Average monthly number of employees (including directors) during the year	194	166
	2006	2005
	£'000	£'000
The aggregate payroll costs were as follows:		
Wages and salaries	10,832	10,330
Social security costs	996	1,183
Pension costs	280	263
	12,108	11,776

HIFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2006

4. EMPLOYEE INFORMATION (CONTINUED)

	2006 No.	2005 No.
Company		
Average monthly number of employees (including directors) during the year	160	140
	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
The aggregate payroll costs were as follows:		
Wages and salaries	9,484	9,240
Social security costs	982	1,113
Pension costs	280	262
	<u>10,746</u>	<u>10,615</u>

5. DIRECTORS' EMOLUMENTS

	2006 £'000	2005 £'000
Emoluments for qualifying services	1,844	2,067
Pension costs	103	127
Benefits in kind	51	55
	<u>1,998</u>	<u>2,249</u>
	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Remuneration of the highest paid director:		
Emoluments	363	352
Pension costs	30	17
Other amounts payable	19	19
	<u>412</u>	<u>388</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
Bank charges	159	97
Client deposits	84	83
Hire purchase contracts	34	1
Other interest and similar charges	142	298
	<u>419</u>	<u>479</u>

HIFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2006

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation is stating after charging:		
Depreciation of tangible fixed assets		
- owned	960	610
- held under hire purchase contracts	210	14
Goodwill amortisation	7	4
(Loss) / profit on disposal of tangible assets	(28)	4
Auditors' remuneration		
- audit services (group)	108	99
- audit services (company)	68	45
- non-audit services relating to tax compliance	50	3

HIFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2006

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
United Kingdom corporation tax based on the taxable profit for the year at 30% (2005 – 30%)		
Current year	1,022	1,191
Prior year	(38)	-
Foreign tax	416	-
Deferred tax		
Change in estimate of recoverable deferred tax asset	(129)	71
Origination and reversal of timing differences	31	12
	<u>1,302</u>	<u>1,274</u>

The current tax charge for the year exceeds 30% (2005 – 30%) for the following reasons:

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	<u>4,556</u>	<u>3,285</u>
Tax on ordinary activities at the standard rate of 30% (2005 – 30%)	1,366	986
Expenses not deductible for tax purposes	82	237
Depreciation in excess of capital allowance	(9)	(16)
Utilisation of tax losses	-	(27)
Other deferred tax movements	(22)	-
Timing differences transferred in	-	-
Increase in overseas tax losses	-	-
Adjustments in respect of the prior year	(38)	-
Overseas tax rates	59	11
	<u>1,438</u>	<u>1,191</u>

HIFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2006

9. INTANGIBLE ASSETS - GOODWILL

	Total £'000
Group	
Cost:	
As at 1 July 2005	154
Additions	-
	<hr/>
As at 30 June 2006	154
	<hr/>
Amortisation:	
As at 1 July 2005	4
Charge for the year	7
	<hr/>
As at 30 June 2006	11
	<hr/>
Net book value	
At 30 June 2006	143
	<hr/>
As at 1 July 2005	150
	<hr/>

HIFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2006

10. TANGIBLE FIXED ASSETS

	Land and buildings freehold £'000	Office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Group					
Cost:					
As at 1 July 2005	274	1,466	1,039	654	3,433
Additions	-	2,431	74	380	2,885
Disposals	-	(62)	(97)	(302)	(461)
At 30 June 2006	274	3,835	1,016	732	5,857
Depreciation					
As at 1 July 2005	-	474	175	281	930
Disposals	-	(44)	(95)	(154)	(293)
Charge for the year	-	781	211	178	1,170
At 30 June 2006	-	1,211	291	305	1,807
Net book value					
As at 30 June 2006	274	2,624	725	427	4050
As at 1 July 2005	274	992	864	373	2,503
Company					
Cost:					
As at 1 July 2005	274	1,221	993	634	3,122
Additions	-	2,372	35	380	2,787
Disposals	-	(25)	(95)	(302)	(422)
As at 30 June 2006	274	3,568	933	712	5,487
Depreciation:					
As at 1 July 2005	-	371	171	276	818
Disposals	-	(25)	(95)	(154)	(274)
Charge for the year	-	717	208	174	1,099
As at 30 June 2006	-	1,063	284	296	1,643
Net book value:					
As at 30 June 2006	274	2,505	649	416	3,844
As at 1 July 2005	274	850	822	358	2,304

Included above for the group and company are motor vehicles and office equipment with net book value of £505k (2005: £32k) held under finance leases on hire purchase contracts.

HIFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2006

11. FIXED ASSET INVESTMENTS

Group	Loan to associates £'000	Share of net assets £'000	Total £'000
Cost:			
As at 1 July 2005	700	151	851
Share of retained profit to date of disposal	-	56	56
Repayment / disposal	(300)	(207)	(507)
Loan write-off	(150)		(150)
As at 30 June 2006	250	-	250
Provisions for impairment:			
As at 1 July 2005	(150)	-	(150)
Loan write-off	150	-	150
As at 30 June 2006	-	-	-
Net book value			
At 30 June 2006	250	-	250
As at 1 July 2005	550	151	701

Company	Loan to group under- takings £'000	Shares in group under- takings £'000	Loans to partici- pating interests £'000	Shares in partici- pating interests £'000	Total £'000
Company					
Cost:					
As at 1 July 2005	938	102	700	450	2,190
Reductions / disposals	(131)	-	(300)	(450)	(881)
Loan write-off	-	-	(150)	-	(150)
As at 30 June 2006	807	102	250	-	1,159
Provisions for impairment:					
As at 1 July 2005			(150)		(150)
Loan write-off			150		150
As at 30 June 2006	-	-	-	-	-
Net book value					
At 30 June 2006	807	102	250	-	1,159
As at 1 July 2005	938	102	550	450	2,040

HIFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2006

11. FIXED ASSET INVESTMENTS (CONTINUED)

The parent company and the group have investments in the following subsidiary undertakings, associates and other investments.

Subsidiary undertakings included in consolidated financial statements

Company	Country of incorporation	Shares held	
		Class	%
HIFX Inc.	United States of America	Common	100
HIFX Limited	New Zealand	Ordinary	85
HIFX (Australia) Pty Ltd	Australia	Ordinary*	85
Halewood International Marketing Strategies Limited	England and Wales	Ordinary	100

* Indirect holding via HIFX Limited

The principal activity of HIFX Inc, HIFX Limited and HIFX (Australia) Pty is that of a dedicated foreign exchange provider. Halewood International Marketing Strategies Limited was dormant during the current and prior years.

Associated undertakings

During the year the group disposed off its 30% interest in the ordinary share capital and 35% interest in the preference shares in Halewood International Financial Services Limited for £791k. As at 30 June 2006, a £250k loan to a subsidiary of the associate, Halewood International Futures Limited, remained outstanding (see note 18).

12. DEBTORS

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Client money held at brokers	39,233	27,800	22,474	18,373
Amounts owed by group undertakings	-	-	1,142	1,244
Other debtors	2,272	1,278	2,248	748
Deferred tax asset (see note 14)	55	-	51	-
Prepayments and accrued income	1,414	927	616	310
	<u>42,974</u>	<u>30,005</u>	<u>26,531</u>	<u>20,675</u>

Amounts falling due after more than one year and included above are:

Amounts owed by group undertakings	-	-	1,142	1,244
Deferred tax asset	<u>55</u>	<u>-</u>	<u>51</u>	<u>-</u>

HIFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2006

13. CREDITORS

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Obligations under hire purchase contracts	23	50	23	29
Amounts due to clients	64,996	57,983	46,829	47,786
Corporation tax	277	800	75	810
Other taxes and social security costs	712	593	639	471
Other creditors	622	1,160	619	614
Amounts due to group undertakings	-	-	830	830
Accruals and deferred income	1,219	1,481	1,046	1,275
Creditors due within one year	67,849	62,067	50,061	51,815
Obligations under hire purchase contracts due after more than one year	482	-	482	-
	68,331	62,067	50,543	51,815

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Obligations under hire purchase contracts due:				
Between two and five years	477	-	477	-
After more than five years	5	-	5	-
	482	-	482	-
Repayable within one year	23	50	23	29
	505	50	505	29

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
As at 1 July 2005	43	(40)	43	(40)
Charge to profit and loss account	(98)	83	(94)	83
At 30 June 2006	(55)	43	(51)	43
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Analysis of deferred tax:				
Capital allowances in excess of depreciation	(5)	54	(16)	54
Short term timing differences	(50)	(11)	(35)	(11)
Deferred tax (asset) / liability	(55)	43	(51)	43

HIFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2006

15. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised share capital		
44,800 (2005: 44,800) "A" Ordinary shares of £1 each	44,800	44,800
20,440 (2005: 20,440) "B" Ordinary shares of £1 each	20,440	20,440
24,360 (2005: 24,360) "C" Ordinary shares of £1 each	24,360	24,360
	<u>89,600</u>	<u>89,600</u>
Allotted, called up and fully paid		
37,350 (2005: 37,350) "A" Ordinary shares of £1 each	37,350	37,350
18,205 (2005: 18,205) "B" Ordinary shares of £1 each	18,205	18,205
15,410 (2005: 19,145) "C" Ordinary shares of £1 each	15,410	19,145
	<u>70,965</u>	<u>74,700</u>

The "A" Ordinary shares, "B" Ordinary shares and "C" Ordinary shares confer upon the holders the same rights and rank pari passu in all respects. On 3 April 2006 the company bought back and cancelled 3,735 of "C" ordinary shares for £1.5m.

16. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Called up share capital £'000	Merger reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total 2006 £'000
Group					
As at 1 July 2005	75	(18)	-	5,245	5,302
Purchase and cancellation of shares	(4)	-	4	(1,500)	(1,500)
Movement on foreign exchange	-	-	-	9	9
Profit retained for the year	-	-	-	3,132	3,132
As at 30 June 2006	<u>71</u>	<u>(18)</u>	<u>4</u>	<u>6,886</u>	<u>6,943</u>

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total 2006 £'000
Company				
As at 1 July 2005	75	-	5,550	5,625
Purchase and cancellation of shares	(4)	4	(1,500)	(1,500)
Profit retained for the year	-	-	2,168	2,168
As at 30 June 2006	<u>71</u>	<u>4</u>	<u>6,218</u>	<u>6,293</u>

HIFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2006

17. EQUITY MINORITY INTERESTS

	Total 2006 £'000
Group	
As at 1 July 2005	22
Profit on ordinary activities after taxation	121
	<hr/>
As at 30 June 2006	143
	<hr/>

18. RELATED PARTY TRANSACTIONS

The company takes advantage of the exemption under FRS 8 and does not report transactions or balances between group entities that have been eliminated on consolidation.

During the year, £Nil (2005: £32,500) was paid by Halewood International Futures Limited, a subsidiary of Halewood International Financial Services Limited and an associate of the group until 11 January 2006, for consultancy services. As at 30 June 2006, Halewood International Futures Limited, which changed its name to Square Mile Securities Limited subsequent to the sale by the group, owed £259,629 to the group (2005: £33,841).

Included within other debtors is an amount of £1,156,898 (2005 - £2,080) owed by Halewood International Limited, a company in which a director is a major shareholder. Included within other debtors is an amount of £3,000 (2005: £2,938) owed by Halewood International Holdings Limited, a company in which a director is a major shareholder.

As at 30 June 2006, HIFX Insurance Services owed £Nil (2005: £32,243) to the group.