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Equiniti Enterprises Limited

Annual Report 2009

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

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Overview

Equiniti At A Glance
The Equiniti Group is the UK's leading provider of registration services, employee benefits, and associated investment services Equiniti also delivers a range of business process outsource (BPO) solutions focusing on complex, time critical, administration and contact services to private and public sector clients The business is comprised of four primary activities

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Overview

Chief Executive Officer (CEO) Statement

I am delighted to present the Report and Accounts for Equiniti Enterprises Limited

I was appointed as CEO in January 2010 following the departure of Bill Dye to pursue other business interests

Equiniti Strategy
Equiniti strategy remains focused on developing our existing business lines, Registration Services, Employee Share Plans, and Investment Services, where we continue to enjoy a strong market share and leadership position This focus will enable the business to deliver strong revenue and profitability growth Underpinning our strategy is our commitment to quality and customer service excellence We continue to invest strongly in our leading edge systems and people, especially in the area of training and development Our strategy remains to deliver all voice contact activity through our UK-based contact centre and as part of this strategy we have upgraded our telephony platform to further improve the quality of the service we provide to our clients and their shareholders Our acquisition strategy remains focused on developing our existing business lines; where appropriate we will add further capability or where we can acquire complimentary capabilities We have applied this approach to our business model and have entered the wider BPO market through our acquisition of ICS This provides the business with a platform to develop new services and products to meet the opportunities afforded to us across both the Private and Public sectors We are excited by this opportunity and will introduce these new services to our clients throughout 2010

Overview of the Market
Across our four business lines there have been a number of different market and competitor pressures seen in 2009 In our Registration Services and Employee Share Plans business lines we remain the market leader These sectors have three major players servicing the majority of the FTSE 350 clients The key drivers remain excellent service delivery, knowledge, and cost effectiveness Equiniti has retained its position providing a wide range of services to over 55% of the FTSE 100 and 42% of the FTSE 250 In our Investment Services business line we provide both execution only dealing services to shareholders and customer labelled (white label) administration services to clients We are developing new services and products across the primary activities of the business that will assist our clients to bring new products to market at lower cost The BPO business line has grown in 2009 through good growth in the Equiniti ICS business acquired during the year Much uncertainty exists in the Public Sector which may result in a reduction in available contracts, we do not see this having a significant impact to our business and a drive to further efficiencies in the Public Sector would play to our key BPO strengths The pension administration sector within our BPO business line continues to develop with in-house operations being transferred to third party administrators like ourselves to benefit from cost savings and service enhancements We have further invested in developing our Defined Contribution capability to take advantage of the changes being made in this market and will seek to grow further from the excellent client base we have

Strong Results in 2009
Despite the difficult economic climate, Equiniti has performed well and posted strong results for 2009 with total revenue of £158 1m and operating profit of £36 6m

The group faced continued significant headwinds caused by the challenging market conditions as a weak and volatile stock market impacted our customers' retail share trading and the take-up of new employee share schemes and low 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

Equiniti Registration and Employee Share Plans continue to hold its position in terms of market share, which is comparable with 2008

Investments and Service Improvements
Equiniti's investment program continues to be at the forefront of the business, and aims to further enhance services for both its clients and their shareholders/customers and employees In Equiniti's UK-based contact centre, a new telephony system has been introduced, enabling regular monitoring and the ability to quality control calls to enhance service to clients, and their shareholders and employees, and retail investors In response to feedback from clients and their shareholders and employees, Equiniti continued to enhance the services provided by its contact centre In 2009, new change of address and mandate helpline services were launched making such changes faster and more secure and this was followed with the introduction of a bereavement helpline where the support for such issues needs to be helpful as well as caring The strategy underpinning changes lies at the core of Equiniti's strategic drive to improve shareholder, employee, and retail customer experience Equiniti's sharedealing website has been upgraded, and now offers customers the ability to 'self service' their information In addition, Equiniti has continued with enhancements to its Sirius IT platform for share registration, which is set to further improve customer service

Overview

In line with Equiniti's strategic objective to provide clients with a comprehensive and unique service in its share registration market, Equiniti has amalgamated meeting management, reporting and analytics services under the Equiniti Investor Analytics offering This reorganisation enables Equiniti to offer clients a broad range of services under one product offering and gives them the ability to evaluate a range of options when working with shareholders

Acquisition Programme

In May 2009 Equiniti acquired ICS Computing Limited (rebranded as Equiniti ICS) a BPO solution provider based in Northern Ireland This deal marks the first step of Equiniti into the BPO market The addition of ICS into Equiniti gives us an exciting opportunity to offer a set of technology services and solutions to our existing clients ICS and Equiniti are complementary businesses, the combination of ICS's long established expertise in technology and our strong administrative capabilities perfectly positions us for enhanced growth This acquisition provides an entry point into the valuable Public Sector market

In June 2009 Equiniti acquired David Venus & Company, the foremost independent firm of chartered secretaries David Venus provides outsourced company secretarial services and share registration services This acquisition enables Equiniti to provide a unique offering to the smaller companies market as well as providing company secretarial and share registration services to existing clients Equiniti has made good progress in cross-selling this offering to its existing client base

Operational Capabilities and Commitment to Customer Service Excellence

Equiniti is a high volume secure processing business, managing the registers for 55% of the FTSE 100 Each year we handle over 10 million pieces of mail, despatch over 34 million communications, handle over 3 4 million calls through our dedicated UK-based contact centre and receive and process around 1 8 million electronic share transactions from the CREST system each month On behalf of our clients we deliver over 1,400 major dividend tasks, 500 SAYE tasks, and we manage and deliver a number of complex, time critical, financial transactions including rights issues, corporate actions and fund raising events, where we work alongside other industry experts

Our investment programme has been focused to deliver improved customer service, it remains at the heart of everything we do and our commitment in this regard is underlined by our continued development of the Sirius IT Platform, contact centre and web based services Enhancements have been made to service delivery through enabling a greater number of transactions to be handled as a 'one touch', which has significantly improved the shareholder experience.

Equiniti is committed to ensuring its internal risk control framework is effective and proportionate to the services provided to customers and the protection of the business In support of this, Equiniti's systems and controls have been further enhanced during 2009 and at the same time independently assessed by its dedicated internal audit and regulatory compliance teams These teams report directly to the Audit Committee The Audit Committee also reviews and agrees the audit and compliance review plan as set against the risk appetite of Equiniti which is formulated through its enterprise risk management model

Our People

The people agenda at Equiniti has been well advanced in 2009 Following our first full year of trading in 2008, and having completed all people aspects of the separation from our former parent, we now have an excellent platform from which to launch a new Equiniti specific proposition for our people In 2009 we have focused on developing a framework within which our people can understand their role in the future success of the organisation and how they can directly contribute This is underpinned by Equiniti specific competencies and the development of an Equiniti Performance Management Framework and support by an appropriate training and development programme

We have begun the implementation of our own Perito HR technology platform and Perito Payroll as part of the process of delivering a more professional and accessible approach to people management across the organisation We have developed strong communication channels with our people through the work to upgrade the intranet and through the introduction of regular people updates via our existing channels We have a great opportunity to leverage our own internal skills sets in Employee Benefits and Pensions to ensure that our reward proposition to our people is best in class and we will continue this approach into 2010

Our people continue to be our most important asset Training and personal development investment will be increased in 2010 underpinning our focus on delivering excellent customer service Combined with the pursuit of excellence in all our interactions with our colleagues and our clients, this means that we are well placed to continue to grow in 2010

Corporate Social Responsibility (CSR)

Equiniti published its first CSR policy in November 2009 that sets out the Equiniti approach to CSR under the four pillars of the Environment, People, Stakeholders and Charity & Communities The Group has made sustained progress in developing its CSR credentials and continues to drive a reduction in the use of paper across all of its operations through investment in new technology and a paper free approach in client communication campaigns

Overview

Equiniti has a steering committee set up within the business to ensure effective governance of our CSR approach, by the end of 2010 Equiniti will have set the CSR metrics framework and published our CSR targets across all of our four pillars

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 2010

As we enter 2010, we continue to see turbulent market conditions but we are determined to continue to invest in the business and drive further service improvements The Group will continue to look for add-on acquisitions that fit its core strategy to support our growth 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 asset reunification We will look to introduce services provided by our acquisitions including Company Secretarial and Equiniti's wider BPO capabilities to existing and potential new clients

We continue to invest in our business and once again we have an ambitious capital expenditure programme for 2010 We plan to continue to enhance our web services especially within our Employee Share Plans service to provide a better experience for clients and employees We will add functionality to our Sirius platform to meet the changing requirements of our clients and improve our sharedealing on-line service

We have recently invested in and implemented a new telephony system in our UK-based 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 progressive monthly improvement of approximately 3%

As we enter our third year we are now in a strong place to leverage the investment made in 2009, stability and quality in the business has significantly improved, our new acquisitions are already enhancing our offering and we will continue to look for additional bolt-on acquisitions which will help secure greater opportunity for existing and new clients

I am proud to be leading the Equiniti group and believe we are now well placed to accelerate growth and develop our business in both the public and private sectors

Wayne Story
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 2009 Equiniti remained the number one provider managing a 55% share of the FTSE 100 and 38% of the FTSE 250, servicing over 1,500 clients and maintaining 13 million shareholder accounts Equiniti has been serving this market for over 50 years

Following the successful take on of the enlarged Lloyds Banking Group (LBG) registration contract following the takeover of HBOS, LBG appointed Equiniti to manage the largest Rights issue undertaken in the UK, raising £13 5bn for the Lloyds Banking Group across 2 8 million shareholders, as well as participating in the Exchange Offer that saw the Group convert £8 7bn of securities The sheer scale of the rights issue cannot be overestimated with the processing of more than one million instruction forms in just a ten day business window Few businesses have the capabilities to successfully manage a project of this size and scale, and Equiniti's track record in managing large amounts of data and processing complex administration tasks were a key factor in securing the contract from LBG

The newly formed Investor Analytics business has continued to form and grow during the year We succeeded in bringing our shareholder analysis range of services up to 'best of breed' and introducing proxy vote tracking and solicitation services The year also saw the development and integration of the Benson analysis system The new reports have been well received by the market Once fully implemented the Benson system will allow our clients to access their shareholder analysis online and draw a 'live' report off the system

Equiniti also acquired David Venus, a leading firm of Chartered Secretaries This acquisition underlines Equiniti's drive to develop a broader portfolio of services for our clients The two companies complement each other very strongly with the Equiniti Group now able to offer strong company secretariat support In addition to company secretariat support, David Venus also has a share registration arm with a number of AIM and PLUS clients This acquisition also brings a further 500 David Venus clients into the group who can benefit from Equiniti's wider network of expertise

Employee Benefits

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 over 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 Difficult market conditions continued during 2009, especially for senior management with many share awards granted to Executives being either underwater or not vesting due to performance conditions not being met However, all employee plans did benefit from increased participation due to better communications and a savings culture revival as well as reinforcing their ability to provide engagement, motivation and real value to employees

Investment Services

Equiniti provides a range of services for shareholders and employees 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 customers

Equiniti offers execution-only sharedealing via postal, telephony and online channels enabling customers to buy, sell and manage their portfolio quickly and efficiently The market volatility in 2009 created challenging conditions for retail investors We saw significant trading increases in banking stocks and many Sharesave schemes remained underwater reducing the opportunity for marketing activity Despite the increased drive to de-materialisation Equiniti retained its number one position and increased it market share to over 40% for certificated trading business Overall sharedealing revenue was up 17% with increased volumes of 41% compared to 2008

The Investment Services business took the opportunity at the end of the year to re-position itself within the market and to extend its existing custody and settlement service to third parties, providing white label solutions across the Investment Services sector

Other Investment Products we offer include

- 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 Individual Savings Account (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

Business Review

Business Process Outsourcing
Our pension administration 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 In 2009 it was awarded the ISO9000/2000 accreditation, 2009 also saw a major new business win for the provision of a new defined contribution scheme in the financial services sector

Equiniti ICS helps organisations to develop into high-performance businesses by transforming their processes and operations, improving customer service, driving organisational efficiencies, and reducing costs Equiniti ICS's success within the public and private sectors, where it delivers IT services and BPO solutions, is underpinned by a highly-experienced 300-strong workforce based in Belfast, Chennai, and Newbury The company has displayed consistent growth in turnover, staff numbers, and profit, and has achieved a wide range of awards and accreditations such as ISO 9000/2000, ISO 14000, ISO 27001, Investors in People (IIP), EFQM Mark of Excellence, and Deloitte Best Managed Company 2009 Their expertise provides clients with industry-specific and cross-industry solutions that allow them to focus on their core competencies, achieve immediate and sustained cost savings, improve cash flow, and drive growth

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 15

Total revenue
Total revenue for the year was £158 1m This was despite reducing intermediary fee income (driven by lower base rate), turbulent market conditions and the cessation of the revenue stream from the Cash Individual Savings Account (ISA) product that was not part of the assets purchased by Advent International Corporation from Lloyds Banking Group These market conditions drove reduced levels of 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, the acquisitions of ICS Computing Limited (rebranded as Equiniti ICS) and David Venus & Company, 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 2009 operating profit was £36 6million, representing an increase of £9 5m (35 1%) compared with the prior year (£27 1m) This represents a margin of 23 2%, an increase of 20 2% compared with the prior year's margin of 19 3% Before exceptional costs, normalised operating profit was £43 7m This represents an increase of £3 9m (9.8%) compared with the prior year (£39 8m)

Business Review

Non-financial KPIs

Performance against non-financial KPIs is reflected in the following

Market share – FTSE 100 & FTSE 250

As at the end of 2009 Equiniti remained the number one share registration provider, managing 55% market share of the FTSE 100 and 38% of the FTSE 250, servicing over 1,500 clients and maintaining over 13 million shareholder accounts. This market share position is comparable with 2008

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 three main respects Firstly, income relating to client balances is generally at floating rates This risk is currently largely mitigated by an interest rate derivative Secondly, expense relating to the UK Sharesave (SAYE) product and ultimately payable to savers at fixed rates is protected by fixed rate income agreements Thirdly, interest expense arising on floating rate loans is mitigated by an interest rate derivative

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

Market risk
Equiniti does not trade in securities in its own right or hold securities as principal and in consequence it is not exposed to share prices or securities liquidity risk

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 The group is not exposed to significant customer credit risk due to the risk being spread across a large and diverse client base

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 management's 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, change and operations It is a combination of these risk assessments that derive 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, other external stakeholders 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, Wayne Story, 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
• Charity & Communities

The Equiniti CSR policy has now been published and a synopsis of activity 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 continually assess its premises needs and these have been optimised by upgrading to more efficient plant where required and are continually reviewing run-times as part of our drive to reduce energy consumption Space planning has enabled it to maximise the use of offices across the portfolio and has led to significantly reduced square footage at its Worthing operations Initiatives are underway for the forthcoming Carbon Reduction Initiative

Equiniti uses 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 also run 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
We continue to invest in new technology to offer our stakeholders a service that is secure and efficient, we have now migrated our 1,000th client onto our Sirius IT platform which manages over 43 million accounts This major milestone has been one of the largest developments in the UK and Europe and ensures Equiniti has a market leading IT infrastructure We have also made a substantial investment in a new telephony system at our Contact Centre in Birmingham

A continued investment in our IT infrastructure has seen a new Intranet and HR platform for our internal stakeholders, and we are currently investing in a refresh of our external web presence to ensure the primary gateway for all Equiniti stakeholders reflects our status and ambition as a business

Our relationship with our stakeholders is essential to our business and operations, and we are continuing to invest in those relationships to ensure that we deliver the highest levels of service and quality throughout all of the touch points in our business

Business Review

People

Fundamental to the success of our business are our people At Equiniti we are focused on creating a high performing culture where each individual has the opportunity to 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 have processes in place to enable open discussion of an individuals' needs and aspirations as part of a more structured approach to performance management which includes objective setting and personal development targets specific to individuals and their needs.

We are supportive of our people in gaining recognised professional qualifications to promote both the development of the individual and the needs of the business Examples of qualifications attained at Equiniti include those of the Institute of Chartered Secretaries and Administrators (ICSA) and the Chartered Institute of Marketing (CIM) Equiniti is committed to focusing on the facilitation and support of training and development initiatives for all our people We will continue to develop this offering to our people to ensure that the opportunity for individual development is central to our people approach

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 has made substantial progress in its approach to Charities and Communities and will be publishing a formal policy in Q2 2010 The policy will determine that Equiniti will develop and evolve its relationship with local charities in the communities in which it operates, such as Chestnut Tree House in Sussex

In addition to this Equiniti will support the National Media charities such as Children in Need, Comic Relief and Sport Relief Equiniti will also react to world events where possible and our Charity policy will enable us to raise funds for disaster relief and similar appeals Equiniti will also operate a GAYE (Give as You Earn) scheme and ensure that the business supports our charity efforts as part of our enhanced policy

In November 2009 Equiniti raised over £7,000 for Children in Need through a range of employee fundraising activities across all of its sites, and in February 2010 Equiniti raised over £4,000 for the victims of the Haiti earthquake This is in addition to the annual programme of activity that supports our local charity partners

In the community Equiniti will work with local schools and colleges to provide business resource to the education sector, providing investment and support to future generations

Corporate Governance

Board of Directors

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

Executive directors

Wayne Story - Chief Executive Officer (CEO)
Wayne Story joined Equiniti in November 2008 Following successful careers within TSB Group, PPP healthcare and PA Consulting Group, Wayne joined Capita Group in 2005 where he held a number of senior roles In 2006 he was appointed as Managing Director of the HR Businesses

As a Senior Director within the Group he specialised in developing Board Level relationships and operationally led the sales process for a number of major outsourcing contracts with both major Public Sector bodies and FTSE 100 organisations

Wayne holds an MBA and is an Associate of the Chartered Institute of Bankers

Marc Vassanelli - Chief Financial Officer (CFO)
Marc Vassanelli joined Equiniti in September 2009 Marc's previous roles have included Chief Financial Officer of the EMEA region of Marsh Inc , a £1 0bn business where he more than doubled the profitability of the business on an annualised basis Prior to this Marc was a senior restructuring advisor to companies in the areas of strategy, operations, and finance

Marc was also a Managing Director at a buy side private equity firm and before that was President of his own company specialising in providing capital markets and strategic advice to both Fortune 500 businesses as well as smaller businesses in the US Marc started his career working on the Presidential Transition in Washington, D C

Marc holds an MBA from The Wharton School, University of Pennsylvania

Non-executive directors

Sir Neville Simms - Chairman
Sir Neville is the Chairman at Equiniti and International Power, a post he has held since the de-merger from National Power in 2000 Previous roles have included the Chairmanship of Carillion plc, the construction and business group Neville has also held significant senior roles in the public sector within the Bank of England, and as Chairman of the UK Government's sustainable procurement taskforce Sir Neville is Chairman of the Nomination Committee and is a member of the Audit and Remunerations Committees

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 is a member of the Nomination Committee

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 Committee

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 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 Centre at the University of Munich Oliver is a member of the Nomination and Remuneration Committees

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

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 their latest generation fund, GPE VI, with US$10 0 billion Since their 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 2009

The directors present their directors' report and financial statements for the year ended 31 December 2009

Principal activities
Equiniti is the UK market leader in share registration and the provision of employee share plans and also offers a range of complimentary business process outsourcing services to corporate clients The business is comprised of four principal business lines registration services, business process outsourcing, employee share plans and investment services

Equiniti is 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 business process outsourcing 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	2009	2008
Total revenue	158 1	140 5
Operating costs	121 5	113 4
Operating profit	36 6	27 1
Operating profit before exceptional costs	43 7	39 8
Capital expenditure	8 5	9 5

Total revenue for the year was £158 1 million This was despite reducing intermediary fee income (driven by lower base rate), turbulent market conditions and the cessation of the revenue stream from the Cash Individual Savings Account (ISA) product that was not part of the assets purchased by Advent International Corporation from Lloyds Banking Group These market conditions drove a decline in retail share trading volumes due to lower share prices, reduced levels of 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, the acquisitions of ICS Computing Limited (rebranded as Equiniti ICS) and David Venus & Company, as well as the sale of new products Overall the Group made an operating profit of £36 6m for the year, representing a margin of 23 1% of revenue.

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 business lines 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 costs of £7 1m relate mainly to the continuing restructuring programme and acquisition costs that have not been included in the cost of investment They included £5 1m of severance The restructuring programme has involved the off-shoring of a number of IT and operational activities through two third party suppliers as well as implementing cost saving programmes across the whole of the Equiniti organisation Also included within exceptional costs is £1 6m incurred in the investigation of potential acquisitions that have not been completed

Capital expenditure
Capital additions for the year amounted to £8 5m These included the introduction of a new telephony system in the contact centre, the upgrade of Equiniti's sharedealing website and the continuation of enhancements to the Sirius IT platform for share registration All of these are set to further improve customer experience and service

Equiniti Enterprises Limited
Directors Report
For The Year Ended 31 December 2009

Finance costs
Group net finance costs were £54 2m (2008 £56 8m), of this net interest cost £33 3m (2008 £34 0m) was payable in cash The remaining £20 9m is all non-cash charges and includes £9 8m of accrued bank and shareholder loan interest, £7 7m dividends accrued on preference shares and £3 4m other borrowing costs, primarily amortisation of initial financing fees

Cashflow
The Group remains highly cash-generative During the year to 31 December 2009 net cash inflow from operating activities was £63 2m (2008 £37 6m) Of this cash inflow from operating activities, £10 3m was reinvested into capital expenditure and £3 5m was reinvested into acquisitions (net of a loan facility) Furthermore, £34 5m was utilised to meet the net cash interest and other financing costs of the Group's borrowings This resulted in a net increase in cash and cash equivalents of £15.0m over the year

Bank borrowings and financial covenants
At the end of December 2009, net bank debt was £609 4m compared with £567 4m at the end of December 2008 The net bank debt at the year end comprised senior bank debt of £505 2m (2008 £470 9m) and shares classified as debt of £104 2m (2008 £96 5m)

The Group's bank borrowings are available under a senior facility and payment in kind ("PIK") facility 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 £12 6m, which is available to finance working capital and for general corporate purposes In 2009 £5m was drawn under the revolving facility for two months in relation to capital expenditure and acquisition There are also further committed facilities available under the senior facility for the purpose of acquisitions

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 dependent 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 a very high level of client retention giving a high degree of comfort on certainty of revenue income Approximately 60% of the income in the 2010 Plan is from contracted (i e 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 2011 During this period the Group is not forecasted to require to draw down the revolving credit facility and all financials covenants are forecasted to be met

Financial risks
The Group has established risk management policies and the Group Audit Committee oversees 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 Group Audit Committee The most important components of financial risk impacting the Group are credit, liquidity and market risk, whilst also recognising the importance of reviewing and assessing 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 Losses have occurred infrequently over previous years Due to the nature of the business the majority of the trade receivables are with FTSE 350 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 the Bank Base Rate against a floor of 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 is 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,

Sir Neville Simms	>	Appointed 1 July 2009
Robert Thian	>	Resigned 18 March 2009
Rodney Aldridge		
Jerome Bailey	>	Resigned 4 September 2009
James Brocklebank		
William Dye	>	Resigned 7 January 2010
Wayne Story	>	Appointed 25 February 2010
Marc Vassanelli	>	Appointed 25 March 2010
Oliver Niedermaier		
Jeffrey Paduch		

Equiniti Enterprises Limited
Directors Report
For The Year Ended 31 December 2009

Employees
The Group is committed to providing an environment which fosters involvement by all our 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 £1,405 (2008 £4,386) 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

G Downs
Secretary
23 April 2010

Registered Office
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DD

Registered Number
06225912

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 the group and parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period

In preparing these financial statements, the directors are required to·

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether 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 or parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have 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

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

Independent Auditor's Report
To The Members Of
Equiniti Enterprises Limited

We have audited the financial statements of Equiniti Enterprises Limited for the year ended 31st December 2009 set out on pages 21 to 51

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

SC Barker (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 Forest Gate, Brighton Road
Crawley, RH11 9PT

23 April 2010

Equiniti Enterprises Limited
Consolidated Statement Of Comprehensive Income
For The Year Ended 31 December 2009

	Note	2009 £'000	2008 £'000
Revenue		158,063	140,457
Operating costs before exceptional costs, depreciation and amortisation		(93,448)	(81,312)
Operating costs - exceptional items	4	(7,144)	(12,668)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		57,471	46,477
Depreciation of tangible assets	10	(2,960)	(4,104)
Amortisation of intangible assets	11	(17,915)	(15,288)
Total Operating Costs		(121,467)	(113,372)
Operating profit		36,596	27,085
Financial income	8	82	1,061
Financial expenses	8	(54,266)	(57,884)
Net financing costs		(54,184)	(56,823)
Loss before tax		(17,588)	(29,738)
Taxation	9	101	595
Loss for the period attributable to equity holders		(17,487)	(29,143)

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 28 to 51 form part of these financial statements

Equiniti Enterprises Limited
Consolidated Statement Of Financial Position
As At 31 December 2009

Assets	Note	2009 £'000	2008 £'000
Non-current assets			
Property, plant and equipment	10	8,808	*7,456*
Intangible assets	11	540,826	*524,583*
Other financial assets	13	12,005	*16,162*
Deferred tax assets	15	-	*3,699*
		561,639	*551,900*
Current assets			
Other financial assets	13	12,899	*11,075*
Trade and other receivables	16	27,844	*28,366*
Cash and cash equivalents	17	28,861	*13,899*
		69,604	*53,340*
Total assets		631,243	*605,240*
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	22	4,726	*4,726*
Reserves		(3,837)	*(5,771)*
Retained loss		(56,699)	*(39,253)*
Total equity		(55,810)	*(40,298)*
Non-current liabilities			
Other interest-bearing loans and borrowings	18	609,359	*567,413*
Employee benefits	20	1,263	-
Provisions	21	11,599	*8,740*
Other financial liabilities	14	7,496	*12,632*
Deferred tax liabilities	15	2,250	*3,826*
		631,967	*592,611*
Current liabilities			
Trade and other payables	19	27,331	*23,261*
Employee benefits	20	462	*565*
Tax payable		145	*70*
Provisions	21	178	*3,860*
Other financial liabilities	14	26,970	*25,171*
		55,086	*52,927*
Total liabilities		687,053	*645,538*
Total equity and liabilities		631,243	*605,240*

The notes on pages 28 to 51 form part of these financial statements

These financial statements were approved by the board of directors on 23 April 2010 and were signed on its behalf by:

W Story
Director

Equiniti Enterprises Limited
Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2009

	Share capital £'000	Hedging reserve £'000	Retained loss £'000	Total equity £'000
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)
Balance at 1 January 2009	4,726	(5,771)	(39,253)	(40,298)
Loss after tax per income statement	-	-	(17,487)	(17,487)
Changes in fair value of cash flow hedges	-	1,934	-	1,934
Actuarial gains on defined benefit pension plans	-	-	41	41
Balance at 31 December 2009	4,726	(3,837)	(56,699)	(55,810)

Equiniti Enterprises Limited
Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Loss for the period		(17,487)	*(29,143)*
Adjustments for			
Depreciation and amortisation	10 & 11	20,875	*19,392*
Financial income	8	(82)	*(1,061)*
Financial expense	8	54,266	*57,884*
(Profit) / loss on sale of property, plant and equipment	10	(35)	*218*
Taxation	9	(101)	*(595)*
		57,436	*46,695*
Decrease / (increase) in trade and other receivables		6,149	*(1,854)*
Increase / (decrease) in trade and other payables		1,764	*(9,104)*
(Decrease) / increase in provisions and employee benefits		(1,569)	*1,859*
		63,780	*37,596*
Tax paid		(593)	*4*
Net cash inflow from operating activities		63,187	*37,600*
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		35	-
Interest received		82	*1,061*
Business acquisitions net of cash acquired	3	(25,890)	*(618)*
Payment received relating to prior period acquisition	3	-	*15,040*
Acquisition of property, plant and equipment		(2,936)	*(2,968)*
Acquisition of software		(7,391)	*(19,238)*
Net cash outflow from investing activities		(36,100)	*(6,723)*
Cash flows from financing activities			
Proceeds from new loans		22,400	*1,000*
Interest paid		(33,542)	*(36,574)*
Loan fees paid		(983)	*(578)*
Net cash outflow from financing activities		(12,125)	*(36,152)*
Net increase / (decrease) in cash and cash equivalents		14,962	*(5,275)*
Cash and cash equivalents at 1 January		13,899	*19,174*
Cash and cash equivalents at 31 December	17	28,861	*13,899*

Equiniti Enterprises Limited
Company Statement Of Financial Position
As At 31 December 2009

Assets	Note	2009 £'000	2008 £'000
Non-current assets			
Investments	12	5,000	5,000
Other financial assets	13	99,904	95,704
		104,904	100,704
Current assets			
Trade and other receivables	16	143	-
Cash and cash equivalents	17	1	1
		144	1
Total assets		105,048	100,705
Equity and liabilities			
Equity			
Share capital	22	4,726	4,726
Retained loss		(6,240)	(3,340)
Total equity		(1,514)	1,386
Non-current liabilities			
Other interest-bearing loans and borrowings	18	104,225	96,505
		104,225	96,505
Current liabilities			
Employee benefits	20	462	565
Group relief payable		1,875	2,249
		2,337	2,814
Total liabilities		106,562	99,319
Total equity and liabilities		105,048	100,705

The notes on pages 28 to 51 form part of these financial statements

These financial statements were approved by the board of directors on 23 April 2010 and were signed on its behalf by

W Story
Director

Equiniti Enterprises Limited
Company Statement Of Changes In Equity
For The Year Ended 31 December 2009

	Share capital £'000	Retained loss £'000	Total equity £'000
Balance at 1 January 2008	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
Balance at 1 January 2009	4,726	(3,340)	1,386
Loss after tax for the period	-	(2,900)	(2,900)
Balance at 31 December 2009	**4,726**	**(6,240)**	**(1,514)**

Equiniti Enterprises Limited
Company Statement Of Cash Flows
For The Year Ended 31 December 2009

	Note	2009 £'000	*2008 £'000*
Cash flows from operating activities			
Loss for the period		(2,900)	*(2,666)*
Adjustments for			
Financial income		(6,696)	*(6,270)*
Financial expense		7,721	*7,149*
Taxation		1,875	*1,787*
		-	*-*
Decrease increase in provisions for employee benefits		(103)	*(126)*
		(103)	*(126)*
Group relief paid		(2,249)	*-*
Net cash outflow from operating activities		(2,352)	*(126)*
Cash flows from financing activities			
Repayments of loans from related parties		-	*(16)*
Repayments of loans to related parties		2,352	*142*
Net cash from financing activities		2,352	*126*
Net increase in cash and cash equivalents		-	*-*
Cash and cash equivalents at 1 January		1	*1*
Cash and cash equivalents at 31 December	17	1	*1*

Equiniti Enterprises Limited
Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2009

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 s408 of the Companies Act 2006 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 a business combination, 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

Software is valued based on replacement costs valuations where identifiable or where this has not been ascertainable, using relief from royalty valuation over the estimated useful life

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives

Order books are valued based on expected revenue generation and Brand valuation is based on net present value of estimated royalty returns

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
- Order Book 1 year
- Brands 10 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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations The calculation is performed by a qualified actuary using the projected unit credit method

When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements

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, fees for professional and IT services 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

Professional services revenue is recognised when earned Hardware sales and software licences are recognised when goods and licences are delivered Technical support revenues are recognised rateably over the term of the maintenance agreement

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 This includes costs in relation to potential and aborted acquisitions and from 2010, will include all costs incurred against investigated and completed acquisitions

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 Adopted IFRSs have been issued which will be effective for the Group in future periods None of the new standards are expected to have a material effect on the financial statements

Equiniti Enterprises Limited
Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2009

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 overseas 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

Due to the nature of the business the majority of the trade receivables are with FTSE 350 companies and losses have occurred infrequently over previous years

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

Equiniti Enterprises Limited
Notes To The Consolidated Financial Statements
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3 Acquisitions of businesses

On 30 April 2009, the Group acquired the entire share capital of ICS Limited, since renamed Equiniti ICS Limited

Allocation of assets and liabilities was as follows

Net assets at the acquisition date	Acquiree's book values £'000	Acquisition adjustments £'000	Acquisition amounts £'000
Property, plant and equipment	1,740	(203)	1,537
Intangible assets	2,712	9,967	12,679
Cash	1,254	-	1,254
Trade and other receivables	4,576	-	4,576
Deferred tax asset	51	384	435
Trade and other payables	(3,990)	-	(3,990)
Tax Payable	(342)	-	(342)
Deferred tax liability relating to acquired IP	-	(2,791)	(2,791)
Provisions and employee benefits	(987)	(723)	(1,710)
Net identifiable assets and liabilities	5,014	6,634	11,648
Goodwill on acquisition			11,094
Consideration paid			22,742
Cash acquired			(1,254)
Net cash outflow			21,488

Within the purchase consideration there are acquisition fees of £806,000

Within the books of Equiniti ICS there are amounts attributable to acquired goodwill of £2,540,000 and purchased software of £172,000 On acquisition further intangible assets have been recognised relating to customer relationships, the business software platform, its product brand and the order book with a combined attributable value of £9,967,000

The value of goodwill reflects amounts in relation to the benefit of the expectation of the ability to generate new streams of revenue, expected synergies, future market development and the assembled workforce of Equiniti ICS Limited

On 24 June 2009, the Group acquired the entire share capital of David Venus & Company Limited

Allocation of assets and liabilities was as follows

Net assets at the acquisition date	Acquiree's book values £'000	Acquisition adjustments £'000	Acquisition amounts £'000
Property, plant and equipment	132	192	324
Intangible assets	2,100	-	2,100
Cash	42	-	42
Trade and other receivables	1,049	2	1,051
Trade and other payables	(297)	(35)	(332)
Tax payable	(240)	(14)	(254)
Director loans	(1,888)	-	(1,888)
Provisions	-	(237)	(237)
Net identifiable assets and liabilities	898	(92)	806
Goodwill on acquisition			2,250
Consideration paid			3,056
Cash acquired			(42)
Director loans settled			1,888
Deferred consideration			(500)
Net cash outflow			4,402

3 Acquisitions of businesses (continued)

Within the purchase consideration for David Venus & Company Limited 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 being a supplier of registration services

Included in the profit for the Group for the year is EBITDA of £452,000 attributable to the purchase of David Venus & Company Limited and EBITDA of £2,788,000 attributable to the purchase of Equiniti ICS Limited

Had the business combinations occurred on 1 January 2009, the revenue for the Group would have been £162 8m and the EBITDA would have been £58 3m.

4 Expenses and exceptional costs

Included in profit/loss are the following

	2009 £'000	*2008 £'000*
Severance costs	5,147	*8,433*
Costs relating to transferring services off-shore	415	*3,995*
Other exceptional costs	1,582	*240*
Total exceptional costs	7,144	*12,668*

Exceptional costs relate to the continuing restructuring programme, including the costs of changes to the group's international management structure during 2009 and costs of potential and aborted acquisitions The restructuring programme has involved the off-shoring of a number of IT and operational activities through two third party suppliers as well as implementing cost saving programmes across the whole of the Equiniti organisation Included in severance costs is an amount of £178,000, which has been provided against changes announced during 2009 and which have completed during the first quarter of 2010 An amount of £415,000 (2008 £3,995,000) has been incurred against the project on setting up the off-shore teams and the process of knowledge transfer Included in other exceptional costs in the year are £1,567,000 of costs incurred in the investigation of potential acquisitions that have not completed

5 Auditor's remuneration

Auditor's remuneration	2009 £'000	*2008 £'000*
Audit of these financial statements	28	*26*
Audit of financial statements of subsidiaries pursuant to legislation	156	*110*
Other services pursuant to legislation	16	*15*
All other services	344	*285*
	544	*436*

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 acquisitions programmes of which £128,000 has been included in exceptional costs, with the remaining £216,000 being included in costs of acquisitions referred to in Note 3

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 was 1,432 (2008 1,376)

The aggregate payroll costs of these persons were as follows	Group	
	2009	*2008*
	£'000	*£'000*
Wages and salaries	46,499	*43,994*
Social security costs	4,161	*3,577*
Other pension costs	3,050	*4,056*
	53,710	*51,627*

Payroll costs includes severance cost of £5,147,000 (2008 £8,433,000) as further explained in exceptional costs in note 4

7 Directors' remuneration

The following costs are paid by the subsidiary Equiniti Limited, not the Company,	2009	*2008*
	£'000	*£'000*
Directors' emoluments (including compensation for loss of office)	2,467	*1,340*
Company contributions to money purchase pension plans	41	*30*

Retirement benefits are accrued under money purchase schemes to 2 of the directors (2008 1 of the directors)

The emoluments of the highest paid director, including benefits and compensation for loss of office, was £1,215,000 (2008 £593,000) Company contributions to defined contribution pension schemes for the highest paid director amounted to £25,000 (2008 £23,000)

8 Finance income and expense	2009	*2008*
	£'000	*£'000*
Interest income	82	*1,061*
Financial income	82	*1,061*
Fees (including amortised issue costs)	3,659	*3,693*
Interest expense on loans from related parties	875	*811*
Interest expense on bank loans*	25,941	*45,777*
Interest on preference shares classified as liabilities	7,721	*7,149*
Net foreign exchange loss	92	-
Net loss on remeasurement of financial assets and liabilities at fair value through profit or loss	47	-
Net expense of interest rate swap against financial liabilities	15,931	*454*
Financial expenses	54,266	*57,884*

* Includes £8,891,000 (2008 £11,214,000) interest accrued on the PIK facility

Equiniti Enterprises Limited
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9 Taxation

Recognised in the statement of comprehensive income

	2009 £'000	2008 £'000
Current tax expense for the Group		
Current year	100	-
Adjustments for prior years	(3)	(18)
Overseas tax payable	10	10
Deferred tax expense		
Orgination and reversal of temporary differences	(196)	99
Adjustment in respect of prior years	(12)	(686)
Total tax in the statement of comprehensive income	(101)	(595)

Reconciliation of effective tax rate

	2009 £'000	2008 £'000
Loss for the period	(17,487)	(29,143)
Total tax expense	(101)	(595)
Loss excluding taxation	(17,588)	(29,738)
Tax using the UK corporation tax rate of 28 0% (2008 28 5%)	(4,925)	(8,475)
Non-deductible expenses	2,433	2,257
Unrecognised tax assets	2,535	7,086
Prior year adjustments	(15)	(18)
Recognition of deferred tax asset on prior year losses	-	(686)
Difference in overseas tax rates	(49)	(4)
Enhanced research and development	(80)	-
Effect of tax rate change	-	114
Utilisation of losses	-	(869)
Total tax expense	(101)	(595)

10 Property, plant and equipment

Group

	Leasehold Buildings £'000	Office equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
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*
Balance at 1 January 2009	3,572	7,134	1,839	12,545
Acquisition of business	1,087	675	99	1,861
Additions	247	2,058	146	2,451
Disposals	(2)	-	(6)	(8)
Balance at 31 December 2009	4,904	9,867	2,078	16,849
Depreciation				
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*
Balance at 1 January 2009	646	4,032	411	5,089
Depreciation charge for the year	712	1,881	367	2,960
Disposals	(1)	-	(7)	(8)
Balance at 31 December 2009	1,357	5,913	771	8,041
Net book value				
Balance at 31 December 2008	2,926	3,102	1,428	7,456
Balance at 1 January 2009	2,926	3,102	1,428	7,456
Balance at 31 December 2009	3,547	3,954	1,307	8,808

The Company has no tangible assets

Equiniti Enterprises Limited
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11 Intangible assets

Group

	Goodwill	Software development	Other intangible assets	Total
	£'000	£'000	£'000	£'000
Cost				
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*
Balance at 1 January 2009	277,114	88,665	178,000	543,779
Acquisition of business	17,984	5,391	4,748	28,123
Additions	-	6,035	-	6,035
Balance at 31 December 2009	295,098	100,091	182,748	577,937
Amortisation				
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*
Balance at 1 January 2009	-	7,446	11,750	19,196
Amortisation for the year	-	7,922	9,993	17,915
Balance at 31 December 2009	-	15,368	21,743	37,111
Net book value				
Balance at 31 December 2008	277,114	81,219	166,250	524,583
Balance at 1 January 2009	277,114	81,219	166,250	524,583
Balance at 31 December 2009	295,098	84,723	161,005	540,826

The Company has no intangible assets

Impairment testing

Goodwill arose on the acquisitions of the Lloyds TSB Registrars business from Lloyds TSB Group plc, Prosearch Asset Solutions Limited and the subsequent acquisition in this year of David Venus & Company Limited and ICS Computing 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

	2009	*2008*
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	11 5%	*10 5%*

Equiniti Enterprises Limited
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12 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries

	Country of Incorporation	Class of shares held	Principal activities	Ownership 2009 %	2008 %
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	*100*
Equiniti Share Plan Trustees Limited	UK	Ordinary	Trustee company	100	*100*
David Venus & Company Limited	UK	Ordinary	Company secretarial	100	-
Equiniti ICS Limited	UK	Ordinary	Business process outsourcing	100	-
Equiniti ICS India (Private) Limited	India	Ordinary	Information technology enabled services	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	*100*
Equiniti Share Plans Limited	UK	Ordinary	Non trading	100	*100*
LR Nominees Limited	UK	Ordinary	Non trading	100	*100*
SLC Registrars Limited	UK	Ordinary	Non trading	100	-
SLC Corporate Services Limited	UK	Ordinary	Non trading	100	-
Connaught Secretaries Limited	UK	Ordinary	Non trading	100	-
David Venus (Health & Safety) Limited	UK	Ordinary	Non trading	100	-

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Notes To The Consolidated Financial Statements
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13 Other financial assets

	Group 2009 £'000	Company 2009 £'000	*Group 2008 £'000*	*Company 2008 £'000*
Non-current				
Intercompany loan due from related parties	-	99,904	-	*95,704*
Derivatives	5,883	-	*10,040*	-
Shares held in Euroclear plc	6,122	-	*6,122*	-
	12,005	99,904	*16,162*	*95,704*
Current				
Derivatives	12,899	-	*11,075*	-
	12,899	-	*11,075*	-

14 Other financial liabilities

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Non-current				
Derivatives	7,480	-	12,632	-
Other financial liabilities	16	-	-	-
	7,496	-	12,632	-
Current				
Derivatives	15,139	-	14,255	-
Loans classified as other financial liabilities due to related parties	11,791	-	10,916	-
Other financial liabilities	40	-	-	-
	26,970	-	25,171	-

Equiniti Enterprises Limited
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15 Deferred tax assets and liabilities

Recognised liabilities
Deferred tax liabilities are attributable to the following

	Group Liabilities 2009 £'000	Company Liabilities 2009 £'000	*Group Liabilities 2008 £'000*	*Company Liabilities 2008 £'000*
Identifiable IP on acquisitions	2,468	-	-	-
Timing difference on goodwill tax allowances	6,904	-	*3,826*	-
Tax liabilities	9,372	-	*3,826*	-
Net of tax assets	(7,122)	-	-	-
Net tax liabilities	2,250	-	*3,826*	-

Recognised assets
Deferred tax assets are attributable to the following

	Group Assets 2009 £'000	Company Assets 2009 £'000	*Group Assets 2008 £'000*	*Company Assets 2008 £'000*
Property, plant and equipment	2,017	-	-	-
Employee benefits	354	-	-	-
Provisions	49	-	-	-
Tax value of loss carry-forwards	4,702	-	*3,699*	-
Tax assets	7,122	-	*3,699*	-
Net of tax liabilities	(7,122)	-	-	-
Net tax assets	-	-	*3,699*	-

Deferred tax assets amounting to £10,931,119 (2008 £8,321,458) arising on temporary timing differences of £39,039,710 (2008· £29,725,493) in respect of unrealised losses and other temporary differences have not been recognised as their future economic benefit is uncertain

16 Trade and other receivables

	Group 2009 £'000	Company 2009 £'000	*Group 2008 £'000*	*Company 2008 £'000*
Trade receivables	11,874	-	*15,643*	-
Other receivables and prepayments	15,970	143	*12,723*	-
	27,844	143	*28,366*	-

At 31 December 2009 trade receivables are shown net of an allowance for doubtful debts of £540,000 (2008 £333,000) The impairment loss recognised in the period was £79,000 (2008 £49,000).

17 Cash and cash equivalents

	Group 2009 £'000	Company 2009 £'000	*Group 2008 £'000*	*Company 2008 £'000*
Cash and cash equivalents per statement of financial position	28,861	1	*13,899*	*1*
Cash and cash equivalents per statement of cash flows	28,861	1	*13,899*	*1*

18 Other interest-bearing loans and borrowings

	Group 2009 £'000	Company 2009 £'000	*Group 2008 £'000*	*Company 2008 £'000*
Non-current liabilities				
Secured bank loans	524,771	-	*493,243*	-
Unamortised cost of raising finance	(19,637)	-	*(22,335)*	-
Shares classified as debt	104,225	104,225	*96,505*	*96,505*
	609,359	104,225	*567,413*	*96,505*

Costs of raising finance are being amortised over 8 years In the year £3,370,000 (2008 £3,309,000) has been recognised in finance expense - fees, 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 2%	2016

19 Trade and other payables

	Group 2009 £'000	Company 2009 £'000	*Group 2008 £'000*	*Company 2008 £'000*
Trade payables	5,099	-	*2,658*	-
Non-trade payables and accrued expenses	14,196	-	*15,881*	-
Other creditors	8,036	-	*4,722*	-
	27,331	-	*23,261*	-

20 Employee benefits

Employee co-investment plan

Prior to October 2007 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 of the scheme, 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 2009 In thousands	Carrying amount 2009 £'000	*No of units 2008 In thousands*	*Carrying amount 2008 £'000*
As at 1 January	565	565	*691*	*691*
Repayments to participants at the grant price	(103)	(103)	*(126)*	*(126)*
As at 31 December	462	462	*565*	*565*

At the balance sheet date the units have been valued at £1

Defined contribution plans

The Group operates a number of defined contribution pension plans The total expense relating to these plans in the period was £3,019,000 (2008 £3,562,000)

Defined benefit plan

The Group operates a defined benefit pension plan in the UK in its subsidiary Equiniti ICS Limited A full actuarial valuation was carried out at 30 November 2006 and updated to 31 December 2009 by a qualified independent actuary

Prior to the acquisition of Equiniti ICS Limited the Group had no defined benefit plans in operation and therefore no prior year comparisons are shown in this note

	2009 £'000
Present value of obligations (funded)	(7,026)
Fair value of plan assets	5,763
Recognised liability for defined benefit obligations	(1,263)

Plan assets

The weighted average asset allocations at period end were as follows	2009
Equities	89%
Corporate bonds	9%
Cash	2%
	100%

20 Employee benefits (continued)

	2009 £'000
Actual return on plan assets	1,556

To develop the expected long term rate of return on assets assumption, Equiniti ICS Limited considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with other asset classes in which the portfolio is invested and the expectations of future returns of each asset class
The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio This resulted in the selection of a 7 39% assumption which will be used to determine the net pension cost for the year ended 31 December 2010

Movement in present value of defined benefit obligation

	2009 £'000
Defined benefit obligation at 31 March 2009	5,545
Current service cost	31
Interest cost	269
Plan participants' contributions	51
Actuarial loss	1,275
Benefits paid	(145)
Defined benefit obligation at 31 December 2009	7,026

Movement in fair value of plan assets

	2009 £'000
Fair value of plan assets at 31 March 2009	4,174
Expected return on plan assets	222
Actuarial gain	1,334
Employer contribution	127
Member contributions	51
Benefits paid	(145)
Fair value of plan assets at 31 December 2009	5,763

Expense recognised in statement of comprehensive income

	2009 £'000
Current service cost	31
Interest cost	269
Expected return on plan assets	(222)
	78

The current service cost is recognised in administrative expenses in the income statement Interest costs and the expected return on plan assets are recognised in other finance charges in the income statement

Actuarial gains and losses recognised in other comprehensive income

	2009 £'000
Cumulative loss at beginning of the period	2,415
Actuarial gains recognised in other comprehensive income	(59)
Cumulative loss at end of the period	2,356

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20 Employee benefits (continued)

Weighted average assumptions used to determine benefit obligations at	**2009**
Discount rate	5 70%
Rate of compensation increase	4 50%
Rate of increase in payment of currently accruing pensions (Post 6 4 06 - 2 5% LPI)	2 50%
Rate of increase in payment of currently accruing pensions (Pre 6 4 06 - 5% LPI)	3 50%
Rate of increase in pensions in deferment	3 50%
Inflation	3 50%

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2009

	Male	Female
Member age 65 (current life expectancy)	20 9	23 7
Member age 45 (life expectancy at 65)	22 9	25 6

Five year history

Period ended	December 2009 £'000	March 2009 £'000	March 2008 £'000	March 2007 £'000	March 2006 £'000
Benefit obligation at end of year	7,026	5,545	5,649	6,000	5,642
Fair value of plan assets at end of year	5,763	4,174	5,317	5,426	4,697
Deficit	(1,263)	(1,371)	(332)	(574)	(945)
Experience gains / (losses) on scheme assets					
- amount (£'000)	1,334	(1,753)	(751)	111	680
- % of scheme assets	23%	(42)%	(14)%	2%	14%
Experience gains / (losses) on scheme liabilities					
- amount (£'000)	-	-	-	216	(65)
- % of scheme liabilities	0%	0%	0%	4%	(1)%

Contributions

Equiniti ICS Limited expects to contribute £165,000 to its pension plan in 2010

21 Provisions

	Group Business restructuring	Group Other provisions	Group Total provisions	Company Provisions
	£'000	£'000	£'000	£'000
Balance at 1 January 2009	2,060	10,540	12,600	-
Provisions made during the year	178	500	678	-
Provisions used during the year	(2,060)	(18)	(2,078)	-
Amounts arising from acquisitions	-	577	577	-
Balance at 31 December 2009	178	11,599	11,777	-
Non-current	-	11,599	11,599	-
Current	178	-	178	-
	178	11,599	11,777	-

The business restructuring provision related to provisions for severance payments against restructuring announced in 2009 and which has been completed in the first quarter of 2010, as described in Note 4

Other provisions relate to constructive compliance obligations in existence on the acquisition of the LTSB registrars business in 2007 for £5,746,000 (2008 £5,746,000), provisions for dilapidations on this and subsequent acquisitions of £5,353,000 (2008· £4,794,000) and a provision made this year for deferred consideration of £500,000 relating to requirements to be met at the second anniversary of the David Venus & Company Limited acquisition, which are provided for here due to their uncertainty

22 Share capital and reserves

	8% preference shares	Ordinary shares	*8% preference shares*	*Ordinary shares*
In thousands of shares	2009	2009	*2008*	*2008*
On issue at 1 January – fully paid	87,604	4,726	*87,604*	*4,726*
On issue at 31 December – fully paid	87,604	4,726	*87,604*	*4,726*

	2009	2009	*2008*	*2008*
	£'000	£'000	*£'000*	*£'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 (2008 £nil)

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 2009 £'000	Company 2009 £'000	*Group 2008 £'000*	*Company 2008 £'000*
Loans and receivables due from related parties	13	-	99,904	-	*95,704*
Other financial assets	13	6,122	-	*6,122*	-
Derivatives	13	18,782	-	*21,115*	-
Trade and other receivables	16	27,844	143	*28,366*	-
Cash and equivalents	17	28,861	1	*13,899*	*1*
		81,609	100,048	*69,502*	*95,705*

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	2009	*2008*
The ageing of trade receivables at the reporting date was	£'000	*£'000*
Not past due	8,399	*12,392*
Past due 0-30 days	2,158	*1,929*
Past due 31-90 days	1,228	*1,106*
Past due more than 90 days	629	*550*
	12,414	*15,977*

Based on historic performance of these contracts, the Group has made an impairment allowance of £540,000 (2008 £102,000) in respect of trade receivables

Liquidity risk

The maximum exposure to liquidity risk at the reporting date was		Carrying Amount		*Carrying Amount*	
	Note	Group 2009 £'000	Company 2009 £'000	*Group 2008 £'000*	*Company 2008 £'000*
Trade and other payables	19	27,331	-	*23,261*	-
Employee benefits	20	462	462	*565*	*565*
Loans from related parties	14	11,791	-	*10,916*	-
Other financial liabilities	14	56	-	-	-
Derivatives	14	22,619	-	*26,887*	-
Other interest-bearing loans and borrowings	18	609,359	104,225	*567,413*	*96,505*
		671,618	104,687	*629,042*	*97,070*

All trade and other payables are expected to be paid in 6 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 £12 6m available

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 2008
Group

Amount in £'000's	Secured bank loan	PIK facility	Shares classified as Debt	Total
Effective interest rate %	*5 7%*	*12 0%*	*8 0%*	
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)*

Company

Amount in £'000's	*Shares classified as Debt*	*Total*
Effective interest rate %	*8 0%*	
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)*

31 December 2009
Group

Amount in £'000's	**Secured bank loan**	**PIK facility**	**Shares classified as Debt**	**Total**
Effective interest rate %	3 7%	10 0%	8 0%	
Carrying amount	434,400	90,371	104,225	**628,996**
0-1 years	(16,073)	-	-	**(16,073)**
1-2 years	(18,326)	-	-	**(18,326)**
2-5 years	(67,633)	-	-	**(67,633)**
5 years and over	(422,405)	(176,859)	(189,341)	**(788,605)**
Total contracted cash flows	**(524,437)**	**(176,859)**	**(189,341)**	**(890,637)**

Company

Amount in £'000's	**Shares classified as debt**	**Total**
Effective interest rate %	8 0%	
Carrying amount	104,225	104,225
0-1 years	-	-
1-2 years	-	-
2-5 years	-	-
5 years and over	(189,341)	(189,341)
Total contracted cash flows	**(189,341)**	**(189,341)**

23 Financial Instruments (continued)

The following tables 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

	Interest rate swaps		
Group	Assets	Liabilities	Total
Amount in £'000's			
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)

31 December 2009	Interest rate swaps		
Group	Assets	Liabilities	Total
Amount in £'000's			
Carrying Amount	18,782	(22,619)	(3,837)
Expected cash flows	18,962	(22,845)	(3,883)
6 months or less	7,010	(8,161)	(1,151)
6-12 months	5,945	(7,044)	(1,099)
1-2 years	6,007	(7,641)	(1,634)
Total contracted cash flows	18,962	(22,846)	(3,884)

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 runs 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 runs 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 £1 5m (£0 9m of which is payable in kind on the PIK facility) per annum and give rise to an estimated increase in revenue across the Group of £0 5m.

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

	2009 £'000	*2008* *£'000*
Less than one year	2,017	1,666
Between one and five years	5,607	3,991
More than five years	5,239	2,863
	12,864	*8,520*

During the year £2,210,000 (2008 £2,474,000) was recognised as an expense in the income statement in respect of operating leases

25 Related parties

Group

During the year interest of £875,000 (2008 £812,000) accrued on a loan bearing interest at 8% from its parent Company Equiniti (Luxembourg) Sarl, leaving a balance outstanding at the year end of £11,791,000 (2008 £10,916,000)

Company

During the year interest of £6,696,000 (2008 £6,268,000) accrued at 7 0% on a loan to its subsidiary Equiniti PIK Cleanco Limited Interest of £2,494,000 (2008 £141,000) was paid in the year, leaving a balance outstanding at the period end of £99,906,000 (2008 £95,704,000)

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

	2009 £'000	*2008* *£'000*
Key management emoluments including social security costs	4,538	3,322
Company contributions to money purchase pension plans	195	110
Compensation for loss of office	1,465	-
	6,198	*3,432*

26 Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary of AdventX2 Group Limited, a Company incorporated in England and Wales 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

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