

MONTAGU OLDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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Registered in England No. 02781154

Montagu Oldco Limited

Annual Report and Financial Statements for the year ended 31 December 2008

Contents

| | <u>Page</u> |
|--|-------------|
| Directors' Report | 3 |
| Business Review | 4 |
| Statement of Directors' Responsibilities | 5 |
| Independent Auditor's Report | 6 |
| Profit and Loss Account | 7 |
| Balance Sheet | 8 |
| Notes to the Financial Statements | 9 - 15 |

Montagu Oldco Limited

Directors' Report

The Directors present their Report to the members together with the audited financial statements for the year ended 31 December 2008 which were approved by them on May 2009.

Principal activities and business review

The principal activity of the company changed during the prior year from being a private equity fund manager to an investment holding company. The principal activity of its investment is to provide services relating to private equity fund management.

Results and dividends

The results for the year are set out in the profit and loss account on page 7. The directors have paid a dividend of £11,227,067 (2007 : £12,633,454).

Liability insurance

The Company has professional indemnity insurance in place in respect of the duties of the Directors.

Directors

The directors of the Company who served during the year were as follows.

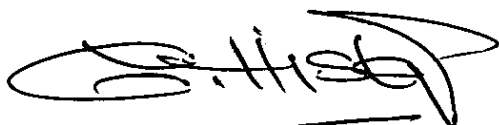
C. M. Masterson (Managing Director)
G. Hislop

Independent auditors

KPMG Audit Plc have indicated willingness to continue as auditors of the company.

Disclosure of information to auditors

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



Graham Hislop
Director
14 May 2009

Registered Office
2 More London Riverside
London
SE1 2AP

Montagu Oldco Limited

Business Review

Background

Montagu Private Equity is a private equity fund management group whose main focus is providing investment management and advisory services in private equity, specialising in European management buy outs with a transaction value of between €100million and €1billion. We focus primarily on the UK, France, Germany the Nordic region and Central and Eastern Europe (CEE). In 2008 we had an average of 60 employees based in four offices servicing these regions.

Montagu Private Equity advises on one fund that is currently actively investing, Montagu III. That fund has over €2.2billion of commitments and was raised in July 2005. In addition to Montagu III, a number of investments made by Montagu I and Montagu II remain in our portfolio and will continue to be divested over the next two to three years.

In April 2007 the business converted into a Limited Liability Partnership. Montagu Private Equity Limited (MPEL) transferred its activity to Montagu Private Equity LLP (the LLP): the latter remains the FSA registered entity that performs the role of the management company for the funds. There are 25 executives who are members of the LLP who are entitled to a maximum of 80.1% of the profits with a corporate member, Montagu Oldco Limited (MOL), entitled to the balance of at least 19.9%. MOL is 100% owned by Montagu Holdings Limited (MHL), which is 100% owned by Montagu Management Limited (MML), which is then 100% owned by MML II Limited (MML II). The LLP owns, via MLLP Holdings Limited, 100% of Montagu GP Limited (MGPL) which is the general partner for the funds.

Objectives

The objective of the LLP is to generate attractive returns for the investors in the funds that it advises. The objective of the MML II group of companies is to hold an investment in the LLP.

Performance in 2008

Montagu has a long track record dating back over 40 years and characterised by competitive returns. We achieve these returns by working closely with the management teams of the businesses we back.

During 2008, Montagu III made two new investments, one in the UK and one in CEE. The UK investment was the acquisition of Biffa Plc, one of UK's leading waste management groups. The CEE transaction was a management buyout of a pan-European operator of healthcare services. In total 62.5% of the Montagu III commitment has been invested at 31 December 2008.

There have also been two significant exits in 2008 from the Montagu II fund. Both exits have had satisfactory IRRs and cost multiples.

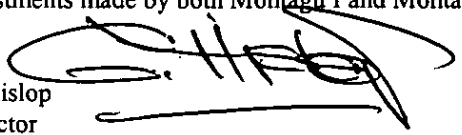
Business Risks

The main business risks for Montagu in the short to medium term are to identify potential investment targets at a suitable price, to obtain financing for these transactions and to complete exits of businesses at good returns. Also, in the current economic climate, we continue to focus strongly on the performance of our existing portfolio companies.

Our income is mainly in Euros, while the majority of our costs are in Sterling. We enter into forward hedge contracts for up to 12 months to help reduce this risk.

Forward Looking

With 1.5 years of the five year Montagu III investment period still left, we will continue to look for investment opportunities in line with our investment policy. In addition we will continue to pursue exit strategies for the remaining investments made by both Montagu I and Montagu II funds and review the Montagu III portfolio for exit opportunities.


G. Hislop
Director

14 May 2009

Montagu Oldco Limited

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Montagu Oldco Limited

Independent auditor's report to the members of Montagu Oldco Limited

We have audited the financial statements of Montagu Oldco Limited for the year ended 31st December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

14 May 2009

Montagu Oldco Limited

Profit and Loss Account

For the year ended 31 December 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|--|-------|----------------|----------------|
| Turnover | | | |
| Fee income | 2 | - | 9,212 |
| Income from investments | | 15,855 | 9,811 |
| | | <u>15,855</u> | <u>19,023</u> |
| Operating costs | 3 | <u>(91)</u> | <u>(5,542)</u> |
| Operating profit | | 15,764 | 13,481 |
| Bank interest receivable and similar income | | 1 | 234 |
| Interest payable and similar charges | | <u>-</u> | <u>(3)</u> |
| Profit on ordinary activities before taxation | | 15,765 | 13,712 |
| Tax on profit on ordinary activities | 5 | <u>(5,493)</u> | <u>(3,745)</u> |
| Profit on ordinary activities after taxation | | <u>10,272</u> | <u>9,967</u> |
| Statement of retained profit | | | |
| Retained profit brought forward | | 1,094 | 273 |
| Dividend | | (11,227) | (12,633) |
| Profit for the year | | <u>10,272</u> | <u>9,967</u> |
| Retained profit carried forward | | <u>139</u> | <u>1,094</u> |

The Company has no recognised gains and losses other than the results as stated above and therefore no separate statement of recognised gains and losses is presented.

There is no difference between the amounts stated above and their historical cost equivalents, either in respect of profit on ordinary activities before taxation or the retained profit for the year.

The notes on pages 9 to 15 form part of these financial statements.

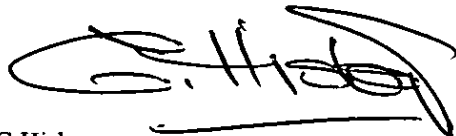
Montagu Oldco Limited

Balance Sheet at 31 December 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Investments | 6 | 10,970 | 10,970 |
| | | <u>10,970</u> | <u>10,970</u> |
| Current assets | | | |
| Debtors | 7 | 8,306 | 8,745 |
| Cash and short term deposits | | <u>696</u> | <u>3,229</u> |
| | | 9,002 | 11,974 |
| Creditors: amounts falling due within one year | 8 | (18,286) | (19,513) |
| Net current (liabilities) | | <u>(9,284)</u> | <u>(7,539)</u> |
| Total assets less current liabilities | | <u>1,686</u> | <u>3,431</u> |
| Provision for liabilities and charges | 9 | <u>(1,397)</u> | <u>(2,187)</u> |
| Net assets | | <u>289</u> | <u>1,244</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 150 | 150 |
| Profit and loss account | | 139 | 1,094 |
| Total shareholder's funds | 11 | <u>289</u> | <u>1,244</u> |

The notes on pages 9 to 15 form part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Board of Directors on ¹⁴ May 2009 and were signed on its behalf by:


G. Hislop
Director

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2008

1 Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently is set out below.

The Company is exempt under s228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements. The results of the Company are included in the consolidated financial statements of MML II Limited, the ultimate parent company.

The Company is exempt under FRS 1 (Revised 1996) from the requirement to prepare a cash flow statement. The cash flows of the company are included in the Consolidated Cash Flow Statement in the consolidated financial statements of MML II Limited, the ultimate parent company.

Financial instruments

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled. Gains or losses on financial assets and liabilities are recognised in the profit and loss account. Liabilities are recognised at inception at fair value of the proceeds received, net of directly attributable transaction costs, and are carried at amortised cost using the effective interest method. Finance costs are recognised in the profit and loss account.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | % |
|-------------------------------|------|
| Fixtures and Fittings | 20.0 |
| Computer and Office Equipment | 33.3 |

Leasehold improvements are depreciated over the period of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

Cash

Cash comprises cash at hand, bank balances and money market deposits.

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2008

1 Accounting Policies (continued)

Pension costs

In the prior year, the Company contributed to defined contribution pension schemes, the assets of which were held separately in an independently administered fund. Contributions to this scheme were charged to the profit and loss account as they become payable.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and gains and losses are taken to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.

Investments

Investments are listed in note 6. These investments are stated at cost less any impairment in value.

2 Fee income

Fee income represents management fees and dividend income, and is accounted for on an accruals basis. Provision is made against this income where the directors are uncertain as to its future recoverability.

3 Operating costs

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Operating costs are stated after charging | | |
| Auditors remuneration - audit | - | 20 |
| Auditors remuneration - non audit | - | 28 |
| Depreciation | - | 35 |
| Operating lease - property | - | 160 |
| Exchange losses/(gains) | 305 | (82) |

Audit costs are borne in full by Montagu Private Equity LLP. The audit fee payable in relation to the Company for the year 2008 is £10,000 (2007 : £20,000).

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2008

4 Employee information

The company's entire business was transferred to Montagu Private Equity LLP on 2nd April 2007 and Montagu Oldco Limited now has no employees. During the period 1st January 2007 to 2nd April 2007 the average number of persons (including executive directors) employed by the Company during the year was 46.

| | 2008 £'000 | 2007 £'000 |
|---------------------------------------|---------------|---------------|
| Wages, salaries and other staff costs | - | 1,860 |
| Social security costs | - | 136 |
| Other pension costs | - | 156 |
| | - | 2,152 |

5 Tax on profit on ordinary activities

Analysis of charge in period:

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| <u>UK Corporation Tax</u> | | |
| Current tax on income | 3,488 | 4,237 |
| Adjustments in respect of prior periods | 2,005 | (552) |
| Total current tax | 5,493 | 3,685 |
| Deferred tax | - | 60 |
| Tax on profit on ordinary activities | 5,493 | 3,745 |

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2008

5 Tax on profit on ordinary activities (continued)

Current Tax Reconciliation

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before taxation | 15,765 | 13,712 |
| Current tax @ 28.5% (2007:30%) | 4,493 | 4,114 |
| Expenses not deductible for tax purposes | 185 | 123 |
| Tax due on Montagu Private Equity LLP's undistributed profits | 633 | - |
| Adjustment to tax charge in respect of income taxed in prior year | (1,737) | - |
| Transfer pricing interest adjustments | (86) | - |
| Current tax on income | 3,488 | 4,237 |

Deferred Tax Asset

| | 2008 £'000 | 2007 £'000 |
|----------------------------------|---------------|---------------|
| Balance at 1 January | - | 60 |
| Profit and loss account | - | (60) |
| Balance at 31 December | - | - |
| Tax effect of timing differences | - | - |
| Short term timing differences | - | - |

The deferred tax balance represented the difference between the written down value of the Capital Allowances and the net book value of the tangible fixed assets.

6 Investments

| | 2008 £'000 | 2007 £'000 |
|-------------------------|---------------|---------------|
| Shares at cost | | |
| Balance brought forward | 10,970 | 523 |
| Disposals | - | (523) |
| Additions | - | 10,970 |
| Balance carried forward | 10,970 | 10,970 |

Interest of company at
31 December 2008

The investments are:-

Directly held:

Montagu Private Equity LLP 19.9%

The main activity of the investments is to provide services relating to private equity fund management.

Investments are stated at cost less any impairment in value.

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2008

7 Debtors

| | 2008 £'000 | 2007 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts due from parent undertakings | 8,291 | 7,524 |
| Other debtors | 15 | 1,221 |
| | <u>8,306</u> | <u>8,745</u> |

8 Creditors: amounts falling due within one year

| | 2008 £'000 | 2007 £'000 |
|------------------------------|---------------|---------------|
| Other creditors | 14,306 | 14,879 |
| Taxation | 3,956 | 3,036 |
| Accruals and deferred income | 24 | 1,598 |
| | <u>18,286</u> | <u>19,513</u> |

Other creditors consists of amounts owed to Montagu Private Equity LLP

9 Provisions for liabilities and charges

| | 2008 £'000 | 2007 £'000 |
|-------------------------|---------------|---------------|
| Balance at 1 January | 2,187 | 2,761 |
| Reduction in the year | (790) | (574) |
| Charged during the year | - | - |
| | <u>1,397</u> | <u>2,187</u> |

Provisions of £1,397,000 relate to a potential additional National Insurance liability of £1,100,000 with the balance being in respect of legal costs.

10 Called up share capital

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Authorised | | |
| 50,000,000 Ordinary shares of £1 each | 50,000 | 50,000 |
| 270,000,000 Preference shares of £1 each | 270,000 | 270,000 |
| Allotted, called up and fully paid | | |
| Ordinary shares of £1 each | <u>150</u> | <u>150</u> |

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2008

11 Reconciliation of movement in shareholder's funds

| | 2008 £'000 | 2007 £'000 |
|-------------------------------|---------------|---------------|
| Opening shareholder's funds | 1,244 | 3,910 |
| Profit for the financial year | 10,272 | 9,967 |
| Dividends paid | (11,227) | (12,633) |
| Closing shareholder's funds | 289 | 1,244 |

12 Pension obligations

The contributions for the year were £nil (2007 : £155,549).

13 Related party disclosures

Montagu Oldco Limited (formerly Montagu Private Equity Limited) received £nil (2007 : £456,348) in respect of directors and monitoring fees from managed investments.

As a wholly owned subsidiary, the Company has taken advantage of the exemption in Financial Reporting Standard No.8 ("FRS 8") from the requirement to disclose intra group transactions with other wholly owned subsidiaries.

14 Ultimate parent company

The immediate parent undertaking is Montagu Holdings Limited and the ultimate parent undertaking and controlling party is MML II Limited. Consolidated financial statements are available from the Company Secretary at 2 More London Riverside, London SE1 2AP.

15 Directors' emoluments

| | 2008 £000 | 2007 £000 |
|-----------------------|--------------|--------------|
| Directors' emoluments | - | 4,108 |

The aggregate emoluments and amounts receivable under long term incentive schemes of the highest paid director was £nil (2007 : £531,613).

| | Number of Directors | |
|--|---------------------|------|
| | 2008 | 2007 |
| Retirement benefits are accruing to the following number of directors under: | | |

Money purchase schemes

-

The amount of money paid to the money purchase schemes during 2008 was £nil (2007 : £67,232).

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2008

16 Restructuring and change of name

The group of which this company is a part was restructured on 2nd April 2007. The restructuring involved the transfer of this company's entire business and all of its assets to Montagu Private Equity LLP, of which Montagu Oldco Limited became a corporate member. As part of the restructuring Montagu Private Equity Limited changed its name to Montagu Oldco Limited.