Registered number
06225912

EQUINITI ENTERPRISES LIMITED

DIRECTORS REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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Registered office
Aspect House,
Spencer Road,
Lancing,
BN99 6DD

Registered number
06225912

Auditors
KPMG Audit Plc
Chartered Accountants, Registered Auditor
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

Overview

Equiniti at a glance

The Equiniti group is the market leading provider of registration services and employee share plan administration in the UK and also offers a range of complimentary business process outsourcing services to corporate clients. The business is comprised of four primary activities:

A full colour version of this document, including pie charts is available at www.equiniti.com

Business highlights

- Market leader in share registration services and employee share plan administration
- Leading execution-only share dealing provider
- Over 675 clients, including 56% of the FTSE 100 and 41% of the FTSE 250
- Serving 13 million shareholders and 3 million employees

2008 financial highlights

- Generated total revenue of £140.5 million with a high recurring component
- Produced an operating profit of £27.1 million
- Spent £31.3 million representing 22% of revenue, in information technology and systems to support service levels and enhancements as well as growth

Overview

CEO statement

Operating as an independent business

I am delighted to present the Report and Accounts for Equiniti Enterprises Limited, which had its first full year of trading in 2008. Following a 60 year heritage in serving the UK market, the independent business was created on 30 September 2007 when an investor group led by Advent International Corporation purchased the assets of the Registrars division of Lloyds TSB and transferred them to Equiniti, formed for the purposes of the acquisition. Due to this the financial statements for the period ending 31 December 2007 contain only three months of trading results.

Throughout 2008 considerable focus has been applied to separating the business from Lloyds TSB and re-shaping the business to ensure that it is fit for its purpose as the leading provider of share registration and employee services, and that the business is well-positioned for future growth aspirations. Separation from the former parent company involved a complete rebranding exercise and the successful novation of all client contracts from Lloyds TSB to Equiniti. Other separation tasks included establishing standalone human resources (HR) activity (set-up of payroll, new pension and flexible benefit schemes and Transfer of Undertakings Protection of Employment arrangements), regulatory processes (compliance with FSA client asset rules), IT systems (mail systems, communications, web-site) and additional financial and statutory functionality (audit, accounting systems, treasury and taxation). All of Equiniti's people and key business partners have worked extremely hard to ensure that the process of becoming independent with a newly branded organisation was successful.

Simultaneous to separation, we completed the delivery of Sirius, our new IT platform for share registration. This was the culmination of a multi-year capital investment project and represents one of our biggest achievements in 2008. Every one of our clients was migrated from the old platform to Sirius, a task involving over 40 million accounts.

During 2008, we made changes to the senior leadership team in some areas and augmented it in others.
I started in February 2008 and made a number of senior appointments to increase momentum and help drive the business forward. The leadership team at Equiniti consists of people grounded in the share registration and employee share plan services, to which we have added others with extensive experience in the Business Process Outsourcing (BPO) market. I am confident we have the team in place to sustain our heritage of customer service excellence and to drive our next phase of development and growth.

Strong results in 2008

Despite the difficult economic climate, Equiniti has performed well and posted strong results for 2008 with total revenue of £140.5 million and operating profit of £27.1 million.

The group faced significant headwinds caused by the financial crisis as a falling and volatile stock market impacted retail share trading and the take-up of new employee share schemes, and falling base rates impacted intermediary fee income. Despite this, Equiniti continued to benefit from its large recurring revenue base, and the sale of new products to its existing client base. In addition the group benefited from an increase in the number and complexity of corporate actions.

Operational capabilities and commitment to customer service excellence

Equiniti is a high volume secure processing business, managing the registers for 56% of the FTSE 100. We handle over 10 million pieces of white mail, despatch over 34 million communications and handle over 2.5 million calls through our dedicated contact centre. On behalf of our clients we deliver over 1,500 major dividend tasks, 500 major SAYE tasks, and we manage and deliver a number of complex financial transactions including rights issues, corporate actions and fund raising events, where we work alongside other industry experts.

We were rated the top registration service provider for three years running in 2005, 2006 and 2007 as confirmed by the leading annual independent survey by Capital Analytics. In 2008 we have maintained our lead in the critical categories of 'Service to Company' and 'Service to Shareholders'.

Customer service is at the heart of everything we do and our commitment in this regard is underlined by our launch of Sirius, our new share registration platform. Transitioning millions of shareholders to the new system was an unprecedented undertaking and we thank our clients for their support and co-operation in working with us on the migration project.

Overview

Investing for the future

During 2008, we invested heavily in our infrastructure. We spent £31.3 million, representing 22% of revenue, in the running and development of information technology systems, of which £18.8 million is capital expenditure. The new Sirius system is the leading, most advanced platform in the global registration services and processing market.

In August, after careful due diligence, we took the decision to outsource the majority of our IT operations to Accenture. This has delivered qualitative benefits with access to a greater base of highly skilled IT professionals whilst enabling us to leverage improvements in service execution and service availability.

In April, we made our first add-on acquisition, Trust Research Services Ltd, which was renamed Prosearch Asset Solutions Ltd. Prosearch is an asset reunification business, which enables Equiniti to provide clients with a tailored service where unclaimed assets can be returned to their rightful owners in a professional and secure way.

Our people

As Equiniti celebrates its first full year of trading, it has been a time of significant change for our people, and we are proud at how well our teams have risen to the challenges of a new and growing organisation. Our workforce has risen to the complex demands of separation from our former parent, the completion of a multi-year IT system redevelopment, the migration of our client base onto Sirius and the involvement of new faces on the senior leadership team. We have a motivated and skilled workforce who will continue to be able to build on our core principles of delivering service excellence and value to our clients.

Our shareholders and lenders

Advent International Corporation is Equiniti's majority shareholder and one of the world's leading global private equity investors. Founded 25 years ago, it is a stable and successful firm backed by blue-chip institutional investors such as pension funds, endowments and sovereign wealth funds. Advent is supportive of our business strategy over the long term.

I would also like to thank our lending and banking partners for their continued support of the business over the course of the year.

Outlook for 2009

As we enter 2009, we continue to see difficult market conditions but are determined to continue to invest in the business and drive further operational efficiency improvement. The group will continue to look for add-on acquisitions that fit its core strategy.

Specifically, we plan to deepen our relationships with our client base organically by enhancing our core product offering with additional revenue generating services such as investor analytics, and further development of our asset reunification business. Additionally, we have a targeted acquisition programme designed to expand on our BPO capabilities enabling us to broaden the range of services we can offer to existing and potential new clients.

We continue to invest in our technology and have an ambitious capital expenditure programme for 2009. We plan to continue to enhance our web services to provide a better experience for clients, employees and shareholders. Further improvements are also in plan for our proxy and corporate action capability within Sirius.

We have recently invested in and implemented a new telephony system in our contact centre which will improve shareholder, investor, employee and client service experience. Operationally, greater focus has been applied to the core shareholder and client processes with increased quality control in areas including written correspondence where quality standards have improved by 50% and customer feedback handling processes where we are seeing a steady monthly improvement of approximately 3%.

With separation behind us, Equiniti is well placed to move forward. People are our greatest asset and investing in our people to deliver against business objectives will be pivotal to our future success.

I am proud to be leading the Equiniti group and believe that we have the expertise and the skills to deliver for our existing and future customers in 2009 and beyond.

Bill Dye

Chief Executive Officer

Business Review

Our business

Registration services

Equiniti is the UK market leader in share registration activities, providing services to many large and medium size corporate clients including a number of leading high street brand names. Its core product offering is the maintenance of shareholder registers for UK domiciled companies listed on the UK exchanges. As at the end of 2008 Equiniti remained the number one provider managing a 56% share of the FTSE 100 and 41% of the FTSE 250, servicing over 675 clients and maintaining 13 million shareholder accounts. Equiniti has been serving this market for over 50 years.

During the year, we successfully renewed 100% of expiring contracts for existing clients, an important measure of customer satisfaction. Additionally, we managed to win the enlarged Lloyds Banking Group (LBG) registration contract following their takeover of HBOS. Consequently, we now manage the largest shareholder register in the UK. Revenue from corporate action activity increased largely due to the downturn in the economic environment which resulted in a number of our clients looking to raise additional funds through capital raisings. We also made successful sales of our asset reunification product following the acquisition of Trust Research Services (TRS).

Employee share plans

Equiniti helps companies build strong relationships with their employees through the administration of a comprehensive range of employee share plans. We work closely with clients to ensure that employee share plans fit with their business values and objectives, launching and managing equity reward initiatives to maximise their effectiveness. We provide administration and practical guidance to around 250 clients in the three main categories of Sharesave, SIP and Discretionary/Executive share plans. Clients range from those with a handful of participants to those with tens of thousands. The change in market conditions during 2008 has emphasised the importance and versatility of share plans as well as their ability to provide engagement, motivation and real value to employees. We met core business targets in 2008 and successfully won a significant outsource administration contract. We have recently developed our in-house brochureware and employee communications design team to further enhance our company offering.

Retail investor services

Equiniti offers a range of services for shareholders and employees of corporate clients to enable them to manage, buy and sell shares as well as a range of investment products. We also provide technology solutions to some of our clients under their brand name enabling them to offer additional services to their employees.

Equiniti offers share dealing via postal, telephony and online channels enabling customers to buy, sell and manage their portfolio quickly and efficiently. Falling share prices created challenging market conditions for retail services offerings focused on new investment or share trading. Many SAYE schemes were underwater which reduced retail marketing opportunities. We continued to see retail investors moving from individual certificated holdings into dematerialised holdings including our coporate sponsored stock nominee offering and collective funds.

Overall share dealing income was down but nevertheless our share of our main market, UK certificated trading, held up very well through the year. We successfully ran share dealing programmes for a similar number of clients in 2008, reducing costs to our clients.

Other investment products we offer include:

- Dividend Re-Investment Plans (commonly called DRIPS) a means of allowing shareholders to cheaply re-invest their dividends to purchase more shares of a company.
- The Equiniti Investment Account, a free to open dealing account which allows customers to trade in multiple equities in one place; and
- The Equiniti Shareview Dealing ISA, a stocks and shares ISA which allows the customer to make the most of tax-breaks on dividends from their investments.

Equiniti continues to strive to develop innovative ways to enhance and improve our retail offering.

BPO services

Our pensions business has continued to perform strongly whilst still being in the final stages of significant IT and infrastructure development. Equiniti provides a comprehensive flexible benefit administration service for clients, covering both tax advantaged and non tax advantaged benefits. It also combines all these elements together with share schemes for employees into an integrated total reward statement.

Business Review

Creation of Equiniti Enterprises Limited

Equiniti was created on 30 September 2007 when an investor group led by Advent International Corporation purchased the assets of the Registrars division of Lloyds TSB and transferred them to a new group formed for the purposes of the acquisition. Consequently, only three months of financial information is available for 2007.

Key performance indicators

Our key performance indicators (KPIs) are the core measures used by the group to assess its own performance and allow shareholders and other internal and external stakeholders to see how the group is performing. Our KPIs are regularly reviewed by the Executive Directors and Equiniti's Board of Directors.

Financial KPIs

The Directors regard the financial KPIs of the business to be total revenue and operating profit. Further detail on our performance is set out in the Directors report on page 12.

Total revenue

Total revenue for the year was £140.5 million. This was despite reducing intermediary fee income (driven by lower base rate and revised VAT treatment post separation from Lloyds TSB Group plc) and turbulent market conditions. These market conditions drove a decline in share dealing volumes due to lower share prices and the cancellation of planned corporate share dealing programmes as well as lower employee share plan take-up. This was offset by increased corporate action activity, mainly led by corporate capital raising tasks, as well as the sale of new products.

Operating profit

Operating profit remains a key earnings indicator, reflecting profit before finance costs and taxation. In 2008 operating profit was £27.1 million. This represents a margin of 19.2%.

Business Review

Non-financial KPIs

Performance against non-financial KPIs are reflected in the following:

Market share – FTSE 100 & FTSE 250

As at the end of 2008 Equiniti remained the number one provider, managing 56% market share of the FTSE 100 and 41% of the FTSE 250, servicing over 675 clients and maintaining 13 million shareholder accounts. We estimate that 2007 market share was very similar.

A full colour version of this document, including pie charts is available at www.equiniti.com

Business Review

Main trends affecting future development (principal risks and uncertainties facing the group)

The principal risks facing the group have been grouped under the following headings:

Legislative risks

The group trades within regulated sectors of the UK economy and is required to comply with all relevant regulations, which it manages through ongoing regulatory assessment, robust systems and controls, qualified staff and independent compliance personnel.

Operational risks

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events arising from day-to-day operating activities. The group has put in place and tested mitigation plans to minimise the impact of these risks crystallising. It has invested in training and implemented processes and procedures to reduce the likelihood of occurrence. Coupled with this, Equiniti maintains a comprehensive insurance programme tailored to the demands of the business.

Contractual arrangements

Equiniti has contractual arrangements for share registration and other services with all its clients. These contracts range between one and five years, and are essential to the business. However, the details of these contracts are also commercially confidential, and consequently have not been reported in this review. Equiniti continues to develop key supplier partnerships to support the long term aims of its customers and the business.

Interest rate risk

Equiniti is exposed to interest rate risk in respect of floating rates receivable on SAYE deposits. This risk is largely mitigated by entering into fixed rate swaps.

Exchange risk

Equiniti is exposed to foreign exchange risk, primarily arising from the IT business partnering arrangement. It is our policy to hedge against material currency fluctuations.

Credit risk

Equiniti has strict controls around and regularly monitors the credit ratings of institutions with which it enters into transactions on its own behalf and for its clients.

Risk management

As a regulated entity Equiniti risk management systems are long standing and robust. Equiniti has a strong risk management framework where it utilises a "three lines of defence" model, namely operational managements application of systems and controls; the development and deployment of business conduct rules and regulatory policies; and the independent assessment of these two defences by Equiniti's internal audit function. The business assesses its risk and profile using the enterprise wide risk management model which covers strategy, change, customer treatment, financial soundness, market and credit exposure, legal and regulatory compliance, internal and external fraud exposure and operations. It is a combination of these risk assessments that give rise to the formulation of Equiniti's risk appetite.

Business continuity management framework

Equiniti has a well established business continuity management (BCM) framework which determines how business critical each activity is to clients, customers and the group. Once assessed and independently challenged, each business unit is required to apply a range of business continuity tests which increase in line with the level of critical activity undertaken. Equiniti is compliant with its BCM testing programme.

Business Review

Corporate social responsibility (CSR) and our community approach

The Equiniti approach to CSR is based on four pillars that underpin our commitment to acting as a socially responsible business and employer in our corporate environment.

Equiniti recognises that it has a responsibility to its stakeholders in developing a sustainable approach to CSR, especially aligned to our clients expectations and proportionate to supporting our various stakeholders in executing their own CSR agendas.

To ensure that the business achieves its CSR targets a steering group of people from across Equiniti, led by the CEO, Bill Dye, is responsible for the development of the CSR policy, and its execution across the business.

The four key pillars of the Equiniti CSR policy are:

- Environment
- Stakeholders
- People
- Community

The 2009 Equiniti CSR policy will be published this summer but some of the activities the business currently undertakes includes:

Environment

Equiniti recognises the importance of protecting the environment and the impact of commerce on environmental issues. It is an area which requires a sustainable and action led strategy to ensure we protect the environment for future generations.

Equiniti has assessed its premises needs and these have been optimised by upgrading to more efficient plant where required, significantly reducing square footage at its Worthing operations and in turn reduced its power usage by 20%.

Equiniti has introduced new, modern printers which duplex print and use environmentally friendly paper and toner. This has halved the quantity of paper used and further reduced our environmental impact as we recycle all toner cartridges. We have also instigated recycling programmes through a policy of removing waste bins at each desk and thereby ensuring our people sort and recycle right across the business. Through the use of modern video conferencing technology, we have reduced the number of business miles travelled and thereby reduced our carbon footprint.

Equiniti also works closely with client companies to drive communications online further reducing our environmental impact and where appropriate ensuring recycled stationery is used at every opportunity.

Stakeholders

The stakeholders we interact with are an important part of our business: our relationship with clients, customers and suppliers, our people and other stakeholders such as regulatory bodies defines our reputation and forms a key part of our future success.

We take the responsibilities of our business extremely seriously, understanding the sensitive nature of the information we manage on a daily basis. We have developed strict policies for information management and have invested in high-tech solutions to offer our clients, customers and stakeholders peace of mind that data and information is managed safely and securely.

To ensure that we minimise risk to our stakeholders we ran a series of risk management workshops to ensure all senior managers are fully responsible for their function. These workshops are repeated on an ongoing basis to ensure participation amongst all managers and staff.

Equiniti has clear policies and ethics around business conduct and treating customers fairly. These disciplines are deployed across the business using formal and informal training and leadership.

Business Review

People

Fundamental to the success of our business are our people; at Equiniti we are passionate about creating a high performing culture where everyone can develop and grow. A sustainable people and communications strategy is focused on creating an environment where people feel engaged and are motivated by the work that they do.

Equiniti is an equal opportunities employer where all existing and prospective employees can access all appropriate employment opportunities. We openly discuss individuals' needs and aspirations, and selection for job opportunities is based solely on ability.

We support our people in gaining recognised professional qualifications to promote both the development of the individual and the needs of the business. Equiniti's policy enables each business area to select qualifications which are relevant to business need. As a minimum we support our people to attain qualifications by giving them study leave and paying the cost of examinations. Examples of qualifications attained at Equiniti include those of the Institute of Chartered Secretaries (ICSA) and the Chartered Institute of Marketing (CIM). Equiniti uses a number of high quality suppliers to facilitate and support training needs.

A key initiative for Equiniti is developing its internal communications capabilities to provide an open and transparent culture. Our corporate Intranet is the gateway to how people can engage with what is happening across the business.

Community

Equiniti recognises its status as a group that operates in communities in the UK and India. We are committed to using the resources at our disposal to support local community initiatives and charitable causes.

Equiniti has a Charity Committee responsible for organising regular local and national charity fundraising activities and we support a number of charities in the areas where we operate. We have a strong relationship with the Chestnut Tree House, a children's hospice based locally to the head office in Worthing. Equiniti also supports national charity days throughout its offices in the UK including events such as Comic Relief and given its business activities works closely with ShareGift to maximise gifting of shares.

Equiniti is committed to developing relationships in the communities it operates, and a key part of our CSR policy will be to engage with the community as we strive to evolve as a socially responsible business. To this end our HR policy enables everyone at Equiniti to use working 'one day a year' for the purpose of helping our chosen charities.

Corporate Governance

Board of directors

The board comprises two executive directors and four non-executive directors

Executive directors

Bill Dye - Chief Executive Officer (CEO)

Bill joined Equiniti on 14th February 2008 and has an impressive track record of building businesses. Following a successful period as the CEO for a NASDAQ listed international media services company in the USA, Bill joined Capita Group in 2002, where he took on a number of senior roles including leading Capita's entry into the Life and Pensions marketplace, ultimately enabling it to become the largest service provider to the UK insurance industry. He subsequently led the development of Capita's general insurance business and won one of Capita's largest ever outsourcing contracts. He was then appointed to the role of Corporate Development Director responsible for acquisitions and the development of key corporate relationships and new markets. Between 2005 and 2007 he was promoted to the executive board of Capita, as Head of Business Services Division where he led the business to deliver significant growth. In 2007 Bill left Capita to take on the role of CEO of a FTSE 250 international exhibitions and conference organiser, ITE.

Jerry Bailey - Chief Financial Officer (CFO) and Chief Information Officer (CIO)

Jerry joined Equiniti in August 2008 and brings over 20 years of experience across a variety of Financial Services businesses. He began his career with Price Waterhouse, where he was a partner. He then joined Morgan Stanley, where he was a Managing Director and Controller, followed by Salomon Inc and Salomon Brothers, where he was CFO.

In subsequent roles as Executive Vice President and CFO of Dow Jones and CFO of Marsh Inc, Jerry was responsible for Finance, Corporate Development, Technology, Operations and Process Re-engineering and was instrumental in driving various change management initiatives. More recently, as COO and CFO of NYMEX, the worlds largest Commodity and Futures exchange, he helped drive a number of key changes that led to the most successful IPO of the year. Subsequent to NYMEX, Jerry was a Senior Advisory Director at Bear Stearns Merchant Banking responsible for Financial Technology acquisitions.

Non-executive directors

James Brocklebank - Non-Executive Director (Investor Representative)

James joined Advent in 1997, moving from the London office of investment bank Baring Brothers where he advised clients on various international mergers and acquisitions. Prior to that he worked in the New York offices of Dillon, Read & Co., then an affiliate of Barings, focusing on transatlantic transactions. He also worked in Barings' Paris office.

James has participated in Advent's investments in Equiniti, Monext, Tertio Limited, Jacobs Rimell Limited, Cybercity A/S, MACH Sarl, Dan Net A/S and AIRCOM International Limited. James has an MA in geography, specialising in economic and political geography, from Cambridge University. James is Chairman of the Remuneration Committee and a member of the Audit and Nomination committees.

Rodney Aldridge, OBE - Non-Executive Director

Rod was the founder and Chairman of the Capita Group until his retirement in July 2006. During his tenure he led the group from its formation in 1984 within the Chartered Institute of Public Finance and Accountancy (CIPFA) to being a FTSE 100 Company. Prior to Capita, Rod worked in local government for ten years, where he qualified as a chartered public accountant. He joined CIPFA in 1974, ultimately becoming its technical director.

In July 2006, Rod established the Aldridge Foundation to continue with his work on public service reform and to focus on his charitable activities involving educational underachievement and social exclusion. Rod is a Patron of the Prince's Trust and Chair of V, a charity launched in May 2006 aiming to increase the involvement of 16 – 25 year olds in volunteering and community action. He is also Chairman of The Lowry, a theatre and arts venue in Salford and a board member of the NESTA Lab, aimed to transform the UK's capacity for innovation. Rod was Chairman of the CBI's Public Services Strategy Board from its inception in 2003 until July 2006. Rod is a member of the Audit and Nomination Committees.

Corporate Governance

Oliver Niedermaier, PhD - Non-Executive Director

Oliver is a former member of the senior executive team of Australian-listed Computershare, a leading global provider of financial market services and technology to the global securities industry. Oliver joined the Computershare group executive committee following its 2004 acquisition of Pepper Technologies AG, an international CRM software and consultancy business which he founded in 1998.

Responsible for corporate strategic development during an active period in Computershare's international expansion, he was also CEO of Computershare subsidiary, Georgeson, a world-leading provider of strategic solutions to corporations and shareholder groups. Oliver was previously a Non-Executive Director of Tecis Group, a Dax-100 listed financial services company (subsequently acquired by AWD). Oliver is the founder and currently serving as CEO of Sage Holdings, LLC and is a Non-Executive board member of the LMU Entrepreneurship Center at the University of Munich. Oliver is Chairman of the Nomination Committee and a member of the Remunerations Committee.

Jeff Paduch - Non-Executive Director (Investor Representative)

Jeff joined Advent in 2002 from the Financial Sponsors/Leveraged Finance Group of UBS Warburg, where he advised private equity firms on acquisition financings, mergers and equity offerings across a variety of industries.

Jeff has worked on Advent's investments in several companies, including Equiniti, Domestic & General, CAMS, Sophis, Venere Net, American Radiology Services, Long Term Care Group, WageWorks and Aspen Technology.

Jeff received a BA, cum laude, from the University of Virginia. Jeff is Chairman of the Audit Committee and a member of the Remuneration Committee.

Advent International Corporation

Advent International is one of the worlds' largest and longest established private equity groups, with over US$24.0 billion in cumulative capital raised including our latest generation fund, GPE VI, with US$10.3 billion of committed capital. Since our founding in 1984, Advent International has made over 500 investments in 35 countries, achieved 143 IPOs of portfolio companies and established a network of advisory offices and affiliates, operating in over 25 countries.

James Brocklebank and Jeffrey Paduch are the Advent executives with oversight of Equiniti and both serve as board directors of Equiniti Enterprises Limited.

Equiniti Enterprises Limited
Directors' Report
For the year ended 31 December 2008

The directors present their directors' report and financial statements for the year ended 31 December 2008.
Equiniti Enterprises Limited was incorporated on 25 April 2007 and the Group began trading on 30 September 2007. Due to this the financial statements for the period ending 31 December 2007 only contain three months of trading results. For the first nine months of 2007 the business was owned by Lloyds TSB Group plc. The prior year Group Balance Sheet has been restated in relation to re-assessments of fair values on acquisitions as explained in Note 3 to these accounts on page 30.

Principal activities
Equiniti is the UK market leader in share registration and the provision of employee share plans. Principal activities are focused on the provision of shareholder and employee management and data processing solutions underpinned by our state-of-the-art technology. Through our teams of industry experts we also provide a range of fully integrated services in the areas of share dealing, flexible benefits and pensions' administration. These activities encompass a number of regulated activities including the settlement of "execution only" transactions, the provision of custody including the holding of client money. These services are carried out for our corporate clients, their shareholders, investors and employees and do not involve the giving of advice or dealing as principal or agent. As an organisation we seek to deliver both service excellence and innovation across all our businesses within all our chosen markets.

Business review

£m	2007 3 months	2008 12 Months
Total revenue	40.1	140.5
Operating costs	34.5	113.4
Operating profit	5.6	27.1
Capital expenditure – net additions	4.3	9.5

Total revenue for the year was £140.5m. This was despite reducing intermediary fee income (driven by lower base rate and revised VAT treatment post separation from Lloyds TSB Group plc) and extremely turbulent market conditions. These conditions drove a decline in sharedealing volumes due to lower share prices and the cancellation of planned corporate sharedealing programmes. This was offset by increased corporate action activity mainly led by corporate capital raising tasks. Overall the Group made an operating profit of £27.1m for the year, representing a margin of 19.2% on revenue.

During the year, as permitted under IFRS 3, the fair values of the assets and liabilities acquired were re-assessed leading to a restatement of their values as at acquisition. This led to a reduction in goodwill at acquisition of £22.6m. The acquisition note from last year, note 3 to these financial statements, has been re-presented showing the effect of these changes and detailing the assets and amounts re-assessed.

This has resulted in a restatement of the closing balance sheet for 2007, and the restated amounts are presented as the comparatives in these financial statements.

The Group's key performance indicators (KPIs) are the core measures used by the Group to assess its own performance and allow shareholders and other stakeholders to monitor how the Group has performed. The Group's financial KPIs include revenues and operating profit and provide details of the financial performance of the Group across its major areas of activity. The Group aims to lead the field in investor and employee solutions through service excellence and productive partnerships. Performance against these objectives is reflected in the Group's non-financial KPIs which include market share (FTSE 100 & FTSE 250) and total shareholder accounts.

Exceptional items
Exceptional items during the year amounted to £12.7m. These costs relate to the restructuring programme that was announced in 2007 in order to deliver the optimum business model going forward and included £8.4m of severance.

Capital expenditure - net
Gross capital additions for the year amounted to £20.8m. As part of the final settlement of the business sale agreement, £11.3m was received from Lloyds TSB Group plc towards the completion of the core business IT system to give total net expenditure of £9.5m. The total gross expenditure on the core IT system during the year amounted to £14.7m.

Finance costs

Group net finance costs were £56.8m (2007 statutory period: £15.0m), of this interest cost £34.0m (2007 statutory period: £9.4m) was payable in cash. The remaining £22.8m is all non-cash charges and includes £12.0m of accrued bank and shareholder loan interest; £7.1m dividends accrued on preference shares and £3.7m other borrowing costs, primarily amortisation of initial financing fees.

Cashflow

The Group remains cash-generative. During the year to 31 December 2008 net cash inflow from operating activities was £37.6m. Of this cash inflow from operating activities and the monies received from Lloyds TSB Group plc, £22.2m was reinvested into capital expenditure and £36.1m was utilised to meet the net cash interest and other financing costs of the Group's borrowings. This resulted in a net decrease in cash and cash equivalents of £5.3m over the year.

On 30 September 2007, when the Group acquired the business assets of Lloyds TSB Registrars from the LTSB Group plc, the opening Group cash position was zero. At the end of December 2008, cash and cash equivalents were £13.9m compared with £19.2m at the end of December 2007.

Contributing to this performance was a substantial reduction in working capital since acquisition of £7.8m, as greater controls in working capital management were implemented. Average weighted debtor days in 2008 improved by 6 days (14%) to 37 days (2008 average) versus 43 days (2007 average). Average weighted work-in-progress days improved by 13 days (27.7%) to 34 days (2008 average) versus 47 days (2007 May – Dec average). There are clear plans and targets embedded within the business for 2009 to keep improving working capital, reducing the aggregate value and enhancing working capital days.

Bank borrowings and financial covenants

At the end of December 2008, net bank debt was £567.4m compared with £544.4m at the end of December 2007. The net bank debt at the year end comprised senior bank debt of £470.9m (2007 £455.0m) and shares classified as debt of £96.5m (2007 £89.4m).

The Group's bank borrowings are available under a senior facility and payment in kind ("PIK") facility, all of which were put in place on 30 September 2007. The senior bank loan matures in 2016 whilst the PIK facility matures in 2017; these both require the Group to comply with certain financial covenants. The covenants include annual controls on capital expenditure and the maintenance of certain minimum ratios of earnings before interest, taxes, depreciation and amortisation on both net interest payable and net debt. In addition, there is a requirement that the net operating cash flows generated are not less than the Group's cash cost of funding the bank debt. The facilities are secured by fixed and floating charges over Group assets. Further detail on the Group's borrowing is set out in note 18 of the financial statements.

The Group has a revolving credit facility (excluding acquisition facilities) of £20.0m, which is available to finance working capital and for general corporate purposes. As at 31 December 2008 there had been no draw downs from the revolving facility. There are also committed and uncommitted facilities available under the senior facility for the purpose of acquisitions.

Trading results - versus short period prior year statutory numbers

Any comparisons between the 2007 and 2008 financial statements need to bear in mind that 2007 comprises three months of trading. Total Revenue for the year was £140.5m, representing an increase of £100.4m (250%) compared with the prior year (£40.1m). Operating Profit for the year was £27.1m which was £21.5m (382%) more than the prior year. Financing costs increased from £15.0m to £56.8m, an increase of £41.8m (278%). The loss for the year increased to £29.1m from £10.1m in the prior year.

Liquidity risk and going concern

The principal uncertainties which the Group faces are around certain revenue activities that are more difficult to predict, such as corporate action income. These are dependant on the specific activities of corporate clients which may in turn be influenced by underlying market conditions. In addition, sharedealing income is derived from the activities of corporate client shareholders and investors, where again activity levels can be influenced by underlying market conditions.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

We have used the Group's 3 year business plan as the basis for projecting cash flows, and measured resulting outcomes on cash availability and bank covenant test points. The Group has been successful with a very high level of client retention giving a high degree of comfort on certainty of revenue income. 55% of the 2009 income budget is from contracted repeat revenue from clients.

We have also looked at areas of risk within these projections and how any stresses on these numbers may affect these projections. These assumptions are based on assessment of key revenues most sensitive to economic conditions and variations, and estimates of potential shortfalls that could result on these revenue lines. The period for consideration is generally accepted as being for the 12 months from the date of signature of the financial statements. We have lengthened our analysis to cover the period to 30 June 2010. During this period the Group is forecast not to require to draw down the revolving credit facility for operational purposes and all financials covenants are met.

Financial risks

The Group has established risk management policies and the Group Audit Committee overseas how management monitors compliance. With these policies and procedures we review the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The most important components of financial risk impacting the Group are credit, liquidity and market risk, whilst also recognising risks enterprise wide. The Group uses derivative financial instruments to hedge certain risk exposures.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Although the Group has only traded for a relatively short period, the trading relationships have been established for a considerable time before the Group purchased the Lloyds TSB Registrars business from Lloyds TSB Group plc, and losses have occurred infrequently over previous years. Due to the nature of the business the majority of the trade receivables are with FTSE 250 companies.

Market risk

Market risks are the changes in market prices such as interest rates, foreign exchange rates and equity prices which impact the Group's income or the value of its financial instruments.

The Group's financial instruments are mainly in sterling, hence foreign exchange movements do not have a material effect on the Group's performance. The Group does not hold its own position in traded securities, being involved in receiving and transmitting transactions on behalf of its clients.

The Group earns fee income in relation to client and shareholder deposits as well as interest on its own deposits. The Group's senior debt and the PIK loan rates are linked to Libor.

The Group is exposed to movements in the interest rate in both its intermediary fee revenue and net finance costs. Intermediary fee revenue is linked to Bank Base Rate, whilst both the senior debt and the PIK loan rates are linked to Libor. In order to protect meeting interest payments as they fall due, a derivative was taken out towards the end of 2008 to hedge the monthly intermediary fee income receivable based on Bank Base Rate against a floor 4.0% running through to October 2011. This was against an underlying level of assets of £400m. At the same time as securing these income levels, a swap, fixing monthly interest payable rates based on levels of borrowings on the senior facility, was also taken out over the same term. This was against an initial liability level of £400m reducing by £50m over the term.

Capital risk management

The Group's objectives when managing capital are to maximise shareholder value while safeguarding the Group's ability to continue as a going concern. We will continue to proactively manage our capital structure whilst maintaining flexibility to take advantage of opportunities which arise to grow our business. One element of our strategy is to make targeted, value-enhancing acquisitions. The availability of suitable acquisitions, at acceptable prices is, however, unpredictable.

In common with other private equity portfolio companies, the Group carries a high level of net debt compared to equity. Total capital is calculated as total equity as shown in the consolidated balance sheet, plus net debt. Net debt is calculated as the total of "other interest bearing loans and borrowings" as shown in the consolidated balance sheet, less cash and cash equivalents.

Proposed dividend

The directors do not recommend the payment of a dividend on ordinary shares but there are amounts accruing on preference shares included in finance expenses.

Directors

The directors who held office during the year are as follows;
Rodney Aldridge

Equiniti Enterprises Limited
Directors' Report
For the year ended 31 December 2008 (continued)

Jerome Bailey	Appointed 28 August 2008
James Brockleback	
William Dye	Appointed 31 January 2008
Paul Matson	Resigned 18 July 2008
Oliver Niedermaier	
Jeffrey Paduch	
Robert Thian	Resigned 18 March 2009

Employees
The Group is committed to provide an environment encouraging involvement of all employees. Regular briefings through meetings and publications keep all employees up to date with employment practices, health and safety as well as the business objectives of the Group.

The Group gives full and fair consideration to employment applications from disabled persons, having regard to their particular aptitude and abilities. Where existing employees become disabled, it is the group's policy to provide continuing employment under normal terms and conditions wherever practicable, providing training, career development and promotion to disabled employees where appropriate.

Going concern
The directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the accounts.

Political and charitable donations
The Group did not make any political donations or incur any political expenditure during the period. Charitable donations of £4,386 (2007: £nil) were made during the year.

Disclosure of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors
Pursuant to a shareholders' resolution, the Group is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the board

G Downs
Secretary
23 April 2009

Equiniti Enterprises Limited
Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The group and parent company financial statements are required by law to present fairly the financial position of the group and the parent company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Equiniti Enterprises Limited

We have audited the group and parent company financial statements (the "financial statements") of Equiniti Enterprises Limited for the year ended 31st December 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 16.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 31st December 2008 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2008;
- 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.

KPMG Audit Plc

KPMG Audit Plc

27 April 2009

Chartered Accountants, Registered Auditor
1 Forest Gate, Brighton Road
Crawley, RH11 9PT

Equiniti Enterprises Limited
Consolidated Income Statement
For the year ended 31 December 2008

	Note	2008 £'000	*3 month period 2007 £'000*
Revenue		**140,457**	*40,119*
Operating costs before exceptional costs, depreciation and amortisation		*(81,312)*	*(25,971)*
Operating costs – exceptional items	4	*(12,668)*	*(3,538)*
Earnings before interest, tax depreciation and amortisation (EBITDA)		**46,477**	*10,610*
Depreciation of tangible assets	10	*(4,104)*	(1,087)
Amortisation of intangible assets	11	*(15,288)*	*(3,908)*
Total Operating Costs		**(113,372)**	*(34,504)*
Operating profit		**27,085**	*5,615*
Financial Income	8	**1,061**	*511*
Financial expenses	8	**(57,884)**	*(15,526)*
Net Financing Costs		**(56,823)**	*(15,015)*
Loss before tax		**(29,738)**	*(9,400)*
Taxation	9	**595**	*(710)*
Loss for period atttributable to equity holders		**(29,143)**	*(10,110)*

There is no difference between the loss before taxation and the retained loss for the period stated above and their historical cost equivalent.

The notes on pages 25 to 46 form part of these financial statements.

Equiniti Enterprises Limited
Consolidated Balance Sheet
For the year ended 31 December 2008

Assets	Note	2008 £'000	*2007 (restated) £'000*
Non-current assets			
Property, plant and equipment	10	7,456	*8,961*
Intangible assets	11	524,583	*521,049*
Other financial assets	13	16,162	*6,122*
Deferred tax assets	15	3,699	-
		551,900	*536,132*
Current assets			
Other financial assets	13	11,075	-
Trade and other receivables	16	28,366	*41,412*
Cash and cash equivalents	17	13,899	*19,174*
		53,340	*60,586*
Total assets		605,240	*596,718*
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	22	4,726	*4,726*
Reserves	22	(5,771)	-
Retained loss		(39,253)	*(10,110)*
Total equity		(40,298)	*(5,384)*
Non-current liabilities			
Other interest-bearing loans and borrowings	18	567,413	*544,383*
Provisions	21	8,740	*10,615*
Other financial liabilities	14	12,632	-
Deferred tax liabilities	15	3,826	*710*
		592,611	*555,708*
Current liabilities			
Trade and other payables	19	23,261	*35,521*
Employee benefits	20	565	*691*
Tax payable		70	*78*
Provisions	21	3,860	-
Other financial liabilities	14	25,171	*10,104*
		52,927	*46,394*
Total liabilities		645,538	*602,102*
Total equity and liabilities		605,240	*596,718*

The notes on pages 25 to 46 form part of these financial statements.

These financial statements were approved by the board of directors on 23 April 2009 and were signed on its behalf by:

J Bailey
Director

Equiniti Enterprises Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2008

	Share capital £'000	Hedging reserve £'000	Retained loss £'000	Total equity £'000
Loss after tax per income statement	-	-	*(10,110)*	*(10,110)*
Share issue	*4,726*	-	-	*4,726*
Balance at 31 December 2007	4,726	-	(10,110)	(5,384)
Balance at 1 January 2008	4,726	-	(10,110)	(5,384)
Loss after tax per income statement	-	-	(29,143)	(29,143)
Changes in fair value of cash flow hedges	-	(5,771)	-	(5,771)
Balance at 31 December 2008	**4,726**	**(5,771)**	**(39,253)**	**(40,298)**

Equiniti Enterprises Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2008

	Note	2008 £'000	*3 month period* 2007 £'000
Cash flows from operating activities			
Loss for the period		**(29,143)**	*(10,110)*
Adjustments for:			
Depreciation and amortisation	10 & 11	**19,392**	*4,995*
Financial income	8	**(1,061)**	*(511)*
Financial expense	8	**57,884**	*15,526*
Loss on sale of property, plant and equipment	10	**218**	-
Taxation	9	**(595)**	*710*
		46,695	*10,610*
(Increase) / decrease in trade and other receivables		**(1,854)**	*2,071*
(Decrease) / increase in trade and other payables		**(9,104)**	*16,673*
Increase in provisions and employee benefits		**1,859**	*691*
		37,596	*30,045*
Tax paid		**4**	-
Net cash inflow from operating activities		**37,600**	*30,045*
Cash flows from investing activities			
Interest received		**1,061**	*511*
Acquisition of a business net of cash acquired	3	**(618)**	*(553,765)*
Payment received relating to prior period acquisition*	3	**15,040**	-
Acquisition of property, plant and equipment		**(2,968)**	*(1,518)*
Acquisition of software *		**(19,238)**	(2,760)
Net cash outflow from investing activities		**(6,723)**	(557,532)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	*4,726*
Proceeds from new loans and preference shares		**1,000**	*576,004*
Interest paid		**(36,574)**	(7,598)
Loan fees paid		**(578)**	*(26,471)*
Net cash (outflow) / inflow from financing activities		**(36,152)**	*546,661*
Net (decrease) / increase in cash and cash equivalents		**(5,275)**	*19,174*
Cash and cash equivalents at 1 January 2008		**19,174**	-
Cash and cash equivalents at 31 December	17	**13,899**	19,174

*** Within these amounts, £11,300,000 relates to monies received from Lloyds TSB Group plc against and applied to software** development of core systems.

Equiniti Enterprises Limited
Company Balance Sheet
As at 31 December 2008

Assets	Note	**2008**	2007
		£'000	£'000
Non-current assets			
Investments	12	**5,000**	*5,000*
Other financial assets	13	**95,704**	*89,577*
		100,704	*94,577*
Current assets			
Cash and cash equivalents	17	**1**	*1*
		1	*1*
Total Assets		**100,705**	*94,578*
Equity and Liabilities			
Equity			
Share Capital	22	**4,726**	*4,726*
Retained Loss		**(3,340)**	*(674)*
Total Equity		**1,386**	*4,052*
Non-current liabilities			
Other interest-bearing loans and borrowings	18	**96,505**	*89,356*
		96,505	*89,356*
Current liabilities			
Employee benefits	20	**565**	*691*
Group relief payable		**2,249**	*462*
Other financial liabilities	14	**-**	*17*
		2,814	*1,170*
Total Liabilities		**99,319**	*90,526*
Total Equity and liabilities		**100,705**	*94,578*

The notes on pages 25 to 46 form part of these financial statements.
These financial statements were approved by the board of directors on 23 April 2009 and were signed on its behalf by:

J Bailey
Director

Equiniti Enterprises Limited
Company Statement of Changes in Equity
For the year ended 31 December 2008

	Share capital £'000	Retained loss £'000	Total equity £'000
Loss after tax for the period	-	*(674)*	*(674)*
Share Issue	*4,726*	-	*4,726*
Balance at 31 December 2007	*4,726*	*(674)*	*4,052*
Balance at 1 January	4,726	(674)	4,052
Loss after tax for the period	-	(2,666)	(2,666)
Balance at 31 December 2008	**4,726**	**(3,340)**	**1,386**

Equiniti Enterprises Limited
Company Cash Flow Statement
For the year ended 31 December 2008

	Note	2008	*3 month period* 2007
		£'000	£'000
Cash flows from operating activities			
Loss for the period		**(2,666)**	*(674)*
Adjustments for:			
Financial income		**(6,270)**	*(1,540)*
Financial expense		**7,149**	*1,752*
Taxation		**1,787**	462
		-	-
(Decrease) / increase in provisions for employee benefits		**(126)**	*691*
Net cash (outflow) / inflow from operating activities		**(126)**	*691*
Cash flows from investing activities			
Investment in share capital of a subsidiary		**-**	*(5,000)*
Net cash outflow from investing activities		**-**	*(5,000)*
Cash flows from financing activities			
Proceeds from the issue of share capital		**-**	4,726
(Repayments of) / proceeds from new loans		**(16)**	87,621
Repayments of / (loans to) related parties		**142**	(88,037)
Net cash from financing activities		**126**	4,310
Net increase in cash and cash equivalents		**-**	*1*
Cash and cash equivalents at 1 January 2008		**1**	-
Cash and cash equivalents at 31 December	17	**1**	*1*

1 Accounting policies

Equiniti Enterprises Limited (the "Company") is a company incorporated in the UK.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

Measurement convention

The financial statements are prepared on the historical cost basis except that liabilities for cash-settled share based payment arrangements and hedging agreements are stated at their fair value.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Classification of financial instruments issued by the Group

Under IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the instruments at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Third party valuations are used to fair value the Group derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

Investments in subsidiaries
Investments in subsidiaries are carried at cost less any provisions for impairment.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. For items acquired as part of the purchase of the Lloyds TSB Registrars business, cost comprises the deemed fair value of those items at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- computer and office equipment 3 – 10 years
- leasehold improvements 2 – 26 years
- furniture, fixtures and fittings 3 – 20 years

Intangible assets and goodwill
Business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing and is not amortised. It is tested annually for impairment.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Shareholder registration system 15 years
- Other software 5 – 10 years
- Customer relationships 15 – 20 years

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions
The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

Dilapidations provisions relate to estimated cost to put leased premises back to required condition expected under the terms of the lease. These include provisions for wear and tear along with provisions where leasehold improvements have been made that would require reinstatement back to original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current.

Revenue
Revenues comprise fixed periodic administration fees, transaction processing fees, fees for managing corporate actions and fees earned on the administration of client funds and are stated net of value added tax.

Periodic administration fees are recognised evenly over the contract period. Transaction based fees are recognised at the time of processing the related transactions. Revenues from corporate actions are recognised in line with the stage of completion and fees in relation to administration of client funds are recognised as they accrue.

Intermediary fees are recognised as earned on balances held.

Out of pocket expenses recharged to clients are recognised in revenue when they are charged to the client, net of the related expense.

Expenses
Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Exceptional items
Exceptional items are items which due to their size, incidence and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts and, in management's judgement, to show more accurately the underlying profits of the group. Such items are included within the income statement caption to which they relate, and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Net financing costs
Net financing costs comprise interest payable, interest receivable on own funds, dividend income and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Taxation
Tax on the loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the

extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2008, and have not been applied in preparing these financial statements.

IFRS 8 Operating Segments introduces the "management approach" to segment reporting, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's management in order to assess each segment's performance and to allocate resources to them. Currently the Group is not required to present segment information in respect of its business and geographical segments.

No other new standards and interpretations are considered to have an impact on the Group's financial statements if they had been applied early.

2 Financial risk management
The Group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk

Risk management policies are established for the Equiniti Enterprises Limited group of companies (the "Group") and the Group Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Although the Group has only traded since 1 October 2007, the trading relationships have been established for a considerable time before the Group purchased the Lloyds Registrars business from Lloyds TSB Group plc, and losses have occurred infrequently over previous years.

Because of the nature of the business the majority of the trade receivables are with FTSE 250 companies.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Market Risk
Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will effect the Group's income or the value of its financial instruments.

The Group's financial instruments are currently in sterling, hence foreign exchange movements do not have a material effect on the Group's performance.

The Group does not hold its own position in trading securities, being involved only in arranging transactions on behalf of its clients.

The Group is exposed to movements in interest rate in both its intermediary fee revenue and its net finance costs. Intermediary fee revenue is linked to bank Base Rate, whilst both the senior debt and the PIK loan rates are linked to Libor. The Group also earns fee income in relation to client and shareholder deposits as well as interest income on its own deposits.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps. Objectives are established by the board so as to seek to reduce the impact of variations in interest rates on the group's profit and cash flow.

A movement in interest rates which negatively affects the net finance costs, would have a positive effect on revenue, and vice versa.

The group does not engage in holding speculative financial instruments or their derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

3 Acquisitions of businesses
On 7 April 2008, the Company acquired the entire share capital of Trust Research Services Limited. The company has been renamed Prosearch Asset Solutions Limited.

Provisional allocation of assets and liabilities was as follows:

	Book values acquired £'000	Fair value adjustments £'000	Acquisition amounts £'000
Net Assets at the acquisition date:			
Property, plant and equipment	13	-	13
Cash	1,676	-	1,676
Trade and other receivables	77	-	77
Trade and other payables	(73)	(237)	(310)
Net identifiable assets and liabilities	1,693	(237)	1,456
Goodwill on acquisition			838
Consideration paid satisfied in cash*			2,294
Cash Acquired			(1,676)
Net cash outflow			618

Within the purchase consideration there are acquisition fees of £109,000
The value of goodwill reflects the expectation of the ability to generate new streams of revenue in addition to operational cost savings, the acquired company previously being a supplier of the Company.

Also included in the year and shown separately in the consolidated cash flow statement, was a cash inflow of £15,067,000 from Lloyds TSB in relation to the acquisition in 2007, detailed below, and further acquisition fees paid of £27,000. £11,300,000 of the amount received was against spend required for and made during the year in developing the software systems used within the business.

Prior year acquisition and fair value adjustments made in the year resulting in the restatement of prior period balances
On 30 September 2007, the Group acquired the business assets of Lloyds TSB Registrars from the Lloyds TSB Group plc for £530,897,000 satisfied in cash. The initial cash outflow of £545,964,000 was followed by a repayment back from the seller of £15,067,000 in 2008.

During the year, as permitted under IFRS 3, the fair values of the assets and liabilities acquired were re-assessed leading to a restatement of their values as at acquisition. Intangible assets in the form of software were reduced by £12,201,000; provisions for doubtful debts were increased by £182,000; accruals were increased by £1,015,000 and provisions were increased by £9,399,000, increasing the dilapidation provisions and establishing a previously unprovided amount of £5,831,000 against constructive compliance obligations.

3 Acquisitions of businesses (continued)

This led to a reduction in goodwill at acquisition of £22,613,000, and the acquisition note from last year has been restated below to show the effect on acquisition amounts.

Effect of Acquisition

The acquisition had the following effect on the company's assets and liabilities.

	Book values £'000	Preliminary fair value adjustments £'000	Subsequent fair value adjustments £'000	Total Acquisition £'000
Net assets at the acquisition date:				
Property, plant and equipment	8,560	-	-	**8,560**
Intangible assets	50,823	206,082	(12,201)	**244,704**
Cash	1,228	-	-	**1,228**
Trade and other receivables	29,533	(435)	(182)	**28,916**
Shares held	6,122	-	-	**6,122**
Provisions	(1,400)	-	(9,215)	**(10,615)**
Trade and other payables	(13,993)	(230)	(1,015)	**(15,238)**
Net identifiable assets and liabilities	80,873	205,417	(22,613)	**263,677**
Goodwill on acquisition				**276,249**
Add: reduction in purchase price received after the balance sheet date				**15,067**
Consideration paid, satisfied in cash*				**554,993**
Less: cash acquired				**(1,228)**
Net cash outflow on acquisitions in the period				**553,765**

The value of goodwill reflects the expectation of the ability to generate new streams of revenue in addition to the core activities of the business and the achievement of operational cost savings.

The intangible assets acquired consist of software and customer relationships.

Within the purchase consideration there are acquisition fees included of £27,000 (2007: £9,029,000). The total consideration remains subject to a potential adjustment in relation to a final VAT determination explained below:

Following the purchase of Lloyds TSB Registrars from Lloyds TSB Group plc by the Equiniti Enterprises Limited Group of Companies, an outstanding post completion event is the determination of the VAT position on Intermediary Fees between Equiniti and Lloyds TSB Group.

The final outcome of determining this VAT position may result in a revision of fees and/or a purchase price adjustment between Lloyds TSB Group and Equiniti.

Insofar as the VAT determination deems the fees to be the consideration for a single supply, or where it is deemed to constitute consideration partly for a supply which is taxable at a positive rate for VAT and partly for a supply which is exempt or zero rated, then the VAT adjustment will equal £50m or a proportion thereof. Further to an initial ruling made by HMRC on 16th January 2008, it is the view of the Directors that if the ruling made by HMRC is upheld following appeal the £50m will become receivable by the Group as the VAT adjustment.

The initial ruling is being appealed by Lloyds TSB Group, and until the ruling is deemed a "Final Ruling" by the HMRC it has been agreed that the VAT will be accounted for by Equiniti in accordance with the ruling, which is reimbursed by Lloyds TSB Group. Any purchase price adjustment will not be determined until the Final Ruling is given by HMRC and as such no adjustment has been made in these financial statements.

4 Expenses and exceptional costs

Included in profit/loss are the following:

	2008 £'000	*3 month period 2007 £'000*
Severance costs	**8,433**	*3,538*
Costs relating to transferring services off-shore	**3,995**	-
Other exceptional costs	**240**	-
Total Exceptional costs	**12,668**	*3,538*

Exceptional costs relate to the restructuring programme which was announced during the period to 31 December 2007. This has involved the off-shoring of a number of IT and operational activities through two third party suppliers. Included in severance costs is an amount of £2,060,000, which has been provided against the part of the programme announced during 2008 and which will complete during the first half of 2009. The £3,995,000 has been incurred against the project on setting up the off-shore teams and the process of knowledge transfer.

5 Auditor's remuneration

Auditor's remuneration:

	2008 £'000	*3 month period 2007 £'000*
Audit of these financial statements	**26**	26
Audit of financial statements of subsidiaries pursuant to legislation	**110**	109
Other services pursuant to such legislation	**15**	15
All other services	**285**	77
	436	227

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

The other services relate to work undertaken in relation to the Group's programme to transfer services off-shore and is included in the Exceptional costs detailed in note 4.

6 Staff numbers and costs

The Company has no employees. Services to the Company are provided by staff employed by other companies within the group.

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Group Number of Employees	
	2008	*2007*
Operations	**985**	1,041
Administration	**391**	493
	1,376	1,534

The aggregate payroll costs of these persons were as follows:

	Group	
		3 month period
	2008	*2007*
	£'000	*£'000*
Wages and salaries	**35,874**	9,676
Social security costs	**3,577**	996
Other pension costs	**4,056**	1,116
	43,507	11,788

7 Directors' remuneration

The following costs are paid by the subsidiary Equiniti Limited, not the Company;

		3 month period
	2008	*2007*
	£'000	*£'000*
Directors' emoluments	**1,340**	177
Company contributions to money purchase pension plans	**30**	3

Retirement benefits are accruing under money purchase schemes to 2 of the directors (2007: 1 of the directors)
The emoluments of the highest paid director, including benefits, was £593,000 (2007: £50,000). Company contributions to defined contribution pension schemes for the highest paid director amounted to £23,000 (£2007: £3,000)

8 Finance income and expense

		3 month period
	2008	*2007*
	£'000	*£'000*
Interest income	**1,061**	511
Financial income	**1,061**	511
Cost of borrowings	**3,693**	908
Interest expense on loans from related parties	**811**	203
Interest expense on bank loans*	**45,777**	12,663
Interest on preference shares classified as liabilities	**7,149**	1,752
Net expense of interest rate swap against financial liabilities	**454**	-
Financial expenses	**57,884**	15,526

* Includes £11,214,000 (2007: £2,791,000) interest accrued on the PIK facility.

Equiniti Enterprises Limited
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9 Taxation

Recognised in the income statement

	2008 £'000	*3 month period 2007 £'000*
Current tax expense for the Group		
Adjustments for prior years	**(18)**	-
Overseas tax payable	**10**	-
Deferred tax expense		
Origination and reversal of temporary differences	**99**	710
Adjustment in respect of prior years	**(686)**	-
Total tax in income statement	**(595)**	710

Reconciliation of effective tax rate

	2008 £'000	*3 month period 2007 £'000*
Loss for the period	**(29,143)**	(10,110)
Total tax expense	**(595)**	710
Loss excluding taxation	**(29,738)**	(9,400)
Tax using the UK corporation tax rate of 28.5% (2007: 30%)	**(8,475)**	(2,820)
Non-deductible expenses	**2,257**	1,085
Unrecognised tax assets	**7,086**	2,445
Prior year adjustments	**(18)**	-
Recognition of deferred tax asset on prior year losses	**(686)**	-
Difference in tax rates	**(4)**	-
Effect of tax rate change	**114**	-
Utilisation of losses	**(869)**	-
Total tax expense	**(595)**	710

The applicable tax rate of 28.5% and effect of tax rate change results from the movement on tax rate from 30% to 28% during the year.

10 Property, plant and equipment

Group

	Leasehold improvements £'000	Office equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
Acquisition of business	*1,318*	*5,379*	*1,863*	*8,560*
Additions	*654*	*831*	*3*	*1,488*
Balance at 31 December 2007	*1,972*	*6,210*	*1,866*	*10,048*
Balance at 1 January 2008	1,972	6,210	1,866	10,048
Acquisition of business	-	13	-	13
Additions	1,780	911	113	2,804
Disposals	(180)	-	(140)	(320)
Balance at 31 December 2008	3,572	7,134	1,839	12,545
Depreciation				
Depreciation charge for the 3 month period	*125*	*873*	*89*	*1,087*
Balance at 31 December 2007	*125*	*873*	*89*	*1,087*
Balance at 1 January 2008	125	873	89	1,087
Depreciation charge for the year	597	3,159	348	4,104
Disposals	(76)	-	(26)	(102)
Balance at 31 December 2008	646	4,032	411	5,089
Net book value				
Balance at 31 December 2007	1,847	5,337	1,777	8,961
Balance at 1 January 2008	**1,847**	**5,337**	**1,777**	**8,961**
Balance at 31 December 2008	**2,926**	**3,102**	**1,428**	**7,456**

The company has no tangible assets.

11 Intangible assets

Group

	Goodwill	Software	Other intangible assets	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
Acquisition of business	*276,249*	*66,704*	*178,000*	*520,953*
Additions	*-*	*4,004*	*-*	*4,004*
Balance at 31 December 2007 (restated)	*276,249*	*70,708*	*178,000*	*524,957*
Balance at 1 January 2008	276,249	70,708	178,000	524,957
Acquisition of business	865	-	-	865
Additions	-	17,957	-	17,957
Balance at 31 December 2008	277,114	88,665	178,000	543,779
Amortisation				
Amortisation for the 3 month period	*-*	*1,558*	*2,350*	*3,908*
Balance at 31 December 2007	*-*	*1,558*	*2,350*	*3,908*
Balance at 1 January 2008	-	1,558	2,350	3,908
Amortisation for the year	-	5,888	9,400	15,288
Balance at 31 December 2008	-	7,446	11,750	19,196
Net book value				
Balance at 31 December 2007 (restated)	*276,249*	*69,150*	*175,650*	*521,049*
Balance at 1 January 2008	**276,249**	**69,150**	**175,650**	**521,049**
Balance at 31 December 2008	**277,114**	**81,219**	**166,250**	**524,583**

The amortisation charge is recognised in the following line items in the income statement:

	2008	*3 month period 2007*
	£'000	*£'000*
Administrative expenses	**15,288**	3,908
	15,288	3,908

Other intangible assets relate to the fair value of the customer relationships at acquisition based on estimates of net projected cash flows over the term of the relationship.

The company has no intangible assets.

11 Intangible assets (continued)

Impairment testing

Goodwill arose on the acquisition of the Lloyds TSB Registrars business from Lloyds TSB Group plc and the acquisition in the year of Prosearch Asset Solutions Limited. Goodwill is tested annually for impairment. This is determined by assessing the present value of net cash flows generated by the business over the period over which the management expects to benefit from the acquired business.

The recoverable amounts of the cash generating units ("CGUs") are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and growth rates. The Group derives cash flows from its most recent business plans over a three year period. The projected cash flows are discounted using a weighted average cost of capital, reflecting current market assessments on debt/equity ratios of similar businesses and risks specific in the CGUs.

The outcome of the impairment assessment has been that the directors do not consider that the goodwill has been impaired, given that the value in use is greater than the carrying value of goodwill.

	2008	*2007*
Period on which management approved forecasts are based	3 years	3 years
Growth rate applied beyond approved forecast period	3%	3%
Discount rate post tax	10.5%	11.0%

12 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

	Country of Incorporation	**Class of shares held**	**Principal activities**	**Ownership 2008 %**	*2007 %*
Direct Investments					
Equiniti PIK Cleanco Limited	UK	Ordinary	Holding company	100	*100*
Indirect Investments					
Equiniti PIKco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Cleanco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Debtco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Holdings Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Limited	UK	Ordinary	Registrars	100	*100*
Equiniti Financial Services Limited	UK	Ordinary	Financial services	100	*100*
Equiniti Jersey Limited	Channel Islands	Ordinary	Registrars	100	*100*
Prosearch Asset Solutions Limited	UK	Ordinary	Asset recovery	100	*n/a*
Equiniti Share Plan Trustees Limited	UK	Ordinary	Trustee company	100	*100*
Equiniti Registrars Nominees Limited	UK	Ordinary	Non trading	100	*100*
Trust Research Services Limited	UK	Ordinary	Non trading	100	*100*
Equiniti ISA Nominees Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Nominees Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Savings Nominees Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Corporate Nominees Limited	UK	Ordinary	Non trading	100	*n/a*
Equiniti Share Plans Limited	UK	Ordinary	Non trading	100	*100*
LR Nominees Limited	UK	Ordinary	Non trading	100	*100*

13 Other financial assets

	Group 2008 £'000	Company 2008 £'000	*Group 2007 £'000*	*Company 2007 £'000*
Non-current				
Intercompany loan due from related parties	-	95,704	-	*89,577*
Derivatives	10,040	-	-	-
Shares held in Euroclear plc	6,122	-	*6,122*	-
	16,162	**95,704**	*6,122*	*89,577*
Current				
Derivatives	11,075	-	-	-
	11,075	-	-	-

14 Other financial liabilities

	Group 2008 £'000	Company 2008 £'000	*Group 2007 £'000*	*Company 2007 £'000*
Non-current				
Derivatives	12,632	-	-	-
	12,632	-	-	-
Current				
Derivatives	14,255	-	-	-
Loans classified as other financial liabilities due to related parties	10,916	-	**10,104**	**17**
	25,171	-	**10,104**	**17**

15 Deferred tax assets and liabilities

Recognised liabilities
Deferred tax liabilities are attributable to the following:

	Group Liabilities 2008 £'000	Company Liabilities 2008 £'000	*Group Liabilities 2007 £'000*	*Company Liabilities 2007 £'000*
Timing difference on goodwill tax allowances	3,826	-	*710*	-
Net tax liabilities	3,826	-	*710*	-

15 Deferred tax assets and liabilities (continued)

Recognised assets
Deferred tax assets are attributable to the following:

	Group Assets £'000 £'000	**Company Assets £'000 £'000**	*Group Assets 2007 £'000*	*Company Assets 2007 £'000*
Tax value of loss carry-forwards	3,699	-	-	-
Net tax assets	3,699	-	-	-

The Group has an estimated £22,857,095 (2007: £6,764,832) of carry forward tax losses which would be available for offset against future taxable income. These tax losses do not time expire. The Group has not recognised any deferred tax assets in respect of this amount. In addition to this, there are other temporary differences totalling £6,868,398 (2007: £1,554,410). The group has not recognised any deferred tax assets in respect of these amounts as tax assets are recognised only to the extent that it is considered more likely than not suitable taxable income will arise. The estimated value of the deferred tax asset not recognised, measured at the standard rate of 28% is £8,321,458 (2007: £2,329,388).

16 Trade and other receivables

	Group 2008 £'000	**Company 2008 £'000**	*Group 2007 (restated) £'000*	*Company 2007 £'000*
Trade receivables	15,643	-	14,820	-
Other receivables and repayments	12,723	-	26,592	-
	28,366	-	41,412	-

At 31 December 2008 trade receivables are shown net of an allowance for doubtful debts of £333,000 (2007 restated: £284,000). The impairment loss recognised in the period was £49,000 (2007: £ nil).

17 Cash and cash equivalents

	Group 2008 £'000	**Company 2008 £'000**	*Group 2007 £'000*	*Company 2007 £'000*
Cash and cash equivalents per balance sheet	13,899	1	19,174	1
Cash and cash equivalents per cash flow statement	13,899	1	19,174	1

18 Other interest-bearing loans and borrowings

	Group 2008 £'000	Company 2008 £'000	*Group 2007 £'000*	*Company 2007 £'000*
Non-current liabilities				
Secured bank loans	**493,243**	-	*480,671*	-
Unamortised cost of raising finance	**(22,335)**	-	*(25,644)*	-
Shares classified as debt	**96,505**	**96,505**	*89,356*	*89,356*
	567,413	**96,505**	*544,383*	*89,356*

Costs of raising finance are being amortised over 8 years. In the year £3,309,000 (2007: £827,000) has been recognised in finance expense - cost of borrowings, in Note 8.

Terms and debt repayment schedule	Currency	Nominal interest rate	Year of maturity
Payment in kind ("PIK") facility	**Sterling**	**Libor + 9.5%**	**2017**
Bank loan	**Sterling**	**Libor + 3%**	**2016**

19 Trade and other payables

	Group 2008 £'000	Company 2008 £'000	*Group 2007 (restated) £'000*	*Company 2007 £'000*
Trade payables	**2,658**	-	*2,068*	-
Non-trade payables and accrued expenses	**15,881**	-	*31,446*	-
Other creditors	**4,722**	-	*2,007*	-
	23,261	-	*35,521*	-

20 Employee benefits

Defined contribution plans
The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the period was £3,562,000 (2007: £1,116,000).

Employee co-investment plan
Prior to the acquisition all employees had the opportunity to purchase units under the Co-investment plan. A unit being a notional unit share equal in value to one ordinary share.

The units will only vest on the occurrence of a return of capital to the entire business and the value of each unit will be determined in relation to the value of the ordinary shares at that time.

A unit shall lapse on the earlier of the tenth anniversary, an exit, the cessation of a persons employment, a participants bankruptcy or on notice of a voluntary winding up of the Company. Unless there has been an occurrence of a return of capital and the value of a unit has been determined to have increased, the repayment will be the grant price.

	No of units 2008 £in thousands	**Carrying amount 2008 £'000**	*No of Units 2007 £in thousands*	*Carrying amount 2007 £'000*
As at 1 January	**691**	**691**		
Co-investment plan subscription	**-**	**-**	*708*	*708*
Repayments to participants at the grant price	**(126)**	**(126)**	*(17)*	*(17)*
As at 31 December	**565**	**565**	*691*	*691*

At the balance sheet date the units have been valued at their grant price of £1.

21 Provisions

	Group Business restructuring £'000	**Group Other Provisions £'000**	**Group Total provisions £'000**	**Company Provisions** *£'000*
Balance at 1 January 2008 (restated)	-	10,615	**10,615**	-
Provisions made during the year	2,060	-	**2,060**	-
Provisions used during the year	-	(75)	**(75)**	-
Balance at 31 December 2008	**2,060**	**10,540**	**12,600**	-
Non-current	-	8,740	**8,740**	-
Current	2,060	1,800	**3,860**	-
	2,060	**10,540**	**12,600**	

The business restructuring provision relates to provisions for severance payments against restructuring announced in 2008 and to be completed in the first half of 2009, as described in Note 4.

Other provisions relate to provisions for dilapidations and constructive compliance obligations in existence on the acquisition of the LTSB registrars business as described in Note 3.

22 Share capital and reserves

	8% preference shares	Ordinary shares	8% preference shares	Ordinary shares
In thousands of shares	**2008**	**2008**	*2007*	*2007*
On issue at 1 January – fully paid	**87,604**	**4,726**	-	-
Issued for cash during the period, at par	**-**	**-**	*87,604*	*4,726*
On issue at 31 December – fully paid	**87,604**	**4,726**	*87,604*	*4,726*
	2008	**2008**	*2007*	*2007*
	£'000	**£'000**	*£'000*	*£'000*
Authorised				
Shares of £1 each	**96,500**	**5,000**	*96,500*	*5,000*
	96,500	**5,000**	*96,500*	*5,000*
Allotted, called up and fully paid				
Shares of £1 each	**87,604**	**4,726**	*87,604*	*4,726*
	87,604	**4,726**	*87,604*	*4,726*
Shares classified as liabilities		**87,604**		*87,604*
Shares classified in shareholders funds		**4,726**		*4,726*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The preference shares are non-redeemable. They have a right to fixed dividend of 8%. Unpaid dividends accrue and are compounded annually. Preference shareholders have the right to receive notice of, to attend and to speak at general meetings but are not entitled to vote upon any resolution.

During the period the Company issued no further ordinary or preference shares. (2007: 4,726,000 £1 ordinary shares for a consideration of £4,726,000 and 87,604,000 £1 8% cumulative preference shares for £87,604,000, both settled in cash).

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

23 Financial instruments

Credit risk
The maximum exposure to credit risk at the reporting date was:

	Note	Group 2008 £'000	Company 2008 £'000	*Group 2007 (restated) £'000*	*Company 2007 £'000*
Loans and receivables due from related parties	13	-	95,704	-	89,577
Other financial assets	13	6,122	-	6,122	-
Derivatives	13	21,115	-	-	-
Trade and other receivables	16	28,366	-	41,412	-
Cash and equivalents	17	13,899	1	19,174	1
		69,502	95,705	66,708	89,578

Credit risk mitigation
For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with a minimum rating of A are accepted.

Group Impairment losses	2008	*2007*
The ageing of trade receivables at the reporting date was:	£'000	£'000
Not past due	12,392	6,699
Past due 0-30 days	1,929	4,788
Past due 31-90 days	1,106	1,844
Past due more than 90 days	550	1,773
	15,977	15,104

Based on historic performance of these contracts, the Group has made an impairment allowance of £102,000 in respect of trade receivables.

Liquidity risk The maximum exposure to liquidity risk at the reporting date was:	Note	Carrying Amount Group 2008 £'000	Company 2008 £'000	Carrying Amount *Group 2007 (restated) £'000*	*Company 2007 £'000*
Trade and other payables	19	23,261	-	35,521	-
Employee benefits	20	565	565	691	691
Loans from related parties	14	10,916	-	10,104	17
Derivatives	14	26,887	-	-	-
Other interest-bearing loans and borrowings	18	567,413	96,505	544,383	89,356
		629,042	97,070	590,699	90,064

All trade and other payables are expected to be paid in six months or less.
Employee benefits become repayable when the units lapse, as described in note 20.
Loans from related parties are repayable on demand.
The contractual cash flows including interest payments for the other interest-bearing loans and borrowings and derivatives are shown in the table in this note 23, under interest rate risk below.

Liquidity risk mitigation
The Group regularly updates forecasts for cash flow and covenants to ensure it has sufficient funding available. The Group also has revolving credit facilities of up to £18,500,000 available.

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23 Financial Instruments (continued)

Interest rate risk

Interest rate risk is managed across the Equiniti Enterprises Group of companies by monitoring its interest linked revenues versus non fixed interest rate borrowings.

Effective interest rates and repricing analysis

The following are the contractual maturities of interest bearing financial liabilities including interest payments;

31 December 2007

Group

Amount in £'000's	Secured bank loan	PIK facility	Shares classified as Debt	Total
Effective interest rate %	*8.50%*	*15%*	*8%*	
Carrying amount	*411,000*	*69,671*	*89,356*	*570,027*
0-1 years	*(34,935)*	-	-	*(34,935)*
1-2 years	*(34,935)*	-	-	*(34,935)*
2-5 years	*(104,805)*	-	-	*(104,805)*
5 years and over	*(507,071)*	*(237,457)*	*(189,130)*	*(933,658)*
Total contracted cash flows	*(681,746)*	*(237,457)*	*(189,130)*	*(1,108,333)*

Company

Amount in £'000's	*Shares classified as Debt*	*Total*
Effective interest rate %	*8%*	
Carrying amount	*89,356*	*89,356*
0-1 years	-	-
1-2 years	-	-
2-5 years	-	-
5 years and over	*(189,130)*	*(189,130)*
Total contracted cash flows	*(189,130)*	*(189,130)*

31 December 2008

Group

Amount in £'000's	**Secured bank loan**	**PIK facility**	**Shares classified as Debt**	**Total**
Effective interest rate %	5.70%	12%	8%	
Carrying amount	412,000	81,243	96,504	**589,747**
0-1 years	(23,608)	-	-	**(23,608)**
1-2 years	(23,608)	-	-	**(23,608)**
2-5 years	(70,823)	-	-	**(70,823)**
5 years and over	(453,313)	(204,962)	(191,242)	**(849,517)**
Total contracted cash flows	**(571,352)**	**(204,962)**	**(191,242)**	**(967,556)**

23 Financial Instruments (continued)

Company

Amount in £'000's	Shares classified as Debt	Total
Effective interest rate %	8%	
Carrying amount	96,504	**96,504**
0-1 years	-	-
1-2 years	-	-
2-5 years	-	-
5 years and over	(191,242)	**(191,242)**
Total contracted cash flows	**(191,242)**	**(191,242)**

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and are expected to impact the profit and loss;

31 December 2008

Group	Interest rate swaps		
Amount in £'000's	**Assets 2008**	**Liabilites 2008**	**Total 2008**
Carrying Amount	21,116	(26,887)	**(5,771)**
Expected cash flows	21,723	(27,657)	**(5,934)**
6 months or less	5,110	(7,028)	**(1,918)**
6-12 months	6,129	(7,428)	**(1,299)**
1-2 years	7,660	(9,269)	**(1,609)**
2-5 years	2,824	(3,932)	**(1,108)**
Total contracted cash flows	**21,723**	**(27,657)**	**(5,934)**

There were no derivatives held in 2007, so a comparatives table has not been included.

Interest rate liabilities relate to a swap in place that hedges monthly interest payable on secured bank loans based on Libor against a fixed rate, which run through to October 2011.

At the same time as hedging interest payable, a further derivative was taken out to hedge monthly intermediary fee income receivable based on Bank Base Rate against a fixed collar of 4.0% to 4.5%, which also run through to October 2011.

Sensitivity analysis

At the balance sheet date it is estimated that an increase of one percentage point in interest rates would increase the finance costs for the Group by an estimated £0.9m (£0.8m of which is payable in kind on the PIK facility) and give rise to an estimated increase in revenue across the Group of £0.4m.

Fair values

The fair values and the carrying values of financial assets and liabilities are the same.

24 Operating leases

Non-cancellable operating lease rentals relate primarily to the group premises and are payable as follows:

	2008	*2007*
	£'000	*£'000*
Less than one year	**1,666**	*2,684*
Between one and five years	**3,991**	*5,308*
More than five years	**2,863**	*3,782*
	8,520	*11,774*

During the year £2,474,000 (2007: £645,000) was recognised as an expense in the income statement in respect of operating leases.

25 Related parties

Group

During the year interest of £812,000 (2007: £203,000) accrued on a loan bearing interest at 8% from its parent Company Equiniti (Luxembourg) Sarl, leaving a balance outstanding at the year end of £10,916,000 (2007: £10,104,000).

Company

During the year interest of £6,268,000 (2007: £1,541,000) accrued at 7% on a loan to its subsidiary Equiniti PIK Cleanco Limited. Interest of £141,000 (2007: nil) was paid in the year, leaving a balance outstanding at the period end of £95,704,000 (2007: £89,577,000).

Transactions with key management personnel

The compensation of key management personnel (including the directors) is as follows:

		3 months period
	2008	*2007*
	£'000	*£'000*
Key management emoluments including social security costs	**3,322**	*435*
Company contributions to money purchase pension plans	**110**	*22*
	3,432	*457*

26 Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary of Equiniti (Luxembourg) Sarl, a Company incorporated in Luxembourg. The ultimate controlling party relationship lies with the funds managed by Advent International Corporation.

27 Accounting estimates and judgements

Cash-settled share based payments

Measured as the lower of amount subscribed plus the attributable share of any increase in the net assets of the business since the subscription date.

Fair values of intangible assets

Fair values of intangibles have been calculated by estimating the net present value of future revenues generated by the assets over their estimated useful lives.

Third party valuations are used to fair value the Group derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

27 Accounting estimates and judgements (continued)

Useful Lives

Useful lives have been estimated as the expected period to replacement for software development, or the period over which the asset is expected to generate future revenues.

Deferred Tax

Under IAS 12 deferred tax assets are recognised to the extent that taxable profits will be available against which the deductible temporary differences can be utilised. As at the year end the directors consider that the IAS 12 recognition criteria are satisfied.

Vat determination

The purchase consideration on acquisition has been estimated in advance of a VAT determination, see note 3.