

Baydonhill plc
(“Baydonhill” or “the Company”)

Interim results for the six month period ended 30 September 2009

HIGHLIGHTS

- Goal of breakeven at EBITDA level achieved in September and sustained thereafter
- Turnover (value of foreign exchange transactions) for the period up 36 per cent to £300.6 million (2008: £220.7 million)
- Gross profit (foreign exchange commission) up 15 per cent. to £1.49 million
- Gross profit (foreign exchange commission excluding bank charges) up 34 per cent. to £1.75 million.
- Net loss for the period of £741,586 (2008: loss £658,451)

Eric Peacock, Chairman, commented:

“I am delighted that the investment by the Company to develop its corporate business has provided continued growth, particularly in the current economic climate, and that the company has reached and sustained breakeven at EBITDA level on a monthly basis.”

Contacts

Baydonhill plc

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Chairman's Statement

Introduction

I am pleased to report that through continued revenue growth in the Corporate Division and the restructuring of costs across the business, the Company reached its goal of achieving EBITDA breakeven in September 2009 and continued this trend in October and November. For the six months ended 30 September 2009, the Company made a loss before tax of £741,586 (2008: loss £658,451) on gross turnover of £300,645,456 (2008: £220,720,675).

During the period under review, new incentive arrangements were introduced whereby the parent company, Ekwinox Limited ("Ekwinox"), agreed to make available loans to certain directors and employees of the Company, to allow these persons to subscribe for new ordinary shares in the Company ("Subscription Shares"). The loans taken up amounted, in aggregate, to approximately £350,000 and were used to subscribe for 5,599,968 new ordinary shares at 6.25p per share ("Subscription Price"), being a 56 per cent. premium to the closing mid-market price of the Company's shares on 21 October 2009. The loans are repayable on or before 30 November 2012.

With the introduction of a new website in October 2009, the Company rebranded its operating business as 'Baydonhillfx' to improve product recognition. While this change is very recent, initial indications are that both the new website and change in trading name have been well received.

The loan facility from Wallich & Matthes Holding BV and the convertible loan notes issued by Ekwinox FX Ltd., both wholly owned subsidiaries of Ekwinox, have been extended from 30 September 2009 and 30 April 2010 respectively, to 30 September 2010.

Review

The Corporate Division continues to show strong growth with turnover (representing the value of foreign exchange transactions executed by the Company) increasing to £255 million during the period under review (six months to September 2008: £136 million) an increase of 87 per cent. Gross profit (representing foreign exchange commission earned) for the Corporate Division increased by 86 per cent. to £979,000. (six months to September 2008: £525,000).

The Private Client Division continues to be challenged by the difficult market conditions for foreign exchange providers, with turnover 39 per cent. lower than the same period last year. However modest increases in turnover have been experienced in recent months, indicating stabilisation in the sector.

The Company's overall gross profit includes a deduction for bank charges of £260,169, compared to £10,507 in six months to September 2008 due to a change in the structure of bank charges from 13 October 2008 (see note 3). Therefore, the underlying improvement in gross profit across both divisions of the Company was approximately £449,000, representing an increase of approximately 34 per cent.

Outlook

The Company expects that the Corporate Division will continue to show strong revenue growth and, as a result, the Company will invest in talented individuals and its IT structure. As commented in the 2009 Annual Report, the increase in corporate revenue is a combination of new business and existing recurring business. The nature of the corporate sales model lends itself to a high level of first year costs associated with winning new business. The Corporate Division is now in its second year and as anticipated, the Company is beginning to benefit from a reduced costs to revenue ratio. The Directors believe that remainder of the year will continue to be challenging for the Private Client Division, although there are some signs of the market stabilising with an increase in activity.

Given the revenue increases and cost cutting measures taken in this period, significant progress towards profitability has been made and the Directors feel that the Company is in a strong position to continue to build on this in 2010.

Eric Peacock
Chairman

22 December 2009

PROFIT AND LOSS ACCOUNT

	Six months ended 30 September 2009 (unaudited)	Six months ended 30 September 2008 (unaudited)	Year ended 31 March 2009 (audited)
TURNOVER	300,645,456	220,720,675	460,436,851
Cost of sales	(299,154,248)	(219,428,798)	(457,743,038)
GROSS PROFIT	1,491,208	1,291,877	2,693,813
Administrative expenses	(2,120,286)	(1,925,730)	(3,954,516)
OPERATING LOSS	(629,078)	(633,853)	(1,260,703)
Interest receivable and similar income	8,000	59,187	99,310
Interest payable and similar charges	(120,508)	(83,784)	(214,009)
LOSS BEFORE TAX	(741,586)	(658,450)	(1,375,402)
TAXATION	-	-	-
LOSS FOR THE PERIOD	(741,586)	(658,450)	(1,375,402)
Loss per share – basic	(2.46p)	(2.70p)	(5.64p)
– diluted	(2.46p)	(2.70p)	(5.64p)

BALANCE SHEET

	At 30 September 2009 (unaudited)	At 30 September 2008 (unaudited)	At 31 March 2009 (audited)
FIXED ASSETS			
Tangible	737,430	676,648	728,572
Investments	10	10	10
CURRENT ASSETS			
Debtors	63,395,914	30,628,477	39,917,677
Cash at Bank	2,454,658	2,111,983	2,710,550
	65,850,572	32,740,460	42,628,227
CREDITORS: Amounts falling due within one year	(66,328,098)	(33,062,508)	(42,778,505)
NET CURRENT LIABILITIES	(477,526)	(322,048)	(150,278)
TOTAL ASSETS LESS CURRENT LIABILITIES	256,914	354,610	578,304
CREDITORS: Amounts falling due after more than one year	(2,188,198)	(1,306,137)	(2,201,824)
NET (LIABILITIES) / ASSETS	(1,928,284)	(951,527)	(1,623,520)
CAPITAL AND RESERVES			
Called up share capital	318,723	243,841	243,841
Share premium account	3,367,491	3,005,551	3,005,551
Profit and loss account	(5,672,386)	(4,261,387)	(4,930,800)
Shares to be issued	57,888	60,468	57,888
EQUITY SHAREHOLDERS FUNDS	(1,928,284)	(951,527)	(1,623,520)

CASH FLOW STATEMENT

	Six months ended 30 September 2009 (unaudited)	Six months ended 30 September 2008 (unaudited)	Year ended 31 March 2009 (audited)
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss	(629,078)	(633,854)	(1,260,703)
Depreciation of tangible fixed assets	104,196	87,586	188,629
Increase in debtors	(23,478,237)	(11,427,117)	(20,716,318)
Increase in creditors	23,451,365	10,129,229	20,163,333
Share-based payment (credit)	-	(47,538)	-
Net cash outflow from operating activities	(551,754)	(1,891,694)	(1,625,059)
Returns of investment & servicing of finance	(27,905)	(24,597)	20,302
Taxation	-	-	-
Capital expenditure	(113,054)	(174,207)	(327,174)
Cash outflow before use of liquid resources	(692,713)	(2,090,498)	(1,931,931)
Management of liquid resources	314,042	-	119,200
Financing:			
Other Loans	-	160,000	150,000
Convertible Loans	-	150,000	-
Issue of shares	436,821	-	600,000
Increase /(decrease) in cash for the period	58,150	(1,780,498)	(1,062,731)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year	58,150	(1,780,498)	(1,062,731)
Cash inflow from decrease in liquid resources	(314,042)	-	(119,200)
Convertible loan note	(13,312)	(141,970)	(175,293)
Other loan	-	(160,000)	(600,000)
Net funds at 1 April 2009	961,695	2,918,919	2,918,919
Net funds at 30 September 2009	692,491	836,451	961,695

1. Nature of Information

The interim accounts for the six months ended 30 September 2009 and the comparative figures for the six months ended 30 September 2008 are unaudited. The comparative figures for the year ended 31 March 2009 are not the Company's statutory accounts within the meaning of section 434 of the Companies Act 2006 but are abridged from such accounts which have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors on such accounts was unqualified and did not contain any statement under Sections 237(2) or 237(3) of the Companies Act 1985.

The interim accounts are prepared on the basis of the accounting policies which will be applied in the accounts of the Company for the twelve months ending 31 March 2010.

2. Principal Activities

The principal activities of the Company continue to be the provision of foreign currency exchange and related financial products and the arrangement of overseas mortgages.

3. Cost of Sales

	Six months Ended 30/09/09	Six months Ended 30/09/08	Year ended 31/03/09
Purchase of Foreign Currency	298,746,331	219,354,419	457,361,736
Introducer Commissions	147,748	63,872	128,660
Bank Charges	260,169	10,507	252,642
	299,154,248	219,428,798	457,743,038
Gross Profit Excluding Bank Charges	1,751,377	1,302,384	2,946,455

The manner in which bank charges were levied by the Company's primary banker, changed in October 2008 from a flat quarterly charge to a per transaction charge. This change has resulted in significant increases in bank charges.

4. Taxation

Based on the results of the period, the Company believe that no provision for taxation is required.

5. Dividends

The Directors do not recommend the payment of an interim dividend.

6. Loss per Share

The loss per share is calculated on the loss for the period of £741,586 based on the weighted average number of shares in issue at 30 September 2009 of 30,194,347. Diluted loss and loss per share is calculated on the same basis as basic loss and loss per share because the effect of the potential ordinary shares (share options) reduces the net loss per share and is therefore anti-dilutive.

7. Analysis of Changes in Net Funds

	At 1 April 2009 (£)	Cash Flows (£)	Other non-cash Movements (£)	At 30 September 2009 (£)
Cash at bank and in hand	2,141,350	(569,934)		1,571,416
Liquid resources	569,200	314,042		883,242
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	2,710,550	(255,892)		2,454,658
Debt due after one year	(1,748,855)	-	(13,312)	(1,762,167)
Total	961,695	(255,892)	(13,312)	692,491

8. Copies of the Interim Results

Copies of this interim announcement will be available to download from the Company's website at www.baydonhillfx.com and at the registered office, 160 Brompton Road, London, SW3 1HW.