

EQUITIX INVESTMENT MANAGEMENT LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009**

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Registered Number: 06273020

EQUITIX INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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DIRECTORS AND ADVISORS

Directors

H B Crossley
K J Maddin
J D Harris
G A Jackson
N G B Parker

Company secretary and registered office

H B Crossley
Boundary House
91-93 Charterhouse Street
London
EC1M 6HR

Auditors

Deloitte LLP
London

Principal bankers

Barclays Bank Plc
Level 28
1 Churchill Place
Canary Wharf
London
E14 5HP

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The principal activity of the Company is to manage fund investments on behalf of the Equitix Group. The Company is FSA regulated and performs all control functions concerning investments made by the Group. The Company is appointed by Equitix GP 1 Limited as the manager of Equitix Fund I LP, an unregulated collective investment scheme.

REVIEW OF THE YEAR

The Company welcomed further limited partner investors into Equitix Fund I LP during the year with total committed amounts in excess of £53million.

The Company recommended investments sourced through Equitix Limited, a fellow group undertaking, in excess of £13.9m that Equitix Fund I LP have formally agreed to invest into directly.

The Company has also made recommendations to Equitix Fund I LP that have resulted in acquisitions of projects in excess of £51.8m committed investments.

FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances by which the principal activity of the company would alter or cease.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and market position are set out in the Business Review on pages 3 to 4. The financial position of the Company, its cash flows, liquidity position and borrowings are described by the Directors in the notes to these financial statements on pages 9 to 11. Included within this section are a brief description of the Company's objectives, capital management policies and financial risk management.

The Company's forecasts and projections, taking account of reasonably possible changes in performance, show that the Company should be able to operate within the level of its current available resources. These include support from other Group undertakings which in providing this support, have in turn considered whether they have appropriate support from CS Capital Partners III LP as ultimate funder of the Group.

As a consequence, the Directors believe the Company is well placed to manage its risks successfully despite any current uncertainties and the economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

RESULTS AND DIVIDENDS

The profit after tax for the year amounted to £3,137 (2008 - £3,325) which was transferred to retained earnings.

The Directors do not recommend the payment of a dividend (2008- £nil).

DIRECTORS

The Directors who served throughout the year are shown on page 1.

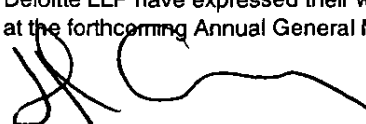
AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



On behalf of the Board
H B Crossley
27 April 2010

BUSINESS REVIEW

To the members of Equitix Investment Management Limited

Cautionary statement

This business review has been prepared solely to provide additional information to the shareholders to assess the Company's strategies and the potential for those strategies to succeed. The business review should not be relied on by any other party for any other purpose.

The business review has been prepared for the Company as a whole and therefore gives greater emphasis to those matters which are significant to Equitix Investment Management Limited when viewed as a whole rather than concentrate on individual business activities.

The business review discusses the following areas

- Regulated activities
- Regulated officers
- System controls
- Business activities
- Business objectives and key performance indicators
- Business risk and uncertainty

REGULATED ACTIVITIES

The Company is authorised by the Financial Services Authority ("FSA") to perform the following regulated activities

- Advising on investments (except on Pension Transfers and Pension Opt Outs),
- Agreeing to carry on a regulated activity,
- Arranging (bringing about) deals in investments,
- Arranging safeguarding and administration of assets,
- Dealing in investments as an agent,
- Establishing, operating or winding up an unregulated collective investment scheme,
- Making arrangements with a view to transactions in investments,
- Managing investments, and
- Safeguarding and administration of assets (without arranging)

REGULATED OFFICERS

The Company has appointed the following company officers to perform functions listed

<u>Officer name</u>	<u>Controlled function</u>	<u>FSA Ref No.</u>
Hugh B Crossley	Director Compliance Oversight Money Laundering Reporting Customer	HXC01194
John D Harris	Director Chief Executive Customer	JDH01075
Geoffrey A Jackson	Director Customer	GAJ01047
Keith J Maddin	Director Customer	MXK01147
Nicholas G B Parker	Director Customer	NGP01030

SYSTEMS CONTROLS

The Company utilises advice from IMS Consulting Limited concerning the support and management of the Company's internal controls to ensure the Company remains compliant with all appropriate current and future regulations enforced by the FSA, and to ensure the Company utilises client's funds effectively whilst maintaining internal investment protocol and structure.

BUSINESS REVIEW (continued)

To the members of Equitix Investment Management Limited

BUSINESS ACTIVITIES

The Company's primary business activity is acting as the investment manager of Equitix Fund I LP, an unregulated collective investment scheme focusing on primary and secondary PFI and PPP projects. Under the terms of a Limited Partnership Agreement with the investors of Equitix Fund I LP the Company selects primary market projects and secondary market acquisitions for investment from those developed and identified by Equitix Limited, a fellow group undertaking. The Company employs the use of a fund investment committee to analyse all aspects of each possible investment to ensure that only opportunities that will meet the return requirements of all fund investors are selected.

BUSINESS OBJECTIVES AND KEY PERFORMANCE INDICATORS

The key elements to the Company key strategies are listed below

- achievement of sustainable long-term investment growth for Equitix Fund I LP,
- targeted investments in suitable secondary market acquisitions creating well balanced portfolio growth, and
- delivery of strict rate of return criteria

We have made significant progress with the delivery of our three key strategies during the period with five secondary market acquisitions for Equitix Fund I LP and a further two primary investments completed during the year. Portfolio valuations for Equitix Fund I LP show a well balanced sustainable group of investments that are all budgeted to perform within return criteria.

BUSINESS RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties, which could result in a material impact on the Company's long-term performance and cause results to differ materially from expected and historical results.

The Company's risk management policies and procedures are discussed below

Issue	Risk	Mitigation
Investment	The Company may recommend the acquisition of a secondary market opportunity that does not perform to plan and does not produce the rate of return inherent in the acquisition price	The Company employs the use of external experts combined with internal challenge, to perform rigorous due diligence checks on all opportunities before agreeing to recommend as investments
Compliance	The Company may fail to meet obligations handed down by the Financial Services Authority (UK) and as a result lose its licence to operate as an investment manager	The Directors are all regulated individuals and regularly update personal training plans to ensure awareness of all compliance requirements
Financial	The Company may fall into financial and liquidity difficulty	The Company only deals with Equitix Fund I LP, the investors in which are all screened to ensure their credit worthiness and capacity for investment. The Company only borrows from Equitix Limited, a fellow group undertaking, at a fixed interest rate and thus reduces its exposure to interest movements. The Company deals solely in Sterling and thus has no exposure to exchange movements

Given the resources available, the Directors have formed the judgement that the Company is well positioned to mitigate the majority of risks that could have a potentially material impact on the primary business activities and key objectives.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping 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 Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIX INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements of Equitix Investment Management Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

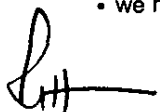
Opinion on other matter prescribed by the Companies Act 2006

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 the branches not visited by us, or
- the 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.



Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
Date 27 APRIL 2010

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Turnover	1	520,724	23,405
Cost of sales		-	-
Gross profit		520,724	23,405
Administrative expenses		(457,123)	(16,274)
Operating profit	2	63,601	7,131
Net interest payable	5	(59,244)	(3,806)
Profit on ordinary activities before taxation		4,357	3,325
Tax on profit on ordinary activities	6	(1,220)	-
Profit on ordinary activities after taxation		3,137	3,325
Retained profit for the year transferred to reserves	10	3,137	3,325

A reconciliation of movement in shareholders' funds is given in note 11

All items in the profit and loss account relate to continuing operations

All gains and losses are recognised in the profit and loss account in the current and prior year, and therefore no separate statement of total recognised gains and losses has been presented

EQUITIX INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
Current assets			
Debtors due within less than one year	7	54,129	23,405
Prepayments and accrued income	8	1,196,642	883,726
- due within one year		305,955	180,000
- due after one year		890,687	703,726
Cash at bank and in hand		10,037	235,016
		<u>1,260,808</u>	<u>1,142,147</u>
Current liabilities			
Creditors: Amounts due within one year	8	(893,347)	(408,823)
		<u>(893,347)</u>	<u>(408,823)</u>
Net current assets		<u>367,461</u>	<u>733,324</u>
Total assets less current liabilities		<u>367,461</u>	<u>733,324</u>
Creditors: amounts falling due after more than one year	8	(351,000)	(720,000)
Net assets		<u>16,461</u>	<u>13,324</u>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account	10	6,461	3,324
Shareholders' funds	11	<u>16,461</u>	<u>13,324</u>

The financial statements of Equitix Investment Management Limited, registered number 06273020, were approved by the Board of Directors on 27 April 2010 and were signed on its behalf by



H B Crossley
Director

Notes to the financial statements for the year ended 31 December 2009

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently in the current and prior year, is shown below. The Company is a wholly-owned subsidiary undertaking of Equitix Holdings Limited and as such is exempt under FRS 1 (revised 1996) from the requirement to prepare its own cash flow statement.

b) Turnover

All Turnover is derived entirely in the United Kingdom and is net of VAT. Turnover is derived from Equitix GP 1 Limited, a fellow group undertaking, for investment management services rendered and is recognised on an accruals basis.

c) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS 19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

d) Going concern

The financial statements have been prepared on a going concern basis for reasons explained in the Directors' Report and Business Review.

2 OPERATING PROFIT BEFORE TAXATION

The turnover and operating profit before taxation of the Company are attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee of £4,140 (2008 - £4,140) for Equitix Investment Management Limited will be borne by Equitix Limited, who will not seek compensation from the Company.

3 DIRECTORS' REMUNERATION

No Directors received any remuneration for services rendered to the Company during the current year (2008 - £nil). The Company is managed by secondees from group undertakings under a management services agreement. A recharge of £240,000 has been made for services rendered during the year (2008 - £nil).

4 STAFF NUMBERS

The Company had no employees during the year (2008 - nil).

Notes to the financial statements for the year ended 31 December 2009

5 NET INTEREST PAYABLE

	2009 £	2008 £
Interest payable and similar charges		
Interest payable on outstanding trade creditor balances	(53,506)	-
Interest payable to group undertaking	(5,798)	(3,823)
	<u>(59,304)</u>	<u>(3,823)</u>
Interest receivable and similar income		
Interest receivable on cash balances	60	17
	<u>60</u>	<u>17</u>
Net interest payable	<u>(59,244)</u>	<u>(3,806)</u>

6 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2009 £	2008 £
Taxation is based on the profit for the year and comprises of		
UK corporation tax at a rate of 28% (2008 - 28.5%) of taxable profit		
- Current tax	<u>(1,220)</u>	<u>-</u>

Factors affecting the tax charge for the current year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit for the year are as follows

	2009 £	2008 £
Profit on ordinary activities before tax	<u>4,357</u>	<u>3,325</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	(1,220)	(948)
Effects of		
Group relief claimed, not surrendered	-	948
Total current tax charge for the year	<u>(1,220)</u>	<u>-</u>

7 DEBTORS

	2009 £	2008 £
<u>Due within one year</u>		
Amounts owed by group undertakings	<u>54,129</u>	<u>23,405</u>
	<u>54,129</u>	<u>23,405</u>

Amounts owed by group undertakings are trading balances and do not bear interest

8 CREDITORS

	2009 £	2008 £
Amounts falling due within one year		
Trade creditors	(882,507)	(405,000)
Corporation tax creditor	(1,220)	-
Amounts owing to group undertaking	<u>(9,620)</u>	<u>(3,823)</u>
	<u>(893,347)</u>	<u>(408,823)</u>
Amounts falling due after one year		
Amounts owing to group undertaking	-	(225,000)
Trade creditors	<u>(351,000)</u>	<u>(495,000)</u>
	<u>(351,000)</u>	<u>(720,000)</u>

Notes to the financial statements for the year ended 31 December 2009

8 CREDITORS (continued)

At each close of the Fund, the Company incurs a placement fee liability included within trade creditors which will be settled over the forthcoming three years. Interest is charged on these outstanding balances until the contractual settlement date at a rate of 7%. The cost of this obligation has been deferred and is included as an asset within prepayments and accrued income on the balance sheet. This asset will be released to the profit and loss account over the next four years, in line with the investment drawdown period for the investors to the Fund. As at 31 December 2009 £217,084 (2008 - £16,274) of this amount had been charged to the income statement, leaving an asset of £1,196,642 (2008 - £883,726) within prepayments and accrued income at year end.

The Company entered into an intercompany loan with Equitix Limited at a fixed interest rate of 12.5% in 2008, and the amounts outstanding are included within those owing to group undertakings due within one year.

9 CALLED UP SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
1,000,000 Ordinary Shares at £0.01 each	<u>10,000</u>	<u>10,000</u>

10 MOVEMENT IN RESERVES

	Profit and loss account £
At 31 December 2008	3,324
Retained profit for the year	3,137
At 31 December 2009	<u>6,461</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Profit for the financial year	3,137	3,325
New shares issued	-	10,000
Opening shareholders' funds	13,324	(1)
Closing shareholders' funds	<u>16,461</u>	<u>13,324</u>

12 TRANSACTIONS WITH RELATED PARTIES

As a 100% subsidiary of Equitix Holdings Limited, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings that are wholly owned within the Equitix Holdings Limited group. Note 13 gives details of how to obtain a copy of the published financial statements of Equitix Holdings Limited.

13 ULTIMATE PARENT

The Company's immediate parent company is Equitix Holdings Limited, a company incorporated in Great Britain. The Company's ultimate parent and controlling company, and the largest and smallest group in which its results are consolidated is Equitix Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts of Equitix Holdings Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.