

SURFCONTROL (CHINA) LIMITED
COMPANY REGISTRATION NUMBER 3165006

SURFCONTROL (CHINA) LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2013

SurfControl (China) Limited
20-22 Bedford Row
London
WC1R 4JS

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2013

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COMPANY INFORMATION

DIRECTORS

Michelle Rodriguez
Brian Lemay
James Hagan
John Borgerding

COMPANY SECRETARY

Jordan Company Secretaries Limited

REGISTERED OFFICE

20-22 Bedford Row
London
WC1R 4JS

STRATEGIC REPORT

For the year ended 31 December 2013

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company during the year was as a holding company for SurfControl Network Security Technologies (Beijing) Co., Limited ("Beijing SurfControl") its wholly owned subsidiary undertaking.

The directors are reviewing Beijing SurfControl, and may, as a result, decide to close down the operation. The financial statements do not assume that the Company will continue as a going concern, however the carrying values of assets and liabilities have not been revalued on a break up basis as they may be transferred to another member of the Websense Group within the foreseeable future.

PROFIT AND DIVIDEND

During the period the Company made a nil profit or loss (2012: Nil).

The directors do not recommend the payment of a dividend (2012: Nil).

IMPORTANT EVENTS SINCE YEAR END

There were no significant events post year end.

Approved by the directors on 29 August 2014

Signed



Michelle Rodriguez
Director

DIRECTORS' REPORT

For the year ended 31 December 2013

The directors present herewith their report and financial statements, prepared in accordance with Generally Accepted Accounting Practice in the United Kingdom for the year ended 31 December 2013.

DIRECTORS

The directors who held office during the year were as follows:

Michael A. Newman (resigned 1 November 2013)
John McCormack (resigned 1 November 2013)
Michelle Rodriquez
Brian Lemay
James Hagan (appointed 1 November 2013)
John Borgerding (appointed 11 January 2014)

None of the directors had any interests in the share capital of the company.

**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 United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law).

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.

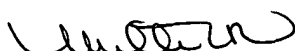
In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements 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 proper accounting records which 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 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.

Approved by the directors on 29 August 2014

Signed



Michelle Rodriquez
Director

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	<i>Note</i>	<i>Year ended 31 December 2013 \$'000</i>	<i>Year ended December 2012 \$'000</i>
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
General and administrative expenses		-	-
Total administrative expenses		-	-
Operating profit and profit on ordinary activities before taxation		-	-
Retained Profit		-	-

There were no recognised gains or losses in either period other than those shown in the above profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

BALANCE SHEET
as at 31 December 2013

ASSETS EMPLOYED	<i>Note</i>	<i>At 31 December 2013 \$'000</i>	<i>At 31 December 2012 \$'000</i>
FIXED ASSET			
Investments	4	-	-
CURRENT ASSETS			
Debtors	5	-	-
Cash at bank and in hand		-	-
CREDITORS: amounts falling due within one year		-	-
NET CURRENT ASSETS		-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		-	-
CREDITORS: amounts falling due after more than one year	6	(1,899)	(1,899)
NET LIABILITIES		(1,899)	(1,899)
FINANCED BY			
CAPITAL AND RESERVES			
Equity share capital	7	-	-
Profit and loss account	8	(1,899)	(1,899)
Shareholders' funds		(1,899)	(1,899)

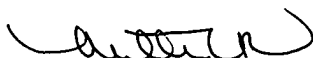
The notes on pages 7 to 10 form part of these financial statements.

For the years ended 31 December 2013 and 31 December 2012, the Company was entitled to exemption under section 480(1) b of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the periods in question in accordance with section 476.

The directors acknowledge their responsibility for:

- (i) Ensuring the Company keeps accounting records which comply with section 386 of the Companies Act 2006; and
- (ii) Preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its profit and loss for the financial period in accordance with section 393 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act relating to accounts as far as is applicable to the Company.

Approved by the Board on 29 August 2014 and signed on its behalf by:



Michelle Rodriguez
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

(b) Taxation

The charge for taxation is based upon the profit or loss for the period. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(c) Investments

Fixed asset investments, which wholly relate to the Company's investment in its subsidiary undertaking, are stated at cost less provision for impairment in value.

(d) Consolidated group financial statements

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. As such these financial statements present information about the Company as an individual undertaking rather than information about its group.

(e) Going concern

As noted in the directors' report, whilst the Company is not considered to be a going concern, its assets and liabilities are stated at book value since it is anticipated that if the business is closed the assets and liabilities will be transferred to other group undertakings at book value.

(f) Foreign currencies

The functional and presentation currency of the Company is US dollars, which is the currency of the Company's assets and liabilities. Accordingly amounts in the financial statements are denominated in US dollars.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013 (Continued)

2. CASH FLOW STATEMENT, RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Websense SC Holdings Limited, whose consolidated financial statements are publicly available. Consequently the company has taken advantage of the exemption in FRS 1 "Cash Flow Statements" in not presenting its own statement of cash flows.

The Company has also taken advantage of the exemption contained in FRS 8, Related Party Transactions, and has therefore not disclosed transactions or balances with entities which form part of the Websense group.

3. EMPLOYEE INFORMATION

There were no employees of the Company. The directors, who are employed by Websense Group companies, did not receive any emoluments during the year for their services to the Company (2012: nil).

4. INVESTMENT

	<i>Investment in subsidiary undertaking \$'000</i>
Cost:	
At 1 January 2013	1,210
and 31 December 2013	
Impairment losses:	
At 1 January 2013	(1,210)
and 31 December 2013	
Net book value at 31 December 2013 and at 31 December 2012	<hr/> <hr/> -

The Company's single subsidiary undertaking is SurfControl Network Security Technologies (Beijing) Co., Limited, a company registered in the Peoples' Republic of China engaged in the Internet security market. The Company holds 100% of the share capital of the subsidiary. The directors' view is that the investment should be impaired to nil.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013 (Continued)

5. DEBTORS

	<i>31 December 2013 \$'000</i>	<i>31 December 2012 \$'000</i>
Amounts owed by group undertakings	167	167
Less: Provision for impairment	<u>(167)</u>	<u>(167)</u>
	<u>-</u>	<u>-</u>

SurfControl Network Security Technologies (Beijing) Co., Limited was loaned \$167,000 which has been impaired to nil as the subsidiary is unlikely to repay the amount in the foreseeable future.

6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>31 December 2013 \$'000</i>	<i>31 December 2012 \$'000</i>
Amounts owed to group undertakings	<u>1,899</u>	<u>1,899</u>
	<u>1,899</u>	<u>1,899</u>

7. EQUITY SHARE CAPITAL

	<i>31 December 2013 \$'000</i>	<i>31 December 2012 \$'000</i>	<i>31 December 2013 \$'000</i>	<i>31 December 2012 \$'000</i>
Ordinary shares of £1 each	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The authorised share capital is denominated in UK sterling and consists of 100 £1 ordinary shares (2012: £100). The issued share capital of the Company at 31 December 2013 in UK sterling was £2 (31 December 2012: £2). The Company's share capital has been translated into US\$ on a cumulative basis at exchange rates prevailing as and when capital flows occur.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013 (Continued)

8. RESERVES AND SHAREHOLDERS' FUNDS

	<i>Profit and loss account \$'000</i>
As at 1 January 2013	(1,899)
Retained profit for the period	-
As at 31 December 2013	<u>(1,899)</u>

9. OTHER FINANCIAL COMMITMENTS

The Company had no financial commitments in respect to non-cancellable operating leases or capital commitments in either period.

10. ULTIMATE PARENT COMPANY

The company's ultimate parent within the EU is Websense SC Holdings Limited, a company incorporated in England & Wales. Copies of its consolidated financial statements are available from UK Companies House or from 20-22 Bedford Row, London, WC1R 4JS.

The ultimate parent company is Tomahawk Acquisition, Inc. a US corporation incorporated in the state of Delaware. The ultimate controlling party is Vista Equity Partners LLC.