



ANNUAL REPORT

YEAR ENDED 31 MARCH 2009

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CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT

INTRODUCTION

During the year under review the Company has made significant progress, particularly in the development of its corporate client business. This has resulted in a substantial growth in the Company's gross revenue despite the continued challenges resulting from the downturn in the market for the private client foreign exchange business. Ongoing enhancements to the online trading platform have resulted in a very positive response from corporate clients and enabled significant improvements in operational processes.

While the Private Client Division has seen further declines in revenue and in the growth of new client numbers due to the current economic conditions, repeat business from the large existing private client base has lessened the impact.

FINANCIAL REVIEW

The loss for the financial year was £1.4 million, compared to £1.5 million in 2008. This includes an operating loss of £1.06 million from the Corporate Division which relates to costs primarily associated with sales staff and the depreciation of the online system. This year was the first full year of sales activity for the Corporate Division and, as a result, operating costs remain high in relation to turnover as this side of the business becomes established. This is indicative of the corporate sales model and the directors expect this trend to reduce in the current financial year.

The operating loss of £1.3 million in 2009 (2008: £1.6 million) is after transaction charges of £250,000 (2008: £30,000) in the second half of the year, resulting from a change in Bank of Ireland's charging structure and a depreciation charge in respect of the online platform of £137,000 (2008: £30,081). In 2009 no adjustment is required in respect of FRS20 (share based payments) as all the options in issue at 31 March 2009 had vested (2008: credit £82,000). The underlying operating performance has therefore improved in the year by approximately £740,000. The Company is working on a series of plans to reduce the transaction charges as a percentage of revenue in the next fiscal year.

Gross turnover for the Company for the year under review was £460 million, an increase of 56 per cent from the previous year's figure of £294 million. Gross profit (representing foreign exchange commissions earned net of payments to affiliates and bank charges) increased by 29 per cent to £2.7 million from £2.1 million in the previous year.

Shareholders' deficit at 31 March 2009 amounted to £1.6 million compared to a deficit of £0.3 million at 31 March 2008.

SECTOR REVIEW

The Corporate Division has expanded rapidly with gross turnover of £314 million compared to £67 million in the prior year. Allowing for seasonal variations, the growth in revenue is strong and consistent with average monthly revenues in the last quarter and double that of the first quarter. As a result of the strong performance, the sales team was expanded in the third quarter of 2008.

The Private Client foreign exchange sector has experienced another challenging year, resulting in the Private Client Division's turnover dropping from £226 million in 2008 to £146 million in 2009.

FUNDRAISING

Due to the downturn experienced by the Private Client Division and the delay in the launch of the Corporate Division's online trading platform, a facility of £600,000 was provided on 30 June 2008 by Wallich & Matthes BV, a wholly owned subsidiary of Ekwiex Limited. In addition, the remaining balance of £150,000 of the £700,000 convertible loan note issued by Ekwiex Fx Limited was drawn down during the year. The Company is pleased to confirm that the repayment dates for these loans have been extended to 30 September 2010.

On 20 April 2009 Ekwiex FX Limited ("Ekwiex") exercised warrants over 1,739,130 shares at 5.75 pence per share. On 2 June 2009 Ekwiex exercised warrants over 3,500,000 shares also at 5.75 pence per share. Furthermore, on 31 July 2009 Ekwiex exercised warrants over 1,749,070 and 560,000 shares at 5.75 pence per share and 6.25 pence per share, respectively. The exercise of these warrants raised £437,000 of additional working capital for the Company.

PEOPLE

There has been a change to the composition of the Board in the period under review. Our thanks go to Ian Collins who left during the year.

The Company's employees have responded magnificently to the challenges that they have encountered throughout the year and the Board would like to thank them for their continuing dedication and support.

OUTLOOK

The Directors expect that during 2010 there will be continued significant growth from the Corporate Division. In the first quarter of the fiscal year 2010, corporate revenue increased by 160 per cent and total revenue increased by 29 per cent over the same period in the fiscal year 2009. 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 year under review was the first full year of sales activity and your Board expect the ratio of costs to revenue in subsequent years to reduce significantly.

The Directors believe that the current financial year will continue to be challenging for the Private Client Division. However, while the Company believes that this sector is unlikely to improve in the short term, it is possible to increase market share. With this in mind, it has developed a new marketing strategy which involves certain changes to the Company's website and increased targeted advertising spend. The Company will also be rebranding its operations as "Baydonhill fx" to improve product recognition.

Revenue in the forthcoming year is expected to be generated primarily from the Corporate Division although the Private Client Division is still expected to make a significant contribution. In the current economic environment it is expected that the majority of the Company's growth will be derived from the Corporate Division.

Sir Eric Peacock KCMG
Chairman



Chief Executive

29 September 2009

Wayne Mitchell



REPORT OF THE DIRECTORS

The Directors present their report together with the financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were the provision of foreign currency exchange and related finance products and the arrangement of overseas mortgages.

RESULTS AND DIVIDENDS

During the year, the Company's business activities produced a loss before tax of £1,375,402 (2008 : Loss £1,470,183).

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The Directors have not recommended the payment of a dividend.

BUSINESS REVIEW

An overall review of the business and indications of likely future developments are given in the Chairman's and Chief Executive Officer's statement. Specifically the financial and sector reviews within this report cover the performance of the Company during the year to 31 March 2009. The fundraising section covers the Company's liquidity and the paragraph entitled "Outlook" describes the future prospects of the Company.

DIRECTORS

The Directors who held office during the year are set out below.

The following table shows their salaries and fees for the year.

	Salary and Fees	
	2009 (£)	2008 (£)
William Eric Peacock *	10,000	10,000
Ian Collins (resigned 11 August 2008)	58,487	75,000
Sarah Collis *	-	-
Geoffrey Mayhill ***	-	-
Charles McLeod **	37,746	24,167
Wayne Mitchell	192,258	227,890

Fees in respect of the services of Sarah Collis and Geoffrey Mayhill amounting to £40,000 were paid to Ekwiex Limited during the year.

* *Non-executive and member of the Audit Committee and the Remuneration Committee*

** *Non-executive director*

*** *Non-executive director and member of the Remuneration Committee*

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 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 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 and other information included in Annual Reports may differ from legislation in other jurisdictions.

DISABLED EMPLOYEES

Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

FINANCIAL INSTRUMENTS

The Company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through share issues or convertible debt, the interest rate of the latter being based upon LIBOR.

The company's principal financial instruments are spot and forward foreign currency exchange contracts which are entered into with its bankers under matched contracts to fulfil contracts with its clients. The Company does not enter into speculative contracts on its own account. The Company also has various other financial instruments such as trade debtors and trade creditors arising in the course of its operations. Trade debtors expose the Company to the usual credit and cash flow risks associated with selling on credit although these are matched to a large extent by amounts due to its clients within trade creditors.

The Company entered into an ISDA agreement with the Bank of Ireland which allows the bank to offset forward contracts in the event of a default.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the Company's financial position or profit.

DIRECTORS' LIABILITY INSURANCE

During the year, Directors' and Officers' Liability Insurance was maintained for Directors and other officers of the Company as permitted by the Companies Act 1985.

POLICY ON PAYMENT OF SUPPLIERS

The Company does not follow any code or standard on payment practice in respect of its suppliers. It is the Company's policy to pay suppliers in accordance with the agreed terms and this policy will continue for the year ending 31 March 2010.

Within trade creditors are amounts owed to clients under spot or forward contracts. Excluding these amounts, and amounts owed to a related party under deferred settlement terms, the Company had 49 days (2008 : 73 days) purchases outstanding and owed to suppliers at the year end.

GOING CONCERN

After making enquiries, the Directors have formed a judgment that there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

INFORMATION GIVEN TO THE AUDITORS

Each of the Directors has confirmed that so far as he / she is aware;

There is no relevant audit information of which the Company's auditors are unaware, and that he / she has taken all the steps that he / she ought to have taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

KEY PERFORMANCE INDICATORS

In addition to the monthly management accounts and information that is produced and monitored against the Company's plan and the previous year's performance, the Board uses Key Performance Indicators (KPIs) in the management of the key risks of the business and as a measure of the business efficiencies of the Company. The KPIs cover the following:

- Sales performance is measured against budget and the latest expectations which are updated on a regular basis;
- Costs and overheads are monitored against budget and against current needs; and
- Cash is monitored against regular monthly statements and the latest forecasts.

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS RISKS

The Company has developed specific systems and applications to enable the business to operate efficiently, and has staff who have unique knowledge in the use of these systems. Many of the staff involved have been employed for a number of years, and the Company would be adversely affected, albeit temporarily, by their departure.

The building which the Company occupies as a tenant is listed for re-development or change of use, which will necessitate the Company's relocation at a date yet to be decided. The landlord has indicated that this is unlikely to be before the end of 2010.

Much of the revenue of both the private client and the international mortgage division is based upon the purchase of houses abroad, many as second homes. Factors such as the value of sterling against other currencies, particularly the US dollar and the Euro, the upward movement of interest rates and the decline in house prices, could all adversely affect the Company's revenue prospects in the future.

POST BALANCE SHEET EVENTS

On 23 September 2009, Ekwiex FX Ltd, a subsidiary of Ekwiex Limited agreed to extend the maturity date on the convertible loan notes for £476,000 and £700,000 to 30 September 2010. All other terms of the loan remained unchanged.

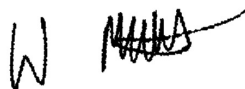
AUDITORS

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

ANNUAL GENERAL MEETING

Notice of the forthcoming Annual General Meeting is set out on pages 23 to 27. Your Board recommend that you vote in favour of all the resolutions set out in the Notice.

By order of the Board



Wayne Mitchell
Chief Executive Officer
29 September 2009

CORPORATE GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2008

INTRODUCTION

The Board of Baydonhill plc is committed to achieving good standards of corporate governance, integrity and business ethics for all activities. Under the rules of the AIM, the Company is not required to comply with the Combined Code. However, the Company has taken steps to comply with the Combined Code in so far as it can be applied practically, given the size of the Company and the nature of its operations.

AUDIT COMMITTEE

The Audit Committee consists of William Eric Peacock as chairman and Sarah Collis. The committee will meet at least twice a year, linked to the timing of the publications of the Company's results. The committee will also meet on an ad hoc basis when necessary. The external auditors may also be invited to attend these meetings.

The committee operates within specific terms of reference which include:

- considering the appointment of external and internal auditors;
- reviewing the relationship with external auditors;
- reviewing the financial reporting and internal control procedures;
- reviewing the management of financial matters and focusing upon the independence and objectivity of the external auditors; and
- reviewing the consistency and appropriateness of accounting policies on a year to year basis.

REMUNERATION COMMITTEE

The Remuneration Committee consists of William Eric Peacock as Chairman, Sarah Collis and Geoffrey Mayhill.

The Chief Executive of the Company, Wayne Mitchell, may also be invited to attend certain meetings of the Remuneration Committee.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee reviews and determines on behalf of the Board and shareholders of the Company the pay, benefits and other terms of service of the executive directors of the Company and the broad pay strategy with respect to senior Company employees.

BEST PRACTICE

As the Company is AIM-listed, the Company is not required to set out its remuneration policy but is doing so on a voluntary basis. To the extent that such principles are relevant to the current circumstances of the Company, the provisions of, inter alia, the Directors' Remuneration Report Regulations 2002 and the Combined Code are taken into account.

REMUNERATION POLICY

The objective of the Company's remuneration policy is to provide remuneration in a form and amount to attract, retain and motivate high quality management.

The remuneration policy of the Company has three principal components:

Basic salaries

Basic salaries are determined by the Remuneration Committee bearing in mind the salaries paid in AIM-listed and other similar companies. Within that frame of reference, it is intended that pay should be at the mid-market rate.

Bonuses

Bonuses are payable according to the achievement by the Company of certain pre-determined Company targets including earnings and development milestones. The level of bonuses payable on achievement of the targets is set at the level to provide the necessary incentives for executive directors and senior managers. There are appropriate adjustments to the bonus payable in the event of over or under-achievement of the Company against those targets.

Share Option Scheme

The 2004 Enterprise Management Incentive Plan (the EMI plan) no longer qualifies for favourable tax treatment. The Company has agreed to issue unapproved share options after the year end.

Employee Benefit Trust

The 4Less Group 2004 Employee Settlement ('the EBT') is a discretionary trust capable of benefiting all employees and former employees of the Company and certain of their dependants and the Company made an initial contribution of £100 to the Trustees. The trust has never issued any options and is in the process of being closed.

DIRECTORS' REMUNERATION

The particulars of the remuneration of the Directors is set out in the Directors' Report.

DIRECTORS' SERVICE CONTRACTS

All executive directors are employed under service contracts. The services of the executive directors may be terminated by a maximum of 6 months notice.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BAYDONHILL PLC

We have audited the financial statements of Baydonhill plc for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 the 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 have been 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. The information in the Director's report includes that specific information presented in the Chairman's and Chief Executive Officer's Statement that is cross-referenced from the business review section of the Director's Report.

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 other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report, the chairman's and chief executive officer's statement and the corporate governance statement. 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 other information.

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 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 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 the information in the financial statements.

OPINION

In our opinion:

- The financial statements give a true fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss 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.

PKF (UK) LLP.

**PKF (UK) LLP,
Registered Auditors,
London, UK
29 September 2009**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2009

	Note	2009 (£)	2008 (£)
Turnover	1 (c)	460,436,851	293,792,374
Cost of sales		(457,743,038)	(291,647,277)
Gross profit		2,693,813	2,145,097
Administrative expenses		(3,954,516)	(3,737,519)
Operating loss	3	(1,260,703)	(1,592,422)
Interest receivable and similar income	7	99,310	177,863
Interest payable and similar charges	8	(214,009)	(55,624)
Loss on ordinary activities before taxation		(1,375,402)	(1,470,183)
Taxation	9	-	-
Loss for the financial year		(1,375,402)	(1,470,183)
Basic loss per share	10	(5.64p)	(6.29p)
Fully diluted loss per share	10	(5.64p)	(6.29p)

There were no other recognised gains and losses in the year other than those included above.

All amounts relate to continuing operations

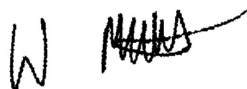
BALANCE SHEET

31 MARCH 2009

	Notes	2009 (£)	2008 (£)
FIXED ASSETS			
Tangible	11	728,572	590,027
Investments	12	10	10
		728,582	590,037
CURRENT ASSETS			
Debtors due within one year	13	39,917,677	19,201,359
Cash at bank and in hand		2,710,550	3,892,481
		42,628,227	23,093,840
CREDITORS: amounts falling due within one year	14	(42,778,505)	(22,801,713)
		(150,278)	292,127
NET CURRENT (LIABILITIES) / ASSETS			
		578,304	882,164
TOTAL ASSETS LESS CURRENT LIABILITIES		578,304	882,164
CREDITORS: amounts falling due after one year	14	(2,201,824)	(1,135,732)
		(1,623,520)	(253,568)
NET LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	18	243,841	243,841
Share premium account	19	3,005,551	3,005,551
Profit and loss account	19	(4,930,800)	(3,555,398)
Equity component of convertible loans	19	57,888	52,438
		(1,623,520)	(253,568)
EQUITY SHAREHOLDERS' DEFICIT			

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 September 2009.

Signed on behalf of the Board of Directors



Wayne Mitchell,
Chief Executive Officer

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2009

	2009 (£)	2008 (£)
Reconciliation of operating loss to net cash flow from operating activities		
Operating loss	(1,260,703)	(1,592,422)
Depreciation of tangible fixed assets	188,629	93,404
Increase in debtors	(20,716,318)	(9,954,686)
Increase in creditors	20,163,333	10,010,174
Share – based (credit)	-	(82,186)
Net cash outflow from operating activities	(1,625,059)	(1,525,716)
CASH FLOW STATEMENT (note 21)		
Net cash outflow from operating activities	(1,625,059)	(1,525,716)
Returns on investments and servicing of finance	20,302	122,239
Taxation	-	-
Capital expenditure	(327,174)	(340,249)
Cash outflow before use of liquid resources and financing	(1,931,931)	(1,743,726)
Management of liquid resources	119,200	-
Financing		
– Convertible Loans	150,000	1,026,000
– Issue of shares	-	503,782
– Loan facility	600,000	-
Decrease in cash in the year	(1,062,731)	(213,944)
Reconciliation of net cash flow to movement in net funds (note 22)		
Decrease in cash in the period	(1,062,731)	(213,944)
Cash inflow from decrease in liquid resources	(119,200)	-
Convertible loan note	(175,293)	(973,562)
Fixed interest loan	(600,000)	-
Net funds at 1 April 2008	2,918,919	4,106,425
Net funds at 31 March 2009	961,695	2,918,919

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

As a result of the Company's continued investment in its corporate division offering and the development of its online trading platform, the Company incurred a loss for the year of £1.4 million and at 31 March 2009 had net liabilities of £1.6 million, including convertible and unsecured loans due to its parent undertaking and related parties of £1.75 million. Both prior to and subsequent to the year end, the repayment date of these loans was formally extended to 30 September 2010. In addition, subsequent to the year end the parent undertaking, Ekwiex Limited, and one of that Company's subsidiaries, Ekwiex FX Limited, exercised warrants which in aggregate raised additional equity of £437,000. Furthermore, Ekwiex Limited is also at an advanced stage of negotiations with the Company to make available additional funding of up to £350,000 should it be needed.

Having regard to the above and in the context of both current and future trading, and the related cash flow projections prepared by the directors, the directors consider that, barring unforeseen circumstances, the Company will have adequate resources to meet its liabilities as they fall due for at a period of at least twelve months from the date of approval of these financial statements. Accordingly, they consider it appropriate to continue to prepare the financial statements on a going concern basis.

(b) Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been consistently applied except where noted, is set out below.

(c) Turnover and revenue recognition

Turnover represents:

1. The gross value of foreign exchange currency transactions undertaken by the Company's foreign currency business. Purchases of currency relating to such transactions are treated as cost of sales. Turnover is recognised after receiving the client's authorisation. Where the Company enters into contracts with its clients, it also enters into matched contracts with its bankers.
2. Commissions earned from arranging property finance. Such revenue is recognised when the client has entered into irrevocable arrangements with the loan provider or underwriter.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	33%
Leasehold improvements	Over the life of the lease
Online system	20%

(e) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(f) Investments

Investments are stated at cost less provision for impairment.

(g) Financial instruments

The prime financial instruments utilised by the Company are spot, fixed and open forward exchange contracts, to match clients' specific requirements. These unmatured spot and forward contracts with the Company's bankers are not recognised in the balance sheet as they are represented by amounts due to clients which are recognised. The Company does not enter into speculative contracts on its own account.

(h) Foreign currencies

Assets and liabilities which are the subject of matched contracts are translated into Sterling at the contract rate. Other assets and liabilities are translated into Sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction or, if matched, at the contract rate. Exchange differences are taken into account in arriving at the operating profit or loss.

(i) Deferred taxation

Deferred tax is provided in full on timing differences which 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 income and expenditure in taxation computations in periods different from those in which they are included in the 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 balances are not discounted.

(j) Liquid resources

The Company has a facility with its bankers which requires an interest earning deposit to be maintained with them and over which the bank has a charge. As a result, the Company's access to these funds is restricted. These funds are included in the cash flow statement as liquid resources rather than cash.

(k) Share based payments

The Company adopted Financial Reporting Standard 20 "Share-based Payment" for the first time in the year to March 2007. In accordance with FRS20, the fair value of share based payments are recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value is measured at the date of the grant, using the Black Scholes option pricing model taking into account the terms upon which the options were granted and spread over the period during which the employees become unconditionally entitled to the options. The charge made in respect of the share based payments is matched by an equal adjustment to the profit and loss reserve, thereby having no impact on the Company's closing reserves or shareholders funds.

As a result of the adoption of FRS20 the reported loss for the year has been reduced by £Nil (2008 : £82,186).

(l) Pensions

The Company operates a defined contribution pension scheme for certain directors and employees and the pension charge represents the amount payable by the Company to that fund in respect of the year. In addition, the Company operates a stakeholder pension scheme for all employees. The Company does not contribute to that stakeholder scheme.

(m) Convertible loan notes

In accordance with FRS 25 Financial Instruments: Disclosure and Presentation, the future payments of convertible loans, including all future interest payments, are discounted at an equivalent market value rate and included within creditors at initial recognition. The difference between this and the proceeds received is regarded as the equity element of the convertible loans and is shown within reserves as equity component of convertible loans. In subsequent years, the only movement is to unwind the net present value calculation.

Interest is calculated at a constant rate of return.

(n) Consolidated Accounts

The Company has taken advantage of section 229(2) of the Companies Act 1985 and not prepared consolidated accounts incorporating the investments referred to in note 12, as the Directors' consider that their inclusion is not material for the purpose of giving a true and fair view. The accounts therefore present information about the Company only and not about the group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SEGMENTAL REPORTING

The directors consider that there is only one class of business. All turnover arose in the United Kingdom. Turnover by destination is not materially different from turnover by origin.

3. OPERATING LOSS

The operating loss is stated after charging:

	2009 (£)	2008 (£)
Depreciation of tangible fixed assets	188,629	93,404
Operating lease rentals - land and buildings	142,500	142,500
Exceptional item – development of Corporate Foreign Exchange division	-	1,122,000

4. AUDITORS' REMUNERATION

	2009 (£)	2008 (£)
Fees payable to the Company's auditors for the audit of the Company's annual accounts	40,250	38,500
Fees payable to the Company's auditors and its associates for other services:		
Tax services	4,554	6,169
All other services	2,291	11,500

5. DIRECTORS' REMUNERATION

	2009 (£)	2008 (£)
Directors' emoluments	338,494	380,868

Pension contributions on behalf of the Directors were £11,638 (2008 : £11,250).

The number of Directors to whom retirement benefits are accruing under defined contribution schemes was 1 (2008: 1)

Included in the directors' emolument figure above is a termination payment of £18,750 to a director on his ceasing to hold office.

The highest paid Director received emoluments and benefits as follows:

	2009 (£)	2008 (£)
Emoluments	180,620	229,348
Pension contributions	11,638	11,250
Gain on the exercise of share options	-	20,168

During the year an amount of £40,000 (2008 : £40,000) was charged to the Company by Ekwinox Limited, the ultimate parent Company, for the services of Sarah Collis and Geoffrey Mayhill.

6. STAFF COSTS

Staff costs, including Directors' emoluments, were as follows:

	2009 (£)	2008 (£)
Wages and salaries	2,285,497	2,041,807
Social security costs	218,376	218,160
Pension costs	15,387	16,875
Other Staff costs	31,622	23,212
	2,550,882	2,300,054

The average number of employees, including Executive Directors during the year was:

	No.	No.
Sales and administration	47	45

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 (£)	2008 (£)
Bank interest receivable	99,310	177,863

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 (£)	2008 (£)
Bank loans and overdrafts	4,412	600
Extended payment terms from group companies in respect of on-line system	25,423	29,363
Interest due on loans from Group undertakings	153,401	25,661
Unwinding of net present value of convertible loans	30,773	-
	214,009	55,624

9. TAXATION

	2009 (£)	2008 (£)
--	----------	----------

a) Analysis for the year

Current tax:		
UK corporation tax on loss for the year	-	-
Adjustment in respect of previous years	-	-
Total current tax (note 9(b))	-	-
Total deferred tax	-	-
Total tax for the year	-	-

b) Factors affecting tax for year

Loss on ordinary activities before tax	(1,375,402)	(1,470,183)
Expected tax at 28% (2008 : 30%)	(385,113)	(441,055)
Expenses not deductible for tax purposes	28,445	34,528
Depreciation in excess of capital allowances / (capital allowances in excess of depreciation)	52,816	(37,514)
Share-based payments / credit not deductible / assessable for tax purposes	-	(24,656)
Losses arising in the period carried forward	303,852	468,697
Actual tax	-	-

c) Deferred tax

	Tax Losses (£)	Short term timing differences (£)	Accelerated capital allowances (£)	Potential deferred tax not recognised (£)	Total recognised (£)
At 1 April 2008	831,571	10,720	19,691	(861,982)	-
For the year	290,159	20,863	123,560	(434,582)	-
At 31 March 2009	1,121,730	31,583	143,251	(1,296,564)	-

d) Other factors affecting future tax

As at 31 March 2009, trading losses of approximately £3,980,000 (2008: £2,970,000) are available to carry forward against future profits of the same trade. These tax losses will reduce the corporation tax charge in future years until they have been utilised. No deferred tax asset in respect of these losses has been recognised as there is currently uncertainty as to the precise timing over which the asset will be recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. LOSS PER SHARE

Both basic loss per share and diluted loss per share are based on a loss after tax of (£1,375,402) (2008 : £1,470,183). The basic loss per share has been calculated on a weighted average of 24,384,015 (2008 : 23,354,859) ordinary shares in issue. 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 and warrants) reduces the net loss per share and is therefore anti-dilutive.

Shares issued after 31 March 2009 are disclosed in note 18.

11. TANGIBLE FIXED ASSETS

	On-line system (£)	Leasehold improvements (£)	Office equipment (£)	Total (£)
Cost				
At 1 April 2008	566,786	165,358	600,375	1,332,519
Additions	312,425	-	14,749	327,174
At 31 March 2009	879,211	165,358	615,124	1,659,693
Depreciation				
At 1 April 2008	41,609	165,327	535,556	742,492
Charge for period	137,404	31	51,194	188,629
At 31 March 2009	179,013	165,358	586,750	931,121
Net book amount				
At 31 March 2009	700,198	-	28,374	728,572
At 31 March 2008	525,177	31	64,819	590,027

12. FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings
2009 (£) 2008 (£)

Cost	
At 1 April 2008 and 31 March 2009	10 10

The Company holds 100% of the ordinary share capital of Baydonhill International Mortgages Limited and FLG Insurance Brokers Limited. The net assets and trade of these subsidiaries were transferred to Baydonhill plc on 31 March 2007 and, since that date, the two companies have remained dormant.

The Company also holds 100% of the ordinary share capital of www.fx4less.com Limited, Boatfinance4less Limited, Currencies4less Limited and FLG Corporate Services Limited, all of which are dormant. All subsidiaries are registered in England and Wales.

13. DEBTORS

	2009 (£)	2008 (£)
Due within one year		
Trade debtors	39,758,114	18,985,503
Prepayments and accrued income	159,563	215,856
	39,917,677	19,201,359

14. CREDITORS

	2009 (£)	2008 (£)
Amounts falling due within one year		
Trade creditors	41,654,912	21,947,213
Amounts owed to Group undertakings	389,206	588,146
Other tax and social security	99,251	54,151
Accruals and deferred income	510,732	190,531
Other creditors	124,404	21,672
	42,778,505	22,801,713
Amounts falling due after one year		
Convertible Loan Note dated 8 May 2007	470,069	449,899
Convertible Loan Note dated 23 August 2007	678,816	523,663
	1,148,885	973,562
Net debt element	1,148,885	973,562
Amounts due to Group undertakings	452,939	162,170
Unsecured loan dated 30 June 2008	600,000	-
	2,201,824	1,135,732

In May 2007 the Company entered into a Convertible Loan with the Ekwiex Group in the sum of £476,000, and in August 2007 it entered into a second Convertible Loan with the Ekwiex Group in the sum of £700,000, both at rates of interest based on LIBOR. At 31 March 2009 both the loans had been fully drawn down.

In 2008 the Company entered into a loan agreement with the Ekwiex Group in the sum of £600,000 with an interest rate of 12% per annum. At 31 March 2009 the loan had been fully drawn down.

15. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

Land and buildings

	2009 (£)	2008 (£)
Leases expiring:		
Within one year	35,625	35,625

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FINANCIAL INSTRUMENTS

Treasury activities take place under procedures and policies monitored by the Board. They are designed to minimise the financial risks faced by the Company which primarily arise from interest rate, currency, and liquidity risks and information is given below. As permitted by FRS13 Derivatives and other financial instruments, no further details are set out in respect of short-term debtors and creditors.

Further disclosures regarding financial instruments are given in the Directors report.

Interest rate risks

The Company has financed its operations primarily through both the issue of equity shares and through loans and convertible loans.

Floating rate loans

Floating rate assets comprise cash at bank and the Company receives interest on cash balances at rates linked to the Company's banker's base rate. At the year end, the Company had borrowings as a result of drawdowns from the loan notes amounting to £1,176,000 (2008 : £1,026,000) at rates of interest based on LIBOR.

Fixed rate loans

At the year end the Company owed ASPone Limited, the sum of £699,385 (2008 : £416,557) which bears interest at fixed rate of 10% per annum. At the year end the Company had borrowings as a result of drawdowns from the loan extended by Wallich & Matthes Holding BV of £600,000, which bears interest at a fixed rate of 12% per annum. Both rates are fixed for the term of the loan.

Liquidity risk

The Company's treasury management policies are designed to ensure the continuity of funding. The Company has surplus cash at the year end.

Foreign currency risk

The Company does not have any significant foreign currency exposure as all foreign currency is acquired under matched contracts to fulfil contracts with clients and therefore no further analysis is required under FRS 13.

17. FORWARD DELIVERY CONTRACTS AND MONIES DUE FROM CLIENTS

At the year end, the amount due from clients in respect of open contracts was £36,491,535 (2008 : £18,975,201). At the year end, the Company had committed to purchase currency at fixed rates from its bankers, in respect of clients, amounting to £41,370,000 (2008: £18,586,041). The fair value of these forward foreign currency exchange contracts at the year end would give rise to a credit of £1,028,000 (2008 : liability of £41,000).

18. SHARE CAPITAL

Ordinary shares of 1p each

	Authorised		Allotted, called up and fully paid	
	No.	£	No.	£
As at 1 April 2008 and 31 March 2009	75,000,000	750,000	24,384,015	243,841

At the end of the year the Company had granted the following warrants in respect of Ordinary shares:

	Number of warrants granted	Exercise price	Exercise date
Blue Oar Securities Limited	79,762	23p	4 April 2009
Ekwienox FX Limited	5,552,295	5.75p	31 March 2011
Ekwienox FX Limited	1,780,905	5.75p	31 March 2011
Ekwienox FX Limited	560,000	6.25p	30 April 2010

On 8 May 2007 Ekwiex FX Limited entered into an investment agreement with Baydonhill plc whereby Ekwiex FX Limited acquired 8,695,652 shares at a price of 5.75p. Additionally, the existing warrants and additional subscription rights held by Ekwiex FX were re-priced from 23p per share to 5.75p per share.

On the same date Ekwiex FX Limited entered into a Convertible Loan Agreement with Baydonhill plc whereby it agreed to extend to Baydonhill plc a convertible loan of £476,000 bearing interest at the rate of 3.75% above LIBOR and with conversion rights at a price of 5.75p per share.

In an investment agreement dated 8 May 2007, Wayne Mitchell subscribed for 260,869 shares, Tim Sullivan 86,956 shares and Ian Collins 69,565 shares, all at a price of 5.75p per share. Additionally, and under the terms of their Contracts of Employment, Wayne Mitchell was granted 672,268 shares and another employee 100,000 shares all at par.

On 23 August 2007 Ekwiex FX Limited entered into a Convertible Loan agreement with Baydonhill plc whereby it agreed to extend to Baydonhill plc a Convertible Loan of £700,000 bearing interest at the rate of 4.00% above LIBOR and with conversion rights at a price of 6.00p per share. In addition, the Company granted a warrant to Ekwiex FX Limited to subscribe for 560,000 Ordinary Shares at a subscription price of 6.25p exercisable at any time prior to 30 April 2010.

On 20 April 2009 Ekwiex FX Ltd exercised warrants for 1,739,130 shares at 5.75p. On 2 June 2009 Ekwiex Ltd exercised warrants for 3,500,000 shares at 5.75p. On 31 July 2009 Ekwiex FX Ltd exercised warrants for 1,749,070 shares and 560,000 shares at 5.75p and 6.25p respectively.

19. RESERVES

Share premium account

At 1 April 2008 and 31 March 2009

3,005,551

Profit and loss account	2009 (£)	2008 (£)
At beginning of year	(3,555,398)	(2,003,029)
(Loss) for year	(1,375,402)	(1,470,183)
Share-based payments	-	(82,186)
At end of year	(4,930,800)	(3,555,398)
Equity element of convertible loans		
At beginning of year	52,438	-
Movement in the year	5,450	52,438
At end of year	57,888	52,438

The equity element of convertible loans above represents the equity elements of the convertible loans entered into by the Company and is calculated in accordance with FRS 25.

20. EQUITY SHAREHOLDERS' (DEFICIT) / FUNDS

	2009 (£)	2008 (£)
At beginning of year	(253,568)	742,581
Loss for the year	(1,375,402)	(1,470,183)
New shares issued	-	531,724
Costs incurred in respect of Placing	-	(27,942)
Share-based payments	-	(82,186)
Equity element of convertible loans	5,450	52,438
At end of year	(1,623,520)	(253,568)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. GROSS CASH FLOWS

	2009 (£)	2008 (£)
Returns on investments and servicing of finance		
Interest received	99,310	177,863
Interest paid	(79,008)	(55,624)
	20,302	122,239
Capital expenditure		
Payments to acquire tangible fixed assets	(327,174)	(340,249)
Financing		
Issue of share capital	-	531,724
Expenses paid in connection with share issues	-	(27,942)
	-	503,782
Management of liquid resources		
Cash added to secured deposit	119,200	-

22. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2008 (£)	Cash Flows (£)	Other non-cash movements (£)	At 31 March 2009 (£)
Cash at bank and in hand	3,442,481	(1,301,131)	-	2,141,350
Liquid resources	450,000	119,200	-	569,200
Debt due after one year	(973,562)	(750,000)	(25,293)	(1,748,855)
Total	2,918,919	(1,931,931)	(25,293)	961,695

23. TRANSACTIONS WITH RELATED PARTIES

During the year the Company entered into contracts to purchase foreign exchange on an arms length basis on behalf of the following related parties. The total value of the transactions during the year were:

Sail Croatia Limited, a company controlled by Mr A. Hughes	£420,239	(2008 : £408,208)
Hidden Croatia Limited, a company controlled by Mr A. Hughes	£1,251,111	(2008 : £645,535)
Ekwiexox Limited, the ultimate parent Company	£611,932	(2008 : £2,337,680)
Sarah Collis, a director of the Company	£ Nil	(2008 : £345,686)
Arthur Hughes, the ultimate controlling party	£8,100,610	(2008 : £824,168)
Charles McLeod, a director of the Company	£107,736	(2008 : £583,686)
Ian Collins, a director of the Company (until 11 August 2008)	£ Nil	(2008 : £53,547)

During the year the Company incurred the following costs from related parties:

Ekwiexox Limited, in respect of executive, non-executive fees and insurance recharges	£48,400	(2008 : £46,000)
Ekwiexox FX Limited, fees in connection with the 2008 Placing	£ Nil	(2008 : £30,000)
ASPone Limited, a Company controlled by Ekwiexox Limited, in respect of the development of an online trading system and associated hosting and consultancy charges	£871,346	(2008 : £483,959)
Ekwiexox FX Limited, interest payable on convertible loan notes	£102,332	(2008 : £29,363)
Wallich & Matthes Holding BV interest on loan note	£30,260	(2008 : £ Nil)

At the end of the year the following amounts were owed from related parties:

Arthur Hughes	£ 24,975	(2008 : £ Nil)
Charles McLeod	£10,911	(2008 : £ Nil)

At the end of the year the following amounts were owed to related parties:

Ekwiex Limited	£20,000	(2008 : £333,759)
ASPone Limited	£717,589	(2008 : £416,557)
Sail Croatia Limited	£ Nil	(2008 : £ Nil)
Hidden Croatia Limited	£ Nil	(2008 : £27,883)
Charles McLeod	£ Nil	(2008 : £62,179)
Ekwiex FX Limited	£1,250,296	(2008 : £1,026,000)
Wallich & Matthes Holding BV	£630,260	(2008 : £Nil)

24. COMMITMENTS AND GUARANTEES

The Company has a facility with its bankers for spot and forward foreign exchange trading up to a maximum contingent risk amount outstanding (as determined by the bank) of £2,500,000 (2008 : £2,000,000). The contingent risk at the year end amounted to £2,557,000 (2008 : £1,372,000). Subsequent to the year end the maximum contingent risk amount outstanding has been increased to £3,500,000.

The Company had no capital commitments not provided for at the year end (2008 : £ NIL).

25. SHARE BASED PAYMENT

At the end of the year the Company had, under a previously approved Enterprise Management Incentive Plan, granted options in April 2004 and February 2005.

All options are settled by the issue of shares. The principal terms and conditions of the options outstanding at the year end are as follows:

Date of grant	Entitled employees	Number of options	Exercise price	Vesting period from grant	Exercise period
April 2004	Employees and certain directors	40,000	60p	3 years	April 2007 – April 2014
February 2005	Director	50,000	55p	3 years	Feb 2008 – Feb 2015
July 2005	Former Director	600,000	28p	0 years	July 2005 – July 2010

2009

2008

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	878,333	33p	2,881,833	45p
Forfeited during the year	(188,333)	36p	(1,928,095)	49p
Exercised during the year	-	1p	(75,405)	1p
Outstanding at the year end	690,000	32p	878,333	33p
Exercisable at the end of the year	690,000	32p	878,333	33p

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The options outstanding at 31 March 2009 had exercise prices ranging from 28p to 60p and the weighted average remaining contractual life was 2 years.

The fair value of the options and shares granted have been measured using the Black Scholes valuation model. In arriving at the fair value, each option grant has been valued separately, with the exception of certain options which were issued simultaneously on identical terms which have been aggregated. Volatility has been estimated by reference to the historical volatility in the Company's share price over a period of one year prior to each grant date.

The following table lists the main assumptions used in the models:

Volatility (%)	18.0 – 113.7
Risk-free interest rate (%)	4.22 – 4.86
Expected life of options (years)	10
Expected life of share-based payments (years)	1.25
Weighted average share price – options (price)	40
Weighted average share price – share based payments (pence)	11
Expected dividends	None

The credit recognised for share based payments in respect of lapsed options during the year was £Nil (2008 : £82,186).

26. PENSION COMMITMENTS

The Company operates two defined contributions pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by The Company to the funds for the year and amounted to £15,387 (2008 : £16,875). There was nothing (2008 : NIL) owing to the pension schemes at the end of the year.

27. PARENT COMPANIES AND CONTROLLING PARTIES

The immediate parent Company and controlling party is Ekwiex FX Limited. Ekwiex Limited is the ultimate parent Company of Baydonhill plc and is the largest and smallest Company which prepares group accounts including Baydonhill plc. These are available from their registered office. Ekwiex Limited is under the control of Mr A. Hughes.

28. POST BALANCE SHEET EVENTS

On 23 September 2009 Ekwiex FX Ltd, a subsidiary of Ekwiex Ltd agreed to extend the maturity of the convertible loans in issue to 30 September 2010. All other terms of the convertible loan are unchanged.



NOTICE OF ANNUAL GENERAL MEETING

BAYDONHILL PLC.

(Incorporated in England and Wales with registered number 03910588)

Notice is hereby given that the Annual General Meeting of **Baydonhill plc** ("Company") for the calendar year 2009 will be held at 160 Brompton Road, Knightsbridge, London, SW3 1HW on 23 October 2009 at 9.30 a.m. for the following purposes:

To consider and if thought fit, pass Resolutions 1, 2, 3, 4 and 5 as Ordinary Resolutions and Resolutions 6 and 7 as Special Resolutions:-

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 March 2009 and the directors' and auditors' reports thereon.
2. To re-elect Sarah Ann Collis, who retires by rotation pursuant to Article 122 of the Company's Articles of Association and who, being eligible, offers herself for re-election, as a director.
3. To re-appoint PKF (UK) LLP as auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the meeting.
4. To authorise the Directors to determine the remuneration of the Auditors.

To transact any other ordinary business of the Company.

SPECIAL BUSINESS

5. AUTHORITY TO ALLOT RELEVANT SECURITIES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("CA 2006") to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £223,108, provided that this authority shall expire at the conclusion of the Company's Annual General Meeting in calendar year 2010 (unless previously revoked, varied or extended by the Company in general meeting) save that such authority shall allow the Company to make offers or agreements before the expiry thereof which would or might require shares to be allotted or Rights to be granted after the expiry of such authority. This authority shall be in addition to the directors being authorised to allot any relevant securities required pursuant to any warrants, convertible loans and/or options previously entered into by the Company.

6. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT, subject to the passing of Resolution 5 set out in the notice of this meeting, the directors be generally empowered pursuant to section 570 of the Companies Act 2006 ("CA 2006") to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority given by Resolution 5 set out in the notice of this meeting as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to allotments of equity securities in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and others persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory and otherwise, up to an aggregate nominal amount of £132,633 and so that:

- (a) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power; and
- (b) this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company for the calendar year 2010.

This authority shall be in addition to the directors being authorised to allot any equity securities required pursuant to any warrants, convertible loans and/or options previously entered into by the Company.

7. AUTHORITY TO MAKE MARKET PURCHASES

To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT the Company be and is hereby generally and unconditionally authorised pursuant to and in accordance with section 701 of the Companies Act 2006 ("CA 2006") to make market purchases (within the meaning of section 693(4) of the CA 2006) of Ordinary shares of 1p each in the Company ("Ordinary Shares") on such terms and in such manner as the directors of the Company shall from time to time determine provided that:

- (a) the maximum number of Ordinary Shares so authorised to be purchased shall not exceed 14.99% of the present issued Ordinary Share Capital of the Company;
- (b) the minimum price which may be paid for an Ordinary Share shall be 1p;
- (c) the maximum price, exclusive of expenses, which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
- (d) the authority conferred comes to an end at the conclusion of the Annual General Meeting of the Company for the calendar year 2010, unless previously revoked, varied or renewed by the Company in general meeting; and
- (e) that the Company may enter into a contract to purchase its Ordinary Shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

8. LOSS OF CAPITAL

To consider, in accordance with section 656 of the Companies Act 2006, whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are half or less of its called-up share capital.

By Order of the Board



G K Urquhart FCIS
Secretary

160 Brompton Road
Knightsbridge
London
SW3 1HW

29 September 2009

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

NOTES

- (a) A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote on his or her behalf. A proxy need not be a member but must attend the meeting to represent you. If a member appoints more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member. A form of proxy for use by members at the meeting is enclosed. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. If you do have a form of proxy and require additional forms you may also photocopy the form.
- (b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the Registrars of the Company, so as to be received by no later than 48 hours before the time the annual general meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the annual general meeting.
- (c) Copies of the Directors' Letters of Appointment will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the annual general meeting, and for at least 15 minutes prior to the commencement of the meeting until its conclusion.
- (d) In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate member has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that member at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
2. The Companies Act 2006 also provides that any allotment of new shares for cash must be made pro rata to individual shareholders' holdings, unless such provisions are disapplied under section 570 of the Companies Act 2006. Resolution 6 will be proposed as a Special Resolution for the renewal of the directors' authority to allot equity securities, without first offering them to shareholders pro rata to their holdings. This authority facilitates issues made by way of rights to shareholders which are not strictly in accordance with section 561 of the Companies Act 2006, and authorises other allotments of up to a maximum aggregate nominal amount of £132,633. This represents approximately 5 per cent of the current issued share capital of the Company in addition to the shares which may be required to be allotted to Ekwiex FX Limited if the outstanding amount of the Loan is converted where the full amount of the Loan has been drawn down by the Company. The directors have no present intention of exercising this authority otherwise than pursuant to contractual arrangements with Ekwiex FX Limited referred to in paragraph 1 above. This authority is in addition to the directors being authorised to allot any equity securities required pursuant to any warrants, convertible loans and/or options previously entered into by the Company.
3. Resolution 7 will be proposed as a Special Resolution for the renewal of the Company's authority to purchase its own shares in the market provided that the maximum number of shares so authorised shall not exceed 14.99 per cent of the present issued share capital of the Company. The price payable shall not be more than 5 per cent above the average price of the middle market quotation as derived from the Daily Official List of London Stock Exchange plc for the Ordinary Shares for the five business days before the purchase is made and in any event not less than 1p per share, being the nominal value of the shares. It is the Directors' intention only to exercise the authority to purchase the Company's shares where it would increase the earnings per share of those Ordinary Shares that are not re-purchased. The Company intends either to cancel such shares or to hold them in treasury. This power will only be used if the Directors consider that to do so would be in the best interests of shareholders generally.

EXPLANATORY NOTES

Special Business

1. The Companies Act 2006 provides that directors shall only allot unissued shares with the authority of shareholders in general meeting. Resolution 5 will be proposed as an Ordinary Resolution for the renewal of the directors' general authority to issue shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £223,108. This represents approximately one third of the current issued share capital of the Company in addition to the shares which may be required to be allotted to Ekwiex FX Limited if the outstanding amount of the convertible loan made by Ekwiex FX Limited to the Company pursuant to a convertible loan agreement between Ekwiex FX Limited and the Company dated 23 August 2007 ("Loan") is converted into ordinary shares of the Company where the full amount of the loan has been drawn down by the Company. This authority is in addition to the directors being authorised to allot any relevant securities required pursuant to any warrants, convertible loans and/or options previously entered into by the Company. Save as referred to above, the directors have no present intention of exercising this authority and the authority will expire at the conclusion of the Annual General Meeting of the Company for the calendar year in 2010 or such earlier time as the authority is next varied, revoked or renewed.

FORM OF PROXY

BAYDONHILL plc

ANNUAL GENERAL MEETING – 23 OCTOBER 2009

I / We _____

(block capitals please)

of _____

being a member of Baydonhill plc ("Company"), hereby appoint _____

or failing him / her the Chairman of the meeting to be my / our proxy and vote for me / us on my / our behalf at the Annual General Meeting of the Company for the calendar year 2009 to be held on 23 October 2009 at 9.30a.m., notice of which was sent to shareholders with the accounts for the year ended 31 March 2009, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number	For	Against	Withheld
1. To receive and adopt the audited financial statements for the financial year ended 31 March 2009			
2. To re-elect Sarah Ann Collis as a director			
3. To re-appoint PKF (UK) LLP as auditors			
4. To authorise the directors to determine the remuneration of the Auditors			
5. To authorise the directors to allot shares (Ordinary Resolution)			
6. To disapply Section 561 of the Companies Act 2006 (Special Resolution)			
7. To authorise the directors to make market purchases of its own shares by utilising distributable reserves of the Company (Special Resolution)			

Signed: _____

Dated: _____

2009

NOTES

1. A member wishing to appoint a person other than the Chairman of the meeting as a proxy should insert the name and address of such person in the space provided.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his / her discretion as to whether and how he / she votes.
4. To be valid, the proxy form must be received by the Registrars no later than 48 hours before the commencement of the meeting.

SECOND FOLD

AFFIX
STAMP
HERE

**Neville Registrars Ltd.
Neville House
18 Laurel Lane
Halesowen
B63 3DA**

FIRST FOLD

THIRD FOLD

BAYDONHILL PLC

COMPANY INFORMATION

DIRECTORS

William Eric Peacock – Chairman
Wayne Mitchell
Sarah Collis
Geoffrey Mayhill
Charles McLeod

SECRETARY

Graham Urquhart

COMPANY NUMBER

03910588

REGISTERED OFFICE

160 Brompton Road
Knightsbridge, London SW3 1HW

AUDITORS

PKF (UK) LLP
Farringdon Place
20 Farringdon Road, London EC1M 3AP

NOMINATED ADVISORS

John East & Partners Limited
10 Finsbury Square, London EC2A 1AD

REGISTRARS AND RECEIVING AGENTS

Neville Registrars Ltd.
Neville House
18 Laurel Lane, Halesowen
West Midlands B63 3DA

SOLICITORS TO THE COMPANY

Norton Rose
3 More London
London
SE1 2AQ

PRINCIPAL BANKERS

Bank of Ireland
Bow Bells House
1 Bread Street
London
EC4M 9BE



SHAREHOLDERS NOTES



SHAREHOLDERS NOTES



SHAREHOLDERS NOTES



Baydonhill plc.
160 Brompton Road, London SW3 1HW
Tel: 020 7594 0584
Fax: 0870 330 5950
Email: enquiries@baydonhill.com



BAYDONHILL

COMPANY NUMBER: 03910588