

EAC HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011

milestone
capital

THURSDAY



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COMPANIES HOUSE

REPORT OF THE DIRECTORS

The directors present their Annual Report and Audited Financial Statements for the year ended 31 December 2011

Principal activities, business review and results

The principal activity of the company is to act as a holding company. The principal activity of the company's subsidiaries is the provision of advisory services in connection with private equity investments in management buy-outs, buy-ins and other venture capital investments.

The company's overall performance is measured by profitability and the loss before tax for the year was £5,842 (2010 £249,403). Details of the results for the year are set out on page 5. The directors do not propose a dividend for the year (2010 £nil).

The risks and uncertainties faced by the company are those inherent within the private equity industry and are outlined further, along with the other risks and uncertainties faced by the Milestone Group, in the Member's Report prepared by Milestone Capital Partners LLP, the company's ultimate parent undertaking. Consolidated financial statements can be obtained from the address on page 12.

There have been no significant developments or changes in activities during the year and the Directors intend that the company will continue as a holding company to the group.

No important events affecting the Company have occurred since the end of the financial year.

Directors, members and their interests

The directors of the company during the year, none of which had any interest in the shares of the company, were as follows:

CW Robinson
ERM Rinner

The members who served Milestone Capital Partners LLP, the ultimate parent undertaking, throughout the period were as follows:

CW Robinson
ERM Rinner
P.R. Conboy

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year.

REPORT OF THE DIRECTORS continued

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that

- in so far as each of the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

By order of the Board



P.W. Dickson
Company Secretary
27 June 2012

Registered Office
3rd Floor, 14 Floral Street
London WC2E 9DH

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EAC HOLDINGS LIMITED

We have audited the financial statements of EAC Holdings Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
27 June 2012

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Notes	2011 £	2010 £
Administrative expenses	2	(5,842)	(4,565)
Operating loss		(5,842)	(4,565)
Provision charged against group investments	4	-	(244,838)
Loss on ordinary activities before taxation		(5,842)	(249,403)
Taxation	3	1,548	(1,595)
Loss for the year		(4,294)	(250,998)

The results above were all derived from continuing activities


The company has no recognised gains and losses other than those reported above and therefore no separate Statement of Total Recognised Gains and Losses has been presented

The notes on pages 7 to 12 form part of these financial statements

BALANCE SHEET
As at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments in subsidiary undertakings	4	1,863,544	1,863,544
Current assets			
Creditors amounts falling due within one year	5	(161,137)	(156,843)
Net current liabilities		(161,137)	(156,843)
Net assets		1,702,407	1,706,701
Represented by			
Called-up share capital	6	2,056,953	2,056,953
Profit and loss account		(354,546)	(350,252)
Shareholders' funds	7	1,702,407	1,706,701

These financial statements were authorised and approved by the Board of Directors on 27 June 2012 and signed on its behalf by


 CW Robinson
 Director

The notes on pages 7 to 12 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

I Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, under the historical cost convention and on a going concern basis

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction, unless the transaction is covered by a related forward contract, in which case the contracted rate will be used. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

The exchange rates used for translation of Euro transactions and balances in these financial statements are as follows:

	2011 Rate
Profit and loss account (average rate)	1.1532
Balance sheet (year end rate)	1.1972

Other exchange differences arising from foreign currency transactions are included in profits before taxation.

Investments

Investments are stated at cost less any provision for permanent impairment.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences arising on the treatment of certain items for taxation and accounting purposes.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax balance has not been discounted.

NOTES TO THE FINANCIAL STATEMENTS continued

1 Accounting policies continued

Classification of financial instruments issued by the company

In accordance with FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions

- a) They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable numbers of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Related party transactions

Details of the principal subsidiary companies are shown in note 4.

2 Loss on ordinary activities before taxation

	2011 £	2010 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration for:		
- Audit of financial statements pursuant to legislation	3,140	3,050
- Other services relating to taxation	2,687	1,500

Information Regarding Directors and Employees

The directors did not receive any remuneration from the company during the year (2010: £nil). There were no employees during the year (2010: nil).

NOTES TO THE FINANCIAL STATEMENTS continued

3 Taxation

<i>Analysis of (credit) / charge in the year</i>	2011	2010
	£	£
Current tax:		
UK corporation tax on loss of the year	-	-
Adjustments in respect of previous years	-	2,873
Group relief	(1,548)	(1,278)
	<hr/>	<hr/>
Total current tax	(1,548)	1,595
	<hr/>	<hr/>
Tax on loss on ordinary activities	(1,548)	1,595
	<hr/>	<hr/>
 <i>Factors affecting the tax charge / (credit) for the current year</i>	 2011	 2010
	£	£
Loss on ordinary activities before tax	(5,842)	(249,403)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 26.5% (2010: 28%)	(1,548)	(69,833)
 <i>Effects of</i>		
Disallowable intra-group investment provision	-	68,555
Adjustments to tax charge in respect of previous years	-	2,873
	<hr/>	<hr/>
Current tax charge / (credit) for the period	(1,548)	1,595
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

4 Investments

Investments in subsidiary undertakings

The investments of £1,863,544 (2010 £1,863,544) comprise shares in group companies at cost less any provision for permanent impairment. The company's subsidiaries all of which are included within the group consolidation (see note 12) are as follows

Name of Company	Nature of business	Incorporated
EAC Group Limited *	Intermediate Holding Company	Guernsey
Milestone Capital Services Limited	Service Company ⁽¹⁾	England and Wales
EAC (Scotland) (GP3) Limited	General Partner and Managing Limited Partner ⁽²⁾	Scotland
EAC Scotland (XL3) Limited	General Partner ⁽³⁾	Scotland
EAC German GP GmbH	General Partner ⁽⁴⁾	Germany

EAC Holdings Limited owns 100% of the Ordinary Share Capital of the subsidiary marked with an asterisk (*). All other subsidiaries are owned through the intermediate holding company EAC Group Limited. In each case, the intermediate holding company owns 100% of the Ordinary Share Capital.

- (1) Investment Manager from 1 January to 14 May 2008, Service Company from 15 May 2008 to 31 December 2011
- (2) General Partner of EAC Fund III Limited Partnership and the Managing Limited Partner of EAC Fund III GmbH & Co. Beteiligungs KG
- (3) General Partner of EAC Fund III (Scotland) Limited Partnership
- (4) General Partner of EAC Fund III GmbH & Co. Beteiligungs KG

	2011 £	2010 £
<i>Cost</i>		
At 1 January	2,704,992	2,704,992
	<hr/>	<hr/>
At 31 December	2,704,992	2,704,992
	<hr/>	<hr/>
<i>Provision</i>		
At 1 January	841,448	596,610
Provision charged / (released) for the year	-	244,838
	<hr/>	<hr/>
At 31 December	841,448	841,448
	<hr/>	<hr/>
<i>Net Book Value at 31 December</i>	1,863,544	1,863,544
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

5 Creditors amounts falling due within one year

	2011 £	2010 £
Amount owed to group companies	155,904	152,293
Accruals and deferred income	5,233	4,550
	<hr/> 161,137	<hr/> 156,843

6 Called up share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
360 A ordinary shares of £1 each	360	360
32 B ordinary shares of £1 each	32	32
608 C ordinary shares of £1 each	608	608
1,100 D ordinary shares of £1 each	1,100	1,100
2,054,853 Preference shares of £1 each	2,054,853	2,054,853
	<hr/> 2,056,953	<hr/> 2,056,953

The preference shares do not carry a dividend and holders are not entitled to attend or vote in general meetings. The Ordinary shares carry a right to a dividend if profits permit, however only the A, B and C Ordinary shares are entitled to vote in general meetings. In the event of a winding up of the company the preference shares rank ahead of the Ordinary shares for repayment of capital and the A Ordinary shares rank ahead of the B Ordinary shares followed by the C ordinary shares down to the D Ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS continued

7 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Loss for the financial year	(4,294)	(250,998)
Shareholders' funds at 1 January	1,706,701	1,957,699
	<hr/>	<hr/>
At 31 December	1,702,407	1,706,701
	<hr/>	<hr/>

8 Cash flow statement

Under FRS1 (revised) Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary whose results are included in the publicly available consolidated financial statements of the ultimate parent undertaking (see note 11)

9 Related party transactions

Under FRS8 Related Party Transactions, the company is exempt from disclosing transactions with wholly owned subsidiaries within the group as it is also wholly owned by the group whose consolidated annual financial statements, which include the company's results, are publicly available (see note 11)

10 Commitments

There were no capital commitments at the end of the financial year (2010 £nil)

11 Ultimate parent undertaking

The company is a wholly owned subsidiary of Milestone Capital Holdings Limited, a company registered in England and Wales. The ultimate parent undertaking which prepares group financial statements is Milestone Capital Partners LLP which is incorporated in England and Wales.

Copies of these consolidated financial statements can be obtained from Milestone Capital Partners LLP, 3rd Floor, 14 Floral Street, London WC2E 9DH

12 Exemption from preparing group financial statements

The Company is exempt from the obligation, under section 400 of the Companies Act 2006, to prepare group financial statements and to deliver them to the Registrar of Companies on the grounds that the Company's results have been consolidated in the group financial statements of Milestone Capital Partners LLP, the ultimate parent undertaking. Consequently these financial statements present information about the company as an individual undertaking and not about its group.