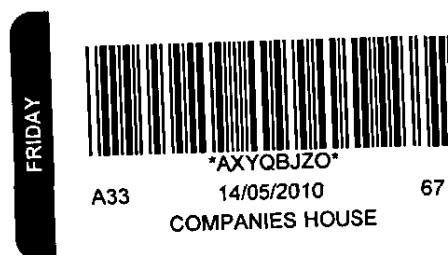


**MONTAGU PRIVATE EQUITY ASSOCIATES LLP**

**Members' report and audited financial statements for the  
period 1 September 2008 to 31 December 2009**



Registered in England No OC339798

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## Members' report

The members present their report and financial statements for the period 1 September 2008 to 31 December 2009

### Principal Activities

The principal activity of the partnership is the provision of consultancy services

### Members

The Members of the Partnership throughout the period 1 September 2008 to 31 December 2009 (unless otherwise stated) were

M E Keough	(Admitted 2 September 2008)
M P Dunfoy	(Admitted/Resigned 2 September 2008)
Montagu Private Equity LLP	(Admitted 2 September 2008)
MPE Associateco Limited	(Admitted 2 September 2008)

M E Keough and Montagu Private Equity LLP are Designated Members. The average monthly number of members during the period was three

### Members' Capital

Under the terms of the Members' Agreement, each Member subscribes a sum of capital based on their ownership percentage. Total capital contributions of €2 (£2) are paid up by the Members as permanent capital as classified by FRS 25

### Members' Profits and Losses

Members' profits and losses are allocated between them based on the LLP agreement. An amount is paid each month, subject to certain conditions, and any surplus is dealt with in accordance with the LLP agreement and using members' ownership percentages

### Independent auditors

KPMG Audit Plc were appointed as auditors of the partnership during the period

Approved by the Members on 31 March 2010



G Hislop  
Representing Designated Member Montagu Private Equity LLP

## **Business Review**

### **Background**

Montagu Private Equity Associates LLP (MPEA) is a limited liability partnership which was created on 1 September 2008. Montagu Private Equity LLP is a corporate member of MPEA. Montagu III Fund, is also a member of MPEA, through a wholly-owned subsidiary MPE Associateco Limited.

### **Objectives**

The objective of the LLP is to provide consultancy services to portfolio companies of Montagu II and Montagu III funds. These services are performed under the terms of a services agreement between Montagu Private Equity LLP and MPEA.

### **Performance since formation**

Since MPEA was formed, it has performed a number of consultancy assignments for portfolio companies across Montagu's funds. These assignments have included work preparing and implementing full potential plans at a number of Montagu's portfolio companies, and have also included interim operational roles at two portfolio companies. These projects have delivered improvements in performance across a number of operational areas, including top line, costs and working capital.

### **Business Risks**

The main business risk over the short to medium term is to secure sufficient work from Montagu's portfolio of companies. This depends in part on the rate of new investment by Montagu. Given the difficult economic environment throughout Europe and the need to focus on performance improvement to drive future value, MPEA envisages that its services will be in strong demand across Montagu's portfolio for the foreseeable future.

### **Forward Looking**

MPEA looks forward to performing further consultancy assignments as Montagu's portfolio continues to grow as it invests its funds under management, and Montagu seeks to realise its investments over time.



G Hislop  
Representing Designated Member Montagu Private Equity LLP  
31 March 2010

## **Statement of Members' responsibilities in respect of the Members' report and the financial statements**

The members are responsible for preparing the Members' Report and financial statements in accordance with applicable law and regulations

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of the profit or loss of the LLP for that period. In preparing the financial statements, the members 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 LLP will continue in business

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

## Independent auditors' report to the members of Montagu Private Equity Associates LLP

We have audited the financial statements ("the financial statements") of Montagu Private Equity Associates LLP for the year ended 31 December 2009 set out on pages 7 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the limited liability partnership (LLP), as a body, in accordance with section 495 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of members and auditors

The members' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Members' Responsibilities on page 5.

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, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006.

We also report to you if, in our opinion, the LLP has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of members' remuneration specified by law are not made.

We read the Members' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### 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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP'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 of the state of affairs of the LLP as at 31 December 2009 and of the loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.



**Anthony Cecil (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
*Chartered Accountants*  
8 Salisbury Square  
London, EC4Y 8BB  
31 March 2010

## Profit and Loss Account

For the period 1 September 2008 to 31 December 2009

	Notes	2009 €
<b>Turnover</b>		
Fee income	1	807,516
Operating costs	2	<u>(705,525)</u>
<b>Operating profit</b>		<b>101,991</b>
Other interest receivable and similar income		371
Interest payable and similar charges		<u>(3,097)</u>
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>99,265</b>
Members' remuneration charged as an expense		<u>(599,787)</u>
<b>Result for the financial year available for discretionary division among members</b>		<b><u>(500,522)</u></b>

The Partnership has no recognised gains and losses other than the results as stated above and therefore no separate statement of recognised gains and losses is presented

There is no difference between the amounts stated above and their historical cost equivalents, either in respect of profit on ordinary activities before taxation or the retained profit for the year

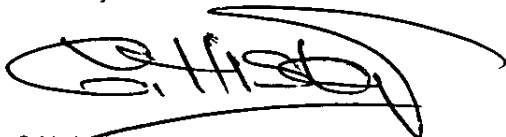
The notes on pages 9 to 11 form part of these financial statements

**Balance Sheet**  
**at 31 December 2009**

	Notes	2009 €
<b>Current assets</b>		
Debtors	3	655,289
Amounts due from members	3	2
Cash and short term deposits		<u>93,689</u>
		748,980
<b>Creditors</b> amounts falling due within one year	4	<u>(1,073,798)</u>
<b>Net current liabilities</b>		<u>(324,818)</u>
<b>Total assets less current liabilities</b>		(324,818)
<b>Creditors</b> amounts falling due after one year		-
<b>Net liabilities attributable to members</b>		<u>(324,818)</u>
Represented by		
<b>Loans and other debts due to members within one year</b>		
Other amounts		(324,820)
<b>Equity</b>		
Members' other interests – Other reserves classified as equity under FRS 25		<u>2</u>
<b>Total Members' interests</b>	5	<u>(324,818)</u>
Amounts due from Members		-
Loans and other debts due from Members		(318,378)
Members' other interests		<u>-</u>
		<u>(318,378)</u>

The notes on pages 9 to 11 form part of these financial statements

The financial statements on pages 7 to 11 were approved by the members on 31 March 2010 and were signed on its behalf by



G Hislop  
Representing Designated Member Montagu Private Equity LLP



## Notes to the financial statements for the period 1 September 2008 to 31 December 2009

### 1 Accounting Policies

#### Accounting convention

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom and the Limited Liability Partnerships Act 2000. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for Limited Liability Partnerships issued by the Consultative Committee of Accountancy Bodies.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Taxation

Income tax, being the individual liability of each member, is not provided for in the accounts of the LLP.

#### Cash

Cash comprises cash at hand, bank balances and money market deposits.

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and gains and losses are taken to the profit and loss account.

#### Fee income

Fee income represents consultancy fees, and is accounted for on an accruals basis. Provision is made against this income where the directors are uncertain as to its future recoverability.

#### Cash Flow Statement

The Partnership is equivalent in size to a small company as set out in s382 of the Companies Act 2006. It is therefore exempt under FRS 1 from the requirement to produce a cash flow statement.

#### Going Concern

Notwithstanding net liabilities of €324,820, the Members believe that it is appropriate to prepare the financial statements on a going concern basis for at least 12 months from the signing of these financial statements. The Partnership relies upon the income it receives in relation to the consultancy services it provides to the portfolio companies of Montagu Funds II and III. The Members are confident that Montagu Fund III will continue to generate sufficient investment activity to make possible this provision of consultancy services for at least 12 months from the signing of these financial statements.

### 2 Operating costs

	2009
	€
Operating costs are stated after charging	
Auditor's remuneration - audit	9,008
Auditor's remuneration - non audit	34,744
Exchange (gains)	(7,738)

## Notes to the financial statements for the period 1 September 2008 to 31 December 2009 *(continued)*

### 3 Debtors

	<b>2009</b> €
Amounts due from members	2
Trade debtors	655,289
	655,289

Amounts due from members relates to outstanding capital contributions

### 4 Creditors: amounts falling due within one year

	<b>2009</b> €
Sundry creditors	263,776
Amounts due to members	6,442
Accruals and deferred income	670,580
Loans payable within one year	133,000
	1,073,798

### 5 Reconciliation of members' interests

Partnership	<b>Members' other interests</b>		<b>Loans and other debts due to members</b>		<b>Total member's interests</b>
	Members' capital (classified as equity) €	Other reserves €	Members' capital treated as a liability €	Other amounts €	€
Members' interests at 1 September 2008	2	-	-	-	2
Members' remuneration charged as an expense	-	-	-	599,787	599,787
Result for the financial year available for discretionary division among members	-	(500,522)	-	-	(500,522)
	2	(500,522)	-	599,787	99,267
Members' interests after profit for the year					
Reclassification	-	500,522	-	(500,522)	-
Drawings	-	-	-	(424,085)	(424,085)
	2	-	-	(324,820)	(324,818)
<b>Members' interests at 31 December 2009</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>(324,820)</b>	<b>(324,818)</b>

The average number of Members during the period was 3. In the event of a winding up of the Partnership, monies due to creditors will be paid before any distributions of loans and other debts due to Members.

## Notes to the financial statements for the period 1 September 2008 to 31 December 2009 *(continued)*

### 6 Related party disclosures

During the period the LLP borrowed €1,126,274 from Montagu Private Equity LLP. At the period end, the LLP's sundry creditors includes amounts of €226,274 owed to Montagu Private Equity LLP.

During the period, the Partnership was lent €133,000 by MEK Family Holdings S L Unipersonal, a company controlled by M E Keough. Of this, €nil was repaid during the period with €133,000 remaining outstanding as at 31st December 2009. Interest was charged on this loan at 5%, €3,097 of interest was incurred.

During the period, consultancy fees of €188,567 were paid to MEK Family Holdings S L Unipersonal, a company controlled by M E Keough. Of this, €nil was outstanding as at 31st December 2009.