

MILESTONE (SCOTLAND) GP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2008



milestone
capital

Incorporated in Scotland
Company Number: SC328290

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the period 25 July 2007 to 31 December 2008.

Principal activity, business review and results

The company's principal activity is to act as the General Partner and a Carry Partner in the Milestone Carried Interest Limited Partnership, a Limited Partnership established for the purposes of earning carried interest in private equity investments in the United Kingdom and Western Europe.

The company's overall performance is measured in profitability and the result before tax for the period was £nil. Details of the results for the period are set out on page 5. The Directors do not propose to pay a dividend for the period.

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 9.

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 period, none of which had any interest in the shares of the company, were as follows:

C.W. Robinson
E.R.M. Rinner

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

C.W. Robinson	(appointed 31 July 2007)
E.R.M. Rinner	(appointed 31 July 2007)
P.R. Conboy	(appointed 15 May 2008)

Political and charitable contributions

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

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.

REPORT OF THE DIRECTORS continued

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

Auditors

Grant Thornton UK LLP were appointed as auditors on 25 September 2007. 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



C.W. Robinson
Director

19 May 2009

Registered Office:

50 Lothian Road
Festival Square
Edinburgh EH3 9WJ

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MILESTONE (SCOTLAND) GP LIMITED

We have audited the financial statements of Milestone (Scotland) GP Limited for the period 25 July 2007 to 31 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 the directors, members and the auditor

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with 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 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

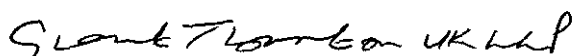
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its nil result for the period 25 July 2007 to 31 December 2008;
- 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.



GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

London
19 May 2009

PROFIT AND LOSS ACCOUNT
 For the period 25 July 2007 to 31 December 2008

	Notes	2008 £
Turnover		-
Administrative expenses	2	-
		<hr/>
Operating loss		-
Interest receivable		-
		<hr/>
Loss for the period		-
		<hr/>

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 9 form part of these financial statements.

BALANCE SHEET
As at 31 December 2008

	Notes	2008 £
Fixed assets		
Investments	3	104
Current assets		
Debtors		-
Creditors: amounts falling due within one year	4	(102)
Net current liabilities		<u>(102)</u>
Net assets		<u>2</u>
Represented by		
Called-up share capital	5	2
Profit and loss account		-
Shareholders' funds	6	<u>2</u>

These financial statements were approved by the Board of Directors on 19 May 2009 and signed on its behalf by:


 C.W. Robinson
 Director

The notes on pages 7 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period 25 July 2007 to 31 December 2008

1. Accounting policies

The following 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 on a going concern basis in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention.

2. Result from ordinary activities before taxation

Information Regarding Directors and Employees

The directors did not receive any remuneration from the company during the period. There were no employees during the period.

3. Investments

Investments represent the drawn down element of the company's commitment to Limited Partnerships.

	2008
	£
<i>Cost</i>	
At 25 July 2007	-
Additions	104
	<hr/>
At 31 December	104
	<hr/>
<i>Provision</i>	
At 25 July 2007	-
(Released)/charged	-
	<hr/>
At 31 December	-
	<hr/>
<i>Net Book Value at 31 December</i>	104
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

4. Creditors: amounts falling due within one year

	2008 £
Amounts owed to other group companies	102
	<hr/>
	102
	<hr/>

5. Called-up share capital

	2008 £
<i>Allotted, called up and fully paid</i>	<hr/>
2 Ordinary shares of £1 each	2
	<hr/>

6. Reconciliation of movement in shareholders' funds

	2008 £
Result for the financial period	-
Opening shareholders' funds	-
Issue ordinary shares (note 5)	2
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Shareholders' funds at 31 December	2
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NOTES TO THE FINANCIAL STATEMENTS continued

7. 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 its ultimate parent undertaking.

8. Related party transactions

Under FRS8 Related Party Transactions, the company is exempt from disclosing transactions within the group as it is wholly owned by that group whose consolidated annual financial statements, which include the company's results, are publicly available.

9. Ultimate parent undertaking

The company is a wholly-owned subsidiary of Millstone Capital Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Milestone Capital Partners LLP, an undertaking incorporated in England and Wales.

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

10. Exemption from preparing group financial statements

The company acts as the General Partner of Milestone Carried Interest Limited Partnership. The Limited Partnership is a subsidiary undertaking under the Companies Act 1985.

The company is exempt from the obligation, under section 228 of the Companies Act 1985, 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.