

HiFX PLC

Report and Consolidated Financial Statements

For the year ended 30 June 2007



HiFX PLC

REPORT AND FINANCIAL STATEMENTS

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HiFX PLC

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

Directors

L N Butcher
J E Halewood
M Knowles
D Mason
S P Taylor
A J Vaughan
S Bown (Appointed on 2nd January 2008)

Secretary

S J Oldroyd

Registered Office

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 HFP

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

HiFX PLC

DIRECTORS' REPORT

The directors present their annual report and consolidated financial statements of HiFX PLC ("the Group") for the year ended 30 June 2007

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. During the year, the group expanded by the acquisition of two businesses, HiFX Risk Management Inc and HiFX Insurance Services Limited. As explained in Note 1 to the accounts, these acquisitions have been accounted for using merger accounting principal. 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 and future development

The Board is pleased to report a further strong year of trading with turnover growth in excess of £1.8 billion over the prior year. Gross profit for the year increased by £7.3 million to £33.7 million, a significant rise of 28% over the previous year. The group's operating profit increased to £3.5 million by £0.4 million in the year, an increase of 16%. Profit before tax for the year increased by £0.9 million to £5.1 million, a significant increase of 23% over the prior year. During the year there was a restructuring which brought HiFX Risk Management Inc and HiFX Insurance Services Ltd into the HiFX plc group. The two companies were previously owned under a common share ownership structure to that of HiFX plc. The reorganisation was accounted for as a merger. Loss before tax for the two companies was £0.4 million.

The following new subsidiaries were also started during the year: HiFX (Spanish Division) S.L. and HiFX Canada. The risk management operation in the parent company was transferred to HiFX Financial Services Ltd, a previously dormant company. The group continues to show a strong balance sheet position with net assets of £10 million, an increase of £3.2 million, a rise of 47% 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 improve processing efficiency and position itself for future developments within the industry.

The board look to build further on the progress achieved across the group in 2008 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.

Euro

The replacement of sterling by the Euro as the domestic currency of the UK would have a significant impact on the earnings of the group. The directors consider a referendum on this issue is unlikely to take place in the short to medium term.

Operational

This is the risk of a direct or indirect loss resulting from the inadequacies or failures in project, processes or controls due to technology, staff, organization or external factors. To monitor and control operational risk, the Group maintains a system of comprehensive policies and control framework which are designed to provide a sound and well-controlled operational environment. Key risk indicators are reported to the Board. This enables management to maintain operational risk at appropriate levels.

HiFX PLC

DIRECTORS' REPORT

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

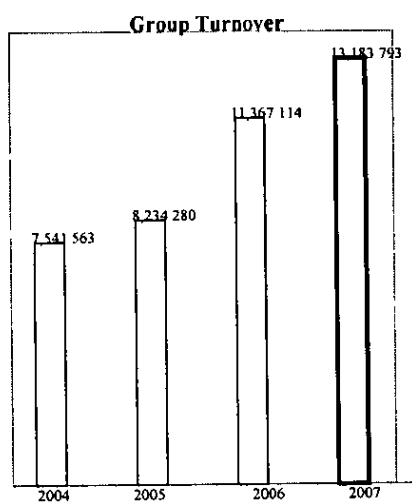
The key financial risk for the group is foreign currency risk which arises through the provision of foreign exchange services. The Group seeks to reduce its foreign exchange exposure arising in various currencies by putting in place a robust hedging programme

HiFX PLC

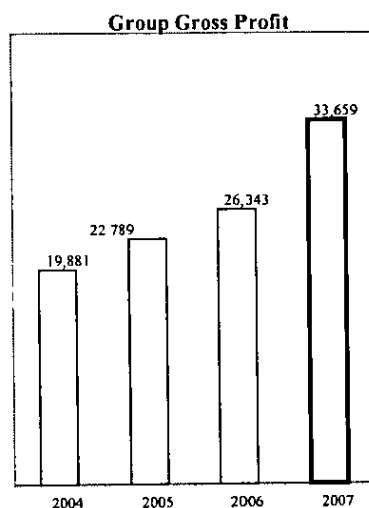
DIRECTORS' REPORT

Key Performance Indicators

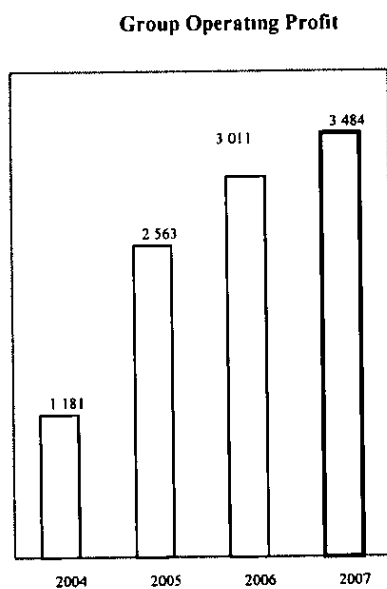
The key performance indicators used by the directors to assess the performance of the group against their stated objectives are as follows (All figures are in '£000)



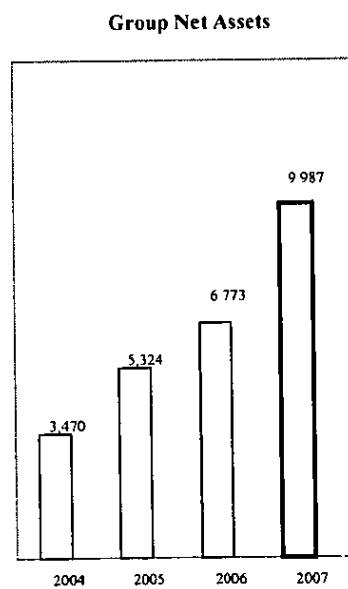
Growth of 16%



Growth of 28%



Growth of 16%



Growth of 47%

HiFX PLC

DIRECTORS' REPORT

Results and dividends

The results for the year are set out in the profit and loss account on page 10

The directors do not recommend payment of an ordinary dividend (£2006 £nil)

Directors

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

L N Butcher
J E Halewood
M Knowles
D Mason
S P Taylor
A J Vaughan
S Bown (Appointed on 2nd January 2008)

Charitable donations

	2007 £'000	2006 £'000
During the year the company made the following payments		
Charitable donations	<u>22</u>	<u>39</u>
No donations were made for political purposes		

Employment of disabled persons

It is the policy of the group to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for continued employment of persons who have become disabled during service and for the appropriate training, career development and promotion of disabled persons.

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 28 days (2006 39 days).

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.

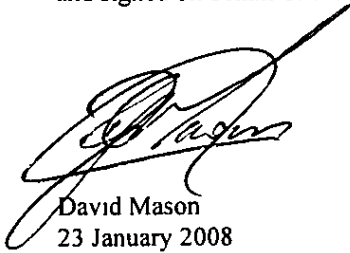
HiFX PLC

DIRECTORS' REPORT

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

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

A handwritten signature in black ink, appearing to read 'D. Mason', is written over the printed name and date.

David Mason
23 January 2008

HiFX PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 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 UK 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes 1 to 3, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 20. 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

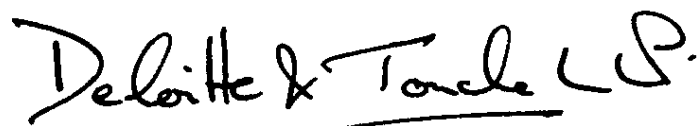
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 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, U K
23 January 2008

HiFX PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 June 2007

		2007	Restated
	Note	£'000	2006
			£'000
TURNOVER	1	13,183,793	11,367,114
Cost of sales		(13,150,134)	(11,340,771)
GROSS PROFIT		33,659	26,343
Administrative expenses		(30,175)	(23,332)
OPERATING PROFIT		3,484	3,011
Share of associate's operating profit		-	42
Other interest receivable and similar income			
- Group		2,849	1,245
- Associate		-	14
Interest payable and similar charges			
- Group	6	(1,235)	(419)
Profit on disposal of fixed assets		40	19
Profit on disposal of investment in associate		-	266
PROFIT ON ORDINARY ACTIVITIES			
BEFORE TAXATION	7	5,138	4,178
Tax on profit on ordinary activities			
- Group	8	(2,074)	(1,302)
- Associate		-	(1)
PROFIT ON ORDINARY ACTIVITIES			
AFTER TAXATION		3,064	2,875
Minority interests	18	(130)	(121)
PROFIT FOR THE FINANCIAL YEAR	17	2,934	2,754

All operations are continuing operations

HiFX PLC

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 30 June 2007

	Note	2007 £'000	Restated 2006 £'000
PROFIT FOR THE FINANCIAL YEAR		2,934	2,754
Foreign exchange differences arising on translation of overseas subsidiaries	17	<u>150</u>	<u>9</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u><u>3,084</u></u>	<u><u>2,763</u></u>

HiFX PLC

CONSOLIDATED BALANCE SHEET 30 June 2007

	Note	2007 £'000	Restated 2006 £'000
FIXED ASSETS			
Intangible assets - goodwill	9	136	143
Tangible assets	10	5,018	4,064
Investments	11	250	250
		<u>5,404</u>	<u>4,457</u>
CURRENT ASSETS			
Debtors	13	32,260	42,500
Cash at bank and in hand		32,860	28,217
		<u>65,120</u>	<u>70,717</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(60,318)</u>	<u>(67,919)</u>
NET CURRENT ASSETS		<u>4,802</u>	<u>2,798</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,206	7,255
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(219)	(482)
PROVISIONS FOR LIABILITIES AND CHARGES	15	-	-
NET ASSETS		<u>9,987</u>	<u>6,773</u>
CAPITAL AND RESERVES			
Called up share capital	16	71	71
Merger reserve	17	(18)	(18)
Capital redemption reserve	17	4	4
Profit and loss account	17	9,657	6,573
		<u>9,714</u>	<u>6,630</u>
EQUITY SHAREHOLDERS' FUNDS		<u>9,714</u>	<u>6,630</u>
Minority interest	18	273	143
TOTAL CAPITAL EMPLOYED		<u>9,987</u>	<u>6,773</u>

These financial statements were approved by the Board of Directors and authorised for publication on 23 January 2008

Signed on behalf of the Board of Directors

LN Butcher, Director

D Mason, Director

HiFX PLC

COMPANY BALANCE SHEET 30 June 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	10	4,619	3,844
Investments	11	1,201	1,159
		<u>5,820</u>	<u>5,003</u>
CURRENT ASSETS			
Debtors	13	31,908	26,531
Cash at bank and in hand		30,494	25,302
		<u>62,402</u>	<u>51,833</u>
CREDITORS, AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(58,741)</u>	<u>(50,061)</u>
NET CURRENT ASSETS		<u>3,661</u>	<u>1,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,481	6,775
CREDITORS, AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(219)	(482)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>-</u>	<u>-</u>
NET ASSETS		<u>9,263</u>	<u>6,293</u>
CAPITAL AND RESERVES			
Called up share capital	16	71	71
Other reserves	17	9,192	6,222
		<u>9,263</u>	<u>6,293</u>
EQUITY SHAREHOLDERS' FUNDS		<u>9,263</u>	<u>6,293</u>

These financial statements were approved by the Board of Directors and authorised for publication on 23 January 2008

Signed on behalf of the Board of Directors

LN Butcher, Director

D Mason, Director

HIFX PLC

CONSOLIDATED CASH FLOW STATEMENT 30 June 2007

	Notes	2007 £'000	Restated 2006 £'000
Net cash inflow / (outflow) from operating activities	1	<u>7,862</u>	<u>(386)</u>
Returns on investments and servicing of finance			
Interest received		2,848	1,245
Interest paid		(1,191)	(385)
Interest element of hire purchase contracts		<u>(44)</u>	<u>(34)</u>
Net cash inflow from returns on investments and servicing of finance		<u>1,613</u>	<u>826</u>
Taxation paid		<u>(2,117)</u>	<u>(1,831)</u>
Capital expenditure and financial investment			
Payments to acquire tangible assets		(2,359)	(2,915)
Receipts from sales of tangible assets		<u>91</u>	<u>193</u>
Net cash outflow for capital expenditure		<u>(2,268)</u>	<u>(2,722)</u>
Net cash (outflow) / inflow before financing		<u>5,090</u>	<u>(4,113)</u>
Financing			
Capital element of hire purchase contracts		(447)	10
Payment to acquire own shares		<u>-</u>	<u>(1,500)</u>
Net cash outflow from financing		<u>(447)</u>	<u>(1490)</u>
Increase / (decrease) in cash in the year		<u><u>4,643</u></u>	<u><u>(5,603)</u></u>

HiFX PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT **30 June 2007**

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

	2007 £'000	Restated 2006 £'000
Operating profit	3,484	3,011
Depreciation and amortisation	1,808	1,194
Profit on disposal of tangible assets	(40)	(28)
(Decrease) / increase in debtors	10,394	(11,327)
(Decrease) / increase in creditors	(7,784)	6,764
Net cash inflow / (outflow) from operating activities	7,862	(386)

2. Analysis of net funds

	1 July 2006 £'000	Cash flow £'000	Non cash changes £'000	30 June 2007 £'000
Net cash				
Cash at bank and in hand	28,217	4,643	-	32,860
Debt				
Finance leases	(505)	448	(467)	(524)
	(505)	448	(467)	(524)
Total	27,712	5,091	(467)	32,336

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

	2007 £'000	Restated 2006 £'000
Decrease in cash in the year	4,643	(5,858)
Net cash inflow from increase in debt and lease financing	(19)	(455)
Movements in net funds in the year	4,624	(6,313)
Opening net funds	27,712	34,025
Closing net funds	32,336	27,712

HiFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

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 Principals. A summary of the more important accounting policies of the group, which have been applied consistently

Basis of Consolidation

The Group consolidated financial statements incorporate the accounts of HiFX PLC and all its subsidiary undertakings. HiFX Limited and HiFX Inc have been accounted for using acquisition accounting where as Halewood International Market Strategies Limited has been merger accounted for. During the year HiFX Risk Management Inc and HiFX Insurance Services Ltd were brought in to the HiFX plc group, these two companies were previously owned under a common share ownership structure to that of HiFX plc. This reorganisation has been accounted for as a merger which required us to restate prior comparatives as explained in note 20.

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.

Pension Policy

The company operates a defined contribution pension scheme for all employees. The cost to the company is charged to the profit and loss account as incurred.

HiFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

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 1985, 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 £3,033k (2006 - £2,168k).

3. SEGMENTAL INFORMATION

In the opinion of the directors, the group has only one class of business being the provision 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 / Europe		Australasia		North America		Group	
	2007	2006	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross profit	27,926	21,885	3,857	2,805	1,876	1,653	33,659	26,343
Segment operating profit	2,963	2,170	1,171	1,014	(650)	(173)	3,484	3,011
Net assets	8,784	7,174	1,946	671	(743)	(1,072)	9,987	6,773

HiFX PLC

NOTES TO THE ACCOUNTS **For the year ended 30 June 2007**

4. EMPLOYEE INFORMATION

	2007	Restated
	No.	2006
		No.
Group		
Average monthly number of employees (including directors) during the year	251	194
	2007	2006
	£'000	£'000
The aggregate payroll costs were as follows		
Wages and salaries	13,567	11,533
Social security costs	1,249	1,052
Pension costs	356	283
	15,172	12,868
	2007	2006
	No.	No.
Company		
Average monthly number of employees (including directors) during the year	190	160
	2007	2006
	£'000	£'000
The aggregate payroll costs were as follows		
Wages and salaries	10,017	9,484
Social security costs	1,091	982
Pension costs	316	280
	11,424	10,746

HiFX PLC

NOTES TO THE ACCOUNTS **For the year ended 30 June 2007**

5. DIRECTORS' EMOLUMENTS

	2007 £'000	2006 £'000
Emoluments for qualifying services	2,287	1,844
Pension costs	104	103
Benefits in kind	42	51
	<u>2,433</u>	<u>1,998</u>
	2007 £'000	2006 £'000
Remuneration of the highest paid director:		
Emoluments	481	363
Pension costs	30	30
Benefits in kind	20	19
	<u>531</u>	<u>412</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £'000	2006 £'000
Bank charges	186	159
Client deposits	670	84
Hire purchase contracts	44	34
Loan interest	54	-
Other interest and similar charges	281	142
	<u>1,235</u>	<u>419</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £'000	Restated 2006 £'000
Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets		
- owned	1,802	985
- held under hire purchase contracts	176	210
Goodwill amortisation	7	7
Loss on disposal of tangible assets	40	28
Auditors' remuneration		
- audit services (group)	110	108
- audit services (company)	75	68
- non-audit services relating to tax compliance	47	50
	<u></u>	<u></u>

HiFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£'000	£'000
United Kingdom corporation tax based on the taxable profit for the year at 30% (2006 – 30%)		
Current year	1,483	1,022
Prior year	34	(38)
Foreign tax	511	416
Deferred tax		
Change in estimate of recoverable deferred tax asset	34	(129)
Origination and reversal of timing differences	12	31
	<u>2,074</u>	<u>1,302</u>

The current tax charge for the year exceeds 30% (2006 – 30%) for the following reasons

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	5,138	4,178
Tax on ordinary activities at the standard rate of 30% (2006 – 30%)	1,540	1,253
Expenses not deductible for tax purposes	100	82
Depreciation in excess of capital allowance	70	(9)
Utilisation of tax losses	-	-
Other deferred tax movements	(12)	(22)
Timing differences transferred in	-	113
Increase in overseas tax losses	156	-
Adjustments in respect of the prior year	33	(38)
Overseas tax rates	107	59
	<u>1,994</u>	<u>1,438</u>

HiFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2007

9. INTANGIBLE ASSETS - GOODWILL

	Total £'000
Group	
Cost:	
As at 1 July 2006	154
Additions	-
	<hr/>
As at 30 June 2007	154
	<hr/>
Amortisation.	
As at 1 July 2006	11
Charge for the year	7
	<hr/>
As at 30 June 2007	18
	<hr/>
Net book value	
At 30 June 2007	136
	<hr/>
As at 1 July 2006	143
	<hr/>

HiFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2007

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 2006 (Restated)	274	3,835	1,016	732	5,857
Additions	-	2,520	111	473	3,104
Disposals	(14)	(235)	(3)	(444)	(696)
Revaluation	-	(1)	8	1	8
At 30 June 2007	260	6,119	1,132	762	8,273
Depreciation					
As at 1 July 2006 (Restated)	-	1,211	291	305	1,807
Disposals	-	-	-	(305)	(305)
Charge for the year	-	1,395	231	176	1,802
Foreign Exchange	-	(35)	(9)	(5)	(49)
At 30 June 2007	-	2,571	513	171	3,255
Net book value					
As at 30 June 2007	260	3,548	619	591	5,018
As at 1 July 2006 (Restated)	274	2,638	725	427	4,064
Company					
Cost:					
As at 1 July 2006	274	3,568	933	712	5,487
Additions	-	2,272	57	473	2,802
Disposals	(14)	(249)	(3)	(435)	(701)
As at 30 June 2007	260	5,591	987	750	7,588
Depreciation:					
As at 1 July 2006	-	1,065	283	295	1,643
Disposals	-	-	-	(275)	(275)
Charge for the year	-	1,212	216	173	1,601
As at 30 June 2007	-	2,277	499	193	2,969
Net book value:					
As at 30 June 2007	260	3,314	488	557	4,619
As at 1 July 2006	274	2,505	649	416	3,844

Included above in both group and company are motor vehicles and office equipment with net book value of £524k (2006 £505k) held under finance leases or hire purchase contracts

HiFX PLC

NOTES TO THE ACCOUNTS **For the year ended 30 June 2007**

11 FIXED ASSET INVESTMENTS

Group	Loan to former associates £'000	Total £'000
Cost:		
As at 30 June 2007	250	250
Net book value		
At 30 June 2007	250	250
As at 1 July 2006	250	250

Company	Investment in subsidiaries	Loan to group undertakings £'000	Shares in group undertakings £'000	Loan to former associate £'000	Total £'000
Company Cost:					
As at 1 July 2006	-	807	102	250	1,159
Additions / Disposals	78	(36)	-	-	42
As at 30 June 2007	78	771	102	250	1,201
Net book value					
At 30 June 2007	78	771	102	250	1,201
As at 1 July 2006	78	807	102	250	1,159

HiFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

12. 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 Canada	Canada	Common**	100
HiFX Risk Management 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
HiFX Financial Services Ltd	England and Wales	Ordinary	100
HiFX Insurance Services Limited	England and Wales	Ordinary	90
HiFX Spain S L	Spain	Ordinary	100

* Indirect holding via HiFX Limited, ** Indirect holding via HiFX Inc

The principal activity of HiFX Inc, HiFX Limited and HiFX (Australia) Pty is that of a dedicated foreign exchange provider, HiFX Risk Management Inc and HiFX Financial Services Ltd is that of foreign exchange risk management consultancy, and HiFX Insurance Services Limited is that of provision of insurance broking services. Halewood International Marketing Strategies Limited was dormant during the current and prior years. HiFX Canada and HiFX Spain act as introducers to HiFX Inc & HiFX PLC respectively.

13. DEBTORS

	Group		Company	
	2007	Restated 2006	2007	2006
	£'000	£'000	£'000	£'000
Client money held at brokers	28,379	39,233	27,258	22,474
Amounts owed by group undertakings	-	-	2,475	1,142
Other debtors	2,572	1,751	1,236	2,248
Deferred tax asset (see note 15)	9	55	-	51
Prepayments and accrued income	1,300	1,461	939	616
	<u>32,260</u>	<u>42,500</u>	<u>31,908</u>	<u>26,531</u>
Amounts falling due after more than one year and included above are				
Amounts owed by group undertakings	-	-	2,475	1,142
Deferred tax asset	<u>9</u>	<u>55</u>	<u>-</u>	<u>51</u>

For those trade debtors not accounted for at fair value, and for the other financial assets included above, the directors consider the carrying value of these items approximates to fair value.

NOTES TO THE ACCOUNTS
For the year ended 30 June 2007

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Obligations under hire purchase contracts	305	23	305	23
Amounts due to clients	56,738	65,015	55,033	46,829
Corporation tax	237	277	208	75
Other taxes and social security costs	781	716	459	639
Other creditors	612	621	598	619
Amounts due to group undertakings	-	-	827	830
Accruals and deferred income	1,645	1,267	1,311	1,046
Creditors due within one year	60,318	67,919	58,741	50,061
Obligations under hire purchase contracts due after more than one year	219	482	219	482
	60,537	68,401	58,960	50,543

For those trade creditors not accounted for at fair value, and for the other financial liabilities included above, the directors consider the carrying value of these items approximates to fair value

HiFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

15 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	Group 2007 £'000	2006 £'000	Company 2007 £'000	2006 £'000
As at 1 July 2006	(55)	43	(51)	43
Charge to profit and loss account	46	(98)	63	(94)
At 30 June 2007	<u>(9)</u>	<u>(55)</u>	<u>12</u>	<u>(51)</u>
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Analysis of deferred tax.				
Capital allowances in excess of depreciation	42	(5)	42	(16)
Short term timing differences	(51)	(50)	(30)	(35)
Deferred tax (asset) / liability	<u>(9)</u>	<u>(55)</u>	<u>12</u>	<u>(51)</u>

16 CALLED UP SHARE CAPITAL

	2007 £	2006 £
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 15,410) "C" Ordinary shares of £1 each	15,410	15,410
	<u>70,965</u>	<u>70,965</u>

HiFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

17. 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 2007 £'000
Group					
As at 1 July 2006 (Restated, see note 20b)	71	(18)	4	6,573	6,630
Movement on foreign exchange	-	-	-	150	150
Profit retained for the year	-	-	-	2,934	2,934
As at 30 June 2007	71	(18)	4	9,657	9,714

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total 2007 £'000
Company				
As at 1 July 2006	71	4	6,218	6,293
Profit retained for the year	-	-	2,970	2,970
As at 30 June 2007	71	4	9,188	9,263

18. EQUITY MINORITY INTERESTS

	Total 2007 £'000
Group	
As at 1 July 2006	143
Minority share of profit on ordinary activities after taxation	130
As at 30 June 2007	273

19. 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

As at 30 June 2007, Halewood International Futures Limited, which changed its name to Square Mile Securities Limited subsequent to the sale by the group, owed £264,000 to the group (2006 £250,000) The outstanding amount has been repaid to HiFX PLC in July 2007

Included within other debtors is an amount of £790,843 (2005 - £1,156,898) 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 (2006 £3,000) owed by Halewood International Holdings Limited, a company in which a director is a major shareholder

HiFX PLC

NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

20. RESTATEMENT OF COMPARATIVES

The group restructured its operation during the year. The result of the restructure is the inclusion of HiFX RM Inc and HiFX Insurance Services Ltd in the group consolidation. These two companies were previously held under common ownership and outside the group.

The Directors consider that the use of acquisition accounting, with the restatement of separable assets and liabilities to fair values, the creation of goodwill and inclusion of post-reorganisation results only, would not give a true and fair view of the Group's results and financial position. The substance of the transaction was not the acquisition of a business but a group reconstruction. Therefore the Board have adopted merger accounting for the preparation of the financial statement and have restated the prior year accounts accordingly. See below notes 20a – 20c, for the impact of this restatement on comparatives amounts.

HiFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2007

20a CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2006 £'000	Adjustment £'000	Restated 2006 £'000
TURNOVER	11,366,227	887	11,367,114
Cost of sales	(11,340,771)	-	(11,340,77)
GROSS PROFIT	25,456	887	26,343
Administrative expenses	(22,065)	(1,267)	(23,332)
OPERATING PROFIT	3,391	(380)	3,011
Share of associate's operating profit	42	-	42
Other interest receivable and similar income			
- Group	1,243	2	1,245
- Associate	14	-	14
Interest payable and similar charges			
- Group	(419)	-	(419)
Profit on disposal of fixed assets	19	-	19
Profit on disposal of investment in associate	266	-	266
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4,556	(378)	4,178
Tax on profit on ordinary activities			
- Group	(1,302)	-	(1,302)
- Associate	(1)	-	(1)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	3,253	(378)	2,875
Minority interests	(121)	-	(121)
PROFIT FOR THE FINANCIAL YEAR	3,132	(378)	2,754

HiFX PLC

NOTES TO THE ACCOUNTS **For the year ended 30 June 2007**

20b. CONSOLIDATED BALANCE SHEET

	2006 £'000	Adjustment £'000	Restated 2006 £'000
FIXED ASSETS			
Intangible assets – goodwill	143	-	143
Tangible assets	4,050	14	4,064
Investments	250	-	250
	<u>4,443</u>	<u>14</u>	<u>4,457</u>
CURRENT ASSETS			
Debtors	42,974	(474)	42,500
Cash at bank and in hand	28,000	217	28,217
	<u>70,974</u>	<u>(257)</u>	<u>70,717</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>(67,849)</u>	<u>(70)</u>	<u>(67,919)</u>
NET CURRENT ASSETS	<u>3,125</u>	<u>(327)</u>	<u>2,798</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>7,568</u>	<u>(313)</u>	<u>7,255</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(482)	-	(482)
PROVISIONS FOR LIABILITIES AND CHARGES	-	-	-
NET ASSETS	<u>7,086</u>	<u>(313)</u>	<u>6,773</u>
CAPITAL AND RESERVES			
Called up share capital	71	-	71
Merger reserve	(18)	-	(18)
Capital redemption reserve	4	-	4
Profit and loss account	6,886	(313)	6,573
	<u>6,943</u>	<u>(313)</u>	<u>6,630</u>
EQUITY SHAREHOLDERS' FUNDS	<u>143</u>	<u>-</u>	<u>143</u>
TOTAL CAPITAL EMPLOYED	<u>7,086</u>	<u>(313)</u>	<u>6,773</u>

HiFX PLC

NOTES TO THE ACCOUNTS For the year ended 30 June 2007

20c. CONSOLIDATED CASH FLOW STATMENT

	2006 £'000	Adjustment £'000	Restated 2006 £'000
Net cash inflow / (outflow) from operating activities	<u>(892)</u>	<u>(506)</u>	<u>(386)</u>
Returns on investments and servicing of finance			
Interest received	1,243	2	1,245
Interest paid	(385)		(385)
Interest element of hire purchase contracts	<u>(34)</u>		<u>(34)</u>
Net cash inflow from returns on investments and servicing of finance	<u>824</u>	<u>2</u>	<u>826</u>
Taxation paid	<u>(1,826)</u>	<u>5</u>	<u>(1,831)</u>
Capital expenditure and financial investment			
Payments to acquire tangible assets	(2,885)	(30)	(2,915)
Receipts from sales of tangible assets	<u>193</u>		<u>193</u>
Net cash outflow for capital expenditure	<u>(2,691)</u>	<u>(31)</u>	<u>(2,722)</u>
Net cash (outflow) / inflow before financing	<u>(4,585)</u>	<u>472</u>	<u>(4,113)</u>
Financing			
Capital element of hire purchase contracts	10		10
Payment to acquire own shares	<u>(1,500)</u>		<u>(1,500)</u>
Net cash outflow from financing	<u>(1490)</u>		<u>(1490)</u>
Increase / (decrease) in cash in the year	<u><u>(6,075)</u></u>	<u>472</u>	<u><u>(5,603)</u></u>