

MILESTONE CAPITAL HOLDINGS LIMITED

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

milestone
capital



Company Number 5962074

REPORT OF THE DIRECTORS

The directors present their Annual Report and Audited Financial Statements for the year ended 31 December 2009

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 £37,581 (2008 £5,250). Details of the results for the year are set out on page 5. The directors have not accrued a dividend for the year (2008 £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 11.

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
PR 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 to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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
- 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 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.

In so far as the directors are aware

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

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



PW Dickson
Company Secretary

30 April 2010

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MILESTONE CAPITAL HOLDINGS LIMITED

We have audited the financial statements of Milestone Capital Holdings Limited for the year ended 31 December 2009 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 the directors and the auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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/UKNP.

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 2009 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 matters 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
30 April 2010

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

	Notes	2009 £	2008 £
Administrative expenses	2	(37,577)	(5,250)
Operating loss	2	(37,577)	(5,250)
Provision charged against group investments	4	(4)	-
Loss on ordinary activities before taxation		(37,581)	(5,250)
Taxation	3	3,502	7,020
(Loss) / profit for the year		(34,079)	1,770

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 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments in subsidiary undertakings	4	986,000	986,004
Current assets			
Debtors amounts falling due within one year	5	3,502	7,020
Creditors amounts falling due within one year	6	(731,211)	(700,654)
Net current liabilities		<u>(727,709)</u>	<u>(693,634)</u>
Net assets		<u>258,291</u>	<u>292,370</u>
Represented by			
Called-up share capital	7	200	200
Share premium account		313,800	313,800
Profit and loss account		(55,709)	(21,630)
Shareholders' funds	8	<u>258,921</u>	<u>292,370</u>

These financial statements were approved by the Board of Directors on 30 April 2010 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 2009

1 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, the historical cost convention and on a going concern basis

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.

2 Loss on ordinary activities before taxation

	2009	2008
	£	£
<i>Loss on ordinary activities before taxation is stated after charging / (crediting)</i>		
Auditors' remuneration for:		
- Audit of financial statements pursuant to legislation	2,950	2,950
- Other services relating to taxation	1,500	2,285

Information Regarding Directors and Employees

The directors did not receive any remuneration from the company during the year (2008: £nil). There were no employees during the year (2008: nil).

NOTES TO THE FINANCIAL STATEMENTS continued

3 Taxation

<i>Analysis of charge in the year</i>	2009 £	2008 £
Current tax		
UK corporation tax on loss of the year	-	-
Adjustments in respect of previous years – group relief	-	(7,020)
Group relief	(3,502)	
	<hr/>	<hr/>
Total current tax	(3,502)	(7,020)
Deferred tax		
Current year movement to deferred tax	-	-
Prior year adjustment to deferred tax	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	(3,502)	(7,020)
	<hr/>	<hr/>
 <i>Factors affecting the tax charge for the current year</i>	 2009 £	 2008 £
Loss on ordinary activities before tax	(37,581)	(5,250)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 28% (2008 28.5%)	(10,522)	(1,496)
<i>Effects of</i>		
Group relief of current year losses	-	1,496
Adjustments to tax charge in respect of previous periods	-	(7,020)
Expenses not deductible for tax purposes	7,020	-
	<hr/>	<hr/>
Current tax credit for the period	(3,502)	(7,020)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

4 Investments

Investments in subsidiary undertakings

Name of Company	Nature of business	Incorporated
EAC Holdings Limited	Intermediate Holding Company	England and Wales
Milestone GP Limited	General Partner ⁽¹⁾	England and Wales
Milestone (Scotland) GP Limited	General Partner ⁽²⁾	Scotland
EAC Group Limited *	Intermediate Holding Company	Guernsey
Milestone Capital Services Limited	Service Company ⁽³⁾	England and Wales
EAC Fund II GP Limited	Dormant	England and Wales
EAC (Scotland) GP Limited	Dormant	Scotland
EAC (Scotland) (GP3) Limited	General Partner and Managing Limited Partner ⁽⁴⁾	Scotland
EAC Scotland (XL3) Limited	General Partner ⁽⁵⁾	Scotland
EAC German GP GmbH	General Partner ⁽⁶⁾	Germany

Milestone Capital Holdings Limited owns 100% of the Ordinary Share Capital of EAC Holdings Limited, Milestone GP Limited and Milestone (Scotland) GP Limited. Subsidiaries marked with an asterisk (*) are owned through the intermediate holding company, EAC Holdings Limited. 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⁾ General Partner of Milestone Parallel Private Equity Limited Partnership, Milestone Parallel 2008 Limited Partnership, Milestone Parallel 2009 Limited Partnership, Milestone 2007 Limited Partnership, Milestone 2008 Limited Partnership and Milestone Link Fund Limited Partnership
- ⁽²⁾ General Partner of Milestone Carried Interest Limited Partnership
- ⁽³⁾ Investment Manager from 1 January to 14 May 2008, Service Company from 15 May 2008 to 31 December 2009
- ⁽⁴⁾ General Partner of EAC Fund III Limited Partnership and the Managing Limited Partner of EAC Fund III GmbH & Co. Beteiligungs KG
- ⁽⁵⁾ General Partner of EAC Fund III (Scotland) Limited Partnership
- ⁽⁶⁾ General Partner of EAC Fund III GmbH & Co. Beteiligungs KG

Disposals of subsidiary undertakings

During the year ended 31 December 2009, the following undertakings have ceased being subsidiaries of the intermediate holding companies EAC Group Limited and EAC Holdings Limited (marked with an asterisk)

Name of Company	Nature of business	Incorporated
EAC Fund I GP Limited	Dormant	England and Wales
EAC Limited	Dormant	England and Wales
EAC Bridge Finance GP Limited	Dormant	England and Wales
EAC Opco Limited	Investment company	Guernsey
Milestone Capital SAS*	Advisory services	France

NOTES TO THE FINANCIAL STATEMENTS continued

4 Investments continued

<i>Investments in subsidiary undertakings</i> continued	2009 £	2008 £
<i>Cost</i>		
At 1 January	986,004	986,004
Additions	-	-
	<hr/>	<hr/>
At 31 December	986,004	986,004
	<hr/>	<hr/>
<i>Provision</i>		
At 1 January	-	-
Provision charged for the year	4	-
	<hr/>	<hr/>
At 31 December	4	-
	<hr/>	<hr/>
<i>Net Book Value at 31 December</i>	986,000	986,004
	<hr/>	<hr/>

5 Debtors

	2009 £	2008 £
Amounts owed by other group companies	3,502	7,020
	<hr/>	<hr/>
	3,502	7,020
	<hr/>	<hr/>

6 Creditors amounts falling due within one year

	2009 £	2008 £
Amount owed to group companies	702,761	696,189
Accruals	28,450	4,465
	<hr/>	<hr/>
	731,211	700,654
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

7 Called up share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
200 Ordinary shares of £1 each	200	200

8 Reconciliation of movement in equity shareholders' funds

	2009 £	2008 £
(Loss) / profit for the financial year	(34,079)	1,770
Opening shareholders' funds	292,370	290,600
	<hr/>	<hr/>
Shareholders' funds at 31 December	258,291	292,370
	<hr/>	<hr/>

9 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 13)

10 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 13)

11 Commitments

There were no capital commitments at the end of the financial year (2008 £nil)

12 Contingent liabilities

The Sale and Purchase Agreement ("SPA") associated with the reorganisation of the Milestone group in 2006 provides for a potential adjustment to the Sale Price, payable to the previous owners, based on a recalculation of the deferred tax estimate used to value the business at the time of sale. A re-computation is triggered when Priority Profit Share loans, to General Partners in the Milestone group, which existed at the time of purchase, are subsequently discharged following profit allocations from underlying Private Equity Partnerships. The loans were fully discharged during 2007 and the former owners have claimed an amount is due. Having taken legal advice, the Company considers that the deferred tax estimate used to value the business at the time of sale is not affected and that there is no merit to any claims against the business.

NOTES TO THE FINANCIAL STATEMENTS continued

13 Ultimate parent undertaking

The company is a wholly owned subsidiary of the ultimate parent undertaking, 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

14 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