Registered number: 04883005

CELF Investment Advisors Limited

Report and Financial Statements

31 December 2007

Registered No 04883005

Directors

C Finn
J Harris (Resigned 26th November 2007)
M J Ramsay
M J Zupon
C Goldsmith
M Cottrell
J Hance (Appointed 7th December 2007)

Secretary

H Mitchell

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

Lansdowne House
57 Berkeley Square
London W1J 6ER

Directors' report

The directors have pleasure in presenting their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2007

Results and dividends

The profit for the year, after taxation, is £2,883,977 (2006 £959,370 profit) An interim dividend of 67 88p (€1 00) per share, amounting to £882,433 (€1,300,000), was approved and paid during the year The directors recommend the payment of a final dividend of 150 04p (€2 00), amounting to £1,950,488 (€2,600,000)

Principal activities and business review

The principal activity of the company during the year continued to be that of investment management A branch in Dubai became operational during the year, which provides investment advisory services in respect of the Middle East and North Africa (MENA) region The company is regulated by the Financial Services Authority

Principal risks and uncertainties

The company's income represents management and incentive fees, which the directors also consider to be the key performance indicator The business is subject to risks associated with the tax and regulatory regimes within which it operates and with attracting and retaining the services of key staff

Future developments

The company has no plans that will significantly change the nature of its activities

Directors and their interests

The directors serving during the year were

C Finn
J Harris (resigned 26th November 2007)
M J Ramsay
M J Zupon
C Goldsmith
M Cottrell
J Hance (appointed 7th December 2007)

No director held any interest in the share capital of the company

Auditors

A resolution will be proposed at the Annual General Meeting to reappoint Ernst & Young LLP as auditor of the company for the ensuing year So far as the directors are aware, there is no relevant audit information of which the auditor is unaware 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

On behalf of the Board

Director

Date 28th April 2008

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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 the United Kingdom, Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985 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

ERNST & YOUNG

Independent auditors' report

to the shareholders of CELF Investment Advisors Limited

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, Cash Flow Statement, Balance Sheet and the related notes 1 to 14 These financial statements have been prepared on the basis of 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 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 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 judgements 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

Ernst & Young

Independent auditors' report

to the shareholders of CELF Investment Advisors Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of the company's 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

Ernst & Young LLP

Ernst & Young ~~LLP~~
Registered Auditor
London 30 April 2008

Profit and loss account

for the year ended 31 December 2007

	Notes	*31 December 2007* £	*31 December 2006* £
Turnover	2	15,193,952	5,938,686
Operating expenses		(10,296,262)	(4,578,495)
Operating profit		4,897,690	1,360,191
Foreign exchange gain		492,030	–
Bank interest receivable		22,267	15,607
Profit on ordinary activities before taxation		5,411,987	1,375,798
Taxation	5	(1,645,577)	(416,428)
Dividends		(882,433)	–
Retained profit for the year		2,883,977	959,370

All profits are the result of continuing operations

The notes on pages 10 to 16 form part of these financial statements

Balance Sheet

for the year ended 31 December 2007

	Note	*2007* £	*2006* £
Profit for the year		2,883,977	959,370
Exchange difference on retranslation of net assets of overseas branch	10	25,707	–
Total recognised gains and losses relating to the year		2,909,684	959,370

The notes on pages 10 to 16 form part of these financial statements

Balance Sheet
for the year ended 31 December 2007

	Notes	2007 £	2006 £
Fixed Assets	6	645,794	1,926
Current assets			
Debtors	7	5,640,937	1,622,210
Bank		7,148,686	2,884,020
Creditors amounts falling due within one year	8	(8,326,770)	(2,309,193)
Net assets		5,108,647	2,198,963
Capital and reserves			
Called-up share capital	9	1,300,000	1,300,000
Other reserves	10	25,707	–
Profit and loss account	10	3,782,940	898,963
Equity shareholders' funds	11	5,108,647	2,198,963

The notes on pages 10 to 16 form part of these financial statements

The financial statements were approved and authorised by the board on 28th April 2008 and signed on its behalf by

Director

Date 28th April 2008

Statement of Cash Flows

for the year ended 31 December 2007

	Notes	2007 £	2006 £
Net cash inflow from operating activities	12(a)	6,756,296	721,101
Returns on investments and servicing of finance	12(b)	22,267	15,607
Taxation	12(b)	(895,769)	(200,000)
Capital expenditure and financial investment	12(b)	(761,402)	(1,981)
Cash inflow before management of liquid resources and financing		5,121,392	534,727
Financing	12(b)	–	964,999
Dividends paid in the year	12(b)	(882,433)	–
Increase in cash in the year	12(c)	4,238,959	1,499,726

Reconciliation of net cash flow to movement in net funds

		2007 £	2006 £
Increase in cash	12(c)	4,238,959	1,499,726
Change in net funds resulting from cash flows	12(c)	4,238,959	1,499,726
Exchange differences		25,707	-
Movement in net funds		4,264,666	-
Net funds at 1 January	12(c)	2,884,020	1,384,294
Net funds at 31 December	12(c)	7,148,686	2,884,020

Notes to the financial statements

at 31 December 2007

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year is set out below

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life The rate is as follows

Furniture and fittings	20% per annum
Computer Equipment and Software	33 1/3% per annum
Leasehold improvements	Over the remaining life of lease

Deferred 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 taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

The net assets of the overseas subsidiary branch are translated at the rate of exchange ruling at the balance sheet date Exchange differences resulting from the retranslation of net assets of the overseas branch are recognised in the statement of total recognised gains and losses

Notes to the financial statements

at 31 December 2007

2. Turnover and segmental analysis

Turnover is stated net of value added tax The company operates within two geographical markets, the United Kingdom and Dubai Turnover received in the United Kingdom represents amounts earned through service agreements with CELF Loan Partners funds based in the Netherlands and Ireland Turnover received by the Dubai branch relates to amounts paid by Carlyle MENA General Partner, LP, a group company incorporated in the Cayman Islands There was no segmental reporting in the prior year on the grounds of materiality Turnover, profit on ordinary activities before tax and net assets are analysed as follows

	United Kingdom		*Dubai*		*Total*	
	2007	*2006*	*2007*	*2006*	*2007*	*2006*
	£	£	£	£	£	£
Turnover	12,021,332	5,938,686	3,172,620	-	15,193,952	5,938,686
Operating profit	4,761,587	1,364,405	136,103	(4,214)	4,897,690	1,360,191
Net Assets	4,951,051	2,203,177	157,596	(4,214)	5,108,647	2,198,963

All amounts relate to continuing operations

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2007	*2006*
	£	£
Auditors' remuneration		
- audit services	28,312	18,000
- non-audit services	10,950	11,882
Depreciation	117,534	55

4. Staff costs

(a) Staff costs

	2007	*2006*
	£	£
Wages and salaries	7,809,705	3,189,457
Social security costs	649,705	387,847
	8,459,429	3,577,304

The average number of persons employed by the company during the year was 17 (2006 12)

Notes to the financial statements

at 31 December 2007

4. Staff costs (continued)

(b) Directors' emoluments

In 2007 the directors' remuneration in their capacity as directors was nil (2006 nil) However, the remuneration of certain directors was paid by other group companies £2,199,522 (2006 £1,478,404) was charged to the company in connection with the services of the directors £1,743,925 (2006 £1,192,214) was charged in respect of the highest paid director

5. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

Current tax

	2007	*2006*
	£	*£*
UK corporation tax on results of the year	1,624,236	416,428
Overseas tax	–	–
Adjustments in respect of previous periods	–	–
Total current tax (note 7b)	1,624,236	416,428
Deferred tax		
Originating and reversal of timing differences	21,341	–
Tax on profit on ordinary activities	1,645,577	416,428

(b) Factors affecting the tax charge for the year

The tax assessed on profit on ordinary activities for the year is different than the standard rate of corporation tax in the United Kingdom The difference is explained below

	2007	*2006*
	£	*£*
Profit on ordinary activities before tax	5,411,987	1,375,798
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30%	1,623,596	412,739
Effect of		
Disallowed expenses and non taxable income	22,972	3,689
Depreciation in excess of capital allowance	(23,881)	–
Other timing differences	1,549	–

Notes to the financial statements

at 31 December 2007

Corporation tax charge (credit) for the period	1,624,236	416,428

Notes to the financial statements

at 31 December 2007

5. Taxation (continued)

(c) Deferred tax

The deferred tax asset included in the balance sheet is as follows

	2007 £	*2006* £
Included in creditors (note 8)	(21,341)	–
Accelerated capital allowances	(23,881)	–
Other timing differences	1,549	–
Adjustments in respect of previous periods	(132)	–
Change in rate of taxation	1,123	–
	(21,341)	–

6. Tangible fixed assets

	Leasehold Improvements £	*Office Furniture* £	*Office Equipment* £	*Total* £
Cost				
At 1 January 2007	–	–	1,981	1,981
Additions	511,728	149,811	99,863	761,402
Disposals	–	–	–	–
At 31 December 2007	511,728	149,811	101,844	763,383
Depreciation				
At 1 January 2007	–	–	55	55
Charge	76,528	19,975	21,031	117,534
Disposals	–	–	–	–
At 31 December 2007	76,528	19,975	21,086	117,589
Net book value at 31 December 2007	435,200	129,836	80,758	645,794
Net book value at 1 January 2007	–	–	1,926	1,926

7. Debtors

	2007 £	*2006* £
Due from parent company	–	2,573
Due to fellow group companies	3,108,506	–
Other debtors	2,532,431	1,619,637
	5,640,937	1,622,210

Notes to the financial statements

at 31 December 2007

8. Creditors: amounts falling due within one year

	2007	*2006*
	£	*£*
Corporation tax	949,236	199,428
Deferred tax liability	21,341	–
Due to fellow group companies	6,020,645	1,962,196
Other creditors	1,335,548	147,569
	8,326,770	2,309,193

9. Called-up share capital

	2007	*2006*
	£	*£*
Authorised		
1,464,999 ordinary shares of £1 each	1,464,999	1,464,999
Allotted, called-up and fully-paid		
1,300,000 ordinary shares of £1 each	1,300,000	1,300,000

10. Reserves

	Other reserves	*Profit and loss account*	*Total*
	£	*£*	*£*
At 1 January 2007	–	898,963	898,963
Gain on translation of net assets of overseas branch	25,707	–	25,707
Retained profit for the year	–	2,883,977	2,883,977
At 31 December 2007	25,707	3,782,940	3,808,647

11. Reconciliation of movements in shareholders' funds

	2007	*2006*
	£	*£*
Opening shareholders' funds	2,198,963	274,594
Movement on other reserves	25,707	–
Issue of share capital	–	964,999
Retained profit for the financial period	2,883,977	959,370
Closing shareholders' funds 31 December	5,108,647	2,198,963

Notes to the financial statements

at 31 December 2007

12. Notes to the statement of cash flows

(a) Reconciliation of operating profit to operating cash flows

	2007 £	2006 £
Operating profit	4,897,690	1,360,191
Depreciation	117,534	55
(Decrease)/increase in debtors	(4,018,727)	57,892
Increase in creditors	5,267,769	(697,037)
Foreign exchange gain	492,030	-
Net cash inflow from operating activities	6,756,296	721,101

(b) Analysis of company cash flows

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	22,267	15,607
Taxation		
Corporation tax paid	(895,769)	(200,000)
Capital expenditure		
Acquisition of tangible fixed assets	(761,402)	(1,981)
Dividends		
Dividends paid in the year	(882,433)	–
Financing		
Issue of share capital	–	964,999

(c) Analysis and reconciliation of net funds

	31 December 2006 £	Cash flows £	Exchange Differences £	31 December 2007 £
Cash in hand at bank	2,884,020	4,238,959	25,707	7,148,686

Notes to the financial statements

at 31 December 2007

13. Related parties

During the year the company earned £3,172,620 (2006 nil) for advice to investment funds in which TC Group LLC or its subsidiaries are the general partners The company was charged £2,343,451 (2006 nil) in respect of certain costs paid by TC Group LLC on behalf of the company The company was also charged £6,808,678 (2006 £3,964,305) in respect of certain costs paid by CECP Investment Advisors Limited, a fellow subsidiary of TC Group LLC, on behalf of the company

As at 31 December, the company had the following balances with group companies

	Amounts owed to CELF	
	2007	*2006*
	£	*£*
Parent company		
TC Group LLC	–	2,573
Other affiliates		
Carlyle MENA General Partner, LP	3,107,851	–
Carlyle Egypt Investment Advisors LLC	655	–
	3,108,506	–

	Amounts due by CELF	
	2007	*2006*
	£	*£*
Parent company		
TC Group LLC	2,349,503	–
Other affiliates		
CECP Investment Advisors Limited UK	3,643,019	1,962,196
CECP Investment Advisors Limited France	28,123	–
	3,671,142	1,962,196

14. Ultimate parent undertaking

The ultimate parent undertaking of the company is TC Group LLC, a company incorporated in the state of Delaware and registered in the United States of America This is the largest group in which the company is consolidated