

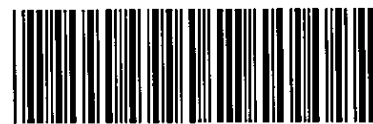
# MILESTONE (SCOTLAND) GP LIMITED

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

milestone  
capital

Incorporated in Scotland  
Company Number: SC328290

MONDAY



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## REPORT OF THE DIRECTORS

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

### 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 loss before tax for the period was £4,154 (2008: £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 (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.

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  
E.R.M. Rinner  
P.R. Conboy

### Political and charitable contributions

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

**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 each of the directors is 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.

**Going concern**

The directors note that the company has net liabilities. As a result, the directors have sought comfort from the members of the ultimate parent undertaking, Milestone Capital Partners LLP, that the parent will continue to support the company and provide financial assistance where necessary to allow the company to meet its liabilities as and when they fall due. The directors therefore consider that the company is a going concern.

**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



C.W. Robinson  
Director

30 April 2010

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 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](http://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 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  
30 April 2010

PROFIT AND LOSS ACCOUNT  
 For the year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	2	2,403	-
Administrative expenses		(6,557)	-
Operating loss		(4,154)	-
Interest receivable		-	-
Loss on ordinary activities before taxation	3	(4,154)	-
Taxation	4	-	-
Loss for the year		(4,154)	-

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 11 form part of these financial statements.

**BALANCE SHEET**  
*As at 31 December 2009*

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Investments	5	151	104
<b>Current assets</b>			
Debtors	6	2,403	-
Creditors: amounts falling due within one year	7	(6,706)	(102)
<b>Net current liabilities</b>		<u>(4,303)</u>	<u>(102)</u>
<b>Net (liabilities) / assets</b>		<u>(4,152)</u>	<u>2</u>
<b>Represented by</b>			
Called-up share capital	8	2	2
Profit and loss account		<u>(4,154)</u>	<u>-</u>
<b>Shareholders' (deficit) / funds</b>	9	<u>(4,152)</u>	<u>2</u>

These financial statements were approved by the Board of Directors on 30 April 2010 and signed on its behalf by:



C.W. Robinson  
 Director

The notes on pages 7 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2009

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

*Going concern*

The Financial Statements have been prepared on a going concern basis as the Members of Milestone Capital Partners LLP, the ultimate parent undertaking, have confirmed that they will continue to support the company and provide financial assistance where necessary to allow the company to meet its liabilities as and when they fall due.

*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.

*Investments*

The company acts as the General Partner to Milestone Carried Interest Limited Partnership, which make investments with the intention of capital appreciation. (Details are given in note 5). The investments in the limited partnership is stated at cost less any provision for permanent impairment. Movements arising from foreign exchange translation are taken to the profit and loss account with the corresponding adjustment made to the value of the investment.

The partnership is a subsidiary undertaking and should be consolidated in full under the terms of the Companies Act 2006. However, the directors consider that the financial statements would not give a true and fair view if the assets and income as a whole were to be consolidated because the company's interest in these assets is merely that of a general partner. The effect of this departure from the provisions of the Act is to decrease both the loss before tax and the minority interest in the loss for the year by £71,543 (2008: £111) and to reduce fixed asset investments by £428,443 (2008: £220,111), decrease other net liabilities by £71,403 (2008: increase by £456) and decrease the minority interest in the balance sheet by £357,040 (2008: £222,970).

2. Turnover

Income comprises of fees receivable from Milestone Carried Interest Limited Partnership in accordance with the Limited Partnership Agreement. Fees receivable are equal to £1,000 per annum payable annually in arrears and are recognised in the profit and loss account on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS continued

3. Loss from ordinary activities before taxation

	2009	2008
	£	£
<i>Loss on ordinary activities is stated after charging / (crediting)</i>		
Auditors' remuneration for:		
- Audit of financial statements pursuant to legislation	2,350	-
- Other services relating to taxation	1,500	-
Foreign exchange gain on translation of investment in Limited Partnerships	11	-

Milestone Capital Partners LLP, a fellow group company, acts as investment manager on behalf of Milestone Carried Interest Limited Partnership. The company was charged fees during the year of £2,403 (2008: £nil), under the terms of the Investment Management Agreement.

The company owed fees of £2,403 (2008: £nil) during the year under the terms of the Investment Management Agreement.

*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.

4. Taxation

<i>Analysis of charge in the year</i>	2009	2008
	£	£
Current tax:		
UK corporation tax on profits of the year	-	-
Group relief	-	-
	<hr/>	<hr/>
<b>Total current tax</b>	-	-
Deferred tax:		
Current year movement to deferred tax	-	-
	<hr/>	<hr/>
<b>Total deferred tax</b>	-	-
	<hr/>	<hr/>
<b>Tax on loss on ordinary activities</b>	-	-
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NOTES TO THE FINANCIAL STATEMENTS continued

4. Taxation continued

<i>Factors affecting the tax charge for the current year</i>	2009 £	2008 £
Loss on ordinary activities before tax	(4,154)	-
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 28% (2008: 28.5%)	(1,163)	-
<i>Effects of:</i>		
Other timing differences	1,163	-
Current tax (credit) / charge for the period	-	-
<i>Unprovided deferred tax</i>	2009 £	2008 £
Tax losses carried forward	(1,163)	-
Unprovided deferred tax at the end of the year	(1,163)	-

5. Investments

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

	2009 £	2008 £
<i>Cost</i>		
At 1 January	104	-
Additions	36	104
Foreign exchange translation (cumulative)	11	-
<i>Net Book Value at 31 December</i>	151	104

NOTES TO THE FINANCIAL STATEMENTS continued

6. Debtors

	2009 £	2008 £
Other debtors	2,403	-
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	2,403	-
	<hr/>	<hr/>

7. Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to other group companies	453	102
Amounts owed to the ultimate holding undertaking	2,403	-
Accruals	3,850	-
	<hr/>	<hr/>
	6,706	102
	<hr/>	<hr/>

8. Called-up share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>	<hr/>	<hr/>
2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

9. Reconciliation of movement in equity shareholders' (deficit) / funds

	2009 £	2008 £
Loss for the financial period	(4,154)	-
Opening shareholders' funds	2	-
Issue ordinary shares (note 8)	-	2
	<hr/>	<hr/>
Shareholders' (deficit) / funds at 31 December	(4,152)	2
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NOTES TO THE FINANCIAL STATEMENTS continued

10. 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 (see note 12).

11. 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 12).

12. 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.

13. Exemption from preparing group financial statements

The company acts as the General Partner of Milestone Carried Interest Limited Partnership, which make investments with the intention of capital appreciation. These partnerships are subsidiary undertakings and should be consolidated in full under the terms of the Companies Act 2006.

It is not possible to use the true and fair override provisions in s404(5) Companies Act 2006 to exclude a subsidiary undertaking from consolidation where the Act requires it to be consolidated. However, the provisions of Schedule 6 to SI410 of 2008 as to how a subsidiary is consolidated can be overridden, in this case to replace full consolidation by proportional consolidation (as explained in Accounting Policies, Investments). Consequently, these financial statements present information about the company and its attributable proportional assets/liabilities and net income/expenditure of the Limited Partnership for which it acts as a general partner.