GlobeOp Financial Services S.A. Annual Report 2009 New Dynamics

Our Vision

To become the recognized leader in business process outsourcing, financial technology services and analytics to hedge funds and other targeted sectors of the financial services industry.

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Highlights and Financial Summary

- Assets under Administration (AuA) grew 24% in 2009 to $109 billion as at 31 December 2009 and were up 30% during the second half of the year
- $33 billion of AuA added from new middle-, back-office and fund administration (MBA) clients and new funds
- Added strategic new business in new sectors
- Aggregated client returns were positive for every month of the year
- Revenues of $156.5 million
- Adjusted operating profit* of $36.8 million
- Recognition of previously reported legal provision: $27 million after-tax impact, $43.5 million pre-tax
- Cash of $42.6 million as at 31 December 2009
- Improving adjusted operating profit margin: 27.1% in second half of 2009 versus 20.0% in first half
- Final dividend increased 23% versus 2008 to 1.35 pence per share

Financial Information

	2009	2008
Revenues	**$156.5m**	$185.2m
Operating (loss) profit+	**($19.3)m**	$38.2m
(Loss) profit before tax+	**($19.2)m**	$38.7m
(Loss) earnings per share – diluted	**($0.06)**	$0.21

Key Performance Indicators

Adjusted operating profit*	**$36.8m**	$50.0m
Adjusted operating profit margin	**23.5%**	27.0%
Profit before tax and exceptionals*	**$24.3m**	$37.3m
Profit before tax and exceptionals as a percentage of revenues	**15.5%**	20.2%
End of period AuA related to MBA revenues (in billions)*	**$109bn**	$88bn

+ Includes the settlement of legal actions and insurance reimbursements related to water damage to a Company facility. See Financial Review discussion for details

* See explanatory note in Financial Review

At a Glance

GlobeOp (LSE:GO.) is a leading independent provider of business process outsourcing, financial technology services and analytics to the hedge fund industry and other sectors of the financial industry.

We offer a wide spectrum of specialized, integrated web-based financial products supporting middle- and back-office trade processing, fund administration, complex derivatives and risk reporting. Our responsive, innovative services enable clients to manage their funds efficiently and reliably. Our scalability facilitates marketing new funds or trading strategies faster.

Services and strengths

Our service network

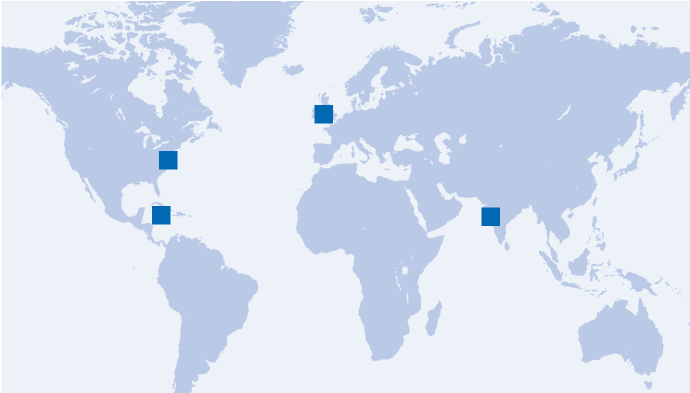
Our global network optimizes time zones so clients receive P&L and net asset value (NAV) reports prior to the market opening each business day. Extensive India operations – approximately 1,050 employees in 3 offices – bring technology and human resource scale to the high quality, reliable, cost-effective services offered through 10 offices on 3 continents.

Asia
- Mumbai

Europe
- Dublin
- London*

The Americas
- George Town, Cayman Islands
- Harrison
- Hartford
- New York City*
- Yorktown Heights

*Global headquarters



Risk Services, Transaction Solutions and Managed Services are offered on a standalone basis and can either be integrated with our traditional services or provided as unbundled solutions. The combined GoOTC™ and GoRisk™ reporting package is particularly compelling to mutual funds and custodians, as it supports compliance with regulatory requirements for transparency, independence, and operational risk management linked to the European UCITS III directive.

Deep, discerning knowledge of the hedge fund industry

GlobeOp senior management are industry veterans. Their knowledge and insight underpins our ability to identify new industry dynamics and respond with advanced products and services. In 2009, GlobeOp addressed an increased demand by funds and investors for independent valuation, managed accounts, managed services, and risk reporting.

A highly scalable, flexible platform

We standardize our processes around best practices, and organize them into task modules reflecting specific service sets and investment types. By aligning these with each client's specific requirements, we deliver customized, cost-effective services and process transparency.

Innovative and adaptive use of technology

Many of our clients cite system innovation, robustness and integration as key factors in selecting GlobeOp. Through disciplined, regular investment in hardware and software systems, we develop technology to offer clients more efficient data and report processing, and faster delivery times. Our highly automated technology platform represents over 1,000 collective man-years of development.

Services and products

Middle- and Back-Office, Fund Administration (MBA)

MBA services interact with those primarily provided by prime brokers to facilitate trade processing and related trade data acquisition and processing for clients. We support many post-trade activities, from trade entry through accounting, on a highly automated basis. Due to our scale, technology and expertise, GlobeOp is able to provide faster, more reliable, and less expensive MBA services than hedge fund managers achieve on their own. In 2009, 93% of GlobeOp revenues were generated from MBA services.

Fund Administration

- Audit support
- Fund valuation
- Investor communications, fund performance reporting
- Pricing & net asset value (NAV) calculation
- Share registry & transfer services

Middle- and Back-Office Services

- Daily reconciliation
- Daily portfolio P&L statements
- Data aggregation & pricing
- Exposure calculations & reports
- OTC processing
- Real-time analytics
- Security master processing – monitoring & maintenance
- Trade capture

Managed Services

Our Yorktown Heights, NY production data center is specifically designed to meet real-time, operational, network, scale and resiliency needs of technology- and data-intensive organisations.

- Data center and hosted services
- Disaster recovery and business continuity facilities

Risk Analysis and Reporting

Risk analysis and reporting services, designed for both fund managers and investors, are based on leading-edge analytics and delivered via full ASP. For MBA clients, the service is fully integrated with the GlobeOp platform to support position data integrity. Services are also available on a standalone basis. Extensive metrics, analytics and report customization are possible.

GoRisk Reports

Risk reporting is comprehensive, flexible, independent, transparent and robust. Web-based reporting services include position and exposure reporting, limit monitoring reports, customizable stress tests and a full suite of Value-at-Risk (VaR) calculations with flexible parameters.

Transaction Solutions

Transaction Solutions, such as GoOTC, GoMarkets™ and Independent Valuation Services, are driving new business opportunities that target an emerging client base of traditional asset managers, long/short equity funds, mutual funds, regional and custodial banking institutions, pension funds, endowments and insurance companies. Increasingly we charge clients for some of these services on a per-trade basis or other fee arrangement.

Independent Valuation Services

Independent asset valuation and transparency into the price determination process for buy-side stakeholders. Supports fair market valuation standards.

- Independent verification of asset values
- Best practice valuation methodologies
  - Independently sourced rates and prices
  - Multiple data and pricing vendors
  - Analysis of valuation sources and methods
  - Substantiation of third-party valuations
  - Consistently applied valuation processes
- FAS 157 and customized management reporting

GoMarkets

- Electronic access and straight-through processing (STP) with third-party trading and affirmation vendors
- GoMoney™ – electronic cash investment solution
- GoQuote™ – front-office tool; filters and aggregates daily price feeds

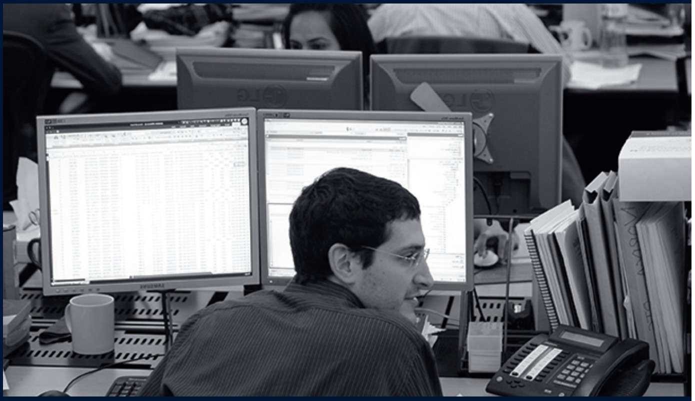
GoOTC

Standalone outsource package for over-the-counter (OTC) derivative trade processing.

- Trade capture
- Reconciliation
- Independent valuation
- Confirmations
- Collateral management
- Payments processing
- P&L reporting and risk data
- GlobeOp processes more than 60 distinct derivative instruments

Market Review

The hedge fund industry has an important role to play in the recovery. And it needs the highest quality support to trade nimbly and to meet investors' reporting demands.



This has been a transformative year with hedge funds adapting to new demands for clearer operational oversight. Investors, regulators and hedge funds themselves are raising the bar on due diligence and performance reporting. Structural changes are emerging in the industry that play to GlobeOp's strengths.

The turbulence subsides

The hedge fund industry began 2009 having just experienced one of its worst ever quarters. By year-end the picture looked very different. Capital is again flowing into funds, assets under management have been rebuilt and new players are emerging.

At the start of 2009 the weight of redemptions loomed large. This remained a dominant theme for several months as investors sought liquidity to reduce risk. To manage the orderly liquidation of assets needed to meet redemptions, many funds put up gates or created sidepockets for illiquid assets.

Hedge fund assets under management fell sharply. By the end of the first quarter of 2009 the overall market was down over 30%, nearly $600 billion, from the 2008 peak of $1.9 trillion.

But the hedge fund industry soon began to prove its resilience. By mid-year new funds emerged to invest in distressed debt, credit and event-driven strategies.

Capital outflows slowed and subscriptions grew steadily month by month as performance improved. In the second half of 2009 global hedge fund assets grew both from rising valuations and net capital inflows. By the end of the year many funds were back to pre-crisis levels.

The industry appeared to be back to 'business as usual'. It achieved its most successful performance in a decade. After record industry losses of 19% in 2008, fund performance rebounded in 2009, posting 20% returns on average. By year-end, at $1.6 trillion in AuM, global hedge fund assets were en route to pre-turbulence levels. Subscriptions continued to accelerate as the pace of redmptions fell. For GlobeOp clients, inflows relative to outflows had returned to historical levels by year-end.

But the figures do not show the significant and permanent structural transformation. Hedge fund sector dynamics have fundamentally changed, driven largely by investors. GlobeOp anticipated and forecast many of these changes by the end of 2008. Throughout 2009 we shaped our business response to the new commercial realities.

Many hedge funds were unaccustomed to operating in a harsh investment climate. While some, including clients on GlobeOp's platform, registered positive performance throughout the entire year, industry estimates report that only half of all funds rose above their high-water marks by year-end.

New dynamics were in play for hedge funds: reduced performance fees, a strong focus on capital raising, new trading opportunities arising out of the market turbulence, increased operational demands, higher costs and increased regulatory pressure.

These dynamics have reframed the relationships between hedge funds, investors and fund administrators.

The rise of the investor

As sources of capital became scarce, the balance of power shifted to the investor. Inevitably there was pressure on margins – the traditional 2-and-20 pricing structure was challenged by some – but the main investor push was for greater control of assets and independent administration.

Institutional investors demanded more rigorous reporting, better governance, transparency, independent valuation and risk management.

Transparency and independence

As capital started to return to the industry in 2009, these trends accelerated. Fund managers and their investors wanted to get much closer to their data. They wanted to analyze portfolios more often, drill down further and slice-and-dice risk and performance data in ways that are most meaningful to them.

Managers increasingly wanted information faster – as close to real-time as possible – to support daily trading strategies, collateral, risk and portfolio management. Investors, regulators, valuation committees and auditors are all requesting more – more data, more detail, more frequently.

Increased reliance on third-party administrators

Market and regulatory uncertainty, combined with accelerating investor demands, is changing hedge funds' attitudes to administrators.

Fund administration is no longer simply about offering the month-end functions of net asset valuation and share registration. It must now encompass everything that happens after the trade.

Investors want independent confirmation that fund managers are adhering to agreed strategies, risk profiles and limits. They're demanding that risk reports are based on the same, independently derived data used to calculate the net asset value of the portfolio.

The growing demand for a clear separation of duties – trading, custody, lending, administration – is another expression of the "Trust but Verify" mantra now underpinning investor strategy. The trend to independent administration is not new. Indeed, it is a UK requirement. But in 2009, even large, successfully self-administered funds found themselves subjected to intense investor pressure to demonstrate independent verification of assets, positions and portfolio valuation.

Regulation

The hedge fund industry did not create the global financial crisis and has played an important role as an engine of recovery. Even so, it is clear that increased regulation will at least partly shape its future. The regulatory environment in both the US and Europe remains uncertain, as do the related opportunities and challenges.

Ideally, regulators will offer investors reassurance by strengthening the system to prevent fraud and reduce operational risk. It will be important to ensure that what is to be managed is able to be measured. Whatever approach is adopted, regulations are likely to create additional reporting requirements to promote greater transparency. Thus adding further momentum to existing market trends.

Increased data and reporting requirements are an advantage for administrators like GlobeOp who have strong platforms capable of processing high volumes of data and reporting in a flexible format.

New sources of business

Looking forward we anticipate increased industry demand in three key areas:

- independent valuation services for hedge funds, pension funds and other institutional clients
- loan servicing for banks and hedge funds, and
- enhanced risk analytics and reporting for fund managers and their investors.

In 2009 GlobeOp launched new services, enhanced existing capabilities and won new business in all these areas.

The secular trends – increased transparency, independent valuation and verification – bode well for the industry.

Managed accounts

Investors view managed accounts as a means of capital control and portfolio transparency. Hedge fund managers have traditionally resisted these structures; managed accounts are more complex to structure and operate than traditional pooled hedge fund investments.

During 2009 managed accounts seemed an idea whose time had come. Accelerated investor interest was driven by gates or similar redemption limitations imposed by hedge funds in 2008, the logic of independent valuation, and by the lack of independent asset verification at the core of Madoff-related events. Large institutional investors wanting to convert their existing portfolios to managed accounts propelled demand. The scarcity of capital strengthened the investor position.

While the number of funds offering managed account structures increased during 2009, the additional legal and contractual requirements tended to favor established and experienced managed account platforms. As an established managed accounts administrator, GlobeOp was ready. Our web-based platform delivers highly granulated views of daily risk and performance on fund holdings for individual investors, across multiple accounts. As an industry leader, we helped investors and hedge fund managers better understand managed accounts best practice with a forum in New York City, attracting a capacity audience representing approximately $260 billion in AuM.

New asset classes

Banks focusing on improving their balance sheets significantly increased the volume of distressed debt and mortgage portfolios released to the market in 2009. The assets were not necessarily "bad", but in a risk-averse environment many were trading below their long-term value.

Hedge funds and others with an appetite for longer-term risk identified this market dislocation as a excellent investment opportunity. Realizing the upside potential of these relatively illiquid instruments requires accurate exposure analysis and prudent risk management over time.

The return of start-ups

Significantly, the sector saw the return of hedge fund start-ups in the second half of 2009. An engine for industry growth in the first half of the decade, they had dramatically declined in recent years.

Unlike the billion dollar fund launches of previous years, even fund managers with a strong pedigree did not come to market with large capital pools in 2009. A high-quality fund often launched with a few hundred million dollars instead.

But they still need the highest quality support. To trade nimbly in uncertain markets, they want administrators with strong data management capabilities, multiple prime broker connectivity, daily reporting and integrated risk analytics – and the ability to reassure investors with independent valuations, reconciliation and reporting.

These funds fuelled an important portion of GlobeOp's 2009 growth. Our scalable platform and fee structures are equally applicable to small and large funds: an ideal solution for new funds intent on growth. We won a good number of these mandates.

Data reporting

For administrators, the demands for real-time reporting, data management and transparency will only continue to increase. Meeting the rising fund, investor, auditor and regulatory expectations in a technically complex industry will be challenging.

More detailed data, delivered more frequently and tailored to specific requirements, will become the norm. Administrators will need to invest further in technology, scale, automation, timely data delivery and standardization.

Industry developments

Third-party administrators have a unique bird's eye view of fund data. They are ideally placed to produce the independent reporting investors, boards, auditors and regulators now require. However, only a handful – GlobeOp among them – have the platform, processes and scale necessary.

We therefore expect more consolidation in the fund administration sector. The process is already underway. The strong will get stronger. The weak cannot survive without quality service, scale and advanced technology. We anticipate more mergers and lift-outs in the coming year.

In 2009 the hedge fund industry benefited from reduced competition as banks scaled back or closed proprietary trading desks. Their future remains unclear from a regulatory perspective.

The hedge fund industry entered 2010 in a spirit of cautious optimism. Capital is returning to hedge funds, start-ups and other new funds continue to launch, and forward redemptions have returned to historic levels.

These trends bode well for the hedge fund community and those who serve it.

In the wider economy, it is still unclear whether the initial recovery is self-sustaining over the long term. The hedge fund industry has an important role to play in the recovery and its resilience this past year is encouraging.

These secular trends – increased transparency, independent valuation and verification – are good for the industry, and good for our business. GlobeOp is prepared for and benefiting from this latest industry transformation. It reaffirms our business model and gives us confidence in the future.

New Solutions

In 2009, GlobeOp answered increased demand by funds and investors for independent valuation, managed accounts, managed services and risk reporting.

Chairman's Statement

Ed Annunziato
Chairman

As I conclude my first year as Chairman and look forward to celebrating GlobeOp's 10th anniversary in 2010, I am pleased to report that the Company successfully navigated some of the most turbulent economic conditions in memory. As we entered 2009, the global financial markets were in crisis and the viability of the financial system was in question. We enter 2010 proud that our Company was both robust and resilient enough to survive the turmoil, as well as calm and nimble enough to take advantage of the opportunities presented.

During 2009 we attracted important new clients, entered new market segments and ended the year with Assets under Administration having virtually returned to our best-ever pre-turbulence levels. We also ended the year with a strong balance sheet, healthy cash position and a strong pipeline of future business. Based on these results, the Board is recommending a final dividend of 1.35 pence per share, which represents a 23% increase on 2008, payable on 27 May 2010, with an ex-dividend date of 5 May 2010 and a record date of 7 May 2010.

Our results were greatly affected by the tough decision we took in August to settle a legal dispute relating to events arising in 2004 and 2005. While this decision had a material impact on our results, we believe it was the right thing to do to remove continued uncertainty, close the book on events that occurred several years ago and free management to focus on the opportunities afforded by the extraordinary market environment. We have invested and worked continuously for several years to improve our procedures and constantly strengthen the business. GlobeOp's processes, controls, risk management and independent audit safeguards today are substantially more robust than those we had in 2005 when this situation originally arose. GlobeOp now also pursues an independent audit of its operating processes and controls to meet SAS 70 Type II certification each year. Nonetheless, we must constantly manage our litigation risk.

Our President and Chief Operating Officer Vernon Barback played a significant role in improving our overall operational effectiveness. The strength of his leadership and value to the Company was recognized in December with his election to the Board.

The management team was further strengthened with Tom Kirkpatrick's promotion to head of Enterprise Risk Management. A chartered accountant with extensive experience in product control, operations and forensic accounting, Tom piloted our initial SAS 70 approval process in 2007 and has been instrumental in establishing sustainable operational best practice within the business.

We are excited by the opportunities to expand market share in our core business and to extend into new sectors.

Rory Brooks, a director since the Company's first year, stepped down from the Board in 2009. I would like to thank him on behalf of everyone for his support, commitment and sage advice in GlobeOp's formative years.

GlobeOp's public shareholder base has grown significantly since flotation in 2007. In 2009 strategic divestments by long-term private equity investors increased liquidity in the secondary market, allowing a number of new major institutional investors to acquire substantial stakes and expand our shareholder base. In addition, several new equity research analysts initiated coverage of the Company in 2009. We are confident that these developments will enhance the attractiveness of GlobeOp Financial Services to our investors and potential investors.

Engaging with our shareholders, especially those without a seat on the Board, is a priority for me. I had several one-on-one meetings with institutional shareholders in 2009. I will continue to reach out to you in 2010 and encourage you to contact me at +44 (0)20 7190 6600 with your questions and concerns.

In 2009, we also took significant steps to broaden the ownership culture within the Company and further align our management's interests with those of shareholders by granting stock options to all of our most senior employees pursuant to the Long-Term Incentive Plan approved at the 2009 Annual General Meeting. For our most senior management, we continued to emphasize performance-related compensation by including performance-based vesting criteria in their stock option grants. We will continue to do this on an annual basis to build our team's long-term equity interest in the Company. This is discussed more fully in the Remuneration Report.

As we embark on the Company's second decade, we are excited by opportunities to expand market share in our core business and to extend our service to new sectors. Our business model was thoroughly tested by the searing economic conditions of the last two years. We proved our mettle, performing well in exceptionally adverse conditions. We believe that our powerful and scalable technology platform uniquely positions us to grow both organically and through acquisitions. I will be working closely with our management team in 2010 to help take advantage of those opportunities.

Ultimately, it is the quality of GlobeOp's people that sustains our competitive edge. At the end of another demanding year, I wish to express the Board's sincere appreciation for their continuing dedication to exceptional client service. Thanks to them, GlobeOp enters its second decade in robust health.

Ed Annunziato
Chairman

Chief Executive's Review

We are in a position to redefine the notion and role of an administrator.

Hans Hufschmid
Chief Executive Officer

In a year when the hedge fund industry faced significant challenges I am pleased to report solid performance for GlobeOp. Our business model was tested in extreme market conditions. We have not only weathered the storm, but emerged stronger.

As forecast in our 2008 annual report, the year's seismic events irrevocably shifted financial industry dynamics. 2009 was a year of two halves. In the first six months of the year, our clients' redemptions and terminations totaled $33 billion. This net outflow was very much in line with our own projections. As a result we were able to effectively manage the cost structure of our business and provide transparency to investors. During this period we also added $15 billion of AuA from new clients and from new funds with existing clients. Consequently, combined with subscriptions and positive fund performance, our AuA fell by just $5 billion during the first half of the year and ended June at $83 billion. This was a notable performance, especially in the context of a rapidly contracting market.

During the second half of 2009, market sentiment improved and capital began to flow back into hedge funds. Subscriptions virtually returned to historical monthly levels in the second half when they totaled more than $12 billion. Strong performance figures also helped boost client asset values. We also continued to add significant new business. From July through December we added another $18 billion of AuA from new clients and new funds with existing clients – resulting in a total of $33 billion of new business for full year 2009.

It was therefore disappointing in a year of such strong performance to record an operating loss due to a one-time charge. However, the settlement this past summer of a long-standing dispute freed the management team to focus on optimizing our client service offerings and infrastructure as new opportunities emerged.

We are very pleased with our core operating performance. AuA increased 24% to $109 billion by the end of 2009. Full year revenues and adjusted operating profit exceeded internal projections. Adjusted operating profit margin exceeded 27% in the second half of the year. We added strategic new business that can propel us into new markets and help differentiate us in the marketplace. In our traditional sector, we also benefited from conversions from competitors and self-administered funds, and an uptick in new fund launches.

Our performance in 2009 confirmed the fundamental strength of GlobeOp's business model. The continuing focus on improving quality and optimizing cost has built firm foundations for sustainable growth.

Our integrated middle- and back-office, fund administration and risk reporting services allow hedge fund managers to focus on delivering alpha to their investors. In 2009, GlobeOp clients in the aggregate registered positive returns every month of the year.

We have reflected the rapid growth in the hedge fund sector in recent years. Industry rankings position GlobeOp solidly among the top 10 largest fund administrators, and amongst the fastest growing. The Company is recognized for its ability to handle complexity successfully. We respond swiftly to changing requirements and new fund strategies, and provide 24x5 global support.

New market dynamics make the services we offer applicable to clients beyond our core hedge fund sector. Banks, endowments, insurance companies, mutual and pension funds and proprietary desk traders can all benefit from GlobeOp's expertise. In 2009, we increased our focus on broadening our client base. Some important wins underlined the scale of this opportunity. In September we undertook the administration of a portfolio of non-performing loans for a non-hedge fund client. In November we added a substantial Transaction Solutions client, Promark Global Advisors, a leading US private pension fund manager, who appointed GlobeOp to provide independent valuation assessment services.

GlobeOp's market expertise is an important source of competitive advantage. We were quick to identify the key trends that became the industry drivers in 2009. As capital became scarce, investors assumed greater influence. Investors demanded more transparency, as well as independent pricing, reconciliation and risk reporting, from their hedge fund managers. This power shift favors GlobeOp's operational strengths and independent status. One of the first funds to respond to investor concerns about self-administration – Millennium Management – entrusted GlobeOp with the administration of its $11 billion in assets under management.

Fund managers, challenged by reduced revenues, sought to meet these more stringent investor requirements at lower cost. Outsourcing offered a practical solution. GlobeOp is committed to disciplined expense management and continuous productivity improvement. Our scalable technology allows us to do more for clients at a lower overall price.

Service, expertise and innovation underpin GlobeOp's leadership position and will fuel its growth in 2010. We are in a position to redefine the notion and role of an administrator by being at the vanguard of service and products that give clients and investors the transparency they demand.

Our clients prize our independence and our ability to deliver transparency across many levels of complexity.

Outlook

We are optimistic about 2010. It is not yet possible to know if the market recovery seen in 2009 can be sustained through the coming year, but we are encouraged by the return to several historic norms in the hedge fund industry, including subscriptions outpacing redemptions and strong fund performance.

Thus far in 2010 positive business trends have continued. Subscriptions in January and February totaled $9 billion whereas redemptions amounted to $6 billion. The year typically begins with net redemptions but this January subscriptions exceeded redemptions for the first time since January 2005. Our pipeline of new business is promising and we have already added a new MBA client with over $1 billion in AuA.

The Company's resilience, in the face of exceptionally challenging conditions, has been a particularly satisfying feature of 2009. We made measurable progress toward our vision of GlobeOp as the recognized leader among financial service providers. We examined a number of acquisitions during 2009. Although no transactions were concluded, these initiatives confirmed the competitiveness of our cost structure and the power of our technology. Looking ahead, we expect to continue exploring acquisitions that can potentially add to our organic growth plans.

We believe the state of financial markets in the aftermath of the global liquidity crisis works to our advantage. GlobeOp is ideally placed to pursue a strategy of sustainable growth. Our clients prize our independence and our ability to deliver transparency across many levels of complexity. We have the credentials and the capabilities to serve a broader client base. Our robust technology platform offers significant economies of scale. We remain firmly committed to our vision and we expect to make further progress in 2010.

Hans Hufschmid

Hans Hufschmid
Chief Executive Officer

New Relationships

Hedge fund sector dynamics fundamentally changed, driven largely by investors. The “Trust but Verify” principle spread beyond hedge funds and their investors to pension funds, endowments and family wealth offices.

Business Review

Investors want to be reassured by a credible independent source that fund assets are real and valuations are accurate.

Vernon Barback
President and Chief Operating Officer

Overview

In last year's annual report we published our outlook on fundamental changes likely to occur in the hedge fund sector following the global financial turbulence. One year later, those new dynamics are indeed creating new market realities for hedge funds and their investors. This evolution aligns with GlobeOp's natural strengths.

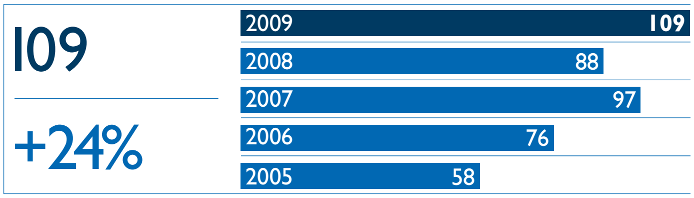
The clearest and most far-reaching development is the decisive shift in the balance of power toward investors. Scarce capital in early 2009 increased the influence of the investment community. Investors are using their new leverage to demand greater transparency, independent administration and independent verification of cash positions, portfolio values and risk exposure. "Trust but Verify" became the new mantra. Investors want to be reassured by a credible independent source that fund assets are real and valuations are accurate.

Outsourcing fund administration also became a solution for fund managers as they were being asked to provide more investor services, data and reporting while coping with a lower revenue base. Although most funds ultimately performed well in 2009, the decline in performance-related income led many fund managers to focus on operating costs. Both established players and a stream of new fund start-ups recognized that an independent administrator could offer cost and quality benefits – scalability, advanced technology, improved transparency and reduced operational risk.

Our independence and focus on quality generated substantial new business in 2009. Despite client redemptions and terminations totaling $46 billion for the full year, including $33 billion in the first half, GlobeOp grew its assets under administration from $88 billion at the end of 2008 to $109 billion by year end. Growth was driven by $33 billion of new business from existing and new clients as well as $20 billion from investor subscriptions and $14 billion from portfolio performance.

Integrated middle- and back-office administration (MBA) remains our core revenue stream. It accounted for 93% of our revenues in 2009. Our growing portfolio of unbundled solutions – including Transaction Solutions, Independent Valuation and Risk Analysis and Reporting Services – increases our appeal to a broader base of clients while differentiating us in our core business.

AuA
($ Billions)



System investments

Fund managers need operational solutions that respond to new market opportunities, meet growing investor demands and reduce costs. An administrator today must be willing and able to do more.

We offer a comprehensive service, with the proven ability to value and process complex instruments. We take a disciplined and systematic investment approach that keeps our technology platform robust, flexible and highly scalable. It enables us to provide 24-hour support throughout the trading week via our network of facilities in New York, London and Mumbai.

Our commitment to innovation and best practice translates into a competitive edge for our clients. In 2009, we met the industry's call for more transparency with several service enhancements that brought clients closer to their data.

GlobeOp is acknowledged as a leading industry expert in managed accounts. We serve more than 200 managed account clients. In 2009 we drove and responded to investor interest in this solution for retaining control of assets and increasing risk transparency. A GlobeOp-hosted managed accounts conference in New York attracted an experienced industry panel and participants representing more than $260 billion in AuM. We also enhanced GoMAP™, our managed account platform, with web-based reporting that offers clients detailed reports and risk analytics based on the same independently reconciled data used to value their funds.

Our proprietary risk services were further strengthened in 2009 by extensive analytics and metrics that provide more in-depth portfolio risk data to fund and risk managers, investors and managed accounts. Full-service clients can now optionally offer investors access to any of 50 standard risk reports. They can also enrich investor communications with customized risk reports via GoBook™, our web-based investor reporting service.

Business Review
continued

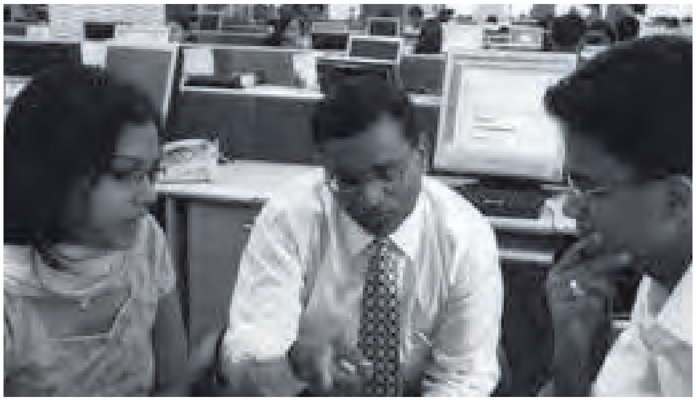
GoOTC, our OTC processing platform, added on-demand, web-based user access to valuation and reconciliation data. Clients can now track performance across the lifecycle of their OTC portfolios in real time. Funds can also use the platform to present specific trades and strategies to investors based on independent portfolio pricing.

Distinct change was on the horizon as the "Trust but Verify" principle spread beyond hedge funds and their investors to pension funds, endowments and family wealth offices. All turned a sharper eye toward valuations and the price determination process. Supported by a team of in-house experts, GlobeOp launched Independent Valuation Services, offering comprehensive product coverage and pricing process transparency across large and varied portfolios. In November, Promark Global Advisors, a pension plan investment manager with over $125 billion in AuM, selected GlobeOp to provide independent valuation assessment services across its large securities portfolio. It became our largest Transaction Solutions customer to date.

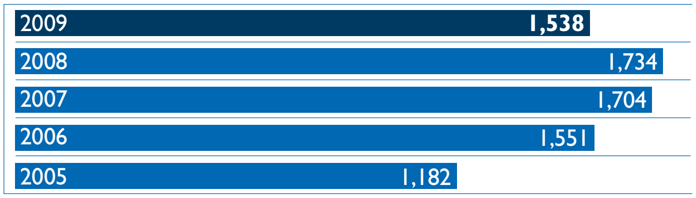
People

GlobeOp's reputation for market expertise is founded on the excellence of our people. Our senior management comprises former Wall Street professionals. Their technical awareness and instinctive market understanding help us anticipate developments early and adapt our strategy accordingly.

Dr. Stuart Turnbull's appointment as a senior advisor to our Risk Services group adds significant depth to our risk analytics expertise. Dr. Turnbull is Bauer Chair Professor of Finance at the University of Houston's Bauer College of Business. He is the co-author of the Jarrow-Turnbull reduced form model, widely used to model credit risk and price credit default swaps. We also recruited selectively in specialist areas including independent valuation, whole loan processing and hosted services.



Year-end Headcount



In 2009 we completed data center projects in Yorktown Heights and Harrison, NY, USA and relocated approximately 20% of our 1,000 Mumbai workforce to upgraded facilities in the Airoli district of the city. The new Mumbai software development and hedge fund administration support facility added business continuity benefits and capacity for growth.

Rather than reducing training budgets in 2009 to contain costs, as many companies were forced to do, GlobeOp instead accelerated training and skills development. One result was increased customer satisfaction as shown in our annual survey.

GlobeOp promotes a culture where quality and client satisfaction are the prime operational objectives. The Company's success ultimately lies in our people's work ethic, commitment to quality and sense of purpose.

Processes

In process terms, client service quality is about being able to swiftly and securely deliver accurate, comprehensive results and reports. At GlobeOp, we are uncompromising about quality. Having successfully implemented SAS 70 Type II audits as an annual process, we are stretching ourselves further by applying Six Sigma principles in pursuit of quality excellence.

GlobeOp's flexible service model accommodates a wide range of client and investor requirements. We standardize our processes around best practice and align tasks with individual client priorities to deliver services that are tailored and cost-effective. We further streamlined our processes throughout 2009.

GlobeOp produces thousands of reports every day. We continue to increase automation to create exception-based reporting. Clients now receive "clean" or independently reconciled reports directly, while reports requiring follow-up are automatically flagged for resolution by GlobeOp service teams. This enhanced service has tangible benefits. Reduced manual intervention in the reports reduces the potential for errors. And, as clients receive reports earlier in the day, they have more time to act on the data. By focusing GlobeOp teams on exceptions, they spend more time supporting clients directly.

Delivering the best processes and technology in the industry are fundamental to GlobeOp's business model. In 2009 we achieved SAS 70 Type II certification for the third successive year, having once again expanded the scope of services audited. We also extended the time frame to a full calendar year. As in the past, the examination included all 10 GlobeOp offices on three continents. The positive conclusions of the Big 4 firm that we appointed for this examination provide important due diligence assurance to hedge fund managers, investors and fund auditors.

Our Fair Market Value Committee, composed of senior level GlobeOp executives, proactively encourages pricing transparency and consistency through the use of well-defined fund valuation policies. Working with funds to formulate policies and identify opportunities for best practice improvements, they also support fund investor understanding of policy elements. The committee oversees the consistent application of fund valuation policies in GlobeOp procedures and works with fund boards to resolve pricing questions.

Technology

Technology remains our second largest annual expense after labor costs. The discipline and investment involved in regularly upgrading our hardware and software systems are central to our strategy of industry technology leadership.

There are over 250 people in GlobeOp's technology team; 130 of them developers. This sustained investment commitment created the sophisticated technology platform that now represents more than 1,000 collective man-years of development.

During 2009 we strengthened our technology platform with substantial infrastructure upgrades. Our data servers now take full advantage of the added power and capacity generated by the latest quad-core processors. Within the first months of installation, internal report delivery times were reduced by as much as 50%. Bringing investors, fund managers – and potentially regulators – closer to data is a market demand that is sure to strengthen for hedge fund administrators. Data will be needed more frequently, in greater detail and in customized configurations.

We equipped our new data center in Yorktown Heights, NY with leading-edge technology and hosting systems, completing a total $10.5 million investment which we began in late 2008. The Harrison, NY data center was also upgraded. Both include space for offices and support teams.

The data center in Yorktown Heights was put into production in the first half of 2009 and is a cornerstone of GlobeOp's active-active IT infrastructure. The facility is purpose-built to meet the real-time, operational, network, scale and resiliency needs of global financial services clients. It is integrated into GlobeOp's comprehensive business continuity and disaster recovery plan. The platform's robustness has been tested in action and proved resilient in extreme conditions. It accommodates physical challenges and major spikes in client activity.

This year we leveraged our expertise in data center management and hosting services to launch Managed Services to technology- and data-intensive organizations. We provide these clients with flexible hosting solutions including business continuity, customized private cloud computing, Platform as a Service (PaaS) and remote hands.

Strategic technology partnerships are also extending the services we deliver to clients. In November, we launched a hosted services solution for the award-winning Advent Geneva® portfolio management and fund accounting system.

Anticipating changing client requirements

We believe the comprehensive, transparent and timely view of portfolio performance and counterparty risk we offer creates an important competitive advantage for clients, allowing them to execute strategic decisions with greater speed.

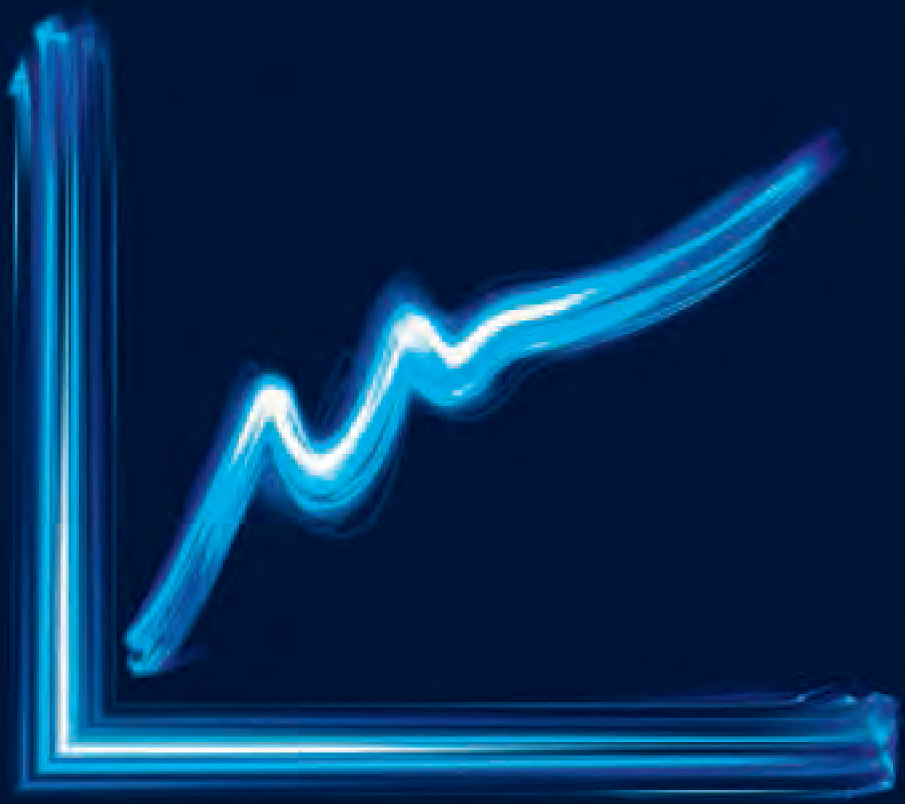
The hedge fund industry is evolving rapidly and maturing within the framework of new market dynamics. Institutionalization continues and favors administrators with highly efficient and scalable operating models.

The 2009 upsurge in new fund start-ups – last seen in 2007 – is also benefitting our business. Many new fund managers come from proprietary bank desks and are accustomed to built-in infrastructure. Reducing time to market is critical, so fund managers can optimize the new investment opportunities. GlobeOp's comprehensive post-trade processing environment offers these managers faster time to market, reduced IT investment and scale for growth. They can focus on capital raising and alpha generation, while GlobeOp offers the increased transparency, independent valuation and risk reporting that investors are seeking. In 2009 the increase in new fund start-up clients added to our total of 37 new clients for the year and represents an important potential for future growth.

GlobeOp has prospered by anticipating change and moving swiftly to meet new market needs and opportunities. We will continue to focus on the evolving requirements of our customers. Satisfied clients are essential to business retention and revenue growth, and are the most compelling reference for prospective new clients.

New Investments

GlobeOp was nimble and robust, working with clients and their investors to create and launch new products and services – independent valuation services, loan servicing, enhanced risk reporting, managed services.



Financial Review

Martin Veilleux
Chief Financial Officer

Overview

Total revenues decreased by $28.7 million, or 15%, to $156.5 million in 2009 versus $185.2 million in 2008. MBA revenue declined 15% and accounted for 93% of total revenues in both years. The decline in revenues primarily related to lower monthly AuA for most of 2009 versus 2008. However, outflows from redemptions and terminations slowed as the year progressed and subscription levels into clients' funds steadily increased throughout the year. New business was also added throughout the year and client fund performance was positive all twelve months of 2009. As a result, AuA at the end of 2009 was $109 billion, an increase of 24% for the year and up 30% since 30 June 2009. A substantial portion of the new business added during the second half of 2009 was with non-hedge fund clients. Workloads and pricing for these new arrangements were lower than typical. As such, average basis point yields ended the year lower than prior levels but at the same time headcount and expense increases for new business were much lower than historical ratios.

A $43.5 million pre-tax charge was recorded in the first half of 2009 for the settlement of a long-standing legal dispute. As a result, an operating loss of $19.3 million was recognized for the year. Operating profit for 2008 was $38.2 million.

Adjusted operating profit, a non-IFRS financial measure described below, decreased by $13.2 million, or 26%, from $50.0 million in 2008 to $36.8 million in 2009. As a percentage of revenues, adjusted operating profit decreased to 23.5% in the current year from 27.0% in the prior year. This margin reduction was impacted by a $1.6 million accrual for exit costs related to a leased data center that was replaced by a new wholly-owned facility that became operational during the first half of 2009. Without this lease exit expense, adjusted operating profit as a percentage of revenues would have been 24.5% for 2009.

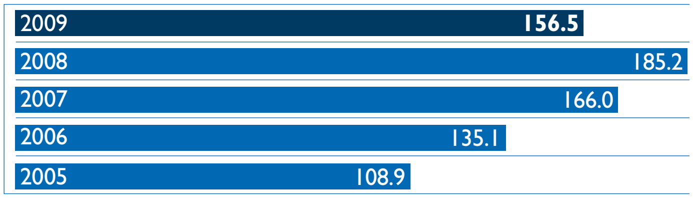
Profit before tax and exceptionals, a non-IFRS financial measure described below, decreased by $13.0 million, or 35%, from $37.3 million in 2008 to $24.3 million in 2009. Net loss for 2009 was $6.0 million versus a net profit of $22.0 million in 2008.

The following table sets forth selected financial and operating data for the years ended 31 December 2009 and 2008. All amounts are in U.S. Dollars and in thousands, except percentages, employee data and as otherwise indicated.

	Year ended 31 December		
	2009 (audited)	2008 (audited)	Change
Revenues			
MBA revenues	**$145,884**	$171,807	-15%
Risk Reporting revenues	**6,770**	8,270	-18%
Transaction Solutions revenues	**3,829**	5,095	-25%
Total revenues	**156,483**	185,172	-15%
Employee costs, excluding share-based compensation costs	**74,686**	88,598	-16%
Employee costs related to share-based compensation	**3,883**	3,043	28%
Technology costs	**22,978**	24,245	-5%
Depreciation and amortization expense	**8,693**	10,169	-15%
Occupancy costs	**10,617**	11,040	-4%
Legal claims and tax reserves[1]	**43,500**	(210)	n/a
Insurance reimbursement costs related to water damage at facility	**–**	(1,183)	n/a
Other operating expenses	**11,409**	11,261	1%
Total operating expenses	**175,766**	146,963	20%
Operating (loss) profit	**(19,283)**	38,209	-150%
Interest income, net	**112**	524	-79%
(Loss) profit before tax	**(19,171)**	38,733	-149%
Taxation benefit (expense)	**13,191**	(16,697)	179%
Net (loss) profit	**$(5,980)**	$22,036	-127%
Key Performance Indicators (unaudited)			
Adjusted operating profit[2]	**$36,793**	$50,028	-26%
Adjusted operating profit margin	**23.5%**	27.0%	
Profit before tax and exceptionals[3]	**$24,329**	$37,340	-35%
Profit before tax and exceptionals as a percentage of revenues	**15.5%**	20.2%	
AuA related to MBA revenues – end of period (in billions)[4]	**$109**	$88	24%
Employees – beginning of period (excluding temporary employees)	**1,734**	1,704	2%
Employees – end of period (excluding temporary employees)	**1,538**	1,734	-11%

Financial Review
continued

Revenues
($ millions)



Revenues

Revenues decreased $28.7 million, or 15%, to $156.5 million in 2009 from $185.2 million in 2008. This reduction was comprised of decreases in MBA revenues of $25.9 million, Risk Reporting revenues of $1.5 million and Transaction Solutions revenues of $1.3 million. However, a leading pension fund manager, Promark Global Advisors, was added as a substantial Transaction Solutions client during the second half of 2009.

Approximately $17 million of the $25.9 million decrease in MBA revenues was due to lower monthly AuA in January through October of 2009 versus the same period for 2008. AuA at the beginning of 2009 was $9 billion below the beginning of 2008 amount. Moreover, as anticipated, outflows related to redemptions and terminations during the first half of 2009 were substantial, totaling $33 billion. This was partially offset in the first half of the year by the addition of new clients with AuA of approximately $11 billion and new funds from existing clients with approximately $4 billion of AuA. In addition, by the end of June 2009 $8 billion of subscriptions and $5 billion of positive performance were added to our clients' fund balances.

During the second half of 2009 outflows from redemptions and terminations significantly abated to $13 billion. New business continued to be added in the second half of the year, with over $16 billion of AuA coming from new clients and almost $2 billion from new funds with existing clients. Inflows from subscriptions increased notably to $12 billion during the second half of the year and clients' funds again performed well as they added almost $9 billion from positive returns. As a result, AuA ended the year at $109 billion, up 24% for the year and up 30% during the second half of 2009. MBA revenues were also impacted by lower average service fees per AuA during the latter part of 2009 as rates were reduced by the addition of a non-hedge fund client with $13 billion of AuA in September. Lower than typical processing requirements, therefore lower than normal operating costs, resulted in below average pricing on this mandate. As a result, average MBA fees during the last four months of 2009 were approximately two basis points lower than the same period in 2008.

The reduction in Risk Reporting revenues in 2009 was mainly related to a reduction in AuA for clients whose fees are based on asset levels. The decline in Transaction Solutions revenues was primarily due to a reduction in client trading volumes and positions throughout the year which was partially offset by the addition of Promark Global Advisors, the Company's largest Transaction Solutions client, late in the year.

Operating expenses

Operating expenses increased $28.8 million to $175.8 million in 2009 from $147.0 million in 2008 due to the $43.5 million pre-tax charge recorded for the settlement of an historical legal dispute. This one-time charge was offset by a $14.7 million decrease in operating expenses primarily related to a $13.9 million reduction in employee costs, excluding share-based compensation costs. Operating expenses in 2008 included $1.4 million of exceptional gains, including $1.2 million in insurance reimbursements related to water damage at a Company facility and $0.2 million related to the resolution of a tax reserve.

Employee costs, excluding costs related to share options and restricted stock, decreased 16% from $88.6 million in 2008 to $74.7 million in 2009 primarily due to an 11% decrease in average headcount and a reduction in average compensation and benefits per headcount. Headcount, which began the year at 1,734 and declined to 1,554 at 30 June 2009, did not grow in the second half of 2009 even as new business was added. Rather, headcount ended 2009 at 1,538 reflecting the impact of improvements in productivity and efficiency driven by investments in technology and staff training as well as increases in employee tenure. Excluding costs related to share-based compensation, the average cost per headcount declined from $49 thousand per year in 2008 to $47 thousand per year in 2009 due to a reduction in variable compensation. Employee costs related to share options and restricted stock increased 28% from $3.0 million in 2008 to $3.9 million in 2009 as a decline in the Company's share price during 2008 resulted in a $1.5 million expense reversal in 2008.

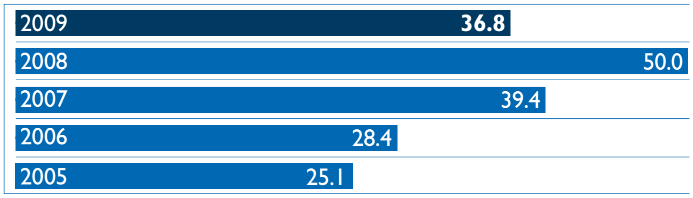
Technology costs decreased 5% from $24.2 million in 2008 to $23.0 million in 2009. During 2009 the Company put into production its new Yorktown Heights data center, terminated its relationship with the provider of a leased data center and, during the first half of the year, recorded a $1.6 million charge for the related lease exit costs. Technology costs were $13.1 million in the first half of 2009 including this $1.6 million charge. Technology costs decreased to $9.9 million in the second half of 2009.

Occupancy costs and other operating expenses were substantially unchanged versus 2008 levels. Occupancy costs declined 4% from $11.0 million in 2008 to $10.6 million in 2009. Other operating expenses increased 1% from $11.3 million in 2008 to $11.4 million in 2009.

Operating (loss) profit

The operating loss of $19.3 million in 2009 includes a $43.5 million pre-tax charge for the settlement of an historical legal dispute. Operating profit in 2008 was $38.2 million. Adjusted operating profit was $36.8 million in 2009 versus $50.0 million in 2008, a decrease of $13.2 million or 26%. Adjusted operating profit is not a measure of financial performance under IFRS. A reconciliation of adjusted operating profit to operating (loss) profit is shown in the explanatory notes on page 18.

Adjusted Operating Profit*
($ millions)



*See explanatory note (2)

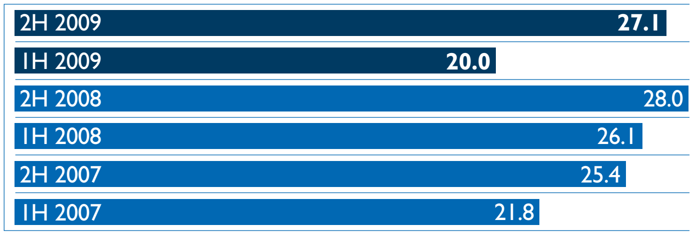
Adjusted operating profit as a percentage of revenues was 23.5% in 2009 versus 27.0% in 2008. As shown in the following table, the decline in the adjusted operating profit margin was due to a greater decrease in year-over-year revenues than in several operating costs.

	2009 Rate of Change	**2009 % of Revenues**	2008 % of Revenues
Revenue	**-15%**	**100%**	100%
Employee costs, excluding share-based compensation	**-16%**	**48%**	48%
Technology costs – excluding exit costs related to data center lease	**-12%**	**14%**	13%
Technology costs – exit costs related to data center lease	**n/a**	**1%**	–
Occupancy costs	**-4%**	**6%**	6%
Other operating expenses	**1%**	**7%**	6%
Adjusted operating profit	**-26%**	**24%**	27%

During 2009, as costs were aligned with lower levels of revenue and production efficiencies were improved, adjusted operating profit margin expanded from 20.0% in the first half of the year to 27.1% in the second half. The following table summarizes the improvement in key operating expenses as a percentage of revenues during the year.

	1H 2009 % of Revenues	**2H 2009 % of Revenues**
Revenue	**100%**	**100%**
Employee costs, excluding share-based compensation	**49%**	**46%**
Technology costs – excluding exit costs related to data center lease	**15%**	**13%**
Technology costs – exit costs related to data center lease	**2%**	**–**
Occupancy costs	**7%**	**7%**
Other operating expenses	**7%**	**7%**
Adjusted operating profit	**20%**	**27%**

Adjusted Operating Profit Margin
(%)



Taxation

The effective income tax rate for 2009 was a benefit of 69% versus a charge of 43% in 2008. Current year taxation includes the impact of a $16.5 million income tax benefit related to the legal charge recorded during the period. 2009 includes the positive impact of an increase in the Company's share price during the year on the estimated future tax deductions related to employee share awards. As a result, for accounting purposes, there was a $1.7 million reduction in taxes. During 2008, the share price declined and as a result taxation increased $3.3 million. In addition, 2009 taxation included a reduction of $1.0 million for adjustments to prior years, which primarily related to a change in the method of apportioning revenues to state tax authorities in the United States. 2008 taxation included an increase of $0.4 million for adjustments to prior years. Excluding the impact of the legal charge for 2009 and share price fluctuations and taxation adjustments for 2009 and 2008, the effective tax rate would have been 25% in 2009 and 33% in 2008. This improvement in the effective tax rate is primarily related to the distribution of profits among countries with varying tax rates and the use of prior year losses to offset current profits in Ireland. The Company's effective tax rate may vary from year to year depending on, amongst other factors, the geographic and business mix of taxable earnings as well as the deductibility of expenses for income tax purposes relative to financial reporting purposes.

Balance Sheet and Cash Flow

At 31 December 2009, GlobeOp had cash and cash equivalents of $42.6 million, excluding $2.2 million of restricted cash, versus $51.3 million at 31 December 2008. During 2009 the Company paid $27 million related to the settlement of the legal dispute recorded in the first half of the year, including a $7 million prepayment made in December in order to accelerate the usage of tax deductions. $16.5 million remains outstanding, with $3 million due August 2010 and $13.5 million due February 2011. The Company estimates it will receive $16.5 million of tax benefits as a result of the settlement. Approximately $3.8 million of those benefits were realized as reductions in tax payments during 2009 and $12.7 million remains to be realized through refunds or reductions in future tax payments.

The following table sets forth the components of cash flows for the following periods:

	Year ended 31 December **2009** **$m** **(audited)**	 2008 $m (audited)
Net cash provided by operating activities	**$1.0**	$43.5
Net cash used in investing activities	**(8.5)**	(17.8)
Net cash used in financing activities	**(3.1)**	(6.8)
(Decrease) increase in cash and cash equivalents	**(10.6)**	18.9
Effect of foreign exchange rate changes	**1.9**	(7.7)
Cash and cash equivalents, beginning of the period	**51.3**	40.1
Cash and cash equivalents, end of the period	**$42.6**	$51.3

During 2009, GlobeOp generated net cash from operating activities of approximately $1.0 million compared to $43.5 million during 2008. The decrease in cash generation was primarily related to payments of $27 million related to the settlement of a legal dispute as well as the $13.2 million reduction in adjusted operating profit.

Cash used in investing activities in both periods relates to capital expenditures on building and leasehold improvements and to enhancements of our service platform, including hardware, software licenses and internally developed software. The decrease in 2009 versus 2008 was primarily due to the purchase and build-out of a data center located in Yorktown Heights, NY and to an increase in the capacity of the Company's data center in Harrison, NY during 2008.

Cash used in financing activities in both periods primarily relates to dividend payments and share repurchases. The amount of cash used in 2009 was lower than 2008 due to a reduction in share repurchases from $3.8 million in 2008 to $0.6 million in 2009.

The Company has a debt facility with the Bank of Scotland that includes a $30 million revolving line of credit. The Company did not borrow under the facility during 2009 or 2008. Due to the operating loss recorded during the first half of 2009 the Company cannot borrow under the current terms of the facility. Although there is no assurance, the Company believes it will be in compliance with relevant covenants in the second half of 2010, as the loss from the first half of 2009 rolls out of covenants that are based on rolling 12 month financial results.

Explanatory notes:

(1) Legal claims and tax reserves includes the pre-tax charge recorded for the settlement of a historical legal dispute.

(2) Adjusted operating profit is calculated by the Company as operating profit prior to depreciation and amortization expense, employee costs related to share-based compensation, legal claims and tax reserves and insurance reimbursements related to water damage to a company facility. Adjusted operating profit is not a measure of financial performance under IFRS. Our calculation of adjusted operating profit may be different from the calculation used by other companies and therefore comparability may be limited. The following table reconciles operating (loss) profit to adjusted operating profit:

	Year ended 31 December **2009** **$'000** **(unaudited)**	 2008 $'000 (unaudited)
Operating (loss) profit	**(19,283)**	38,209
Depreciation and amortization expense	**8,693**	10,169
Employee costs related to share-based compensation	**3,883**	3,043
Legal claims and tax reserves – net of insurance	**43,500**	(210)
Insurance reimbursements related to water damage at facility	**–**	(1,183)
Adjusted operating profit	**36,793**	50,028

(3) Profit before tax and exceptionals is calculated by the Company as profit before tax prior to legal claims and tax reserves and insurance reimbursements related to water damage to a company facility. Profit before tax and exceptionals is not a measure of financial performance under IFRS. Our calculation of profit before tax and exceptionals may be different from the calculation used by other companies and therefore comparability may be limited. The following table reconciles (loss) profit before tax to profit before tax and exceptionals:

	Year ended 31 December **2009** **$'000** **(unaudited)**	 2008 $'000 (unaudited)
(Loss) profit before tax	**(19,171)**	38,733
Legal claims and tax reserves – net of insurance	**43,500**	(210)
Insurance reimbursements related to water damage at facility	**–**	(1,183)
Profit before tax and exceptionals	**24,329**	37,340

(4) AuA (assets under administration) is an operational metric in the hedge fund services industry commonly used to describe the amount of funds currently under a fund service provider's administration. We define AuA as the aggregate amount of our clients' assets that we are servicing that we use as the basis for invoicing those clients for services rendered in a particular month in accordance with the terms of our client contracts. Consistent with past disclosure, the performance of clients' funds for the current month is not included in the measurement of AuA at the end of that month. Thus, December 2009 client fund performance is not within the 31 December 2009 figure.

Corporate Responsibility

The framework

Our values and guiding principles underpin our commercial activities. We recognize that we can only build a successful, sustainable enterprise by acting ethically and responsibly.

We aim to be honest and fair in all our relationships and dealings with employees, customers, suppliers and other stakeholders. We believe that these behaviors help us to maximize returns for our shareholders over the long term.

Seven corporate principles (see page 20) and our Code of Business Conduct and Ethics form the framework for our behavior.

Corporate responsibility is thus embedded in our culture. As a publicly-quoted company we also accept that there is greater emphasis on specific corporate responsibility initiatives. We are formalizing our approach.

We prioritize initiatives that advance both commercial and social objectives in three main areas:

Employees: We aim to provide a safe, supportive working environment for all our people. We invest in training and development programs to progress their careers.

Environment: We seek to reduce our environmental impact and enhance operational effectiveness by limiting energy consumption and waste. We design and manage our data centers to optimize energy efficiency.

Stakeholder engagement: We support employee involvement with local charities, non-profit agencies and the wider community.

The Board and the Management Committee ensure that our values and guiding principles permeate the business. They monitor our corporate responsibility policies and practices, and recommend operational and procedural changes where appropriate.

Employees

Martin Veilleux, chief financial officer and global head of Human Resources, has overall responsibility for our employee action plan.

Three key objectives inform our employee policies:

- Attracting, developing and retaining the best in the business
- Forging a cohesive, motivated and team-based culture
- Creating a safe and supportive working environment.

We implement a range of policies both globally and at the local level in pursuit of these objectives.

Equal opportunities

GlobeOp values its employees highly and respects their rights and dignity. We ensure that all employees and potential employees have access to equal opportunities. There is zero tolerance of discrimination, whether on the basis of age, color, creed, disability, ethnic origin, gender, marital status, nationality, race, religion or sexual orientation.

Family-friendly policies

Our maternity and paternity leave policies meet and in some respects exceed statutory minimum standards.

Ethical dealings

Each of our employees signs our Code of Business Conduct and Ethics. The Code provides guidance on our policies relating to business ethics, compliance, conflicts of interest and confidentiality.

We enforce these policies rigorously, implement regular individual policy reviews and actively encourage our employees to report perceived violations. The policy guarantees non-retaliation and provides assurance to potential whistleblowers. As well as their normal internal reporting lines, all employees have confidential access to an independent compliance hotline via telephone or on the Company intranet.

Training and development

We thrive on talent and rely on experience. We strive to attract and retain highly-qualified people with a deep understanding of the hedge fund industry. We offer structured staff training, continuing development and internal leadership programs. These programs are designed to increase employee expertise and productivity. They also enhance staff retention.

Broadening the experience of key personnel improves the quality of our client service. We encourage career development and advertise job vacancies internally. We created an internal job rotation program in 2009, and implemented the first series of employee job transfers during the year.

Engagement and communications

We maintain open communication channels across the business. There are weekly global teleconferences and regular Town Hall meetings at local offices. We also communicate company news via email and the Company intranet.

Environment

Vernon Barback, president and chief operating officer, has overall responsibility for our environmental action plan.

We continuously monitor physical assets and IT infrastructure to improve operational efficiency and reduce energy use. We are currently establishing an energy assessment matrix to benchmark usage and monitor performance.

Data centers are energy-intensive and increasing their efficiency is a commercial priority. We monitor overall power usage effectiveness (PUE) to benchmark performance. PUE tracks the power requirement per server rack against usage and is the de facto energy efficiency standard for data centers.

Heating, ventilation and air conditioning (HVAC) systems are significant contributors to data center energy consumption. We initiated virtualization technology in India during 2009 and consolidated the physical servers there. This has resulted in a 20% reduction in server capacity usage, with a corresponding fall in the HVAC power requirement.

We continue to implement best practice to maximize energy efficiency and minimize environmental impact in all our offices. We take as a benchmark the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) rating system.

In office environments, our activities have relatively low direct environmental impact. Even so, wherever possible we seek to minimize emissions, energy usage and waste. All 10 global offices observed the third annual Earth Day in 2009.

Corporate Responsibility
continued

Our 2009 Go Green Initiative in India focused on practical steps. In keeping with best practice, we implemented a standard temperature level in the Airoli office to reduce air conditioning costs. A communications program emphasized the role that individual employees can play. Common-sense initiatives have helped cut paper usage through electronic instead of printed copies and with duplex mode printing of bulky documents.

We are stepping up recycling. For example, our Harrison, NY and Yorktown Heights, NY facilities recycled 9.7 tons of card and paper during 2009.

Reducing our environmental footprint in the U.S. extends to purchasing green office items and employing cleaning companies committed to green products, including the Green Seal standard.

We have been replacing existing lighting systems with energy-efficient alternatives globally. Increased awareness is also reducing energy usage, with staff habitually switching off PC monitors when away from their desks.

Stakeholder engagement

As a matter of policy GlobeOp does not donate money, services or facilities to political parties. This does not preclude the possibility that we may sometimes campaign on proposed changes in legislation or regulations where these might affect our business directly or indirectly.

We continued our annual tradition of supporting charities active in each of our three main geographies. Those selected this year all work with children. The Akanksha Foundation provides educational opportunities in India; Covenant House cares for at-risk and homeless children in the U.S. and Mexico; Great Ormond Street Hospital in London is a world leader in pediatric medicine.

GlobeOp and its employees sponsored or supported many charitable initiatives involving both professional and non-profit organizations in 2009. Organizations benefiting from donations included the British Heart Foundation, BBC Children in Need and the US Marine Corp Reserve Toys for Tots.

Several GlobeOp employees combined fitness and fundraising during the year. One epic journey from London to Paris by bike and kayak in 20 hours 24 minutes raised funds for Help for Heroes, a charity supporting wounded British military personnel. GlobeOp teams also climbed Mount Kilimanjaro, ran the Standard Chartered Marathon in Mumbai, the JP Morgan Chase Corporate Challenge races in London and New York and participated in the London to Brighton Bike Ride.

GlobeOp Principles

Clients' interest

The interests of our clients and their investors always come first. Dependability, timeliness, accuracy, confidentiality and responsiveness are the foundation of our success.

Professionalism

We take pride in our services. We offer professionalism and superior knowledge. We are willing to go the extra mile and we live by our work ethic.

Integrity

Honesty, trustworthiness and integrity are the common features in all of our work. Our reputation is paramount to us and to our clients. We will always comply with both the letter and spirit of the law, and we will always adhere to clear ethical standards.

Innovation

Creativity and imagination add value to our clients and will continue to define us as leaders in our field. While GlobeOp is grounded in fundamental disciplines, we continue to be open and flexible when new opportunities are offered by changing client needs.

Teamwork

We encourage and applaud teamwork as it creates a value far exceeding that of going it alone.

Technology

Technology is at the core of our business. We excel at integration and at leveraging technology to meet client needs. However, we also know that bits and bytes cannot replace a friendly handshake or a polite greeting.

Career progression

We encourage our staff to seek education and progression in their careers, and we aspire to offer them new opportunities. In a growing organization, there are many occasions for expanding individual careers. We encourage ourselves and our staff to grasp new challenges as we prepare for the future through training, experience and continued positive performance.

Management Committee

GlobeOp's Management Committee expertise is drawn from senior levels of international banking, as well as middle- and back-office support services for fund managers.

Hans Hufschmid
Chief Executive Officer, London

See page 23 for Hans Hufschmid's biography.

Martin Veilleux
Chief Financial Officer, New York

See page 23 for Martin Veilleux's biography.

Vernon Barback
President and Chief Operating Officer, New York

See page 23 for Vernon Barback's biography.

Andrea Dulberg
General Counsel and Company Secretary, New York

Andrea Dulberg, is general counsel and company secretary at GlobeOp and is based at the Company's Harrison, NY office. Ms. Dulberg was appointed as company secretary in June 2007. Prior to joining GlobeOp in 2006, Ms. Dulberg served as a securities, corporate governance and compliance counselor for more than 20 years, most recently as chief counsel at International Paper Company, where her responsibilities included all SEC reporting and advising the Board of Directors on corporate governance and compliance matters. Prior to that, Ms. Dulberg worked in a variety of positions of increasing responsibility at Merrill Lynch & Co., Inc., including corporate secretary and roles in global debt origination, asset-based financing and acquisitions and divestitures. From 1987 to 1992, Ms. Dulberg served as vice president and senior counsel at Citigroup overseeing the legal aspects of Citigroup's asset securitization, debt and equity offerings. Ms. Dulberg began her career representing corporations and underwriters at the law firm Cadwalader, Wickersham & Taft in New York, NY. She earned a bachelor's degree in economics and political science from the State University of New York at Binghamton and a law degree from the University of Michigan Law School.

Left to right: **Ron Tannenbaum, Ira Rosenblum, Vernon Barback, Hans Hufschmid, Andrea Dulberg, Martin Veilleux**

Ira Rosenblum
Head of Client Relationship Management, New York

Ira Rosenblum, head of Client Relationship Management at GlobeOp, is based at the New York City office and was a board director from GlobeOp's formation in 2000 until May 2007. Prior to becoming a founding partner in GlobeOp, he served as director of security operations and treasury management at Long-Term Capital Management (LTCM) from 1993 to 2000. His responsibilities included management of the Group's operational infrastructure, treasury and relationships with clearing and prime brokers. Prior to joining LTCM he managed operational infrastructure at the New York offices of Salomon Brothers (1987-1993) and L.F. Rothschild, Unterberg, Towbin (1983-1987). Mr. Rosenblum earned a B.S. in business administration from the State University of New York, in Brockport, NY.

Ron Tannenbaum
Managing Director, London

Ron Tannenbaum, managing director at GlobeOp, is based at the London office and was a board director from GlobeOp's formation in 2000 until May 2007. Prior to becoming a founding partner at GlobeOp, he served as managing director and global head of hedge fund coverage at Rabobank International in London (1998-1999) and at Union Bank of Switzerland (UBS) in London from 1991 to 1998. He also managed bonds, capital markets and structured derivatives teams at Salomon Brothers in New York, London and Tokyo from 1981 to 1991. From 1988 to 1991 he served as head of European Capital Markets. Mr. Tannenbaum holds a B.S. in economics (magna cum laude) from the Wharton School at the University of Pennsylvania.

Board of Directors

Ed Annunziato

Hans Hufschmid

Martin Veilleux

Vernon Barback

David Gelber

Jonathan Meeks

Ed Nicoll

Arun Seth

Ed Annunziato
Chairman of the Board

Ed Annunziato became chairman of GlobeOp in April 2009. He has served as a member of the Board since July 2004 and is the chairman of the Nominations Committee. Mr Annunziato is currently a private investor and a director of Advanced Vision Research, Inc. In 2008-2009 Mr Annunziato was a partner and head of financial services advisory at Tricorn Partners, an independent corporate finance and strategic advisory firm based in London, U.K. Previously, Mr. Annunziato was the chairman and chief executive officer of Wit Soundview Europe Limited. Before joining Wit Soundview, Mr. Annunziato served as managing director and co-head of European investment banking and head of international mergers & acquisitions at Merrill Lynch & Co. Mr Annunziato previously practiced law at Simpson Thacher & Bartlett in New York.

Hans Hufschmid
Chief Executive Officer

Hans Hufschmid is chief executive officer and a member of GlobeOp's management committee. He is based at our London office. He joined GlobeOp's Board in 2000. Prior to becoming one of GlobeOp's founding partners in 2000, Mr. Hufschmid was a principal at Long-Term Capital Management (LTCM) and co-head of its London office for five years, supervising traders, researchers, programmers and administration personnel. He also served on LTCM's risk management and management committees. He previously spent 10 years with Salomon Brothers Inc. in London and New York; the last four as global head of foreign exchange sales and trading. Mr. Hufschmid was a managing director and a member of Salomon Brothers' credit committee.

Vernon Barback
President, Chief Operating Officer

Vernon Barback, is president and chief operating officer and a member of GlobeOp's management committee. He joined GlobeOp's Board in December 2009. He is based at the Company's New York City office. Prior to joining GlobeOp in 2004, Mr. Barback was global head of operations and technology at Citigroup Asset Management, responsible for increasing assets under management, improving operations, the rollout of new products and the advancement of technology. He began his tenure at Citigroup Asset Management as head of European operations.

Previously, Mr. Barback spent 22 years at Bankers Trust/Deutsche Bank, where he was elected a managing director and served in a series of successively important management positions, including head of operations for Europe. Mr. Barback holds B.A. and M.A. degrees in economics from Cambridge University, England.

Martin Veilleux
Chief Financial Officer

Martin Veilleux is chief financial officer and a member of GlobeOp's management committee. He is based in our New York City office. Prior to joining GlobeOp's Board in October 2006, Mr. Veilleux served as chief financial officer, treasurer and corporate secretary at NaviSys, Inc. and Boron, LePore & Associates. Prior to that, Mr. Veilleux spent 10 years at Concurrent Computer Corporation, where he served in positions of increasing responsibility in the finance organization. Mr. Veilleux began his career at Arthur Andersen. He is a certified public accountant.

David Gelber
Independent Non-Executive Director

David Gelber has served as a member of GlobeOp's Board since June 2007. He is the chairman of the Compensation Committee and a member of the Audit and Nominations Committees. From 1994 to 2005, Mr. Gelber was chief operating officer of ICAP plc. He was also an executive director of ICAP plc for seven years and a non-executive director for a further year. Prior to joining ICAP plc, Mr. Gelber served as chief operating officer of HSBC Global Markets. Currently Mr. Gelber is a director of Altus Resource Capital Limited; Intercapital Private Group Ltd, which owns City Index Ltd, a spreadbetting and CFD provider; MF-Global Holdings Ltd; and is a consultant to ICAP plc. He is also non-executive chairman of Walker, Crips Plc and a member of the Global Advisory Board of Millenium Associates.

Jonathan Meeks
Non-Executive Director

Jonathan Meeks has served as a member of GlobeOp's Board since September 2003. Mr. Meeks joined TA Associates, Inc., a global private equity firm, in 1997 and has been a managing director of TA Associates since 2006. From July 1995 to September 1997, Mr. Meeks was an analyst at Robertson Stephens. Mr. Meeks is also a director of four privately-held companies in which TA Associates is an investor.

Ed Nicoll
Independent Non-Executive Director

Ed Nicoll has served as a member of GlobeOp's Board since July 2004. He is the chairman of the Audit Committee and a member of the Compensation Committee. Mr. Nicoll previously served as the chairman and chief executive officer of Instinet Inc. Prior to that, Mr. Nicoll served as chairman and chief executive officer of Datek Online Holdings Corp., as chairman of The Island ECN, Inc. and as president of Waterhouse Securities, Inc. Currently, Mr. Nicoll is a director of Gerson Lehrman, Inc. and Structural Investment Management LLC.

Arun Seth
Independent Non-Executive Director

Arun Seth has served as a member of GlobeOp's Board since January 2008 and is a member of Audit, Compensation and Nominations Committees. Mr. Seth is chairman of BT India, responsible for the sourcing operations of BT Group in India and for leading BT's corporate social responsibility activity. Prior to joining BT in 1995, he served as senior vice president in the corporate management division of the UB Group, India's leading brewing and spirits group, based in Bangalore and Delhi. His other corporate board memberships include Balmer Lawrie, Centum Learning and Jubilant Foodworks. He also serves on the boards of NASSCOM (India's IT services association)and the Indian Institute of Management, Lucknow.

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Directors' Report

The Directors present their report and the audited consolidated financial statements for the Company for the year ended 31 December 2009.

Principal Activity

GlobeOp is a leading independent provider of business process outsourcing, financial technology services and risk analytics to hedge funds and other targeted sectors of the financial services industry. GlobeOp provides specialized, integrated web-based financial products supporting middle-and back-office trade processing, fund administration, complex derivatives and risk reporting.

GlobeOp was admitted to the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange PLC on 30 July 2007 (LSE:GO.). GlobeOp is a Luxembourg-domiciled company.

Additional information about GlobeOp's principal risks and uncertainties, activities and business during 2009, strategy for the future and compliance with the Combined Code on Corporate Governance is contained in the Chairman's Statement, Chief Executive's Statement, Business Review, Financial Review, Corporate Governance, Remuneration Report of the Board of Directors and Shareholder Information sections.

Business Review and Future Developments

The year 2009 began with continued market turbulence and uncertainty, creating a rush for liquidity by investors. Our hedge fund clients were not immune to those difficult conditions. However, by the second half of 2009, market sentiment was improving and capital began to flow back into hedge funds. Strong performance figures also helped boost asset values. Improving hedge fund industry fundamentals and investor demand signaled substantial GlobeOp opportunities as we approached the new year.

GlobeOp's scalable platform and steady focus on efficiency and client service enabled us to weather the storm and increase our AuA from $88 billion at the beginning of the year to $109 billion by the end of the year.

Our achievements in 2009 were wide-ranging:

- Responding to market changes and demands, new client service launches included:
  - Managed Services offering data center and hosting solutions
  - Independent Valuation Services for buy-side institutions
  - Enhanced web-based performance and risk reporting for managed accounts
- We expanded our client base. Important wins included a $13 billion loan portfolio administration client and a $125 billion pension fund manager requiring independent valuation services
- Industry rankings solidly positioned GlobeOp among the top 10 largest fund administrators and as the third fastest growing. We were named European Hedge Fund Administrator of the year by *Funds Europe* and a leader in innovation for data management and storage by *Financial*-i magazine
- Our third consecutive SAS 70 Type II certification sets GlobeOp above most competitors, through a more extensive scope of services and offices and a full calendar year timeframe.

It is not yet possible to know if the market recovery seen in 2009 is self-sustaining in the coming year. Thus far in 2010 positive business trends have continued. We are encouraged by the return of several historic industry norms:

- subscriptions outpacing redemptions
- strong fund performance

There is a sense of cautious optimism gathering momentum among hedge funds and institutional investors. Industry, investor and regulatory demands for independence and transparency are combining with improving hedge fund industry fundamentals to offer exciting growth opportunities for GlobeOp.

Capturing opportunities and momentum shapes our 2010 objectives. This year we will look to grow revenues by leveraging our high quality, scalable service platform to grow both organically and through acquisitions.

We will focus on:

- providing our clients with consistent high quality service
- strengthening our sales and marketing efforts
- increasing employee skills and career initiatives, and
- serving our shareholders by continuing to expand our shareholder base to improve liquidity in our stock.

Results and Dividends

The financial results are shown in the consolidated income statement within the consolidated financial statements. A fuller explanation of the results is provided in the Financial Review section of this report.

After considering the unconsolidated financial results of the Company for 2009, the Board has proposed a final dividend of 1.35 pence per share and beneficiary certificate payable on 27 May 2010, with an ex-dividend date of 5 May 2010 and a record date of 7 May 2010.

On 8 October 2009, an interim dividend of 0.65 pence per share and beneficiary certificate was paid. A final dividend of 1.1 pence per share was paid in May 2009 based on the 2008 financial results of the Company. The total amount paid during 2009 was $2,885,000.

In 2008, an interim dividend of 1.0 pence per share and beneficiary certificate was paid in May 2008 after considering the financial results of the Company for 2007. In addition, a 2008 interim dividend was paid in October 2008 of 0.65 pence per share and beneficiary certificate. The total amount paid during 2008 was $3,217,000.

Going Concern

The Board, after making reasonable enquiries, is satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The Company's consolidated financial statements, therefore, have been prepared on a going concern basis.

Directors' Report
continued

Directors and Their Interests and Remuneration

The names, dates of appointment and biographical information of the Directors currently serving are provided in the Board of Directors section of this report. Information on Directors' remuneration, contracts, beneficial interests in shares and options to purchase shares of the Company are shown in the Remuneration Report of the Board of Directors.

At the date of this report, indemnities are in force under which the Group has agreed to indemnify the Directors and other members of senior management to the extent permitted by law and the Company's Articles of Association. Additional information about the indemnities is provided in the Remuneration Report of the Board of Directors.

Share Capital

Details of the changes in share capital that occurred during 2009 are provided in the consolidated financial statements.

As of 17 March 2010, the Company had in issue 91,334,410 ordinary shares of $0.12 nominal value, representing 100% of the share capital of the Company, each with voting rights, so that the total number of voting rights (other than shares held in treasury) was 91,111,017.

As of 17 March 2010, 223,393 shares are held in treasury by the Company. For as long as such shares are held in treasury, the voting and economic rights attaching thereto are suspended.

The Company has a total authorized share capital of $24 million represented by 200 million shares. The Board has been authorized to issue shares up to the total amount of authorized share capital without further approval of the Shareholders. Shares may be issued within the authorized share capital of the Company, with or without reserving any pre-emptive subscription rights existing under Luxembourg company law to existing Shareholders at the discretion of the Board.

Notwithstanding the amount of the authorized share capital and the authorization to the Board to suppress, limit or waive any pre-emptive subscription rights provided for by Luxembourg company law referred to above, the Articles of Incorporation of the Company currently set out certain limitations on the Board's ability to issue shares within the authorized share capital of the Company. The current Articles of Incorporation of the Company are available on the Company's website and at the registered office.

The Company has issued 12,202,825 non-voting B Beneficiary Certificates (the "Beneficiary Certificates") with a nominal value of $0.12 each. The Beneficiary Certificates are not part of the issued share capital of the Company but have equal rights (save as to voting and the exchange obligation into shares of the Company) to the ordinary shares (in particular as to dividend, liquidation and other distribution rights).

In April 2009, the GlobeOp Long-Term Incentive Plan was approved by Shareholders. During 2009, 3,201,250 options were issued under that plan.

During 2009, a total of 443,750 restricted stock units vested under the 2006 Equity Incentive Plan. The Company met its obligation by assigning 443,750 ordinary shares out of treasury.

During 2009, a total of 250,000 options were exercised, resulting in a total subscription price of $415,000. The Company met its obligation by assigning 250,000 ordinary shares out of treasury.

Principal Shareholders

The following have notified us as being interested, directly or indirectly, in 5% or more of our issued share capital as of 17 March 2010:

Shareholder	Number of Ordinary Shares
Hans Hufschmid	13,630,448
TA Associates[1]	11,834,440
Mezzanine Management	9,285,589

[1] The TA Associates Funds also hold 12,202,825 B Beneficiary Certificates (which are not included in the interests in this table).

Authority to Purchase Own Shares

At the Annual General Meeting on 25 April 2008, the Shareholders granted authority to the Directors to purchase through the market up to 10% of the issued share capital of the Company, over the following 12 months. In order to meet the needs of its equity incentive and option plan schemes the Company operated a share repurchase program during 2009 and purchased a total of 607,500 shares for a total consideration of $612,000 and during 2008 the Company purchased a total of 995,092 shares for a total consideration of $3,818,000. These programs utilized less than 17.5% of the available authority (this represents approximately 0.7% of the shares in issue of the Company). Refer to Note 22 of the consolidated financial statements for further details.

A new authority will be sought at the forthcoming Annual General Meeting as set out on page 70.

Employees

The experience and expertise of its employees are vital to GlobeOp's business. The Group strives to attract and retain highly qualified personnel, especially experienced managers and accountants, with a deep understanding of the hedge fund industry. The Group is committed to providing equal opportunity to all employees and potential employees in hiring, development and promotions. The Group offers structured staff training, continuing development and internal leadership programs to increase the expertise of employees and enhance staff retention.

Employment Agreements

The Group has entered into employment agreements with the Executive Directors and other senior managers which may be terminated by either party upon six months' notice. At the Group's discretion, on termination, the employee can be paid six months' base salary in lieu of notice. If the contract is terminated for gross misconduct or certain other specified reasons then notice need not be given nor any payment in lieu of notice made. The employment agreements entered into with Martin Veilleux and certain other senior managers additionally provide for parachute payments and accelerated vesting of share options in the event certain circumstances occur following a change in control of the Company before the four-year anniversary of the employees' respective start dates.

Material Contract

The Company has a facility agreement with Bank of Scotland (BOS), as lender, pursuant to which BOS made available to the Company a

$30 million revolving credit facility (the "Facility"). Under the terms of the Facility, in the event a change in control of the Company were to occur, BOS may consider an event of default as having occurred and cancel the facility and/or demand repayment of any outstanding amounts. There are no amounts currently outstanding under the Facility, which expires on 7 March 2011.

The provisions of the revolving credit facility require the Company to meet certain financial and other covenants on a monthly basis. The financial covenants relate to interest coverage, debt ratios and cash flows available for debt service, based on rolling 12 months of financial data. Due to the consolidated operating loss in the first half of 2009, the Company has not met these covenants and cannot borrow under the facility. Although there is no assurance, the Company believes it will be in compliance with these covenants again during the second half of 2010 as the loss from the first half of 2009 rolls out of covenants that are based on rolling 12 month financial results. In the meantime the Company is unable to utilize these facilities.

Research and Development Activities

The hedge fund industry in which the Group operates is characterized by increasing complexity in trading strategies, instruments and fund structures. As a result, the Group continues to develop new products and services to enhance its existing portfolio to manage the increasing complexities of our business and to improve internal processes and services to clients. Software development continues to be a central focus of the Group's operating activities. The discipline and investment involved in regularly upgrading our hardware and software systems is central to our strategy as an industry technology leader. This investment commitment has created a technology platform that now represents more than 1,000 collective man-years of development. Refer to Note 6 of the consolidated financial statements for further details on the costs incurred during 2009.

Policy on Payment of Suppliers

Given the international nature of the Group's operations, there is no standard code for the Group in respect of payments to suppliers. Operating subsidiaries are responsible for agreeing terms and conditions for their business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to provided that suppliers meet their contractual commitments. At 31 December 2009 the number of days of annual purchases represented by the average month-end trade payables for the Group amounted to 20 days (2008: 22).

Post Balance Sheet Events

Refer to Note 31 of the consolidated financial statements.

Annual General Meeting

The Company's Annual General Meeting will be held at 2:00 pm CET on 26 April 2010 at 5 Place Winston Churchill, L-2014 Luxembourg. The notice convening the Annual General Meeting ("AGM") together with proxy forms are available at the registered office of the Company and on the Company's website.

Rules Governing Appointment and Replacement of Directors and Amendment of the Articles of Association

The Directors are appointed at the General Meeting of Shareholders by a simple majority of the votes cast. Directors serve for a period not exceeding three years. Directors may be removed with or without cause at the General Meeting of Shareholders by a simple majority of the votes cast. The Directors are eligible for re-election. In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy and appoint a successor to act until the next General Meeting of Shareholders.

The Articles provide for a Board consisting of at least three members. Currently, the Board is composed of eight members. Their details can be found in the Board of Directors section of this report. The amendment of the Articles of Association are governed by Luxembourg law and the Articles of Association.

Branches

The Company did not own any branches during the years ended 31 December 2009 and 2008.

Company Information

Further information on GlobeOp is available on the Company's website at www.globeop.com.

Auditors

Resolutions will be proposed at the Annual General Meeting to re-appoint PricewaterhouseCoopers S.à. r.l. as the Company's independent auditors.

Approved by GlobeOp Financial Services S.A.'s Board of Directors

Ed Annunziato
Vernon Barback
David Gelber
Hans Hufschmid
Jonathan Meeks
Ed Nicoll
Arun Seth
Martin Veilleux

Statement of Directors' Responsibility

The Directors confirm that, to the best of each person's knowledge:

(a) the consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of GlobeOp Financial Services S.A. and the undertakings included in the consolidation taken as a whole; and

(b) the Report of the Board of Directors includes a fair review of the development and performance of the business and the position of GlobeOp Financial Services S.A. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

So far as the Directors are aware there is no relevant audit information of which the Group's auditors are unaware and they have each taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The financial statements are published on the Company website. The maintenance and integrity of the website is the responsibility of the Directors. Legislation in Luxembourg governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors and signed on its behalf by:

Andrea Dulberg
General Counsel and Company Secretary

The names and positions of the members of the Board of Directors can be found on page 23.

Corporate Governance

Compliance with the Combined Code

GlobeOp is committed to high standards of corporate governance. As a Luxembourg-domiciled company with shares listed on the London Stock Exchange, GlobeOp is not subject to the requirements of the corporate governance provisions of the Luxembourg Stock Exchange (which are only applicable to Luxembourg companies also listed on the Luxembourg stock exchange). In respect of the year ended 31 December 2009, GlobeOp has determined to voluntarily comply with the provisions of the U.K. Combined Code on Corporate Governance (the "Combined Code") or explain and justify its non-compliance and has complied with the requirements of section 1 of the Combined Code, other than as described below. With effect from 6 April 2010 the Company will be required to comply with the Combined Code.

The Company has not complied with the Combined Code in the following respects and for the reasons set out below:

- There is currently no senior independent non-executive director. Ed Annunziato served as senior independent non-executive director in 2009 until his election as Chairman in April 2009. The Board did not appoint a new senior independent non-executive director as the Board believed it was not appropriate for the Company at that time, but intends to consider this matter further during 2010.
- Ed Annunziato and Ed Nicoll previously participated in the Company's 2004 Stock Option Plan and have options over the shares of the Company, set out in further detail on page 37 of the Remuneration Report of the Board of Directors. Notwithstanding this one exception to the criteria for independence set out in the Combined Code, the Board determined that Ed Annunziato and Ed Nicoll were independent.

The Auditors only review the following nine provisions of the Combined Code:

C1.1:	Financial reporting
C2.1:	Internal control
C3.1 to C3.7:	Audit Committee and Auditors.

The Board

Clay Brendish resigned as Chairman on 27 April 2009 at the Annual General Meeting.

Ed Annunziato was elected by the Board as Chairman on 27 April 2009 at the Annual General Meeting.

Vernon Barback, President and Chief Operating Officer of GlobeOp, was co-opted to the Board as an executive director effective 1 December 2009 until the next Annual General Meeting, in replacement of Rory Brooks.

Rory Brooks, who served as a non-executive director, stepped down from the Board with effect 1 December 2009.

Ed Annunziato was independent as of his appointment as a Director until his appointment as Chairman on 27 April 2009 and David Gelber, Ed Nicoll and Arun Seth are independent. As a result, our Board is currently comprised of eight members: our Chairman plus three independent Non-Executive Directors, one Non-Executive Director (who was not found to be independent) and three Executive Directors, making us compliant with the Combined Code requirements for board independence. As a "smaller company" for purposes of the Combined Code, the Company will be compliant with the Combined Code requirement that its Board include at least two Independent Directors. The Board determined that Ed Annunziato and Ed Nicoll were independent notwithstanding one exception to the criteria for independence set out in the Combined Code, which was their previous participation in the Company's 2004 Stock Option Plan and interest in

Directors who served during 2009, their roles on committees and their attendance record		Board	Attended	Audit	Attended	Compensation	Attended	Nominations	Attended
Clay Brendish[1]	Chairman	Chairman	3/3	–	–	–	–	–	–
Ed Annunziato[2]	Chairman	Chairman	10/10	–	1/1	–	1/1	Chairman	1/1
Rory Brooks[3]	Non-Executive Director	Member	6/9	–	–	–	–	–	–
David Gelber	Independent Non-Executive Director	Member	9/10	Member	3/3	Chairman	3/3	Member	1/1
Hans Hufschmid	Chief Executive Officer	Member	10/10	–	–	–	–	–	–
Jonathan Meeks	Non-Executive Director	Member	10/10	–	–	–	–	–	–
Ed Nicoll	Independent Non-Executive Director	Member	9/10	Chairman	3/3	Member	3/3	–	–
Arun Seth[4]	Independent Non-Executive Director	Member	10/10	Member	1/2	Member	2/2	Member	1/1
Martin Veilleux	Chief Financial Officer	Member	10/10	–	–	–	–	–	–
Vernon Barback[5]	President, Chief Operating Officer, Executive Director	Member	1/1	–	–	–	–	–	–
Total number of meetings			**10**		**3**		**3**		**1**

[1] Resigned as of 27 April 2009. Until then he was Chairman of the Nominations Committee.

[2] Appointed as Chairman on 27 April 2009. Prior to that he served as Senior Independent Non-Executive Director, as a member of the Audit and Nominations Committees and as Chairman of the Compensation Committee until his appointment as Chairman of the Board on 27 April 2009 and thereafter as Chairman of the Nominations Committee.

[3] Resigned as of 1 December 2009.

[4] Served as a member of the Audit Compensation and Nominations Committees with effect from 27 April 2009.

[5] Co-opted to the Board on 1 December 2009.

options over the shares of the Company, set out in further detail in the Remuneration Report of the Board of Directors.

In coming to its opinion on the independence of certain Directors, the Board considered the character and judgment of the individuals concerned and the fact that they:

- have never been an employee of the Group;
- have never had a material business relationship with the Group;
- do not receive any remuneration from the Group other than their Non-Executive Director's fees;
- do not have close family ties with other Directors or senior management of the Group or with an advisor to the Group;
- have no significant links with other Directors of the Group through involvement with other companies;
- do not represent a material shareholder of the Group; and
- have not served on the Board of the Group for more than nine years.

Our Board has three formal committees: the Audit Committee, Compensation Committee and Nominations Committee. Current Board composition and committee responsibilities are set out in the table on page 29.

We believe that we comply with the independence and other requirements of the Combined Code in respect of the composition of these committees.

The Directors at the date of this report and who served during 2009 were as follows:

Executive Directors

- Hans Hufschmid
- Vernon Barback (co-opted to the Board, 1 December 2009)
- Martin Veilleux

Non-Executive Directors

- Ed Annunziato
- Clay Brendish (resigned 27 April 2009)
- Rory Brooks (resigned 1 December 2009)
- David Gelber
- Jonathan Meeks
- Ed Nicoll
- Arun Seth

Further information about the Directors' interests in shares and share options is provided in the Remuneration Report of the Board of Directors.

Our Directors were initially appointed for terms of one, two or three years and no less than one-third of our Directors will be re-elected each year. The following Directors' terms end at the Annual General Meeting ("AGM") in April 2010: Hans Hufschmid, Arun Seth and Ed Nicoll. They will stand for re-election at that time for three-year terms ending at the AGM in 2013. In addition, Vernon Barback was co-opted to the Board effective 1 December 2009 in replacement of Rory Brooks and will stand for election at the AGM for a two-year term ending at the Annual General Meeting in 2012.

The Board meets on a regular basis to review operating performance, strategy, corporate governance and risks and to oversee appropriate Shareholder reporting. During 2009 the Board met on 10 occasions, some of which were regularly scheduled meetings and others were unscheduled occasions for special meetings of the Board. The Board anticipates scheduling approximately five regular meetings during 2010 and holding special meetings as appropriate. The Chairman also met with the Non-Executive Directors without the Executive Directors present.

The attendance of individual Directors at Board meetings and committee meetings is presented in the table on the previous page.

The Board is responsible for overseeing our corporate governance. The Board has discretion under the Company's Articles to delegate a broad range of powers and decisions to the Management Committee in order to manage the Company and its business on a daily basis. The Management Committee is not subject to the provisions of the Combined Code. Certain matters require Board approval and other matters may be approved by the Management Committee or members of senior management. The Board makes all strategy decisions and tasks senior management with implementation. Directors may seek independent legal advice in respect of their duties at the Company's expense where the circumstances are appropriate. All Directors have access to the Company Secretary for her advice and services.

Performance Evaluation

The Combined Code requires that the Board undergo a formal annual evaluation of its performance. A review of the Board's performance took place in November 2009 via written questionnaire. Feedback from that evaluation was reviewed by the full Board in December 2009 and certain steps were taken to implement the suggestions that came out of that review. A review of the Chairman's performance during 2009 by the Non-Executive Directors without the Executive Directors present took place on 2 February 2010.

Training and Professional Development

All Directors on joining the Company undergo an induction process during which they meet individually with operational and senior management and they continue to receive updates and training to improve their knowledge of the Company's business and operations.

Committees

In addition to the Compensation Committee, further details of which are in the Remuneration Report of the Board of Directors, the following committees deal with specific aspects of our affairs and their terms of reference can be found on the Company's website: www.globeop.com.

Audit Committee

The Audit Committee is chaired by Ed Nicoll, who has recent and relevant financial experience as the former chairman and chief executive officer of Instinet Inc. The other members of the Audit Committee are David Gelber and Arun Seth. The Audit Committee met three times with the external auditors during the year. The Chairman, Executive Directors and other members of senior management were invited to attend for part of these meetings. The Audit Committee is responsible for, among other things:

- overseeing and monitoring the integrity of our financial statements, our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters and our internal accounting and financial controls;
- overseeing and monitoring our independent auditor's qualifications, independence and performance;
- make recommendations to the Board relating to the appointment, re-appointment and removal of the Company's external auditor;
- providing the Board with the results of its monitoring and recommendations;
- providing to the Board additional information and materials as it deems necessary to make the Board aware of significant financial matters that require the attention of the Board;
- overseeing our internal audit function; and
- reviewing the Group's internal controls.

Compensation Committee

The Compensation Committee, chaired by David Gelber, also includes Ed Nicoll and Arun Seth as members. The Compensation Committee is responsible for, among other things:

- reviewing and approving the Executive Directors' annual base salary, annual incentive bonus, equity compensation, and any other benefits, as well as those officers' employment agreements, severance arrangements and change in control arrangements and any other compensation policies or arrangements;
- reviewing and making recommendations to our Board regarding the compensation policy for such other officers as directed by the Board;
- preparing a report to be included in our annual audited financial statements that describes the criteria on which compensation paid to our Chief Executive Officer for the last completed fiscal year is based, the relationship of such compensation to the Group's performance and the Committee's executive compensation policies applicable to executive officers; and
- acting as administrator of our current and future benefit plans and making recommendations to the Board with respect to amendments to the plans and changes in the number of shares reserved for issuance under the plan.

Nominations Committee

The Nominations Committee, chaired by Ed Annunziato, also includes David Gelber and Arun Seth as members.

The Nominations Committee met once during 2009 to consider candidates for election to the Board and Model Code Compliance. The Nominations Committee is responsible for, among other things:

- reviewing, soliciting and making recommendations to the Board and Shareholders with respect to candidates for election to the Board;
- reviewing board structure, composition and practices and making recommendations on these matters to the Board;
- overseeing compliance by our Chief Executive Officer and Chief Financial Officer with the Model Code; and
- overseeing compliance by relevant employees with the Model Code.

Dialogue with Shareholders

The Company values the views of its Shareholders and recognizes their interests in the Company's strategy and performance. The Chief Executive and Chief Financial Officer hold briefing meetings with analysts and institutional Shareholders, primarily following the announcement of interim and year-end preliminary results, but also at other times during the year as deemed appropriate. The conference calls that follow the first half and preliminary full year results announcements are also open to the public. In addition, the Chairman had several one-on-one meetings with institutional shareholders in 2009 and intends to continue to reach out to shareholders. The Chairman, Chief Executive Officer and Chief Financial Officer provide feedback to the Board from these meetings.

All Directors are expected to attend the Annual General Meeting of Shareholders. Communication with private investors is through the annual report, the interim report, the Company's website and the Annual General Meeting of Shareholders. Communication may be by electronic means as authorized by the 2009 Annual General Meeting. Shareholders may opt to continue to receive hard copy communications at any time. Financial and other information is made available on the Company's website, www.globeop.com, which is updated regularly.

Internal Control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Combined Code requires that the Directors review the effectiveness of the Group's system of internal controls, including those of an operational and compliance nature, as well as internal financial controls. The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Group's significant risks and that this has been in place for the period under review and up to the date of approval of the annual report. The Group has established control processes and procedures to ensure compliance with best practice governance provisions as advocated by the Turnbull Guidance. The Board's agenda includes a regular item for consideration of risk and control, and any actions that may be considered necessary, and it receives reports thereon from the Audit Committee, the Executive Directors and other members of senior management.

The Audit Committee conducts reviews of the risk management process and system of internal controls. To achieve this, the Committee receives regular updates on key risks and control priorities such as business controls, IT security, business continuity planning and anti-fraud procedures. Further the Audit Committee reviews the results from all internal audits undertaken and tracks management's progress in remediating identified control issues.

Management are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including competition, control breakdowns, disruption in information systems, natural catastrophe and regulatory requirements. The Group also successfully completed its third SAS 70 Type II audit during the year.

A comprehensive budgetary process is completed once a year and is reviewed and approved by the Board. An updated forecast is regularly prepared throughout the year. The operating results are reported quarterly to the Board and compared to the budget and latest forecast as appropriate. The Company reports to its Shareholders twice a year. The Company also issues an interim management statement during the first six-month period of the year and another during the second six-month period of the year.

Auditor Independence

The Board has considered the issue of external auditor independence and has for these purposes reviewed the work undertaken by the auditor and fees incurred by it. In addition the Board receives written confirmation from the auditor of any relationships it has which may cause a conflict of interest, together with a declaration from the Auditor that it considers itself independent. Following its review, the Board is satisfied that independence has been maintained. For details of the auditor's fees refer to Note 7 of the financial statements.

Risk Factors and Uncertainties

Our business performance and the execution of our strategy are subject to a number of risks and uncertainties. The principal risks and uncertainties are set forth below.

Hedge Fund Services Industry and Market Conditions

Our clients are primarily hedge funds or funds of hedge funds. As a result, our clients and our business are affected by trends, developments and risks associated with the hedge fund industry overall. The market environment for hedge funds has suffered significant turmoil, including substantial changes in global economies, stock market declines, a credit crisis, failures of financial institutions, government bail-out plans and new regulatory initiatives. These changes could significantly and adversely affect some or all of our clients, which could negatively affect our results and financial condition. In addition market forces have negatively impacted liquidity for many of the financial instruments in which our clients trade which, in turn, could negatively impact our ability to access independent pricing sources for valuing those instruments.

Employees

Our ability to provide high-quality services to our clients depends largely upon the experience and expertise of our employees. Competition for employees within our industry has been intense, and we may not be able to attract and retain the highly skilled employees we need to support our business. GlobeOp, and the entire hedge fund services industry, has historically experienced high turnover rates. If we fail to retain our employees, the quality of our services could diminish. If competition for qualified employees grows, our cost of labor could increase, which could decrease our margins.

Our clients are increasingly engaging in complex trading activities involving novel strategies and financial instruments. This complexity increases the likelihood that we and our employees may make errors. Employee errors, poor employee performance or misconduct may be difficult to detect and deter and could damage our reputation with clients.

Technology

We are heavily dependent on the capacity and reliability of the computer and communication systems (including the Internet), whether owned and operated internally or by third-party service providers, that support our operations. We may experience systems failures or capacity constraints which are symptomatic of the business we do and the industry we operate in. Our networks and those of our third-party service providers may be vulnerable to security risks. Any disruption of the computer and communications systems (including the Internet) on which we rely could have a material adverse effect on our ability to deliver our services to our clients and may lead to direct or indirect financial losses, loss of clients, claims from our clients and regulatory investigations and sanctions, and could also have a negative effect on our reputation.

Regulation

Our business is subject to evolving and increasing regulation, and our relationships with our clients may subject us to increasing scrutiny from a number of regulators, including the CFTC, the CIMA, the CSSF, the FINRA (formerly the NASD), the FSA, the NFA, the SEC and other agencies that regulate the financial services, hedge fund and hedge fund services industry in the United States, the United Kingdom and other jurisdictions.

These regulations may have the effect of limiting or curtailing our activities, including activities that might be profitable. As a result of the changes in the global economy and the turmoil in global financial markets the risk of additional government regulation has increased. The European Union's draft Alternative Investment Fund Manager's Directive ("AIFMD") and the United States' The Private Fund Investment Advisers Registration Act of 2009, among other initiatives, are significant potential changes to the regulatory environment. The final form and ramifications of those potential regulatory changes remain uncertain.

If we fail to comply with any applicable laws, rules or regulations, we may be subject to censure, fines, or other sanctions, including revocation of our licenses and/or registrations with various regulatory agencies, including our critical CIMA mutual funds administrator license, IFRSA license, criminal penalties and civil lawsuits.

Intellectual Property

Intellectual property is important to our success and ability to compete. We rely on a combination of copyright, trademark and trade secret laws in the United States and other jurisdictions, as well as license agreements, third-party non-disclosure and other agreements and other contractual provisions and technical measures to protect our intellectual property rights. We have no patents or patent applications pending. However, laws and our actual contractual terms may not be sufficient to prevent our competitors from using or reverse-engineering our technology or independently developing technologies that are substantially equivalent or superior to our technology. We depend on third-party software licenses and could lose one or more key licenses which could cause significant disruptions to our business.

Growth of Our Business

We have previously experienced rapid growth in our business. The rapid growth in our business may not continue at its historical rate or we may face a contraction in our business. Continued growth will require continued global investment in personnel, facilities, information technology infrastructure and financial and management systems and controls. We may not be successful in implementing all of the processes and adding all of the additional facilities and other resources that are necessary which could cause a loss of clients or a reduction in the rate of growth of our client base or otherwise have a material adverse effect on our business.

Contracts with Clients

Our contracts with our existing clients generally have a term of three years and provide that the client may terminate the contract at any time with 90 days' (or less) notice without cause and without any penalties. We have experienced the loss of major clients and could continue to lose additional clients.

Reliance on Key Personnel

We are dependent on the senior members of our management team, and the loss of any key member of our team may increase operational risk and affect client relationships.

Litigation

We face substantial litigation risk from and through our clients and otherwise in the ordinary course of our business. As a service provider we are subject to potential claims from our clients, some of which pursue relatively high-risk investment strategies, and all of which are subject to substantial market risk. The losses of some of our clients due to insolvency or fraud on the part of the funds could expose us to the risk of litigation. For example, fund investors might attempt to seek compensation from us and or our clients. We may also be subject to claims and losses or other damages from our clients' investors, as well as claims such as those from regulators, revenue authorities or other governmental authorities. Even if we are not ultimately found to be liable, defending such claims or lawsuits could be expensive and time-consuming, divert management resources and harm our reputation.

We take steps to minimize the risks from litigation in managing our business but there can be no assurance that these steps will be adequate or that liability will not result notwithstanding those actions.

As at 31 December 2009, we have not recorded a provision in relation to any outstanding litigation or potential claims and there can be no assurance that any such provisions will not be recorded in the future nor that any such provisions will be adequate to satisfy any liability which we may ultimately incur. Should developments in any such matters cause a change in our assessment of the matter and result in the need to recognize a provision, or should any such matters result in a final judgment or be settled, they could have an adverse effect on the results of operations, cash flows and financial position in the period or periods in which such change in assessment, judgment or settlement occurs. If we do incur liability in relation to any claims or lawsuits, such liability may not be covered by insurance or could exceed our insurance coverage. In addition, our service agreements with our clients generally provide for resolving disputes through mediation and arbitration. Such alternative dispute resolution procedures may result in less predictable and or less favorable outcomes than court litigation.

Reputation

Our business may be adversely affected if our reputation or the reputation of any of our existing clients is harmed.

Maintaining our reputation as a leading independent hedge fund services provider is critical to our success. Our ability to attract and retain clients, as well as employees, may be adversely affected to the extent our reputation, the reputation of any of our existing clients, or the reputation of the hedge fund industry as a whole, is damaged.

International Operations

We currently conduct international operations in the United States, Europe, India, and the Cayman Islands. Our international operations are subject to a number of risks inherent in doing business in international markets.

Our continued shift of our administration and MBA processing services to India poses significant risks. We have been migrating our processing services to India since 2003, with approximately two-thirds of our employees now located in India. We are continuing to increase the proportion of our work being performed at our facilities in India to take advantage of time differentials as well as highly motivated and educated employees and cost efficiencies associated with India. Our operations in India may also be subject to uncertainties arising from political, economic, sociological, natural and other conditions in India.

Compliance

Our ability to comply with applicable laws and regulations is largely dependent on our compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance personnel. If we fail to effectively maintain and adhere to these compliance procedures or fail to attract and retain qualified personnel, it will increase the likelihood that we become subject to claims from our clients and investors in our clients and investigations by regulatory agencies. In addition, these compliance procedures may not be adequate to detect errors or defaults.

Currency Exchange Rates

We are exposed to risks associated with fluctuations in currency exchange rates. The U.S. Dollar is the functional currency of our businesses, except for operations in the United Kingdom, Republic of Ireland and India, where the functional currencies are the Pound Sterling, the Euro and the Rupee, respectively. For the past four years over 90% of our revenues were in U.S. Dollars but approximately 60-70% of costs were in U.S. Dollars. Therefore the currencies giving rise to these risks are the Pound Sterling, the Euro and the Rupee.

Our principal currency translation risk arises from the fact that the financial records of the U.K., Republic of Ireland and Indian entities are translated into our reporting currency at average exchange rates for the year and their balance sheets are translated using exchange rates on the balance sheet date. We do not currently engage in currency hedging activities, and presently have no plans to enter into any forward exchange or derivative agreements in the future. Foreign currency fluctuations may have a material effect on our operating results or financial condition. We also earn fee income related to interest earned on the flow of subscriptions prior to investment in funds and are therefore subject to fluctuations in interest rates.

Remuneration Report of the Board of Directors

This remuneration report provides GlobeOp Financial Services S.A.'s (the "Company") statement of how it has applied the principles of good governance relating to Directors' remuneration. The report was prepared by the Compensation Committee and approved by the Board of Directors for the period from 1 January 2009 to 31 December 2009 (the "Report Period"). This report will be submitted to the Company's Shareholders for approval at the Annual General Meeting of Shareholders. The Compensation Committee believes that the Company was compliant with the provisions relating to remuneration of the Combined Code, other than as set forth below. The disclosures in this remuneration report have not been subject to audit, except as specifically labeled as "Audited" below.

Compensation Committee

The Compensation Committee is responsible for determining and recommending to the Board the framework or broad policy for the remuneration of the Executive Directors and other members of executive management. Beginning in January 2009, the Committee consisted entirely of the following independent Non-Executive Directors in compliance with the Model Code[1]:

Ed Annunziato (Chairman)
David Gelber
Ed Nicoll

Following the Annual General Meeting of Shareholders on 27 April 2009 when Ed Annunziato was elected as Chairman of the Board, the membership of the Committee was changed to consist entirely of the following independent Non-Executive Directors in compliance with the Model Code[1]:

David Gelber (Chairman)
Ed Nicoll
Arun Seth

At the invitation of the Compensation Committee Chairman, the Chief Executive Officer, General Counsel, Chief Financial Officer and members of senior management may be invited to attend meetings of the Committee except when their own remuneration is under consideration. The members of the Committee receive remuneration from the Company as set out in this report. Members of the Committee abstain from participating in remuneration matters where their own interests are involved. The remuneration of Non-Executive Directors is decided by the Chairman and Executive Directors.

During the report period, the Committee met with the Chairman of the Company, Chief Executive, and the other Non-Executive Directors relating to Executive Directors' performance and remuneration. Other Directors attended meetings by invitation only.

The Committee retained Hewitt Associates in 2009 as outside compensation consultants to assist the Committee in reviewing the Company's remuneration practices and policies and to recommend appropriate long-term equity incentives. The compensation consultants do not have any connections with the Company other than the retention by the Committee.

The Committee's terms of reference are available on our website at www.globeop.com.

Remuneration Policy and Objectives – Executive Directors and Executive Management

The objective of the Compensation Committee is to determine and recommend to the Board the broad framework for the remuneration of the Chairman of the Company, the Chief Executive Officer, the Chief Financial Officer and other members of executive management, ensuring that levels of remuneration are sufficient to attract, retain and motivate senior managers of the quality required to run the Company successfully, but avoiding paying more than is necessary. The Committee believes that a significant proportion of senior managers' remuneration should be structured so as to link rewards to corporate and individual performance.

The Compensation Committee considers best practice standards, the competitive environment for executive talent in the Company's industry, as well as existing contractual commitments when determining the appropriate remuneration for each of the above components. The Committee also believes that in order to meet the Company's remuneration objectives, executive remuneration should comprise a balance between fixed and variable (performance-related) pay. The Committee has also reviewed the Group's pension and severance policy arrangements, made one recommendation for a change that was implemented by the Company to the U.S. plan in 2010, and considers the arrangements to be appropriate.

The remuneration of Executive Directors generally consists of five components: base salary, annual performance bonus, long-term equity incentives, benefits in-kind and pension benefits which consist solely of defined-contribution plans.

Long-Term Equity Incentives

A new long-term incentive plan ("LTIP") was approved by Shareholders at the 2009 Annual General Meeting. Prior share and option schemes remain applicable to prior grants. All awards made since 27 April 2009 were, and awards to be made in the future will be, made under the new LTIP.

The objectives of the LTIP are to:

- help drive the achievement of business results and support the delivery of returns for Shareholders;
- remain competitive for executive talent in line with market practice, which includes annual grants of equity-based awards for executives and other senior management;
- help the Company to attract, retain and motivate talented individuals in key management roles.

Awards made during 2009 were in the form of market value share options on ordinary shares in the Company. Awards made to the Executive Directors and other members of executive management were subject to performance conditions, set by the Committee, aligned to the Company's strategy and to the interests of Shareholders.

[1] The Board determined that Ed Annunziato and Ed Nicoll were independent notwithstanding one exception to the criteria for independence set out in the Combined Code, which was their previous participation in the Company's 2004 Stock Option Plan and interest in options over the shares of the Company, set out in further detail in the Remuneration Report.

The LTIP will be reviewed by the Committee no later than five years from its approval by Shareholders, to determine whether it continues to meet the Company's business needs.

Vesting of awards

Awards made to the Executive Directors during 2009 will cliff vest on 1 June 2012, subject to the satisfaction of performance criteria. Such criteria for the 2009 LTIP awards are:

- 100% (full) vesting requires annual growth in Adjusted Operating Profit ("AOP") for 2010 and 2011 of 17.5% over the 2009 AOP estimate presented at the August meeting of the Board of Directors.
- 1% (threshold) vesting requires annual growth in AOP for 2010 and 2011 of 7.5% over the 2009 AOP estimate presented at the August meeting of the Board of Directors.
- Actual Company performance between threshold and full AOP target levels will result in straight-line prorated vesting.

In setting the performance criteria for the 2009 LTIP awards, the Committee considered, among other things, the Company's actual financial results for the first half of 2009, the Company's forecast for the remainder of 2009, the Company's business prospects and the general financial and operating environment relevant to the Company. The Committee's aim in determining the performance criteria is to ensure that performance conditions are sufficiently demanding and support profitable growth, capital efficiency, and the creation of Shareholder value. Performance will be measured over the three-year performance period. Relevant awards will lapse if the performance conditions are not satisfied at the end of the performance period. There will be no re-testing of awards.

The Committee will have the discretion to adjust performance conditions, after the start of the performance period, to take account of exceptional events which may occur during the performance period, if it considers that an amended performance target would be a fairer measure of performance.

Other than as set forth in the LTIP for "good leavers" and a change of control, the vesting of awards made to the Executive Directors will also be subject to the employee's continued employment with the Company (or one of its subsidiaries).

In years prior to 2009, option grants were made to Executive Directors and other employees under various share option plans maintained by the Company. Pursuant to the 2006 Equity Incentive Plan that was approved and adopted by the Board and approved by Shareholders on 6 June 2007, RSUs were granted to the Executive Directors as set forth in the table on page 37. As of 31 December 2009, 75% of the RSUs have vested with an additional 25% to vest on 1 September 2010.

During 2009 and 2008, the amounts charged to the consolidated income statement resulting from the long-term incentives granted to the Directors are $671,000 and $1,029,000, respectively.

Base Salary

Base salary for the Executive Directors generally had been set in the past when they were appointed to the role and reflected their experience, responsibilities and market value in their geographic location. During 2009, base salaries of the Executive Directors were reviewed in light of the Combined Code, market best practice and the Company's competitive environment. As a result of that review at the Committee's meeting in February 2010, the Committee determined to adjust the base salaries of Hans Hufschmid and Vernon Barback. The new base salaries are shown in footnote four to the Executive Directors' Remuneration table on page 36.

Annual Performance Bonus

The Executive Directors participate in an annual bonus plan. The amount paid to each Executive Director is based upon the amount of the executive bonus pool and the proportion they participate in such pool. The Compensation Committee determines the proportion of the pool received by each executive, including the Executive Directors, based upon personal and peer-to-peer performance. The amount in the bonus pool is determined based upon a percentage of EBITDA (earnings before interest, taxes, depreciation and amortization).

The bonus pool formula is approved by the Compensation Committee at the beginning of the year. Annual bonuses are not part of pensionable earnings. During 2008, a portion of the annual bonus was paid in equal installments, together with base salary, over the course of the year as a drawdown. The Compensation Committee determined to reallocate that drawdown amount to base salary beginning in 2009. There is no cap on the annual performance bonuses received by the Executive Directors.

As a result of the settlement of the legal dispute during 2009 and the material impact that settlement had on the Group's results, bonus pools were significantly reduced for 2009. For 2009 Hans Hufschmid received no annual bonus, Vernon Barback received an annual bonus of 28% of his annual base salary and Martin Veilleux received an annual bonus of 28% of his annual base salary.

Benefits In Kind

Benefits in-kind include medical benefits, life insurance and disability coverage commensurate with market practice.

Pension Benefits

We operate five pension or retirement benefit schemes for the benefit of all employees: (i) a 401(k) defined contribution plan in the U.S., (ii) a defined-contribution plan in the Cayman Islands, (iii) a defined-contribution plan in the U.K., (iv) a defined-contribution plan in India, and (v) a defined-contribution plan in the Republic of Ireland.

Hans Hufschmid began participating in the U.K. plan during 2008. His participation is on the same terms as all other U.K.-based employees. Mr Hufschmid must contribute 1% of his base salary into the plan in order for the Company to make matching contributions of 4% of base salary. Vernon Barback and Martin Veilleux participated in the U.S. plan on the same terms as all other U.S.-based employees during 2009 and 2008. Messrs. Barback and Veilleux must contribute 4% of their base salaries, respectively, into the plan in order for the Company to make matching contributions of 1% of their base salaries. Starting 1 April, 2010, the U.S. plan benefit is being adjusted so that the Company will contribute 50% of the employee's contribution into the plan up to 6% of base salary for a maximum contribution by the Company of 3% of base salary.

Pension costs for Messrs. Hufschmid, Barback and Veilleux are shown in the table on page 36.

Remuneration Report of the Board of Directors
continued

Executive Directors' Remuneration (Audited)

The total amounts for the Executive Directors' remuneration and other benefits were as follows:

	Directors' Detailed Emoluments[1]				
	Base Salary $'000	Annual Bonus $'000	Benefits in kind[2] $'000	**Total 2009 $'000**	Total 2008 $'000
Hans Hufschmid	305[4]	–	8	**313**	998
Martin Veilleux	300	83	8	**391**	627
Vernon Barback[3]	25[4]	7	1	**33**	–
Total	630	90	17	**737**	1,625

[1] No Director waived emoluments in respect of the year ended 31 December 2009 or 31 December 2008.

[2] Benefits in kind include health insurance, life insurance and disability coverage.

[3] Vernon Barback was co-opted to the Board on 1 December 2009. His remuneration has been pro-rated accordingly.

[4] Effective 1 January 2010 the base salaries of Hans Hufschmid and Vernon Barback increased to £320,000 ($500,736) and $425,000 respectively.

Pensions (Audited)

During the year, the Group contributed the following amounts into defined-contribution pension plans on behalf of the Directors:

	2009 $'000	2008 $'000
Hans Hufschmid	**12**	4
Martin Veilleux	**2**	2
Vernon Barback[1]	**1**	–

[1] Vernon Barback was co-opted to the Board on 1 December 2009. His remuneration has been pro-rated accordingly.

Directors' Interests in Shares and Beneficiary Certificates

The Directors had beneficial ownership (unless otherwise stated below) in the following number of shares or beneficiary certificates of the Company:

	Shares		Beneficiary Certificates[1]	
	1 January 2009	31 December 2009	1 January 2009	31 December 2009
Executive Directors:				
Ed Annunziato	500,575	500,575	–	–
Clay Brendish[2]	27,500	–	–	–
Hans Hufschmid	13,517,948	13,630,448	–	–
Vernon Barback	786,100	898,600	–	–
Martin Veilleux	25,000	37,500	–	–
Non-Executive Directors:				
Rory Brooks[3]	–	–	–	–
David Gelber	–	–	–	–
Jonathan Meeks[4]	30,957	20,571	14,912	14,912
Ed Nicoll[5]	930,375	930,375	–	–
Arun Seth	–	–	–	–

[1] The Beneficiary Certificates were first approved and issued on 6 June 2007.

[2] Clay Brendish resigned from the Board effective 27 April 2009.

[3] Rory Brooks resigned from the Board effective 1 December 2009.

[4] Jonathan Meeks may be considered to have beneficial ownership with respect to the ordinary shares and beneficiary certificates owned by any of the entities affiliated with TA Associates, Inc. and disclaims beneficial ownership of any ordinary shares or beneficiary certificates in which he does not have a pecuniary interest, save for those disclosed in this table.

[5]All Directors' shares are beneficially held, other than shares held by Ed Nicoll and in respect of 13.4% of Vernon Barback's holding, which are held by them as GRATS.

During March 2010, Ed Annunziato purchased a further 150,000 shares.

During March 2010, TA Associates Funds sold 5,000,000 shares. As a result, Jonathan Meeks beneficial ownership in the Company's shares reduced from 20,571 to 14,461.

There have been no further changes to the interests set out above between 31 December 2009 and 17 March 2010.

Share options

	Date of grant	Earliest Exercise Date	Expiry Date	Exercise Price	Number at 1 January 2008	Granted	Exercised	At 31 December 2008
Hans Hufschmid	22 Dec 2008	22 Dec 2011	22 Dec 2018	$0.67	130,000	–	–	130,000
Hans Hufschmid	1 Oct 2009	1 Jun 2012	1 Oct 2019	$2.07	–	430,000	–	430,000
Martin Veilleux	1 Oct 2006	1 Apr 2007	1 Oct 2016	$3.60	1,375,000	–	–	1,375,000
Martin Veilleux	22 Dec 2008	22 Dec 2011	22 Dec 2018	$0.67	115,000	–	–	115,000
Martin Veilleux	1 Oct 2009	1 Jun 2012	1 Oct 2019	$2.07	–	230,000	–	230,000
Vernon Barback	1 Mar 2004	1 Sept 2004	1 Mar 2014	$1.66	2,629,800	–	–	2,629,800
Vernon Barback	22 Dec 2008	22 Dec 2011	22 Dec 2018	$0.67	123,000	–	–	123,000
Vernon Barback	1 Oct 2009	1 Jun 2012	1 Oct 2019	$2.07	–	340,000	–	340,000
Ed Annunziato	22 Jul 2004	22 Jul 2005	22 Jul 2014	$2.40	100,000	–	–	100,000
Ed Nicoll	22 Jul 2004	22 Jul 2005	22 Jul 2014	$2.40	100,000	–	–	100,000

The share options granted in 2009 were issued under the new LTIP. Vesting of these shares are subject to the satisfaction of the performance criteria detailed on page 35.

In 2008, 130,000, 115,000 and 123,000 share options were granted to Messrs. Hufschmid, Veilleux and Barback, respectively. There are no performance criteria associated with these options.

No share options were exercised by the Directors in 2009 or 2008.

No other Directors have been granted share options in the shares in the Company or other Group entities in 2009. Share options have not been granted to Non-Executive Directors of the Company since 2004. None of the terms and conditions of the share options varied during the year. All options granted were in respect of qualifying service.

RSUs

Name	Date of Grant	Expiry Date	Fair Market Value	Total Granted	Vested at 1 January 2009	Vested during 2009	Vested at 31 December 2009
Hans Hufschmid	30 November 2006	None	$3.25	450,000	225,000	112,500[1]	337,500
Martin Veilleux	30 November 2006	None	$3.25	50,000	25,000	12,500[1]	37,500
Vernon Barback	30 November 2006	None	$3.25	450,000	225,000	112,500[1]	337,500

[1] The RSU's vested on 1 September 2009.

Non-Executive Directors' Remuneration

The independent Non-Executive Directors' remuneration is set by the Chairman and Executive Directors in accordance with the Committee's terms of reference taking into account market practice, time commitments and responsibilities required to ensure that the Company can attract the highest caliber of expertise, experience and diversity to its Board. The Chairman's remuneration (£100,000) is proposed by the Chief Executive Officer following consultation with the other Non-Executive Directors and approved by the Compensation Committee. The remuneration of independent Non-Executive Directors is solely by way of fees. Fees are agreed on a standard basis for all independent Non-Executive Directors (£35,000) with additional fees payable to those chairing the Audit and Compensation Committees (£5,000). Non-Executive Directors who represent the Company's significant Shareholders (Mr. Meeks and formerly, Mr. Brooks) are not paid any fees for their duties as Directors.

Certain Non-Executive Directors have participated in the Company's share option plans prior to the Company's listing in 2007. Information concerning these grants of share options is included above under Directors' Interests in Share Options and RSUs. Since 2004 the Company has not granted any new stock options to Non-Executive Directors and does not intend to grant such options in the future.

Independent Non-Executive Directors' Emoluments (Audited)

	Base Annual Salary $'000	Bonus $'000	Benefits in kind $'000	Total 2009 $'000	Total 2008 $'000
Clay Brendish[1]	51	–	–	51	185
Ed Annunziato[2]	128	–	–	128	74
David Gelber[3]	60	–	–	60	65
Ed Nicoll[3]	62	–	–	62	74
Arun Seth	55	–	–	55	65
Total	356	–	–	356	463

[1] Clay Brendish resigned as of 27 April 2009.

[2] Ed Annunziato was appointed Chairman as of 27 April 2009 and chairs the Nominations Committee.

[3] David Gelber and Ed Nicoll chaired the Compensation and Audit Committees respectively.

None of the independent Non-Executive Directors waived emoluments in respect of the years ended 31 December 2009 and 2008.

Remuneration Report of the Board of Directors
continued

Highest Paid Director (Audited)

The emoluments paid to the highest paid Director were:

	2009 **$'000**	2008 $'000
Aggregate emoluments	**391**	998
Aggregate amounts under long-term incentive plans	**300**	504
Contributions to defined contribution pension schemes	**2**	4
	693	1,506

Directors' Interests in Contracts and Other Transactions with the Group

No Director has a material interest in any contract with the Group other than a service contract, relating to the Director's responsibilities or employment with the Company and an indemnity agreement described below.

All Directors (Executive and Non-Executive) benefit from Directors' and officers' insurance maintained by the Company.

Directors' Service Agreements – Executive Directors

Executive Directors are employed under the terms of employment agreements, which may be terminated by either party upon six months' notice. At the Company's discretion, on termination, the Executive Directors can be paid six months' base salary in lieu of notice. If the employment agreement is terminated for gross misconduct or certain other specified reasons then notice need not be given nor any payment in lieu of notice made. Mr. Veilleux's and certain other senior managers' employment agreements provide for parachute payments and accelerated vesting of share options in the event certain circumstances occur following a change in control of the Company before the four-year anniversary of the employees' respective start dates. Hans Hufschmid's, Vernon Barback's and Martin Veilleux's appointment as a Director can be terminated without notice by a simple majority vote at a Shareholders' meeting or upon one month's notice by either.

The employment agreements do not provide for any separate fees, other than expense reimbursement, to be paid for their responsibilities as Directors. The employment agreements also provide that they may not disclose any trade secrets or other confidential information, including, but not limited to, any information not already in the public domain in any form relating to the Company in respect of personnel, processes or formulae, product development, strategic planning, future business planning, customer and client information, accounts and pricing information. This restriction applies both during the term of employment and after cessation of employment.

In addition to the employment agreements, the Company has entered into separate indemnity agreements with senior management, including the Executive Directors. Under such indemnification agreements, the Company indemnifies the individual, to the extent permitted by law, against all liabilities and expenses incurred by reason of the activities of and their activities for the employing company (and of or for any of the Group companies) and/or their corporate status in the employing company (or any affiliate), including any legal costs. Subject to repayment, reasonable legal costs may be advanced to the individual at the relevant company's discretion.

Directors' Service Agreements – Non-Executive Directors

The Chairman and Non-Executive Directors are engaged by the Company on letters of appointment that set forth their duties and responsibilities, including their expected time commitments.

The appointment of Ed Annunziato as Chairman and the appointment of any of the Non-Executive Directors may be terminated without notice by a simple majority vote at a Shareholders' meeting or upon one month's notice by the individual. The appointment of each is also subject to the Company's Articles of Association. In every case, there is no right to compensation in the event of termination.

In addition to the letters of appointment, the Company has entered into indemnification agreements with the Chairman and other Non-Executive Directors on the same terms as those for senior management, including the Executive Directors.

All members of our Board are also indemnified pursuant to the Articles.

Further, under indemnification agreements entered into between the Company and Jonathan Meeks (as well as former Directors, individually, Rory Brooks and Brian Conway) on 2 October 2003, the Company agreed to indemnify these Directors, individually, in accordance with the Company's Articles and upon receipt of a written indemnification request from them against all expenses and liabilities incurred by reason of their status in connection with any threatened, pending or completed legal proceedings brought against them, unless: (a) it is determined by the court of competent jurisdiction that (i) the Director acted with wilful misconduct, (ii) the Director acted in knowing violation of criminal law, or (iii) such indemnification is not lawful, including under Luxembourg Company Law; or (b) such expenses are covered under a valid and collectible insurance policy. Pursuant to the terms of the indemnification agreements, where the Director is the plaintiff in an action against the Company, any of our officers or any third party (not including counterclaims or active defenses), the Director needs permission from the Company to proceed with the action. The liabilities to be covered under the agreements are not limited as to quantum and the agreement is for an indefinite term.

External Appointments

Executive Directors may, with specific prior approval of the Board, accept appointment as a Non-Executive Director of other companies, but no more than one Non-Executive Directorship in a FTSE 100 company, and retain any fees paid to them. During 2009, no Executive Directors served as Non-Executive Directors of any other companies.

This report was approved by the Board of Directors on 17 March 2010.

David Gelber
Chairman, Compensation Committee
17 March 2010

Independent Auditors' Report

To the Shareholders of
GlobeOp Financial Services S.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GlobeOp Financial Services S.A. and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in Shareholders' equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies;
- and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Luxembourg Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements give a true and fair view of the financial position of GlobeOp Financial Services S.A. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other Legal and Regulatory Requirements

The Directors' Report, which is the responsibility of the Board of Directors, is in accordance with the consolidated financial statements.

Statement on Corporate Governance

The Directors have requested (because the Company applies Listing Rules 9.8.6R (5) and (6) of the United Kingdom Financial Services Authority as if it was a United Kingdom company), that we review the parts of the Corporate Governance Statement relating to GlobeOp Financial Services S.A.'s compliance with the nine provisions of the June 2008 Combined Code specified for auditor review by the Listing Rules of the Financial Services Authority. We have nothing to report in respect of this review.

PricewaterhouseCoopers S.à. r.l.
Réviseur d'entreprises
Represented by

Philippe Piérard
Luxembourg
17 March 2010

Consolidated Income Statement

	Notes	**Year ended 31 December 2009 $'000**	Year ended 31 December 2008 $'000
Revenue	5	**156,483**	185,172
Operating expenses	6	**(175,766)**	(146,963)
Operating (loss) profit		**(19,283)**	38,209
Finance income	11	**393**	1,281
Finance costs	11	**(281)**	(757)
Finance income, net		**112**	524
(Loss) profit before tax		**(19,171)**	38,733
Taxation	12	**13,191**	(16,697)
(Loss) profit for the year		**(5,980)**	22,036
(Loss) earnings per share:			
Basic	13	**(0.06)**	0.21
Diluted	13	**(0.06)**	0.21

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
Net (loss) profit recognized in income statement	**(5,980)**	22,036
Other comprehensive income (loss)		
Cumulative translation adjustment	**2,195**	(8,575)
Other comprehensive income (loss)	**2,195**	(8,575)
Total comprehensive (loss) income	**(3,785)**	13,461

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Notes	**At 31 December 2009 $'000**	At 31 December 2008 $'000
Assets			
Non-current assets			
Intangible assets, net	15	**7,049**	6,941
Property, plant and equipment, net	16	**28,282**	29,931
Deferred income tax assets	17	**15,417**	4,084
Accounts receivable and other assets	19	**703**	823
Restricted cash	18	**2,202**	2,187
Total non-current assets		**53,653**	43,966
Current assets			
Accounts receivable and other assets	19	**16,906**	23,422
Corporate tax receivable	20	**9,268**	486
Cash and cash equivalents	21	**42,572**	51,259
Total current assets		**68,746**	75,167
Total assets		**122,399**	119,133
Shareholders' Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**10,960**	10,960
Treasury shares	22	**(31)**	(41)
Share premium		**8,149**	8,356
Other reserves	23	**26,380**	17,864
Retained earnings		**31,865**	40,186
Total Shareholders' equity		**77,323**	77,325
Liabilities			
Non-current liabilities			
Trade and other payables	27	**809**	560
Provisions for liabilities and charges	25	**16,403**	2,679
Deferred lease obligations	26	**1,633**	1,639
Total non-current liabilities		**18,845**	4,878
Current liabilities			
Trade and other payables	27	**20,891**	30,257
Corporate tax liabilities		**2,091**	3,033
Provisions for liabilities and charges	25	**3,249**	3,640
Total current liabilities		**26,231**	36,930
Total liabilities		**45,076**	41,808
Total Shareholders' equity and liabilities		**122,399**	119,133

Approved by the Board of Directors and signed on its behalf by:

Hans Hufschmid

H. Hufschmid
Chief Executive
1 March 2010

Martin J. Veilleux

M. Veilleux
Finance Director
1 March 2010

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

		Share Capital			
	Notes	Ordinary Shares $'000	Treasury Shares $'000	A Beneficiary Certificates $'000	Share Premium $'000
At 1 January 2008		10,914	(1,086)	1,086	13,136
Total comprehensive income for the year		–	–	–	–
Exercise of share options	22	6	4	–	218
Shares issued related to restricted stock units vesting	22	40	74	–	(114)
Conversion of A Beneficiary Certificates	22	–	1,086	(1,086)	–
Share buyback	22	–	(119)	–	(3,699)
Employee share compensation	10	–	–	–	–
Tax on items taken directly to or transferred from equity	17	–	–	–	–
Transfer to non-distributable reserve		–	–	–	(1,185)
Dividends paid	14	–	–	–	–
At 31 December 2008		10,960	(41)	–	8,356
At 1 January 2009		**10,960**	**(41)**	**–**	**8,356**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**
Exercise of share options	22	**–**	**30**	**–**	**385**
Shares issued related to restricted stock units vesting	22	**–**	**53**	**–**	**(53)**
Share buyback	22	**–**	**(73)**	**–**	**(539)**
Employee share compensation	10	**–**	**–**	**–**	**–**
Modification of performance share options	10	**–**	**–**	**–**	**–**
Tax on items taken directly to or transferred from equity	17	**–**	**–**	**–**	**–**
Transfer to non-distributable reserve		**–**	**–**	**–**	**–**
Transfer to legal reserve	23	**–**	**–**	**–**	**–**
Dividends paid	14	**–**	**–**	**–**	**–**
At 31 December 2009		**10,960**	**(31)**	**–**	**8,149**

The accompanying notes are an integral part of these consolidated financial statements.

		Other Reserves						
	Notes	Shares to be Issued $'000	B Beneficiary Certificates $'000	Legal Reserves $'000	Reserve for Treasury Shares $'000	Cumulative Translation Adjustment $'000	Retained Earnings $'000	Total $'000
At 1 January 2008		16,837	1,465	35	–	3,173	21,367	66,927
Total comprehensive income for the year		–	–	–	–	(8,575)	22,036	13,461
Exercise of share options	22	–	–	–	–	–	–	228
Shares issued related to restricted stock units vesting	22	–	–	–	–	–	–	–
Conversion of A Beneficiary Certificates	22	–	–	–	–	–	–	–
Share buyback	22	–	–	–	–	–	–	(3,818)
Employee share compensation	10	4,515	–	–	–	–	–	4,515
Tax on items taken directly to or transferred from equity	17	(771)	–	–	–	–	–	(771)
Transfer to non-distributable reserve		–	–	–	1,185	–	–	–
Dividends paid	14	–	–	–	–	–	(3,217)	(3,217)
At 31 December 2008		20,581	1,465	35	1,185	(5,402)	40,186	77,325
At 1 January 2009		**20,581**	**1,465**	**35**	**1,185**	**(5,402)**	**40,186**	**77,325**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**2,195**	**(5,980)**	**(3,785)**
Exercise of share options	22	**–**	**–**	**–**	**–**	**–**	**–**	**415**
Shares issued related to restricted stock units vesting	22	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share buyback	22	**–**	**–**	**–**	**–**	**–**	**–**	**(612)**
Employee share compensation	10	**3,478**	**–**	**–**	**–**	**–**	**–**	**3,478**
Modification of performance share options	10	**726**	**–**	**–**	**–**	**–**	**–**	**726**
Tax on items taken directly to or transferred from equity	17	**2,661**	**–**	**–**	**–**	**–**	**–**	**2,661**
Transfer to non-distributable reserve		**–**	**–**	**–**	**(900)**	**–**	**900**	**–**
Transfer to legal reserve	23	**–**	**–**	**356**	**–**	**–**	**(356)**	**–**
Dividends paid	14	**–**	**–**	**–**	**–**	**–**	**(2,885)**	**(2,885)**
At 31 December 2009		**27,446**	**1,465**	**391**	**285**	**(3,207)**	**31,865**	**77,323**

Consolidated Cash Flow Statement

	Notes	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
Cash flows from operating activities			
(Loss) profit before tax		**(19,171)**	38,733
Adjustments to reconcile (loss) profit before tax to net cash provided by operating activities:			
Depreciation and amortization	6	**8,693**	10,169
Share options and restricted stock compensation expense	8	**3,883**	3,043
Provision for post-employment obligations	8	**226**	259
Movement in provisions	25	**44,953**	(210)
Interest income	11	**(393)**	(1,281)
Interest expense	11	**281**	757
Bad debt provision	19	**(35)**	240
Change in operating assets and liabilities:			
Restricted cash	18	**–**	(892)
Accounts receivable	19	**323**	817
Accrued income	19	**2,922**	2,467
Prepaid expenses and other assets	19	**4,186**	311
Provisions for liabilities and charges	25	**(32,177)**	–
Trade payables	27	**(3,266)**	2,077
Accruals and other payables	27	**(4,710)**	2,357
Cash provided by operating activities		**5,715**	58,847
Interest received		**410**	1,490
Interest paid		**(12)**	(69)
Taxation paid, net		**(5,158)**	(16,725)
Net cash provided by operating activities		**955**	43,543
Cash flows from investing activities			
Additions to intangible assets	15	**(3,183)**	(1,900)
Purchase of property, plant and equipment	16	**(5,339)**	(15,951)
Net cash used in investing activities		**(8,522)**	(17,851)
Cash flows from financing activities			
Dividends paid	14	**(2,885)**	(3,217)
Share repurchase	22	**(612)**	(3,818)
Proceeds from share option exercises	22	**415**	228
Net cash used in financing activities		**(3,082)**	(6,807)
(Decrease) increase in cash and cash equivalents		**(10,649)**	18,885
Cash and cash equivalents at 1 January		**51,259**	40,088
Effect of exchange rate changes on cash and cash equivalents		**1,962**	(7,714)
Cash and cash equivalents at 31 December		**42,572**	51,259

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 Organization

GlobeOp Financial Services S.A. (the "Company") is a Luxembourg holding company incorporated on 22 January 2000 as a "Société Anonyme" and subject to the laws of the Grand Duchy of Luxembourg.

The registered address of the Company is 5, rue Guillaume Kroll, L-1882, Luxembourg.

The Company has its primary listing on the London Stock Exchange.

The Company and its subsidiaries (the "Group") provide specialized integrated web-based financial products supporting middle- and back-office trade processing, fund administration, complex derivatives and risk reporting. The Group has offices in the United Kingdom, the United States of America, India, the Cayman Islands and the Republic of Ireland. The Group provides its services primarily from these locations.

These Group consolidated financial statements were authorized for issue by the Board of Directors on 1 March 2010.

2 Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") ("IFRS as adopted by the EU") and IFRIC interpretations, applicable to companies reporting under IFRS.

(a) Basis of Preparation
The consolidated financial statements have been prepared under the historical cost convention.

(b) Significant Accounting Estimates and Judgment
The preparation of consolidated financial statements and related disclosures in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(c) Standards, Amendments and Interpretations Effective in 2009
The Group has adopted the following new and amended standards as of 1 January 2009.

IAS 1 (Revised) – 'Presentation of Financial Statements' – The revised standard requires some changes to the format of the consolidated statement of comprehensive income and the consolidated statement of changes in shareholders' equity in the consolidated financial statements for the year. The changes from the implementation of the revised standard are purely presentational and have no impact on the Group`s overall results and consolidated financial position.

IFRS 2 (Amendment) – 'Share-based Payment' – The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have a material impact on the Group's overall results and consolidated financial position.

IFRS 7 (Amendment) – 'Financial Instruments – Disclosures' – The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The amendment has no impact on the Group's overall results and consolidated financial position.

IFRS 8 – 'Operating Segments' – The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The changes from the implementation of the revised standard are purely presentational and have no impact on the Group's overall results and consolidated financial position.

(d) Adoption of New and Revised Standards
Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group:

IFRS 3 (Revised)	Business Combinations	1 July 2009
IFRS 5 (Amendment)	Measurement of Non-Current Assets Held for Sale	1 July 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
IFRIC 17	Distribution of Non-Cash Assets to Owners	1 July 2009

The Group is currently assessing the impact of these new and revised standards, amendments and interpretations but does not expect at this stage that they would have a significant impact on the Group's consolidated financial position.

2.2 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases to exist.

All inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

2.3 Foreign Currency Transactions

(a) Functional and Presentation Currency
Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's presentation currency is United States Dollars ("USD") ($).

(b) Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

(c) Group Companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

ii income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Intangible Assets

(a) Internally Generated Software
Research expenditures associated with internally generated software are expensed as incurred. Costs incurred on software development (relating to design, programming, and testing of new or enhanced software) are capitalized as intangible assets from the point at which it is determined that the software is technologically feasible, there is the intention to complete the development, the resources are available to complete development, the Group has the ability to use or sell the intangible asset, development costs can be measured reliably and the asset will generate probable future economic benefit. The expenditures capitalized represent employee compensation costs. Other development expenditures are recognized as an expense as incurred. Internally generated software costs previously recognized as an expense are not recognized as an asset in a subsequent period. Where the carrying value of an asset is greater than its estimated recoverable amount the asset is written down immediately to its recoverable amount.

Internally generated software costs are recorded at cost and are amortized over their estimated useful life of three years on a straight-line basis commencing when the asset is placed in service.

(b) Software Licenses
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over the assets useful life which ranges from one to three years. Where the carrying value of an asset is greater than its estimated recoverable amount the asset is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognized in the consolidated income statement.

(c) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition and is included in intangible assets. Goodwill is tested for impairment on an annual basis or when there is an indication that the carrying amount is not recoverable. The goodwill currently recognized on the consolidated balance sheet is solely associated with an acquired subsidiary that is considered to be a cash-generating unit and is expected to benefit from the business

combination in which the goodwill arose. The Group determines the valuation of the cash-generating unit based on reports prepared annually by an independent third-party valuation firm.

The fair value of the cash-generating unit is estimated through the use of discounted cash flows. These discounted cash flows use eight-year projections that are based on financial budgets approved by the Group. Cash flow projections take into account past experience and represent the Group's best estimate about future developments. Key assumptions on which management has based its determination of fair value include estimated cash flows, weighted average cost of capital and tax rates.

2.5 Property, Plant and Equipment

Land and buildings comprise of two office buildings in the United States of America owned by the Group. All property, plant and equipment are stated at historic cost less any depreciation. Historic cost includes expenditures that are directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on all other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Asset Type:	Depreciation Period:
Buildings	Forty years
Leasehold improvements	The lesser of the term of the lease or useful life
Telephones, furniture and fittings	Five years
Computer and office equipment	Three years

These assets are reviewed at each reporting period for indications of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated based on its fair value. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In addition, the useful lives of these assets are also reviewed and adjusted, if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with carrying amounts and are recognized in the consolidated income statement.

2.6 Capital Work in Progress

Capital work in progress represents expenditures on property, plant and equipment in the course of construction. Transfers are made to property, plant and equipment when the assets are available for use.

2.7 Financial Assets

Financial assets can be classified in the following categories: at fair value through the profit or loss, loans and receivables, and available-for-sale. The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

The Group assesses at each consolidated balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognized in the consolidated income statement. Impairment of accounts receivable is described in Note 2.10.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and short-term institutional money market funds with original maturities of three months or less.

2.9 Restricted Cash

Restricted cash includes medium-term fixed deposits and monies held by a bank as security for a letter of credit issued due to lease requirements for an office space. Monies held by the bank as security earn interest and are classified as a non-current asset because they cannot be used by the Group until the end of the lease term.

Medium-term fixed deposits relate to monies held by a bank for a term greater than three months but less than one year. These are considered a non-current asset as the monies will be continuously re-invested in order to comply with regulatory requirements.

2.10 Accounts Receivable and Other Assets

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost, less any provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated income statement. When an account receivable is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited within the consolidated income statement.

Accrued income is revenue that has been recognized in the period, but not invoiced as of the consolidated balance sheet date.

2.11 Current and Deferred Income Tax

The tax charge for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled. The principal temporary differences arise from share-based compensation, legal claims, depreciation and amortization of the Group's intangible and tangible fixed assets and various accruals.

Deferred income tax assets are recognized to the extent that it is probable that future profit will be available against which temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary timing difference is controlled by the Group and it is probable that the temporary timing difference will not reverse in the foreseeable future.

2.12 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Employee Benefits

(a) Share-based Compensation

The Group operates a number of equity-settled, share-based compensation plans. Share options are granted to selected members of the Board of Directors, management and key employees. Restricted stock is granted to selected members of management and key employees.

The fair value of the employee service received in exchange for the grant of the options and restricted stock is recognized as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each consolidated balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to the original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The cash proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

(b) Pension Obligations

The Group operates various pension schemes that consist of defined-contribution plans.

For defined-contribution plans, the Group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(c) Other Post-Employment Benefits

One of the Group's subsidiaries provides post-employment benefits to its employees. The entitlement to these benefits is usually conditional upon the employee completing a minimum service period. The benefit is in the form of a gratuity. The expected costs of this gratuity are accrued over the period of employment using the same methodology as used for a defined-benefit pension plan.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions of the greater of 10% of the value of plan assets or 10% of the defined-benefit obligation, are charged or credited to income over the expected average remaining working lives of the related employees. This benefit is valued annually by independent qualified actuaries.

(d) Bonus Plan
The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14 Trade Payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost.

2.15 Provisions for Liabilities and Charges

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, the provision is determined by discounting the expected future cash flows. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

2.16 Revenue Recognition

Revenue comprises the value for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, various U.S. state sales taxes, discounts, and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the stage of completion of the transaction at the consolidated balance sheet date can be measured reliably. The amount of revenue is not considered to be reliably measured until all significant contingencies relating to the sale have been resolved. The Group bases its estimates on historic results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is generated from contractual service agreements with the Group's clients. Such service agreements are generally based upon a fee percentage of the assets under management of the Group's clients.

Revenue includes fee income related to interest earned on short-term deposits held in connection with the Group's servicing activities. Interest income is recognized as earned.

2.17 Operating Leases

Leases where the Group acts as a lessee and where a significant proportion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rental expense under such leases (net of any incentives received from the lessors) is recognized in the consolidated income statement on a straight-line basis over the term of the lease.

2.18 Dividend Policy

Dividend distribution to the Group's Shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's Shareholders.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee that makes strategic decisions.

3 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk, concentration risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's consolidated financial performance.

3.1 Market Risk

(a) Foreign Exchange Risk
The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the USD, Pound Sterling, Euro and Indian Rupee. Foreign exchange risk arises on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement into USD. The Group has the USD as its functional currency for its operations in the United States of America, Luxembourg and Cayman Islands. The Group's operations in the United Kingdom, Republic of Ireland and India have functional currencies of Pound Sterling, Euro and the Indian Rupee, respectively.

The principal currency translation risk arises from the fact that the financial records of the subsidiaries in the United Kingdom, Republic of Ireland and India are maintained in Pound Sterling, Euro and Indian Rupee, respectively. Upon preparing consolidated financial statements, the USD-denominated consolidated reported financial results could be affected by changes in the relative value of the Pound Sterling, Euro and Indian Rupee against the USD. Moreover, fluctuations in currency values distort period-to-period comparisons of financial performance. Given the volatility of currency exchange rates, such distortions could be significant. The Group does not currently engage in currency hedging activities, and presently has no plans to enter into any forward exchange or derivative agreements in the future. Over the longer term, permanent changes in foreign exchange would have an impact on consolidated earnings. It is estimated that a general increase of one percentage point in the value of the USD against the other currencies (Pound Sterling, Rupee, Euro) would not have a significant impact on the profit before tax of the Group.

(b) Interest Rate Risk
The Group earns interest on its cash and cash equivalents. A change in interest rates of one percentage point would not have a significant impact on the carrying value of these assets. In addition, the Group earns fee income related to interest earned on the flow of subscriptions prior to investment in funds. The Group's income and operating cash flows could be impacted by changes in market interest rates.

3.2 Credit Risk

Financial instruments that potentially expose the Group to credit risk consist primarily of cash equivalents and accounts receivable.

Cash and cash equivalents are held with six institutions that the Board of Directors consider to be reputable. Excess cash on hand is held in interest bearing savings and checking accounts. As of 31 December 2009, one of these individual institutions held 63% of the Group's total cash and cash equivalents (2008: 45%). The Group has policies in place to ensure that sales of services are made to clients with an appropriate credit history. The amount of accounts receivable that appears in the consolidated balance sheet is net of any provision for impairment. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

3.3 Concentration Risk

The Group's clients primarily operate in the hedge fund industry. Accordingly, the Group is potentially exposed to events that would impact that industry.

For both of the years ended 31 December 2009 and 2008, one of the Group's clients individually comprised 11% of the Group's revenue. For the year ended 31 December 2009, the top ten balances within accounts receivable accounted for 51% of the total accounts receivable balance (2008: 39%).

3.4 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at 30 June 2009, these facilities became temporarily unavailable (Note 24). Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out at the local level in the operating companies of the Group in accordance with the practice and limits set by the Group.

The table on this page sets forth the Group's financial liabilities in relevant maturity groupings based on the remaining period from the consolidated balance sheet to the contractual maturity date, in accordance with supplier payment terms. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances.

	Notes	**Less than 1 year $'000**	**More than 1 year $'000**
At 31 December 2009			
Trade and other payables	27	**20,891**	**809**
At 31 December 2008			
Trade and other payables	27	30,257	560

3.5 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

3.6 Other Risk

The Group's revenues are primarily generated from products and services provided to hedge funds and funds of hedge funds. The change in revenues is primarily related to the change in assets under administration. Assets under administration is defined as the aggregate amount of clients' assets under management that is used as the basis for invoicing for services provided by the Group. A significant drop in clients' assets under management, either through unsuccessful investing and trading strategies, or through an outflow of investors' funds, would have a material effect on the Group's business.

4 Critical Accounting Estimates and Judgments

The estimates and associated assumptions are continually evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results for which form the basis of making judgments about carrying values of assets and liabilities that are not readily available from other sources.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Internally Generated Software
The Group invests in development projects for internal use in order to further enhance services to clients. The assessment as to whether each element of this expenditure will be technically feasible, generates future economic benefit and the period over which to amortize the expenditure is a matter of judgment.

(b) Income Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes, as well as the liabilities, if any, for the unremitted earnings of subsidiaries, should the Company decide in the future to distribute such earnings. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether it is probable that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

(c) Accrued Income
Accrued income presents amounts earned for services that have been provided but for which clients have not yet been invoiced as of the consolidated balance sheet date. Management calculates accrued income based upon the best estimate of each client's assets under administration. Assets under administration is a major component in calculating revenue.

(d) Share-based Compensation
The calculation of the fair value of share-based compensation requires several assumptions and estimates; their details are disclosed in Note 10.

(e) Provisions for Liabilities and Charges
Provisions are made against potential settlements, claims or threatened litigation where management has concluded that a legal or constructive obligation exists, the settlement of these obligations is expected to result in an outflow of cash from the Group and the amount can be reasonably estimated. The amount of any future resolution is uncertain and management have applied their judgment when making these provisions. Insurance reimbursement receivables are recorded at the consolidated balance sheet date when it is virtually certain that the amounts will be received.

5 Operating Segments

The Group has one operating segment which corresponds to the information reported to its chief operating decision-maker, the Management Committee.

	Notes	**Year ended 31 December 2009 $'000**	Year ended 31 December 2008 $'000
Revenue from external customers:			
MBA revenues		**145,884**	171,807
Risk Reporting revenues		**6,770**	8,270
Transaction Solutions revenues		**3,829**	5,095
Total		**156,483**	185,172
Adjusted operating profit:			
Adjusted operating profit		**36,793**	50,028
Depreciation and amortization expense	6	**(8,693)**	(10,169)
Employee costs related to share options and restricted stock	8	**(3,883)**	(3,043)
Legal claims and tax reserves	6	**(43,500)**	210
Insurance reimbursement related to water damage at facility		**–**	1,183
Operating (loss) profit		**(19,283)**	38,209

Adjusted operating profit is calculated by the Group and reported to the Management Committee. It is not a measure of financial performance under IFRS.

Notes to the Consolidated Financial Statements
continued

The Group's business operates in six main geographical areas, even though they are managed on a worldwide basis.

The Group's revenue is derived from subsidiaries located in the United States of America, United Kingdom and Cayman Islands. Revenue is allocated based on the country where the Group's subsidiaries operate.

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
United States of America	**68,237**	81,576
United Kingdom	**49,348**	63,050
Cayman Islands	**38,892**	40,524
India	**6**	22
Luxembourg	**–**	–
Republic of Ireland	**–**	–
Total	**156,483**	185,172

Non-current assets are allocated based on the country where the assets are located.

	Intangible Assets, net $'000	**Plant, Property and Equipment, net $'000**	**Accounts Receivable and Other Assets $'000**	**Restricted Cash $'000**
United States of America	**1,612**	**25,825**	**40**	**1,311**
United Kingdom	**4,747**	**4**	**118**	**–**
Cayman Islands	**–**	**480**	**11**	**–**
India	**690**	**1,973**	**505**	**25**
Luxembourg	**–**	**–**	**–**	**–**
Republic of Ireland	**–**	**–**	**29**	**866**
At 31 December 2009	**7,049**	**28,282**	**703**	**2,202**

	Intangible Assets, net $'000	Plant, Property and Equipment, net $'000	Accounts Receivable and Other Assets $'000	Restricted Cash $'000
United States of America	1,589	27,323	45	1,312
United Kingdom	4,887	46	123	–
Cayman Islands	–	613	11	–
India	465	1,949	614	24
Luxembourg	–	–	–	–
Republic of Ireland	–	–	30	851
At 31 December 2008	6,941	29,931	823	2,187

6 Operating Expenses

	Notes	**Year ended 31 December 2009 $'000**	Year ended 31 December 2008 $'000
Employee costs	8	**78,569**	91,641
Technology		**22,978**	24,245
Depreciation and amortization	15 &16	**8,693**	10,169
Occupancy		**10,617**	11,040
Legal claims and tax reserves	25	**43,500**	(210)
Insurance reimbursement related to water damage at facility		**–**	(1,183)
Other		**11,409**	11,261
Total		**175,766**	146,963

Included within occupancy expenses are rental expenses under operating lease agreements of $5,103,000 (2008: $5,937,000). Included within other operating expenses are foreign exchange gains of $863,000 (2008: $3,849,000).

During 2009, the Group settled a dispute with a former hedge fund client. The amount of the settlement is $43,500,000 and has been recognized within legal claims and tax reserves (Note 25).

7 Auditor Remuneration

During the year, the Group obtained the following services from its auditor, PricewaterhouseCoopers, at costs detailed below:

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
Audit fees for the Company's annual financial statements	**1,097**	1,038
Tax compliance and consulting	**242**	199
Other	**495**	437
Total	**1,834**	1,674

Included within other are fees relating to audits of the statutory financial statements of the subsidiaries, audits of the pension schemes and other services.

8 Employee Costs

The costs incurred in respect of employees were:

	Notes	**Year ended 31 December 2009 $'000**	Year ended 31 December 2008 $'000
Wages and salaries		**57,347**	62,762
Bonus and commissions		**8,329**	14,563
Social security costs		**3,926**	4,527
Short-term benefit costs		**3,072**	3,624
Share options and restricted stock compensation expense	10	**3,883**	3,043
Pension costs – defined contribution plans		**585**	1,179
Post-employment benefits		**226**	259
Other staff costs		**1,201**	1,684
Total		**78,569**	91,641

Included within employee costs are costs attributable to research that have not been capitalized as part of internally generated software. During 2009, these costs amounted to $6,949,000 (2008: $9,257,000). The employee costs that were capitalized as part of internally generated software during 2009 was $723,000 (2008: $734,000) (Note 15).

9 Employee Numbers

The average number of people employed, including part-time and temporary employees, by the Group during the year was as follows:

	Year ended 31 December 2009	Year ended 31 December 2008
United States of America	**394**	444
United Kingdom	**120**	139
Cayman Islands	**4**	4
India	**1,071**	1,214
Republic of Ireland	**7**	4
Total	**1,596**	1,805

10 Share Compensation

The Company grants non-qualified share options on ordinary shares to eligible employees and selected members of the Board of Directors. The exercise price is generally equal to the fair value of the shares at the time the options are issued. Share options are generally granted depending on level of service, but may be based on length of service. Outstanding share options have vesting periods of three to five years. Share options are exercisable to the extent vested and are generally not exercisable later than ten years after the grant date. The Group has no obligation or intention to repurchase or settle the options in cash.

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009 Weighted Average Exercise Price Per Share ($)	**2009 Number of Options Outstanding ('000)**	2008 Weighted Average Exercise Price Per Share ($)	2008 Number of Options Outstanding ('000)
At 1 January	**2.66**	**17,549**	2.87	14,581
Granted	**1.76**	**4,937**	2.01	3,505
Forfeited	**2.15**	**(151)**	3.57	(207)
Exercised	**1.66**	**(250)**	2.82	(81)
Expired	**3.42**	**(1,970)**	3.42	(249)
At 31 December	**2.38**	**20,115**	2.66	17,549

At 31 December 2009, 12,657,000 (2008: 10,627,000) options were exercisable. In 2009, 250,000 (2008: 81,000) options were exercised. The related weighted average fair value share price at the time of exercise was $3.16 (2008: $3.88) per share. The related transaction costs were nil.

Share options outstanding at the end of each year presented had the following expiry dates and exercise prices:

Expiry Date During:	Share Class:	Exercise Price ($)	2009 Number of Options Outstanding ('000)	2008 Number of Options Outstanding ('000)
2014	Ordinary	**1.01**	**888**	888
2014	Ordinary	**1.66**	**3,236**	3,667
2014	Ordinary	**2.00**	**500**	500
2014	Ordinary	**2.40**	**328**	328
2015	Ordinary	**2.40**	**300**	300
2015	Ordinary	**2.80**	**214**	216
2015	Ordinary	**3.60**	**1,558**	1,597
2016	Ordinary	**3.60**	**3,356**	3,369
2017	Ordinary	**1.06**	**1,733**	–
2017	Ordinary	**3.60**	**1,250**	3,008
2017	Ordinary	**4.21-4.38**	**108**	115
2017	Ordinary	**5.11**	**87**	87
2018	Ordinary	**0.65-0.88**	**1,830**	1,899
2018	Ordinary	**2.26**	**250**	250
2018	Ordinary	**3.48-3.80**	**534**	575
2018	Ordinary	**4.05**	**750**	750
2019	Ordinary	**1.13-1.55**	**62**	–
2019	Ordinary	**2.07**	**2,956**	–
2019	Ordinary	**3.38**	**175**	–
Total			**20,115**	17,549

The weighted average fair value of options granted during the year ended 31 December 2009, determined using the Black-Scholes valuation model, was $0.80 per option (2008: $0.81). The significant inputs into the model were a weighted average share price of $1.76 (2008: $2.01) at the grant date, the exercise prices shown above, weighted average volatility of 48% (2008: 40%), dividend yield of 1.2% (2008: 0.5%), an expected option term of six years, and an average annual risk-free interest rate of 3.0% (2008: 2.6%). The expected volatility is based on the weighted average of the Company's historic volatility and its peer group historic volatility adjusted for any expected changes to future volatility. The peer group includes companies that are in the same or similar industries.

The share-based compensation expense for these stock options during 2009 was $2,253,000 (2008: $2,540,000). The fair value of all these options is recognized as an employee expense with a corresponding increase in equity.

On 7 January 2002, the Company entered into a performance-based share option arrangement with a key employee which allowed the employee to earn the right to be granted share option awards, depending upon the individual's performance against specified revenue performance targets, at a fixed exercise price, subject to a maximum of 2,228,275 share options. All share options available under the arrangement have been earned and granted.

On 16 February 2007 ("modification date"), the Company entered into a modification agreement with the employee to modify the exercise price of 1,733,075 share options that had fully vested. As part of the modification, the Company agreed to pay a cash bonus per share option equal to no more than the difference between the original exercise price and the modified exercise price, subject to a minimum total bonus amount. Bonus payments were due six months after the employee exercises each option at the modified exercise price or a reduced bonus amount would be paid upon termination subject to the terms of the modified agreement. As the modification was post-vesting with no incremental fair value, no additional compensation expense was recognized at the modification date. However, a liability of $1,659,000 against the shares to be issued was recognized at the modification date. From the modification date through 31 December 2008, the Company recognized a reduction in the liability, in the form of a reduction in compensation expense of $1,338,000. From December 2008 through 10 March 2009, the Company recognized an accretion of the liability, in the form of compensation expense, of $405,000.

On 10 March 2009, the Company entered into an agreement with the employee whereby the modification agreement was terminated and a new stock option grant was issued at fair market value. The remaining liability of $726,000 was reversed against shares to be issued within equity. All options were fully vested at the time of the grant. As this grant is post vesting, with no incremental fair value, there will be no compensation expense recognized on this grant.

On 30 November 2006, one of the Company's subsidiaries adopted the 2006 Equity Incentive Plan ("Equity Plan"), which provides for the grant of awards in the form of the Company's Restricted Stock, Restricted Stock Units and Dividend Equivalent Rights ("Awards") to officers and executives. A committee was appointed by the Board of Directors to administer the Equity Plan. The maximum number of shares of the Company that may be issued pursuant to the Awards under the Equity Plan is 2,250,000.

During 2009, a total of 443,750 (2008: 950,000) restricted stock units vested under the 2006 Equity Incentive Plan. The Company met its obligation by assigning 443,750 ordinary shares from treasury.

During 2009 and 2008, the Company did not grant awards in the form of Restricted Stock Units ("RSUs"). The Company recorded $1,225,000 (2008: $1,975,000) in employee costs under share options and restricted stock compensation expense (Note 8). As at 31 December 2009, 443,750 RSUs (2008: 925,000) were outstanding and awards will no longer be issued under this plan.

The fair value of these awards at the time of issuance was $3.60 per RSU. The fair value of the awards issued since the inception of the Equity Plan, was determined by an independent third-party valuation firm.

11 Finance Income, net

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
Interest expense:		
Provisions	**(269)**	(721)
Bank borrowings and other	**(12)**	(36)
	(281)	(757)
Interest income	**393**	1,281
Net total	**112**	524

12 Taxation

Taxation for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity.

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

In 2009, the adjustment for prior year primarily relates to a change in the method of apportioning revenues to tax authorities located in the United States of America. This method was adopted in 2009.

	Notes	**Year ended 31 December 2009 $'000**	Year ended 31 December 2008 $'000
Corporation tax			
(Benefit) charge for the year		**(3,648)**	13,768
Adjustments for prior year		**(1,022)**	430
Tax (benefit) charge		**(4,670)**	14,198
Deferred tax	17	**(8,521)**	2,499
Total		**(13,191)**	16,697

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
Reconciliation of tax (benefit) charge		
(Loss) profit before tax	**(19,171)**	38,733
Tax calculated at statutory rate	**(5,481)**	11,620
Share-based compensation	**(1,661)**	3,344
State taxes, net of US federal benefit	**(693)**	2,237
Tax losses for which no deferred tax asset was recognized	**116**	485
Decrease in tax reserves	**(191)**	–
Foreign taxes at rates different than statutory rates	**(4,120)**	(1,282)
Adjustments for prior year	**(1,022)**	430
Other	**(139)**	(137)
Total	**(13,191)**	16,697

As at 31 December 2009 and 2008, the statutory rate in Luxembourg was 28.6% and 30%, respectively.

As at 31 December 2009 and 2008, the United States federal and state blended tax rates enacted were 38% and 40%, respectively. The change to the statutory rates in 2009 occurred primarily due to a change in the allocation of assets, human capital and revenue to various state localities.

For the years ending 31 December 2009 and 2008, GlobeOp Financial Services (India) Private Limited qualified as a 100% Export Oriented Software Technology Park Unit, under the Software Technology Parks scheme of the Ministry of Communication and Information Technology for development of software- and IT-enabled services in India. Therefore, the income of the Company is exempt from income tax through the tax period ended 31 March 2011. After this date, the income tax rate is expected to be 34%. However, beginning 1 April 2007, this subsidiary is paying a Minimum Alternate Tax ("MAT") at a rate of 11.33%. From 1 April 2009, this rate increased to 16.995%. These payments are eligible for credits to offset future tax liabilities. The amount of this credit has been recorded as a deferred tax asset. In addition, deferred tax assets have been established for other expected future tax deductions.

13 Earnings Per Share

(a) Basic

On 6 June 2007 the Group's Shareholders approved an exchange for, and issue to certain institutional Shareholders, 21,250,000 non-voting beneficiary certificates ("Certificates") against 21,250,000 ordinary shares. On 3 July 2008, the Company delivered 9,047,175 ordinary shares in exchange for 9,047,175 A Beneficiary Certificates from the institutional Shareholders. These A Beneficiary Certificates were thereafter cancelled. As at 31 December 2009, 12,202,825 B Beneficiary Certificates remain outstanding. The Certificates have all the same rights as the shares, except there are no voting rights attached to the Certificates. For purposes of both basic and diluted earnings per share calculations, the weighted average number of Certificates is included in the weighted average number of shares in the tables below.

Basic (loss) earnings per share is calculated by dividing the (loss) profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

	Year ended 31 December 2009	Year ended 31 December 2008
(Loss) profit attributable to equity holders of the Company ($'000)	**(5,980)**	22,036
Weighted average number of shares ('000)	**102,950**	102,813
Basic (loss) earnings per share ($)	**(0.06)**	0.21

(b) Diluted

Diluted (loss) earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had two categories of dilutive potential ordinary shares: share options and restricted stock units.

For the share options and restricted stock, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the shares) based on the monetary value of the subscription rights attached to the outstanding share options and restricted stock. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and issuance of restricted stock.

In determining the diluted (loss) earnings per share for the year ended 31 December 2009, the share options and restricted stock units were excluded from the calculation because they had anti-dilutive effect.

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
(Loss) profit attributable to equity holders of the Company	**(5,980)**	22,036
Weighted average number of shares ('000)	**102,950**	102,813
Adjustments for:		
– Share options ('000)	**–**	536
– Restricted stock units ('000)	**–**	808
Weighted average number of shares for diluted earnings per share ('000)	**102,950**	104,157
Diluted (loss) earnings per share ($)	**(0.06)**	0.21

14 Dividends Per Share

In 2009, the Company paid out dividends totaling $2,885,000 ($0.03 per share). In 2008 dividends paid were $3,217,000 ($0.03 per share).

A final dividend in respect of the year ended 31 December 2009 of 1.35 pence per share, amounting to approximately $2,250,000, is to be proposed at the Annual General Meeting on 26 April 2010. This dividend is subject to approval by the Shareholders. These consolidated financial statements do not reflect this dividend payable.

15 Intangible Assets

	Goodwill $'000	Software Licenses $'000	Internally Generated Software $'000	Total $'000
Cost:				
At 1 January 2009	**2,986**	**12,471**	**4,599**	**20,056**
Exchange rate differences	**335**	**736**	**263**	**1,334**
Disposals during the year	**–**	**(2,035)**	**(101)**	**(2,136)**
Additions during the year	**–**	**1,943**	**723**	**2,666**
At 31 December 2009	**3,321**	**13,115**	**5,484**	**21,920**
Accumulated amortization:				
At 1 January 2009	**–**	**9,643**	**3,472**	**13,115**
Exchange rate differences	**–**	**394**	**231**	**625**
Disposals during the year	**–**	**(2,035)**	**(101)**	**(2,136)**
Charge for the year	**–**	**2,504**	**763**	**3,267**
At 31 December 2009	**–**	**10,506**	**4,365**	**14,871**
Net book value:				
At 31 December 2009	**3,321**	**2,609**	**1,119**	**7,049**

	Goodwill $'000	Software Licenses $'000	Internally Generated Software $'000	Total $'000
Cost:				
At 1 January 2008	4,133	15,438	4,722	24,293
Exchange rate differences	(1,147)	(2,908)	(857)	(4,912)
Disposals during the year	–	(1,651)	–	(1,651)
Additions during the year	–	1,592	734	2,326
At 31 December 2008	2,986	12,471	4,599	20,056
Accumulated amortization:				
At 1 January 2008	–	11,195	3,133	14,328
Exchange rate differences	–	(2,524)	(640)	(3,164)
Disposals during the year	–	(1,651)	–	(1,651)
Charge for the year	–	2,623	979	3,602
At 31 December 2008	–	9,643	3,472	13,115
Net book value:				
At 31 December 2008	2,986	2,828	1,127	6,941

16 Property, Plant and Equipment

	Land and Buildings $'000	Leasehold Improvements $'000	Fixtures, Fittings and Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost:					
At 1 January 2009	**8,519**	**15,750**	**29,131**	**3,272**	**56,672**
Exchange rate differences	**–**	**65**	**286**	**–**	**351**
Transfers during the year	**–**	**3,247**	**25**	**(3,272)**	**–**
Additions during the year	**–**	**2,142**	**1,579**	**–**	**3,721**
Disposals during the year	**–**	**(185)**	**(133)**	**–**	**(318)**
At 31 December 2009	**8,519**	**21,019**	**30,888**	**–**	**60,426**
Accumulated depreciation:					
At 1 January 2009	**398**	**4,170**	**22,173**	**–**	**26,741**
Exchange rate differences	**–**	**36**	**259**	**–**	**295**
Disposals during the year	**–**	**(185)**	**(133)**	**–**	**(318)**
Charge for the year	**116**	**1,218**	**4,092**	**–**	**5,426**
At 31 December 2009	**514**	**5,239**	**26,391**	**–**	**32,144**
Net book value:					
At 31 December 2009	**8,005**	**15,780**	**4,497**	**–**	**28,282**

	Land and Buildings $'000	Leasehold Improvements $'000	Fixtures, Fittings and Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost:					
At 1 January 2008	2,926	10,763	27,282	–	40,971
Exchange rate differences	–	(425)	(1,300)	–	(1,725)
Additions during the year	5,593	5,412	3,149	3,272	17,426
At 31 December 2008	8,519	15,750	29,131	3,272	56,672
Accumulated depreciation:					
At 1 January 2008	343	3,391	17,641	–	21,375
Exchange rate differences	–	(146)	(1,055)	–	(1,201)
Charge for the year	55	925	5,587	–	6,567
At 31 December 2008	398	4,170	22,173	–	26,741
Net book value:					
At 31 December 2008	8,121	11,580	6,958	3,272	29,931

During 2008 the Company acquired a facility in Yorktown Heights, New York. Capital work in progress represents the capital expenditure incurred as of 31 December 2008 to enhance the facility. During 2009 the enhancements were completed, and the facility was brought into use. As a result, items classified as capital work in progress in 2008 were transferred to leasehold improvements and fixtures, fittings and equipment as appropriate. The facility provides additional office and data center capacity to support future business growth.

17 Deferred Income Tax Assets

	At 31 December 2009 $'000	At 31 December 2008 $'000
Capitalized assets	1,377	1,798
Share-based compensation	5,472	279
Legal claim	5,839	–
Minimum alternate tax	1,503	943
Rent expenses	519	484
Bad debt allowance	159	144
Other timing differences	548	436
Total	15,417	4,084

The movement in deferred tax during each of the years presented is as follows:

	At 1 January 2009 $'000	Translation/ Equity Adjustment $'000	Recognized in Income $'000	At 31 December 2009 $'000
Capitalized assets	1,798	58	(479)	1,377
Share-based compensation	279	2,661	2,532	5,472
Legal claim	–	–	5,839	5,839
Minimum alternate tax	943	77	483	1,503
Rent expenses	484	6	29	519
Bad debt allowance	144	–	15	159
Other timing differences	436	10	102	548
Total	4,084	2,812	8,521	15,417

	At 1 January 2008 $'000	Translation/ Equity Adjustment $'000	Recognized in Income $'000	At 31 December 2008 $'000
Capitalized assets	1,501	(108)	405	1,798
Share-based compensation	4,990	(956)	(3,755)	279
Minimum alternate tax	421	(105)	627	943
Rent expenses	483	(30)	31	484
Bad debt allowance	104	–	40	144
Other timing differences	283	–	153	436
Total	7,782	(1,199)	(2,499)	4,084

In relation to share-based compensation, a deferred tax asset is recognized only when the share options have current intrinsic value that is deductible for tax purposes to the extent it is probable that taxable profit will be available against which these deductible temporary timing differences will be utilized. When the expected tax benefits from equity awards exceed the recorded cumulative recognized expense multiplied by the tax rate, the tax benefit up to the amount of the tax effect of the cumulative book compensation expense is recorded in the consolidated income statement; the excess is recorded in equity.

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

GlobeOp Financial Services S.A. had accumulated tax losses of $6,949,000 at 31 December 2009 (2008: $6,068,000). These losses can be carried forward indefinitely. A deferred tax asset has not been recognized for these losses, as it is not probable that the entity will have future taxable profits to be used to offset this asset.

GlobeOp Financial Services (Ireland) Limited has accumulated tax losses of $2,255,000 at 31 December 2009 (2008: $2,639,000). These losses can be carried forward indefinitely. A deferred tax asset has not been recognized for these losses, as it is not probable that the entity will have future taxable profits to be used to offset this asset.

No liability has been recognized in respect of temporary differences associated with investments in subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. With the exception of the subsidiaries located in the United Kingdom, at this time, the Company intends to re-invest all resources into its current local country operations and, therefore, has not recorded any deferred tax liabilities for such temporary differences. The aggregate amount of temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognized during the year ended 31 December 2009 is $58,056,000 (2008: $63,802,000). As a result, deferred tax liabilities up to $3,796,000 (2008: $8,528,000) have not been recognized. The subsidiaries in the United Kingdom have remitted dividends to the Company. Under treaties between members of the EU, companies may remit dividends to their parent company and are not required to withhold any dividend-related tax. Consequently, no liability is required for the United Kingdom subsidiaries' earnings.

18 Restricted Cash

	At 31 December 2009 $'000	At 31 December 2008 $'000
Monies held by the bank as security	**1,336**	1,336
Medium-term fixed deposits	**866**	851
Total	**2,202**	2,187

Monies held by the bank as security relates to monies held by a bank as collateral for letters of credit issued due to lease requirements for office spaces.

Medium-term fixed deposits relates to monies held by a bank for a term greater than three months but less than one year.

19 Accounts Receivable and Other Assets

	Notes	**At 31 December 2009 $'000**	At 31 December 2008 $'000
Non-current			
Deposits		**703**	823
Total		**703**	823
Current			
Accounts receivable		**6,416**	7,152
Less: provision for impairment of receivables		**(280)**	(977)
Accounts receivable, net		**6,136**	6,175
Accrued income		**6,717**	9,388
Deposits		**109**	76
Insurance claim reimbursement	25	**–**	3,600
Prepaid expenses		**3,377**	3,922
Other receivables		**567**	261
		10,770	17,247
Total		**16,906**	23,422

The fair value of the accounts receivable and other assets is as recorded above. All non-current assets are due within ten years of the consolidated balance sheet date.

Accounts receivable that are outstanding less than one month are not considered past due. As at 31 December 2009 and 2008, accounts receivable of $2,123,000 and $2,506,000 were past due, of which the impairment provision was $280,000 and $977,000, respectively.

The aging analysis of these past due accounts receivable is as follows:

	At 31 December 2009 $'000	At 31 December 2008 $'000
Over one month but less than two months	**1,319**	1,335
Over two months	**804**	1,171
Total	**2,123**	2,506

The carrying amounts of the Group's accounts receivable, net, are denominated in the following currencies:

	At 31 December 2009 $'000	At 31 December 2008 $'000
U.S. Dollar	**5,700**	5,680
Pound Sterling	**345**	339
Euro	**91**	156
Total	**6,136**	6,175

Movements on the provision for impairment of accounts receivable are as follows:

	At 31 December 2009 $'000	At 31 December 2008 $'000
At 1 January	**977**	801
Unused amounts reversed	**(137)**	(112)
Utilized during the period	**(662)**	(64)
Provision for impairment of receivables	**102**	352
At 31 December	**280**	977

The movement of the provision for impaired receivables has been included within operating expenses in the consolidated income statement. The decrease in the provision for impairment primarily relates to specific clients that had accounts receivable balances which the Group has determined are uncollectible.

The unused amounts reversed relate to amounts that have been received after being provided for in a prior year.

The other classes within accounts receivable and other assets do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral.

The rental deposits relate to amounts held in escrow as security deposits against the future rentals payable in relation to the leases of the office premises used by the Group. The deposits are interest-bearing at the holding banks' standard rates on interest-bearing deposit accounts. The deposits are repayable to the Group at the end of the lease terms.

20 Corporate Tax Receivable

The Group, on a quarterly basis, remits income taxes to taxing authorities based on its estimated taxable income as of each particular quarter. At the end of each calendar year, the full year estimated taxable income and related income tax expense are finalized. Due to the loss incurred in 2009 there are corporate tax receivables from the federal and state government tax agencies of the United States of America.

21 Cash and Cash Equivalents

	At 31 December 2009 $'000	At 31 December 2008 $'000
Cash at bank	**42,572**	37,677
Short-term institutional money market funds	**–**	13,582
Total	**42,572**	51,259

The average interest rate on the short-term institutional money market funds during 2009 was 0.2% (2008: 2.6%).

22 Share Capital and Treasury Shares

Share Capital

	At 31 December 2009 $'000	At 31 December 2008 $'000
Authorized:		
200,000,000 Ordinary shares – par value of $0.12 each	**24,000**	24,000
Total	**24,000**	24,000
Allotted, issued and fully paid:		
91,334,410 (2008: 91,334,410) Ordinary shares – par value of $0.12 each	**10,960**	10,960
Total	**10,960**	10,960

Treasury Shares

	At 31 December 2009 $'000	At 31 December 2008 $'000
Allotted, issued and fully paid:		
263,081 (2008: 349,331) Treasury shares – par value of $0.12 each	**31**	41
Total	**31**	41

All shares rank equally for voting rights in general meeting and dividend rights.

On 6 June 2007, the Group's Shareholders approved, an exchange for, and issue to certain institutional Shareholders, of 21,250,000 non-voting beneficiary certificates (parts bénéficiaires) of two different classes, namely A Beneficiary Certificates and B Beneficiary Certificates, with a par value of $0.12 each, against 21,250,000 ordinary shares. 12,202,825 B Beneficiary Certificates have been issued against the transfer of 12,202,825 shares. 12,202,825 shares were thereafter cancelled and the issued share capital was reduced with the allocation of such amount to a special non-distributable reserve that may only be used to issue shares to satisfy the exchange obligation of the Group (described below) by way of incorporation into the issued capital of the Company. Further, 9,047,175 A Beneficiary Certificates had been issued against the delivery of 9,047,175 shares, such shares were held in treasury by the Group. On 3 July 2008, the Company delivered 9,047,175 ordinary shares in exchange for 9,047,175 A Beneficiary Certificates from the institutional Shareholders. These A Beneficiary Certificates were thereafter cancelled.

The B Beneficiary Certificates are not part of the issued capital of the Group but have equal rights, save as to the voting and exchange rights, to the shares and in particular identical rights to dividends and any other distributions. On the earlier of (i) upon the request of the holders thereof or (ii) the date of transfer of the B Beneficiary Certificates to a party not affiliated with the holders, the Group is under the obligation to exchange the Beneficiary Certificates (which will then be cancelled) against a like number of shares of the Group (either out of treasury shares, or by way of issue of new shares by way of incorporation of the reserve for the B Beneficiary Certificates referred to above, or otherwise).

As at 31 December 2009, the Company had not received any request for conversion of the B Beneficiary Certificates. The B Beneficiary Certificates remain outstanding without any modification from the terms of the issue.

Authority was provided by Shareholders at the Annual General Meeting on 25 April 2008 to repurchase up to 10% of the issued share capital. This authority was valid for a period of 12 months expiring at the conclusion of the Annual General Meeting held on 27 April 2009.

On 30 June 2008, the Board of Directors approved a share repurchase plan. This plan authorized the Group to make market purchases of up to 1,000,000 of its ordinary shares, up to a maximum cash expenditure of £2,000,000, during the period commencing on 1 July 2008 and ending on 31 December 2008. During this period the Company purchased a total of 995,092 shares in accordance with the repurchase plan for a total of $3,818,000 (£2,000,000). The purchases were made in the normal course of business in the open market and the ordinary shares were not cancelled but held in treasury for delivery in connection with the Company's equity incentive and option plan schemes.

On 9 December 2008, the Board of Directors approved a share repurchase plan to repurchase up to 10% of the issued share capital. This plan authorized the Group to make market purchases of up to 2,000,000 of its ordinary shares, during the period commencing 1 January 2009 and ending on 3 March 2009. The purchases were made in the normal course of business in the open market and the ordinary shares were not cancelled but are held in treasury for delivery in connection with the Company's equity incentive and option plan schemes. During 2009, the Group had repurchased 607,500 ordinary shares under this plan for a total of $612,000.

As noted below, 693,750 of these repurchased shares were utilized during 2009 (2008: 645,761) in connection with the Company's equity incentive and option plan schemes. As at 31 December 2009, the Company held 263,081 (2008: 349,331) shares in treasury.

During 2009, a total of 250,000 options were exercised resulting in a total subscription price of $415,000 of which $385,000 was allocated to the share premium account and $30,000 was allocated to treasury shares. The Company met its obligation by assigning 250,000 ordinary shares from treasury.

During 2008, a total of 80,932 options were exercised resulting in a total subscription price of $228,000 of which $218,000 was allocated to the share premium account, $6,000 was allocated to share capital, and the remainder of $4,000 was allocated to treasury shares. The Company met its obligation by assigning 30,119 ordinary shares from treasury and by increasing the Company's share capital by issuing 50,813 ordinary shares.

In 2009, a total of 443,750 restricted stock units vested under the 2006 Equity Incentive Plan. The Company met their obligation by assigning 443,750 ordinary shares from treasury.

During 2008, a total of 950,000 restricted stock units vested under the 2006 Equity Incentive Plan. The Company met its obligation by assigning 615,642 ordinary shares from treasury and by increasing the Company's share capital by issuing 334,358 ordinary shares.

23 Other Reserves

Other reserves consist of shares to be issued, a reserve for treasury shares, a legal reserve, the B Beneficiary Certificates and the cumulative translation adjustment. None of these reserves are distributable.

Under Luxembourg law, the Company is required, in the following year subject to the approval of the Shareholders, to transfer to a legal reserve a minimum of 5% of its net profits, as defined, each year. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital.

In 2010, upon approval of the Shareholders, $228,000 (2009: $356,000) will be allocated to the legal reserve as the Company had net profits during 2009.

Under Luxembourg law, the Company is required to set up a reserve for treasury shares equal to the amount of the treasury shares purchased.

The shares to be issued reserve contains the cumulative employee share options and restricted stock compensation expense related to the Share Compensation (Note 10).

The B Beneficiary Certificates are not part of the issued capital of the Group but have equal rights, save as to the voting and exchange rights, to the shares and in particular identical rights to dividends and any other distributions (Note 22).

24 Borrowings

The Company has a $30,000,000 revolving credit facility, a letter of credit line of $2,000,000 and a working capital facility of £1,075,000 with the Bank of Scotland. The term of the letter of credit line runs parallel with that of the revolving credit facility that expires on 7 March 2011. The working capital facility can be withdrawn at any time, upon written notice from the Bank of Scotland.

The provisions of the revolving credit facility require the Group to meet certain financial and other covenants on a monthly basis. The financial covenants relate to interest coverage, debt ratios, and cash flows available for debt service, based on rolling 12 months of financial data. Due to the consolidated operating loss reported in the first half of 2009, the Company has not met these covenants. Although there is no assurance, the Company expects to be able to meet these covenants again during the second half of 2010. During this time, the Company is unable to utilize these facilities.

The revolving credit facility and the working capital facility, if available, can be used for potential acquisitions or working capital requirements. The letter of credit line is available for working capital requirements.

The Company, and several of its subsidiaries, jointly and severally guarantee this revolving credit facility. Each guarantor acknowledges and agrees that its obligations under the guarantee shall be continuing obligations and shall extend to cover the ultimate balance due to the Bank of Scotland.

The Company also entered into a security agreement with the Bank of Scotland as part of the revolving credit facility. If the Company shall fail to pay any amount under this security agreement when it is due then such amount shall bear interest until the date such amount is paid in full to the Bank of Scotland. The security agreement is collateralized by the present and future assets owned by the Group.

In the event of liquidation, the Bank of Scotland will be entitled to claim for the full amount of the collateralized liabilities and to retain the whole of any dividends to the exclusion of any rights of any guarantor in competition with the Bank of Scotland, until a claim by the Bank of Scotland has been satisfied in full.

The annual rate of interest is 1.5% above USD LIBOR for the drawdown period, payable at the end of each drawdown period. A non-utilization fee of 0.5% is due quarterly by the Company. The non-utilization yearly fee amounted to $150,000 and is recorded in the consolidated income statement within operating expenses (2008: $150,000).

As at 31 December 2009 and 2008, the Company had no amounts outstanding with the Bank of Scotland and no borrowing costs have been capitalized during the years ended 31 December 2009 and 2008.

25 Provisions for Liabilities and Charges

	At 31 December 2009 $'000	At 31 December 2008 $'000
Non-current	**16,403**	2,679
Current	**3,249**	3,640
Total	**19,652**	6,319

	Dilapidations $'000	**Claims $'000**	**Tax Matters $'000**	**Other $'000**	**Total $'000**
At 1 January 2009	**2,103**	**3,600**	**616**	**–**	**6,319**
Additional provisions	**–**	**43,500**	**–**	**1,550**	**45,050**
Reduction in provisions					
– Credited to income statement	**(13)**	**–**	**(77)**	**(7)**	**(97)**
– Utilized during the period	**–**	**(30,600)**	**(34)**	**(1,543)**	**(32,177)**
Unwinding of discount	**(8)**	**–**	**–**	**–**	**(8)**
Interest expense	**123**	**249**	**–**	**–**	**372**
Exchange differences	**193**	**–**	**–**	**–**	**193**
At 31 December 2009	**2,398**	**16,749**	**505**	**–**	**19,652**

	Dilapidations $'000	Claims $'000	Tax Matters $'000	Other $'000	Total $'000
At 1 January 2008	2,240	–	566	–	2,806
Additional provisions	–	3,600	–	–	3,600
Reduction in provisions					
– Credited to income statement	–	–	(210)	–	(210)
Unwinding of discount	326	–	–	–	326
Interest expense	135	–	260	–	395
Exchange differences	(598)	–	–	–	(598)
At 31 December 2008	2,103	3,600	616	–	6,319

The provision for dilapidations relates to dilapidation obligations under various leases for office space in London, Mumbai, and New York. The balances are expected to be utilized when the current leases expire between 2010 and 2019.

The Group recognizes provisions for potential claims where it has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

On 26 August 2009, the Group settled a dispute with a former hedge fund client. The Group has agreed to the settlement in order to avoid the risk and uncertainty of a binding arbitration award, which would not be subject to appeal, and to receive favorable payment terms for the settlement amount. In June 2009, in connection with this dispute and settlement, the Group recorded a pre-tax charge of $43,500,000 and a tax benefit of $16,500,000. The Group paid $20,000,000 upon settlement. $10,000,000 was due in August 2010 and $13,500,000 is due in February 2011, subject to prepayment. In order to accelerate the usage of tax deductions related to the settlement charge, the Group made a prepayment of $7,000,000 in December 2009, reducing the payment due in August 2010 to $3,000,000.

The rate of interest will be equal to the U.S. Prime rate on the outstanding amount and will be payable at each payment date. During 2009, the U.S. Prime rate was 3.25%. As at 31 December 2009, the interest accrued on the settlement amounting to $249,000 remained outstanding and is recorded in the consolidated income statement.

The Group settled a service dispute with a former client in March 2009. In connection with that settlement, the Group had recorded a provision of $3,600,000 at 31 December 2008, as part of this settlement agreement. The Group received full insurance reimbursement coverage on the claim and had recorded $3,600,000 as a receivable at 31 December 2008. Amounts recoverable from insurance contracts or third parties are recorded as assets when deemed virtually certain. All amounts were paid and received in April 2009.

The Group provides for various tax matters where it is anticipated there could be tax audit issues. In certain cases between 2003 and 2005, the Group inadvertently failed to comply with certain confirmation and backup withholding requirements of the U.S. Internal Revenue Service in respect of client payments. The Group has voluntarily disclosed this matter to the IRS. In March 2009 the Company made a payment of $34,000 to settle this matter.

Included within other in 2009 is $1,550,000 related to a non-cancellable operating lease agreement with a third party. As at 30 June 2009, the Group was no longer using the premises. The Group had provided for all future payment obligations under the lease agreement as there is not expected to be any future benefit of the lease to the Group. This amount was paid in August 2009.

26 Deferred Lease Obligations

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the term of the lease. The Group leases various office premises under operating leases. Included within several lease agreements are several favorable terms provided by the landlord to the Group as an incentive to enter into the agreement. These include rent-free periods and reimbursements from the landlord towards the costs incurred by the Group for building improvements to leased office space. All incentives within an operating lease are recognized as part of the net consideration of the lease and are expensed over the term of the lease.

When the rental expense is greater than the cash paid, the Group recognizes a liability for the differential. When the cash paid becomes greater than the expense, the liability previously recognized is reduced. Reductions to the liability that are due within one year of the consolidated balance sheet date are recognized as current liabilities and are included in accrued payables within trade and other payables. Reductions that are due after one year are included in deferred lease obligations with non-current liabilities.

27 Trade Payable and Other Payables

	Notes	**At 31 December 2009 $'000**	At 31 December 2008 $'000
Non-current			
Other employee benefits		**809**	560
Total		**809**	560
Current			
Trade payables		**2,764**	8,008
Bonuses and other employee benefits		**7,198**	11,402
Accrued payables		**7,639**	7,467
Share option liability	10	**–**	321
Social security payable and other taxes		**1,680**	2,451
Deferred revenue		**1,610**	608
Total		**20,891**	30,257

28 Contingent Liabilities

The Group faces substantial litigation risk from and through its clients and otherwise in the ordinary course of its business. As a service provider the Group is subject to potential claims from its clients, some of which pursue relatively high-risk investment strategies, and all of which are subject to substantial market risk. The losses of some of its clients due to insolvency or fraud on the part of the funds could expose the Group to the risk of litigation. For example, fund investors might attempt to seek compensation from the Group and or its clients. The Group may also be subject to claims for losses or other damages from its clients' investors, as well as claims such as those from regulators, revenue authorities or other governmental authorities. Even if the Group is not ultimately found to be liable, defending such claims or lawsuits could be expensive and time-consuming, divert management resources and harm the Group's reputation.

The Group takes steps to minimize the risks from litigation in managing its business but there can be no assurance that these steps will be adequate or that liability will not result notwithstanding those actions.

The Group has not recorded a provision in relation to any outstanding litigation or potential claims and there can be no assurance that any such provisions will not be recorded in the future nor that any such provisions will be adequate to satisfy any liability which the Group may ultimately incur. Should developments in any such matters cause a change in the Group's assessment of the matter and result in the need to recognize a provision, or should any such matters result in a final judgment or be settled, they could have an adverse effect on the results of operations, cash flows and financial position in the period or periods in which such change in assessment, judgment or settlement occurs. If the Group does incur liability in relation to any claims or lawsuits, such liability may not be covered by insurance or could exceed the Group's insurance coverage. In addition, the Group's service agreements with its clients generally provide for resolving disputes through mediation and arbitration. Such alternative dispute resolution procedures may result in less predictable and or less favourable outcomes than court litigation.

On 2 October 2003, the Company entered into a Shareholders' agreement with, among others, the TA Associated Funds and the Mezzanine Management Funds (collectively the "Investors") pursuant to which the Company unconditionally and irrevocably agreed to indemnify and keep indemnified the Investors against all claims, damages, expenses and liabilities relating to or arising out of such Investor's status as a security holder, creditor, agent, representative or controlling person of the Company, through the earlier of a) the fourth anniversary of the closing of an initial public offering, or b) such time as no Investor holds any shares in the Company. The Company is not aware of any threatened or existing claims, damages, expenses or liabilities relating to this indemnity.

29 Operating Lease Commitments

The Group's leased premises, located in the United Kingdom, the United States of America, India, the Cayman Islands, and the Republic of Ireland are leased under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 31 December 2009 $'000	At 31 December 2008 $'000
Minimum annual rentals		
Not later than one year	**4,977**	5,823
Later than one year and not later than five years	**19,038**	18,448
Later than five years	**10,666**	13,151
Total	**34,681**	37,422

The amounts as at 31 December 2008 have been revised from those reported in the 2008 annual report. As at 31 December 2009, the Group had $3,862,000 (2008: $5,228,000) of commitments under computer software. The full amount is due within one year (2008: $4,103,000).

30 Related-Party Transactions

All inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless costs cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

The Company has related-party relationships with its subsidiaries (which are eliminated) and with its Directors and members of key management in the form of remuneration. There are no transactions with related parties who are not members of the Group.

The following transactions were carried out with related parties:

(a) Key management compensation:

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
Salaries and other short-term employee benefits	**1,658**	3,067
Termination benefits	**67**	–
Share-based compensation	**685**	1,125
Total	**2,410**	4,192

The Group does not have a policy on termination benefits but from time to time can include certain termination provisions in senior management employment contracts.

(b) Directors:

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000
Aggregate emoluments	**1,093**	2,088
Aggregate amounts payable under long-term incentive plans	**671**	1,029
Company contributions to defined-contribution plans	**15**	6
Total	**1,779**	3,123

Refer to the Remuneration Report of the Board of Directors for further details of remuneration of Directors employed by the Group.

31 Post-Balance Sheet Events

On 1 March 2010 the Board of Directors proposed a final dividend for 2009 of 1.35 pence per share, approximately $2,250,000, payable on 27 May 2010 to Shareholders and Certificate holders on the register on 7 May 2010. The dividend is subject to approval by the Shareholders at the Annual General Meeting to be held on 26 April 2010 and has not been included as a liability in these consolidated financial statements.

Shareholder Information

Comparative Dividend Information

The Company paid an interim dividend of 0.65 pence on 8 October 2009. The Board proposes the payment of a final dividend per outstanding ordinary share (and each outstanding beneficiary certificate) of 1.35 pence, payable on 27 May 2010, with an ex-dividend date of 5 May 2010 and a record date of 7 May 2010.

Further details of dividends for previous years are set out in detail in the Directors' Report.

Annual General Meeting

The Company's Annual General Meeting will be held at 2:00 pm CET on 26 April 2010 at 5 Place Winston Churchill, L-2014 Luxembourg. The notice convening the Annual General Meeting ("AGM"), together with the form of proxy accompany this annual report and are available at the registered office of the Company and on the Company's website.

The agenda of the AGM includes:

- presentation of the statutory Management Report and the consolidated Management Report for the fiscal year ended 31 December 2009;
- presentation of the reports by the Auditors of the Company in respect of the statutory financial statements of the Company and in respect of the consolidated financial statements of the Company and its Group, for the fiscal year ended 31 December 2009;
- presentation of the report on conflicts pursuant to Article 57 of the Luxembourg Company Law and the report in relation to Article 11 of the Luxembourg Law on Takeovers of 19 May 2006;
- approval of the statutory financial statements of the Company for the fiscal year ended 31 December 2009;
- approval of the consolidated financial statements of the Company and its Group for the fiscal year ended 31 December 2009;
- allocation of the net results of the Company for the fiscal year ended 31 December 2009 and approval of distributions;
- discharge to all the Directors of the Company who have been in office during the fiscal year ended 31 December 2009;
- authorization of the Company, or any wholly-owned subsidiary, to from time to time purchase, acquire or receive shares in the Company up to 10% of the issued share capital from time to time, over the stock exchange or in privately negotiated transactions, and in the case of acquisitions for value, at a purchase price being (A) no less than the higher of (i) 90% of the lowest stock price over the 30 trading days preceding the date of the purchase and (ii) nominal value per share and (B) no more than (i) the higher of 5% above the average market value of the Company's shares for the five business days prior to the day the purchase is made and (ii) a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is to be carried out and on such terms as shall be determined by the Board of Directors of the Company, provided such purchase is in conformity with Article 49-2 of the Luxembourg law of 10 August 1915 (as amended) and with applicable laws and regulations, such authorization being granted for a period of 12 months;
- re-appointment of Hans Hufschmid, for a term ending at the Annual General Meeting of the Company in 2013 approving the statutory accounts for the year ending 31 December 2012;
- re-appointment of Ed Nicoll, for a term ending at the Annual General Meeting of the Company in 2013 approving the statutory accounts for the year ending 31 December 2012;
- re-appointment of Arun Seth, for a term ending at the Annual General Meeting of the Company in 2013 approving the statutory accounts for the year ending 31 December 2012;
- confirmation of the appointment of Vernon Barback who was co-opted to the Board of Directors on 1 December 2009 replacing Rory Brooks, for a term ending at the Annual General Meeting of the Company in 2012 approving the statutory accounts for the year ending 31 December 2011;
- approval of the directors' remuneration and presentation of the report on the compensation of the Chairman and the Board members pursuant to Article 60 of the Company Law; and
- appointment of PricewaterhouseCoopers S.à. r.l. as Auditors of the Company for the period ending at the general meeting of Shareholders approving the statutory financial statements of the Company for the year ending 31 December 2010.

Articles of Association

A copy of the Articles of Association of the Company dated 5 August 2008 (the "Articles") is available at the Luxembourg Trade and Companies Register and on the website of the Company. The Articles contain rules regarding the functioning, internal management and control of the Company.

Documents on Display

Certain documents referred to in this annual report are available for inspection at the registered office of the Company and on the Company's website.

Substantial Shareholdings

The shareholdings in the table set out below represent the major shareholdings amounting to 5% or more of the ordinary share capital of the Company that had been notified to the Company in accordance with Luxembourg's Law dated 11 January 2008 on transparency at the time of publication of the 2009 annual report.

As at 17 March 2010

Shareholder	Number of Ordinary Shares	%[2]
Hans Hufschmid	13,630,448	14.9%
TA Associates[1]	11,834,440	12.9%
Mezzanine Management	9,285,589	10.2%

[1] The TA Associates Funds hold 12,202,825 B Beneficiary Certificates (which are not included in the interests in this table). If these Beneficiary Certificates were exchanged against an equal number of ordinary shares, TA Associates Funds would own 23.21% of the Company's issued ordinary shares, including treasury shares.

[2] Percentages were based on the Company's issued ordinary shares, including treasury shares.

The business address of Mezzanine Management Funds is c/o Mezzanine Management Limited, Century House, 16 Par la Ville Road, Hamilton, Bermuda. The business address of TA Associates Funds is c/o TA Associates, Inc., John Hancock Tower, 56th Floor, 200 Claredon St., Boston MA02116, USA. As far as is known to the Directors, the Company is not directly owned or controlled by another corporation or by any other government, and the only Shareholders directly or indirectly owning more that 5% of the Company are shown in the above table. All Shareholders have the same voting rights.

GlobeOp shares are traded on the LSE under the symbol 'GO.'.

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