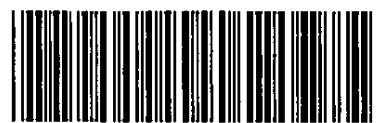


Redstone Managed Services Limited
Annual report and financial statements
for the year ended 31 March 2009

Registered number: 3442721

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Redstone Managed Services Limited

Annual report and financial statements for the year ended 31 March 2009

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Redstone Managed Services Limited

Directors and advisors for the year ended 31 March 2009

Directors

T H Perks (resigned 13 October 2009)
M A Balaam (resigned 28 April 2009)

S Yapp (appointed 13 October 2009)

P Hallett (appointed 13 October 2009)

Secretary

P Hayes

Registered office

80 Great Eastern Street
London
EC2A 3RS

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Redstone Managed Services Limited

Directors' report for the year ended 31 March 2009

The directors present their report with the financial statements of the company for the year ended 31 March 2009.

Principal activity

The principal activity of the company in the period under review was that of suppliers of computer systems consultants. The Company's (loss)/profit before tax for the year was £(147) (2008: £69,337).

Directors

The directors who held office during the period from 1 April 2008 to the date of this report are as follows:

T H Perks (Resigned 13 October 2009)
M A Balaam (Resigned 28 April 2009)

S Yapp (Appointed 13 October 2009)

P Hallett (Appointed 13 October 2009)

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Redstone plc. The directors have received confirmation that Redstone plc intends to support the company for at least one year after these financial statements are signed.

The Directors are required to be satisfied that the Company, and therefore the Group has adequate resources to continue in business for the foreseeable future. The validity of this assumption depends on the ability of the Group to meet its cash flow forecasts and the continuing support of its bankers by providing adequate overdraft facilities and of its debt holders. The Group has agreed new facilities with Barclays Bank through to 30 September 2011, and the bank has agreed to waive any default of covenants tests, prior to 31 December 2010. Whilst the nature of the Group's business is such that there can be considerable variation in the cash inflows and this adds risk to the Group's ability to forecast cash, and in the current economic environment there can be no absolute certainty that the Group will achieve its EBITDA forecasts, the present cash flow forecasts indicate that the Group will be able to operate within the present overdraft facilities for at least 12 months from the date of approval of the financial statements.

Subsequent to the year end, in September 2009, the Group completed a fund raising of up to £6 million through the issue of a loan note to two existing shareholders, SVG Investment Managers Limited and Gartmore Investment Limited, £3 million of which has been drawn down and the remaining tranche can be requested by the Group at any time provided there has not been a material adverse change in the operating performance or debt position of the Group. The loan notes are secured on the assets of the business, and this security is secondary to the Barclays Bank facilities.

Under the terms of the loan note arrangement, a premium equal to 2 times the outstanding principal amount is payable on the maturity date on 1 October 2011, and in the event that the approval of the shareholders of the terms of the conversion and/or the approval of the Panel on Takeovers and Mergers to waive rule 9 of the City Code on Takeovers and Mergers is not obtained, an additional superpremium equal to 2 times the principal drawn down is payable at maturity. If the loan notes are not converted into equity or repaid, then on 1 October 2011, this will lead to the Group's liabilities that have fallen due significantly exceeding the Group's assets.

Redstone Managed Services Limited

Directors' report for the year ended 31 March 2009 (continued)

Going concern (continued)

The note holders have confirmed to the Group that in the event that the Group is unable to make repayment of the loan notes on their maturity date, they would expect to work with the Group to refinance the loan notes, for example through converting the loan notes into shares, alternative financing arrangements or through extending the maturity date; and that it is not their current intention to wind up the Company in the event that it is unable to repay the loan notes on the maturity date. For these reasons the Directors believe the going concern basis to be appropriate.

The Redstone plc Group has banking facilities in place which are secured through fixed and floating charges over the Company and all property and assets of the Redstone plc group, of which the Company is a member.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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 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; and

Redstone Managed Services Limited

Directors' report for the year ended 31 March 2009 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 the financial statements comply with the Companies Act 1985. 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the annual general meeting of the Company.

On behalf of the board:



P Hayes
Secretary
29 December 2009

Independent auditors' report to the members of Redstone Managed Services Limited

We have audited the financial statements of Redstone Managed Services Limited for the year ended 31 March 2009 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Directors and Advisors page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

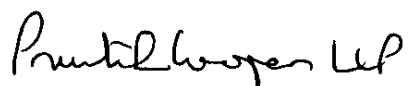
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Redstone Managed Services Limited (continued)

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 March 2009 and of its loss for the year then ended;
- 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.



*PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Embankment Place, London*

29 December 2009

Redstone Managed Services Limited

Profit and loss account for the year ended 31 March 2009

		2009	2008
	Note	£	£
Turnover		-	77,711
Cost of sales		-	(6,019)
Gross profit		-	71,692
Administration expenses		(147)	(2,328)
Operating (loss)/profit	2	(147)	69,364
Interest payable and similar charges		-	(27)
(Loss)/profit on ordinary activities before taxation		(147)	69,337
Tax on (loss)/profit on ordinary activities	3	-	(18,199)
(Loss)/profit for the year	8	(147)	51,138

All results derive from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The Company has no other recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

Redstone Managed Services Limited

Balance sheet as at 31 March 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible fixed assets	4	583	686
Current assets			
Debtors	5	13,805	3,369
Cash at bank and in hand		313	22,070
		14,118	25,439
Creditors: amounts falling due within one year	6	(10,809)	(22,086)
Net current assets/(liabilities)		3,309	3,353
Net assets/(liabilities)		3,892	4,039
Capital and reserves			
Called up share capital	7	200	200
Profit and loss account	8	3,692	3,839
Total shareholders' funds/(deficit)	9	3,892	4,039

The notes on pages 9 to 14 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 December 2009 and were signed on its behalf by:



P Hallett

Director

Redstone Managed Services Limited

Notes to the financial statements for the year ended 31 March 2009

1 Accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom, all of which have been consistently applied. The principal accounting policies are set out below.

Turnover

Turnover represents the invoiced sales of goods, excluding value added tax, net of discounts and is recognised when the product or service is delivered to the customer. Turnover relating to maintenance and support contracts is recognised on a straight line basis over the life of the contract.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Redstone plc and is included in the consolidated financial statements of Redstone plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) "Cash Flow Statements". The company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Redstone plc group.

Stocks

Work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer equipment	- 25% on reducing balance
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Redstone Managed Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

2 Operating profit

Operating loss is stated after charging;

	2009	2008
	£	£
Depreciation – Owned assets	103	188

Auditor's remuneration of £1,000 is borne by the immediate parent undertaking and not recharged.

Directors' emoluments and other benefits are borne by the immediate parent undertaking and not recharged.

The company does not have any employees.

3 Taxation

Analysis of the tax charge/(credit)

The tax charge on the (loss)/profit on ordinary activities for the year was as follows:

	2009	2008
	£	£
Current tax		
UK corporation tax	-	11,606
Total current tax	-	11,606
Deferred tax	-	6,593
Tax charge/(credit) on (loss)/profit on ordinary activities	-	18,199

Redstone Managed Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

3 Taxation (continued)

The difference between the tax on the loss on ordinary activities for the year and the tax assessed on the loss on ordinary activities for the year assessed at the standard rate of corporation tax in the UK (28%) can be explained as follows:

	2009	2008
	£	£
Profit/(loss) on ordinary activities before tax	(147)	69,336
Tax on profit on ordinary activities at 28% (2008: 30%)	(41)	20,800
<i>Effects of;</i>		
Short term timing differences	-	-
Expenses not deductible for tax purposes	41	56
Losses utilised	-	(9,250)
Current tax charge for the year	-	11,606

Redstone Managed Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

4 Tangible fixed assets

	Computer equipment
	£
Cost	
At 1 April 2008	99,201
Additions	-
Disposals	-
At 31 March 2009	99,201
Depreciation	
At 1 April 2008	98,515
Charge for the period	103
Eliminated on disposal	-
At 31 March 2009	98,618
Net book value	
At 31 March 2009	583
At 31 March 2008	686

5 Debtors: amounts falling due within one year

	2009	2008
	£	£
Amounts owed by group companies	13,805	3,369
	13,805	3,369

Redstone Managed Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

6 Creditors: amounts falling due within one year

	2009	2008
	£	£
Taxation and social security	8,621	11,606
Other creditors	2,188	10,480
	10,809	22,086

7 Called up share capital

Authorised

Number	Class	Nominal value	2009	2008
			£	£
100,000	Ordinary	£1.00	100,000	100,000

Allotted and issued and fully paid

Number	Class	Nominal value	2009	2008
			£	£
200	Ordinary	£1.00	200	200

8 Reserves

	Profit and loss account £
At 1 April 2008	3,839
Loss for the year	(147)
At 31 March 2009	3,692

Redstone Managed Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

9 Reconciliation of movement in total shareholders' funds

	2009	2008
	£	£
(Loss)/profit for the year	(147)	51,138
Opening total shareholders' funds/(deficit)	4,039	(47,099)
Closing total shareholders' funds	3,892	4,039

10 Ultimate parent company

The company is a wholly owned subsidiary of Redstone Plc.

The ultimate parent undertaking and controlling party is Redstone Plc, a company incorporated in England. Copies of the consolidated financial statements of Redstone Plc are available from its registered office, 80 Great Eastern Street, London, EC2A 3RS.