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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 44695

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2008 AND ENDING 12/31/2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: INVEX, Inc. and Subsidiary

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

601 Brickell Key Drive, Suite 400

(No. and Street)

Miami

(City)

Florida

(State)

33131

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gerardo Reyes Retana

786-425-1717

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Grant Thornton LLP

(Name - if individual, state last, first, middle name)

1301 International Parkway, Suite 300 Fort Lauderdale, Florida 33323

(Address)

(City)

(State)

(Zip Code)

SEC Mail Processing
Section

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

MAR 02 2009

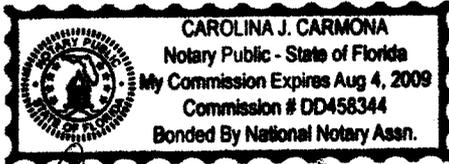
Washington, DC
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OF AFFIRMATION

I, Gerardo Reyes Retana, swear that, to the best of my knowledge and belief the accompanying consolidated financial statements for the year ended Decemeber 31, 2008, and supplemental schedule as of December 31, 2008 pertaining to INVEX, Inc. and Subsidiary (the "Company") are true and correct. I further swear that neither the Company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.



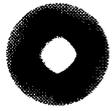
Gerardo Reyes Retana
Signature
President
Title

Carolina Carmona
Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Consolidated Statements of Financial Condition.
- (c) Consolidated Statements of Operations.
- (d) Consolidated Statements of Cash Flows.
- (e) Consolidated Statements of Shareholder's Equity.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors (not applicable)
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 (not applicable as it is exempt from requirements, see footnote 8 of the consolidated financial statements).
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3 (not applicable as it is exempt from requirements, see footnote 8 of the consolidated financial statements).
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3 (not applicable).
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report (not applicable).
- (n) A Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (not applicable).

** For conditions of confidential treatment of certain positions of this filing, see section 240.17a-5 (e) (3).



Grant Thornton

Consolidated Financial Statements and Report
of Independent Certified Public Accountants

INVEX, Inc. and Subsidiary

December 31, 2008

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Report of Independent Certified Public Accountants

Board of Directors
INVEX, Inc.

We have audited the accompanying consolidated statement of financial condition of INVEX, Inc. and subsidiary (the "Company") as of December 31, 2008 and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of INVEX, Inc. and subsidiary as of December 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statement taken as a whole.

Grant Thornton LLP

Miami, Florida
February 23, 2009

INVEX, Inc. and Subsidiary

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2008

ASSETS

Cash and cash equivalents	\$ 4,651,430
Restricted cash	106,799
Deposits with clearing broker	187,079
Securities purchased under agreements to resell	54,678,930
Securities owned - at market value	7,501,314
Receivables from clearing broker	1,660,009
Deferred tax asset - net of allowance of \$362,071	1,052,137
Interest and accounts receivable	223,001
Furniture and equipment - net of accumulated depreciation of \$407,139	135,477
Prepaid and other assets	<u>406,325</u>
Total assets	<u>\$ 70,602,501</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities	
Payables to customers	\$ 54,678,920
Securities sold, not yet purchased – at market value	285,063
Other liabilities	<u>349,955</u>
Total liabilities	55,313,938
Commitments (Note I)	
Shareholder's equity	
Common stock, \$1 par value - 1,000 shares authorized; issued and outstanding	1,000
Additional paid-in capital	9,999,000
Retained earnings	<u>5,288,563</u>
Total shareholder's equity	<u>15,288,563</u>
Total liabilities and shareholder's equity	<u>\$ 70,602,501</u>

The accompanying notes are an integral part of this financial statement.

INVEX, Inc. and Subsidiary

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2008

Revenues	
Commissions	\$ 5,308,671
Interest and dividend income	984,543
Trading loss, net	<u>(3,814,809)</u>
Total revenues	2,478,405
Expenses	
Employee compensation and benefits	1,885,154
Subscriptions, dues, and clearing fees	946,783
Communications	139,708
Professional fees	634,689
General and administrative	260,446
Interest expense	207,087
Occupancy and equipment rental	<u>322,844</u>
Total expenses	<u>4,396,711</u>
Loss before provision for income taxes	(1,918,306)
Benefit from income taxes	<u>265,779</u>
Net loss	<u>\$ (1,652,527)</u>

The accompanying notes are an integral part of this financial statement.

INVEX, Inc. and Subsidiary

CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY

For the Year Ended December 31, 2008

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - December 31, 2007	\$ 1,000	\$ 9,999,000	\$ 6,941,090	\$ 16,941,090
Net loss	-	-	(1,652,527)	(1,652,527)
Balance - December 31, 2008	<u>\$ 1,000</u>	<u>\$ 9,999,000</u>	<u>\$ 5,288,563</u>	<u>\$ 15,288,563</u>

The accompanying notes are an integral part of this financial statement.

INVEX, Inc. and Subsidiary

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

Cash flows from operating activities	
Net loss	\$ (1,652,527)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	75,471
Deferred tax benefit	(1,047,023)
Decrease (increase) in assets:	
Restricted cash	398,928
Deposits with clearing broker	8,982
Securities purchased under agreements to resell	(9,685,316)
Securities owned-at market value	1,909,232
Receivables from broker-dealers and clearing broker	(1,345,199)
Interest and accounts receivable	(50,647)
Other assets	(132,239)
Increase (decrease) in liabilities:	
Payables to customers	9,700,014
Securities sold, not yet purchased	285,063
Other liabilities	<u>(47,610)</u>
Net cash used in operating activities	(1,582,871)
 Cash flows from investing activities	
Purchases of furniture and equipment	<u>(28,203)</u>
Net cash used in investing activities	<u>(28,203)</u>
 Net decrease in cash and cash equivalents	(1,611,074)
 Cash and cash equivalents - beginning of year	<u>6,262,504</u>
 Cash and cash equivalents - end of year	<u>\$ 4,651,430</u>
 Supplemental disclosures of cash flow information	
Cash paid during the year for:	
Interest	<u>\$ 207,087</u>
Income taxes	<u>\$ 1,140,000</u>

The accompanying notes are an integral part of this financial statement.

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

NOTE A - ORGANIZATION

INVEX, Inc. ("INVEX"), a Delaware corporation, was incorporated on January 30, 1992, and received its broker/dealer registration from the Securities and Exchange Commission (the "SEC") on March 24, 1992. INVEX is wholly owned by INVEX, Casa de Bolsa, S.A. de C.V. (the "Parent") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Parent's business activities include broker/dealer activities, underwriting, and proprietary trading in Mexican securities. The Parent is a member of the Mexican-based financial group, INVEX, Controladora, S.A. de C.V. (the "Group").

INVEX is a FINRA-registered securities broker/dealer offering brokerage services to the clientele of the Parent as well as executing proprietary trading for the firm. The majority of INVEX's and its wholly owned subsidiary, INVEX USA's (collectively, the "Company") revenue relates to commissions and markups attributable to customer transactions.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly owned subsidiary, after the elimination of all intercompany balances and transactions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit at banks and depository institutions. The Company considers all highly liquid investments (including money market funds) with original maturities of three months or less to be cash equivalents.

(continued)

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Cash

Restricted cash consists of \$106,799 of cash deposited with an investment banking firm in connection with the credit default swap agreement described in Note L.

Securities Transactions

Securities transactions, commission income and related expenses are recorded on a trade-date basis. Securities owned and securities sold but not yet purchased are stated at quoted market values with unrealized gains and losses reflected in trading income or loss—net on the accompanying consolidated statement of operations. Commissions revenue consists primarily of markups on bonds sold to customers.

Securities purchased under agreements to resell are collateralized financing transactions. As of December 31, 2008, the securities purchased under agreements to resell have been pledged as collateral for the payables to customers and represent overnight and other short-term transactions.

Securities-owned inventory is carried at fair value, which is estimated based on quoted market prices for those or similar instruments (see Note C). Changes in fair value of securities owned are recorded in the consolidated statement of operations as trading income or losses.

Furniture and Equipment

Furniture and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets which range from three to five years.

Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at year-end rates of exchange, while the income statement accounts are translated at average rates of exchange for the year. Gains or losses resulting from foreign currency transactions are included in net income.

(continued)

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Other Assets

Included in other assets is a certificate of deposit in the amount of approximately \$66,000 that matures on May 16, 2009 for a one year term and bears interest at 2.8% per annum.

Reclassifications

Approximately \$780,000 that was previously reported as due from clearing broker in the 2007 financial statements has been reclassified as cash and cash equivalents to conform to the current year presentation.

Recent Accounting Pronouncements Affecting the Company

In the first quarter of 2008, Invex adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." This statement defines fair value for certain financial and nonfinancial assets and liabilities that are recorded at fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This guidance is disclosed in Note N.

On February 12, 2008, the FASB finalized FASB Staff Position 157-2, "Effective Date of FASB Statement No. 157." This Staff Position delays the effective date of SFAS No. 157 for non-financial assets and liabilities to 2009, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of SFAS No. 157 had no effect on Invex's consolidated financial position or results of operations.

(continued)

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements Affecting the Company - Continued

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies Statement 109, Accounting for Income Taxes, and requires the recognition of the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. On December 30, 2008, the Financial Accounting Standards Board released FSP FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. The FSP defers the effective date of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, for certain nonpublic enterprises, including nonpublic not-for-profit organizations, for fiscal years beginning after December 15, 2008. Accordingly, the Company has elected to defer FIN 48. The Company's current accounting policy for evaluating uncertain tax positions is in accordance with Statement of Financial Accounting Standard No 5 "Accounting for Contingencies" which requires the accrual of a contingent liability only if it is probable that a liability had been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

NOTE C - SECURITIES

The components of securities inventory at December 31, 2008 are as follows:

	<u>Owned</u>	<u>Sold, Not Yet Purchased</u>
Domestic - U.S. corporate equity securities	\$ 122,000	\$ -
Domestic - U.S. debt securities	3,765,337	-
Domestic - collateralized debt obligation	680,000	-
Domestic - futures position on treasury bond	-	285,063
Foreign - debt instruments	<u>2,933,977</u>	<u>-</u>
	<u>\$ 7,501,314</u>	<u>\$ 285,063</u>

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE D - RECONCILIATION OF ASSETS, LIABILITIES AND SHAREHOLDER'S EQUITY

A reconciliation of the amounts reported in the Company's consolidated financial statements herein to amounts reported by the Company on its unconsolidated Part IIA of Form X-17A-5, filed with the SEC for the year ended December 31, 2008, is as follows:

	Part IIA of Form X-17A-5	Reclassifications	Adjustments	Consolidation of Subsidiaries	Financial Statements
Assets					
Cash and cash equivalents	\$ 239,043	\$ 2,812,199	\$ -	\$ 1,600,188	\$ 4,651,430
Restricted cash	-	106,799	-	-	106,799
Deposits with clearing broker	-	187,079	-	-	187,079
Securities purchased under agreements to resell	-	-	-	54,678,930	54,678,930
Securities owned - at market value	9,604,062	(2,102,742)	(6)	-	7,501,314
Receivables from other brokers and dealers	4,014,451	(4,015,393)	942	-	-
Receivables from clearing broker	-	1,660,009	-	-	1,660,009
Deferred tax asset - net	-	1,052,137	-	-	1,052,137
Interest and accounts receivable	-	229,333	-	(6,332)	223,001
Furniture and equipment, net of accumulated depreciation	135,477	-	-	-	135,477
Investment in subsidiary	1,594,829	-	(963)	(1,593,866)	-
Prepaid and other assets	340,860	65,465	-	-	406,325
Total	\$ 15,928,722	\$ (5,114)	\$ (27)	\$ 54,678,920	\$ 70,602,501
Liabilities					
Payables to customers	\$ -	\$ -	\$ -	\$ 54,678,920	\$ 54,678,920
Payables to brokers or dealers	71	(71)	-	-	-
Securities sold, not yet purchased at market value	285,063	-	-	-	285,063
Other liabilities	349,888	71	(4)	-	349,955
Total liabilities	635,022	-	(4)	54,678,920	55,313,938
Shareholder's equity	15,293,700	(5,114)	(23)	-	15,288,563
Total	\$ 15,928,722	\$ (5,114)	\$ (27)	\$ 54,678,920	\$ 70,602,501

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE E - INCOME TAXES

The Company uses an asset and liability approach for financial accounting and reporting for income taxes. This method gives consideration to the future tax consequences associated with carryforwards and with temporary differences between financial accounting and tax bases of assets and liabilities. These differences relate primarily to depreciation and loss carryforwards.

The Company has no significant permanent differences between the reported amount of income tax expense and the amount of income tax expense that would result from applying the federal statutory rates to pretax income from continuing operations. The difference between the statutory rate of 34% and the effective rate in 2008 is primarily due to state income taxes and valuation allowances.

The summary of the Company's provision for income taxes for the year ended December 31, 2008, is as follows:

Federal	\$	720,744
State		<u>60,500</u>
		781,244
Deferred tax benefit		<u>(1,047,023)</u>
Benefit from income taxes	\$	<u>(265,779)</u>

The summary of the tax effects of attributes that give rise to deferred tax assets and liabilities as of December 31, 2008, is as follows:

Deferred taxes		
Capital loss carryforward and unrealized losses	\$	1,454,124
Depreciation		<u>(39,916)</u>
Net deferred tax asset before valuation allowance		1,414,208
Valuation allowance		<u>(362,071)</u>
Net deferred tax asset	\$	<u>1,052,137</u>
Valuation allowance - beginning of year	\$	-
Change in realization of tax carryforwards		<u>362,071</u>
Valuation allowance - end of year	\$	<u>362,071</u>

(continued)

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE E - INCOME TAXES - Continued

The Company has a capital loss carryforward of approximately \$1,567,000 as of December 31, 2008, which can be used to offset future capital gains. Approximately \$26,000 of the capital loss carryforward expires in 2009 and approximately \$1,541,000 of the capital loss carryforward expires in 2013. Management believes that, based on the available evidence, a valuation allowance of \$362,071 is required because it is expected that some of the remaining capital loss carryforward will expire unused. Management has determined that the benefit related to the \$1,052,137 net deferred tax assets more likely than not will be realized.

NOTE F - TRANSACTION WITH CLEARING BROKERS

The Company clears its U.S. securities transactions and customers' transactions on a fully disclosed basis through nonaffiliated clearing brokers.

NOTE G - NET CAPITAL REQUIREMENT

The Company is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1"). The Company has elected to compute minimum net capital under the Alternative Net Capital method under Rule 15c3-1(f), which requires maintenance of minimum net capital of the greater of 2% of aggregate debit items or \$250,000 at December 31, 2008. At December 31, 2008, the Company had net capital as defined by Rule 15c3-1(f) of \$9,753,634 which was \$9,503,634 in excess of the required minimum net capital.

NOTE H - RESERVE REQUIREMENTS AND INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS FOR BROKERS AND DEALERS

The Company is exempt from the provisions of Rule 15c3-3 (pursuant to paragraph (k)(2)(ii) of such rule) of the Securities Exchange Act of 1934 as an introducing broker or dealer that carries no customers' accounts, promptly transmits all customer funds and delivers all customer securities received to the clearing broker and does not otherwise hold funds or securities of customers or dealers. Because of such exemption, the Company is not required to prepare a determination of reserve requirement and the Company is not subject to the provisions of Rule 15c3-3 pertaining to the possession or control requirements for broker dealers.

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE I - COMMITMENTS

The Company leases office space under an operating lease in Dallas, Texas, and Miami, Florida. The lease in Dallas, Texas, expires on March 31, 2009, and the lease in Miami, Florida, expires on May 31, 2011. The Company did not renew the office space in Dallas, Texas. These leases provide for minimum annual rentals, which are subject to escalation clauses for operating costs and taxes. All remaining minimum annual rent for the office space in Dallas is accrued on the accompanying financial statements as of December 31, 2008. The future minimum lease payments for the Company are as follows:

2009	\$	199,048
2010		173,524
2011		<u>71,225</u>
	\$	<u>443,797</u>

In addition, the Company leases investor computer systems under operating lease agreements that automatically renew every two years. The total lease expense for the related equipment amounted to approximately \$59,000 for the year ended December 31, 2008.

Rent expense amounted to approximately \$249,000 net of sublease income of approximately \$23,000, for the year ended December 31, 2008.

NOTE J - OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company's securities transactions involve executions and settlements of various securities transactions as principal. These activities may expose the Company to risk in the event that counterparties are unable to fulfill contractual obligations.

The Company has agreed to indemnify its clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company. The introduced customers are generally institutional or high-net-worth retail customers.

The Company's policy is to take possession of securities purchased under agreements to resell. The Company monitors the market value of the assets acquired to ensure their adequacy as compared to the amount at which the securities will be subsequently resold, as specified in the respective agreements. The agreements provide that, where appropriate, the Company may require the delivery of additional collateral.

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE K - RELATED-PARTY TRANSACTIONS

The Company accrued an annual fee totaling \$53,681 to the Parent in 2008 for use of the name "INVEX." The Company also accrued a fee to the Parent of \$6,978 for software licenses. These fees are included as a component of professional fees in the accompanying consolidated statement of operations.

The Company has approximately \$11,127 of receivables at December 31, 2008 from employees related to personal expenses. Such amounts are included in interest and accounts receivable in the accompanying consolidated statement of financial condition.

NOTE L - CREDIT DEFAULT SWAP AGREEMENT

The Company entered into Credit Default Swap Agreements (the "Agreements") with an investment banking firm. The Agreements guarantee the total face value of the debt securities in the event of default. The Company pays an interest based fee to the investment banking firm in return for this guarantee. During the year ended December 31, 2008, the Company recorded interest expense of approximately \$129,114 related to the Agreements and this amount is presented as a component of interest expense in the accompanying 2008 consolidated statement of operations. The Agreements also call for the Company to hold a certain amount of cash in an interest bearing account with the financial institution to guarantee the Company's payment of future interest. As of December 31, 2008, the balance of this account totaled \$106,799 and is presented as restricted cash in the accompanying consolidated statement of financial condition.

NOTE M - EMPLOYEE RETIREMENT SAVINGS PLAN

The Company participates in a Salary Reduction Simplified Employee Pension Plan (the "Plan") for its employees. An employee is eligible to participate in the Plan after three months of employment with the Company. Employees can contribute from 1 to 15% of their bi-weekly pay into the Plan to a maximum of the lesser of 25% of the participant's compensation (limited to \$230,000 of the participant's compensation) or \$15,500 in 2008. The Company matches up to 100% of the first 3% of a participating employee's contribution to the Plan. During the year ended December 31, 2008, the Company contributed \$33,737 to the Plan.

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE N - ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company adopted the provisions of FASB Statement No. 157: "Fair Value Measurements" (SFAS 157), effective January 1, 2008. Under SFAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various approaches. SFAS 157 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly,

(continued)

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE N - ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

- Equities – The Company values investments in securities and securities sold short that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.
- Corporate bonds – The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, they are categorized in Level 3 of the hierarchy.
- Resale and Repurchase Agreements – Securities purchased under agreements to resell and securities sold under agreements to repurchase, principally U.S. government, federal agency and investment-grade sovereign obligations, represent collateralized financing transactions, which are valued at their face amount due to the short-term nature and underlying credit quality of those instruments. The Company receives securities purchased under agreements to resell, makes delivery of securities sold under agreements to repurchase, and monitors market value of these securities on a daily basis.

(continued)

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE N - ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

- Collateralized debt obligations (“CDOs”) - CDOs, for which observability of external price data is extremely limited, are valued based on an evaluation of the market for similar positions as indicated by primary and secondary market activity in the cash CDO and synthetic CDO markets. Each position is evaluated independently taking into consideration the underlying collateral performance and pricing, behavior of the tranche under various cumulative loss and prepayment scenarios, deal structures (e.g. , non-amortizing reference obligations, call features) and liquidity. While these factors may be supported by historical and actual external observations, the determination of their value as it relates to specific positions nevertheless requires significant judgment.

The following tables present the Company’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2008.

Financial Assets and Liabilities at Fair Value

As of December 31, 2008
(Dollars in Thousands)

	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	\$ 4,651	\$ -	\$ -	\$ 4,651
Securities purchased under agreements to resell	-	54,679	-	54,679
Financial instruments owned:				
Equities	122	-	-	122
Corporate debt	-	6,699	-	6,699
Collateralized debt obligation	-	-	680	680
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 4,773</u>	<u>\$ 61,378</u>	<u>\$ 680</u>	<u>\$ 66,831</u>
LIABILITIES				
Deposits with customers	\$ -	\$ 54,679	\$ -	\$ 54,679
Financial instruments sold, not yet purchased:				
U.S. treasury bond future	<u>285</u>	<u>-</u>	<u>-</u>	<u>285</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 285</u>	<u>\$ 54,679</u>	<u>\$ -</u>	<u>\$ 54,964</u>

(continued)

INVEX, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2008

NOTE N - ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) during the year ended December 31, 2008:

Level 3 Financial Assets and Liabilities

Year ended December 31, 2008

(Dollars in Thousands)

	<u>Total Gains/Losses Included in Income</u>						
	<u>Principal Transactions</u>						
	<i>Unrealized Gains and (Losses) Related to Assets Held at Year End</i>	<i>Realized Gains and (Losses) Related to Assets No Longer Held</i>	<i>Investment Banking Realized Gains and (Losses) No Positions Held at Year End</i>	<i>Purchases, Issuances and Settlements</i>	<i>Transfers In (Out)</i>	<i>Ending Balance</i>	
	<i>Beginning Balance</i>						
ASSETS							
Financial instruments owned	\$680	\$0	\$0	\$0	\$0	\$680	

SUPPLEMENTARY INFORMATION

INVEX, Inc.

**UNCONSOLIDATED COMPUTATION OF NET CAPITAL
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-1
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2008

Net capital		
Total shareholder's equity from statements of financial condition		\$ 15,288,563
Deduct		
Nonallowable assets		
Restricted cash		106,799
Deferred tax asset		1,052,137
Receivables		745,018
Investment in collateralized debt obligation		680,000
Investments in and receivables from subsidiary		1,594,829
Furniture and equipment, net		135,477
Other assets		<u>340,860</u>
Total nonallowable assets		<u>4,655,120</u>
Net capital before haircuts on securities positions		10,633,443
Deduct		
Haircuts on securities		
Contractual securities commitments		71,250
Debt securities		464,915
Futures		60,336
Other securities		<u>283,308</u>
Total haircuts on securities		<u>879,809</u>
Net capital		<u>\$ 9,753,634</u>
Capital requirement		
Greater of 2% of aggregate debit items as shown in formula for reserve requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation (\$0) or \$250,000		\$ 250,000
Net capital in excess of requirement		<u>9,503,634</u>
Net capital as above		<u>\$ 9,753,634</u>

There are no material differences between the net capital amount above and the amount reported on the Company's unaudited FOCUS report.

Report on Internal Control Required by SEC Rule 17a-5(g)(1)

Board of Directors
Invex, Inc.

In planning and performing our audit of the consolidated financial statements of Invex, Inc. and Subsidiary (the "Company"), as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemption provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13, complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, Inc. (formerly the National Association of Securities Dealers, Inc.) and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Miami, Florida
February 23, 2009



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