Ego Midco Limited

Directors' report and financial statements
Registered number 6445055
Year ended 31st December 2010

MACFARLANES LLP
20 CURSITOR STREET
LONDON
EC4A 1LT

Contents

Directors' report

The directors present their directors' report and Company financial statements for the year ended 31 December 2010

Principal activities, review of the business and future developments

The principal activity of Ego Midco Limited (the "Company") is that of a holding company The Directors are satisfied with the performance of the Company and the present intention is to continue development of the existing business of the Company.

(a) Review of operations

Following incorporation, on 6 February 2008 the Company invested into its direct subsidiary Ego Acquisitions Limited in order for it to acquire Geo Networks Limited During the year the Company has continued to operate in its capacity as a holding company for this investment

(b) Review of the financial performance of the business and key performance indicators

The key financial performance indicator used for internal performance analysis is detailed in the table below

	For the year ended 31 December 2010	For the year ended 31 December 2009
	£000	£000
Loss for the period	(5)	(5)

The loss for the period is due to the administrative costs of the Company

(c) Future developments

The Company will continue to operate as a holding company for investments in Ego Acquisitions Limited

Proposed dividend

The directors do not recommend the payment of a dividend (*2009 nil*)

Directors

The directors who held office during the year and changes since year end to the date of this report were as follows

Christopher Smedley
Mike Ainger
Jonathan Watts (resigned 21 July 2011)
Gary Plumpton (resigned 21 January 2011)

Directors' report *(continued)*

Political and charitable contributions

The Company did not make any disclosable political or charitable donations or incur any disclosable political expenditure during the year *(2009 nil)*

Disclosure of information to auditors

The directors who held office at the date of approval 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

Christopher Smedley
Director

21 July 2011

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 IFRSs as adopted by the EU and applicable law

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 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 they have been prepared in accordance with IFRSs as adopted by the EU, 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 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 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

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EGO MIDCO LIMITED

We have audited the financial statements of Ego Midco Limited for the year ended 31 December 2010 set out on pages 5 to14 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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 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

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 and to 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 web-site 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 2010 and of its loss for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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

R.M. Seale.

Robert Seale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
KPMG LLP
Chartered Accountants
Registered Auditor

28 July 2011
8 Salisbury Square
London EC4Y 8BB

Statement of Comprehensive Income
for year ended 31st December 2010

	Note	2010 £000	2009 £000
Administrative expenses		(5)	(5)
Operating loss	2	(5)	(5)
Financial income	3	9,703	8,621
Financial expenses	3	(9,703)	(8,621)
Net financing expenses		-	-
Loss before tax		(5)	(5)
Taxation	6	-	-
Loss for the year		(5)	(5)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(5)	(5)

The notes on pages 8 to 14 are an integral part of these financial statements

Balance Sheet
at 31st December 2010

	Note	2010 £000	2009 £000
Non current assets			
Investments in subsidiaries	*7*	**775**	775
Amounts owed by group undertakings	*9*	**87,077**	77,385
Total assets		**87,852**	78,160
Current liabilities			
Trade and other payables	*10*	**(5)**	(10)
Non-current liabilities			
Other interest-bearing loans and borrowings	*11*	**(87,087)**	(77,385)
Total liabilities		**(87,092)**	(77,395)
Net assets		**760**	765
Equity			
Share capital	*12*	**775**	775
Retained losses	*12*	**(15)**	(10)
Total equity		**760**	765

The notes on pages 8 to 14 are an integral part of these financial statements

These financial statements were approved by the board of directors on 21 July 2011 and were signed on its behalf by

Christopher Smedley
Director

Statement of Changes in Equity
for year ended 31st December 2010

	Share capital £000	Share premium £000	Retained loss £000	Total equity £000
Balance at 1 January 2009	-	-	-	-
New shares allotted	775	-	-	775
Total comprehensive income	-	-	(5)	(5)
Balance at 1 January 2010	775	-	(10)	765
Total comprehensive income	-	-	(5)	(5)
Balance at 31 December 2010	-	-	(15)	760

Cash Flow Statement
for year ended 31st December 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities			
Loss before tax		(5)	(5)
Adjustments for			
Increase in trade and other payables		5	5
Net cash from operating activities		-	-
Cash flows from investing activities			
Purchase of subsidiaries share capital	*8*	-	-
Purchase of subsidiaries loan notes	*9*	-	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of share capital	*11*	-	-
Proceeds from issue of loan notes	*10*	-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January 2010		-	-
Cash and cash equivalents at 31 December 2010	*12*	-	-

Notes
(forming part of the financial statements)

1 Accounting policies

Ego Midco Limited (the "Company") is a company incorporated and domiciled in the UK

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements

Measurement convention

The financial statements are prepared on the historical cost basis Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell

Going Concern

Geo Holdings Limited, the immediate parent company has undertaken, if required, to make sufficient funds available to enable the Company to continue its operations and meet its liabilities as and when they fall due, for a period of at least twelve months from the date of these financial statements and thereafter for the foreseeable future Consequently the financial statements have been prepared on a going concern basis

Non-derivative financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses

Taxation

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised 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 balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The following temporary differences are not provided for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

Investments

Investments in subsidiaries are stated at cost less provision for impairment Dividends received and receivable are credited to the Company's income statement

Notes *(continued)*

1 Accounting policies (continued)

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated

- Amendments to IAS 32 'Financial Instruments Presentation' Classification of rights issues (mandatory for year commencing on or after 1 February 2010) No significant impact expected on the Company's financial statements
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (mandatory for year commencing on or after 1 July 2010) No significant impact expected on the Company's financial statements
- Amendments to IFRIC 14 IAS 19 'The limit on a defined benefit – assets, minimum funding requirements and their interaction (mandatory for year commencing on or after 1 January 2011) No impact expected on the Company's financial statements
- Revised IAS 24 'Related Party Disclosure' (mandatory for year commencing on or after 1 January 2011) No significant impact expected on the Company's financial statements

2 Expenses and auditors' remuneration

Included in operating losses are the following

	2010 £000	2009 £000
Auditors' remuneration		
Audit of these financial statements	5	5

3 Finance income and expense

Recognised in profit or loss

	2010 £000	2009 £000
Finance income		
Interest on loan notes	9,703	8,621
Total finance income	9,703	8,621
Finance expense		
Interest on loan notes	9,703	8,621
Total finance expense	9,703	8,621

Notes (continued)

4 Directors' remuneration

During the period none of the directors received any emoluments in respect of their services to the Company None of the directors had benefits accruing under the Company's pension scheme

During the year the directors were employed by other companies within the Ego Holdings Limited group, and were remunerated by those companies in respect of their services to the group as a whole

5 Staff numbers and costs

The average number of employees during the period was nil (*2009 nil*)

6 Taxation

There was no current or deferred taxation charge in the current or prior year The difference between the total tax calculated by applying the standard rate of UK corporation tax to the profit before tax and the actual charge for the year of £nil is summarised below

Reconciliation of effective tax rate

	2010 **£000**	2009 £000
Company loss before tax	**(5)**	(5)
Tax on Company loss at UK corporation tax rate of 28% *(2009 28%)*	**(1)**	(1)
Effects of		
Current year losses for which no deferred tax asset was recognised	**1**	1
Tax charge for the year	**-**	-

7 Investments

The Company has the following investments in subsidiaries

Company	Country of Incorporation	Class of shares held	Ownership **2010**	2009
Ego Acquisitions Limited	UK	Ordinary	**100%**	100%

Notes *(continued)*

8 Current liabilities

	2010 £000	2009 £000
Trade and other payables	**5**	5

9 Non current assets

	2010 £000	2009 £000
Amounts owing from group undertakings		
Fixed rate unsecured loan notes 2015	**61,800**	61,800
Deferred interest on loan notes	**25,277**	15,584
	87,077	77,384

The fixed rate unsecured loan notes comprise £41,150,000 of Series A and £20,650,000 of Series B interest bearing loan notes subscribed to on 6 February 2008

10 Other interest-bearing loans and borrowings

	2010 £000	2009 £000
Amounts owing to group undertakings		
Fixed rate unsecured loan notes 2015	**61,800**	61,800
Deferred interest on loan notes	**25,287**	15,584
	87,087	77,384

The fixed rate unsecured loan notes comprise £41,150,000 of Series A and £20,650,000 of Series B interest bearing loan notes issued on 6 February 2008

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2010 £000	Carrying amount 2010 £000	Face value 2009 £000	Carrying amount 2009 £000
Loan Note A	£	12%	2015	**41,150**	**41,150**	41,150	41,150
Loan Note B	£	12.5%	2015	**20,650**	**20,650**	20,650	20,650
				61,800	**61,800**	61,800	61,800

Notes *(continued)*

11 Share capital

	2010 No	2009 No
Authorised		
Ordinary shares of £1 each	**800,000**	800,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**775,000**	775,000

	2010 £	2009 £
Authorised		
Ordinary shares of £1 each	**800,000**	800,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**775,000**	775,000

12 Financial instruments

12 (a) Fair values of financial instruments

Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows

	Carrying amount and fair value	
	2010 £000	2009 £000
Other receivables	**87,077**	77,384
Total cash and receivables	**87,077**	77,384
Total financial assets	**87,077**	77,384

Notes *(continued)*

12 Financial instruments *(continued)*

12 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from other group companies

Exposure to credit risk

Invoicing is agreed with the group company in advance All debtor balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is minimised

Credit quality of financial assets and impairment losses

The aging of receivables for the Company at the balance sheet date was

	Gross 2010 £000	Impairment 2010 £000	Gross 2009 £000	Impairment 2009 £000
Not past due	87,077	-	77,384	-
	87,077	-	77,384	-

12 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due The company's use of financial instruments is confined to funding from Alchemy Partners Nominees Limited

12 (d) Market risk

Interest is charged from Alchemy Partners Nominees Limited to the company based on the PIK notes described below

Unsecured loan notes comprise £41,150,000 of Series A 2015 at 12% and £20,650,000 of Series B 2015 interest bearing loan notes at 12 5% subscribed to on 6 February 2008 Other than borrowings from Alchemy Partners Nominees Limited, no other financial assets or financial liabilities are subject to interest rate exposure

Market risk – Interest rate risk

Profile

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was

	2010 £	2009 £
Fixed instruments		
PIK Notes	61,800	61,800

Sensitivity analysis

A reduction of 100 basis points in interest rates at the balance sheet date would have increased profit by the amounts shown below This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date

This analysis assumes that all other variables remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps

	2010 £	2009 £
Increase	823	586

Notes *(continued)*

12 Financial instruments *(continued)*

12(e) Capital management

The following table summarises the current capital of the Company

	2010 £000	2009 £000
Cash and cash equivalents		-
Long term borrowings	**(87,087)**	(77,384)
Net funds	**(87,087)**	(77,384)
Total equity	**760**	765

The Group's policy is to finance acquisitions centrally using a mixture of equity and long term fixed rate loan note issues to Alchemy Partners Nominees, which is then invested into the acquisition company It then finances the Group's operating companies using existing cash and cash equivalents Loans to Group companies are agreed to as part of a specified investment appraisal process, which are then monitored on a regular basis for performance against plan The Group is not exposed to any externally imposed capital requirements

13 Capital commitments and other contingencies

The Company had no capital commitments as at 31 December 2010 and 2009

14 Related parties

Transactions between the Company and fellow subsidiaries are shown below

	Balances at 31 December 2009	Profit and loss account transactions	Balance sheet transactions	**Balances at 31 December 2010**
	£000	£000	£000	**£000**
Ego Acquisitions Limited	**77,384**	9,703	(10)	**87,077**

All transactions arise from the provision of funding for the acquisition of Ego Acquisitions Limited

15 Ultimate parent company and parent company of larger group

The immediate parent company is Ego Holdings Limited, a company incorporated in the United Kingdom that owns 100% of the share capital and voting rights of the Company which is the smallest Company to consolidate these financial statements The ultimate parent company is Alchemy Partners Nominees Limited which owns 80% of the issued share capital on behalf of investors in the Alchemy Investment Plan The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited

16 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates Estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected Details of accounting estimates and judgments that have the most significant effect on the amounts recognised in the financial statements have been disclosed under the relevant note or accounting policy for each area where disclosure is required