

MessageLabs Group Limited

Directors' report and
financial statements

Year ended 30 March 2018

Registered number: 03828739

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MessageLabs Group Limited

Directors' report and financial statements

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MessageLabs Group Limited

Directors and other information

Directors

Eunice Kim (US)
Norman Osumi (US)

Registered office

350 Brook Drive
Green Park
Reading
Berkshire RG2 6UH

Solicitor

Latham & Watkins
99 Bishopsgate
London EC2M 3XF

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Bankers

Bank of America
26 Elmfield Road
Bromley
Kent BR1 1WA

J.P. Morgan Asset Management
500 Stanton Christiana Road
Mail Stop DE3-3750
Newark, DE 19713
USA

Registered Number

03828739

MessageLabs Group Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 March 2018.

Principal activity

MessageLabs Group Limited (here on referred to as the "company") acts as a holding company for investments in subsidiary undertakings.

The company's ultimate parent company is Symantec Corporation, a publicly quoted company incorporated in the USA (note 10).

Business review and future developments

The results for the year are set out on page 8 and in the related notes. There were no dividends approved by the directors in the current year or in the prior year. On 1 June 2018 the company paid a dividend of US\$18,000,000 (equivalent to £ 13,548,606) to its parent, Symantec (UK) Holding Limited.

The directors do not anticipate any change in the nature of the business in the forthcoming year.

Principal risks and uncertainties

The principal risk for the company is the carrying value of its investments. The directors review the carrying value annually.

Directors

The directors who held office at any time during the year are as follows:

Eunice Kim
Norman Osumi

Subsidiary undertakings

Details of the company's subsidiary undertakings are set out in note 6 to the financial statements.

Political and charitable donations

The company made no political or charitable contributions during the period (2017: Nil).

Directors' liability

Symantec Corporation has indemnified one or more of the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions were in force during the year and are in force as at the date of approving the directors' report.

MessageLabs Group Limited

Directors' report *(continued)*

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

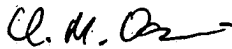
Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office.

Strategic Report

In accordance with section 381 of the Companies Act 2006, the directors have availed of the small companies exemption in preparing a strategic report.

On behalf of the Board



Norman Osumi

Director

17 December 2018

MessageLabs Group Limited

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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these 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 Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2006.



Norman Osumi
Director

17 December 2018



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the member of MessageLabs Group Limited

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of MessageLabs Group Limited ('the company') for the year ended 30 March 2018 set out on pages 7 to 17, which comprise the profit and loss account and statement of other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 30 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.



Independent auditor's report to the member of MessageLabs Group Limited (continued)

1 Report on the audit of the financial statements (continued)

Other information

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in regard to these matters.



Independent auditor's report to the member of MessageLabs Group Limited (continued)

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

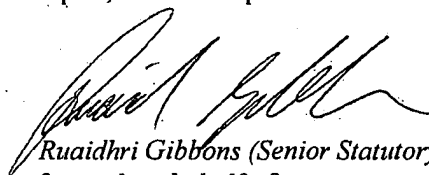
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

Our 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.



Ruaidhri Gibbons (Senior Statutory Auditor)
for and on behalf of
KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

17 December 2018

MessageLabs Group Limited

Profit and loss account and statement of other comprehensive income for the year ended 30 March 2018


	<i>Notes</i>	Year ended 30 March 2018 £'000	Year ended 31 March 2017 £'000
Other income		-	21
Administrative expenses		(27)	-
Operating (loss)/gain		(27)	21
Foreign exchange (loss)/gain	4	(3)	1,235
Interest receivable and similar income		41	11
Profit on ordinary activities before taxation	4	11	1,267
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		11	1,267
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		11	1,267

MessageLabs Group Limited

Balance sheet as at 30 March 2018

	Notes	30 March 2018 £'000	31 March 2017 £'000
Fixed assets			
Financial assets	6	24,928	24,928
Current assets			
Cash at bank and in hand		14,391	14,382
Creditors: amounts falling due within one year	7	(35)	(37)
Net current assets		<u>14,356</u>	<u>14,345</u>
Net assets		<u>39,284</u>	<u>39,273</u>
Capital and reserves			
Called up share capital	8	3,361	3,361
Capital contribution		9,176	9,176
Share premium		6,826	6,826
Profit and loss account		19,921	19,910
Shareholder's funds - equity		<u>39,284</u>	<u>39,273</u>

These financial statements were approved by the Board of directors on 17 December 2018 and were signed on its behalf by:



Norman Osumi
Director

MessageLabs Group Limited

Statement of changes in equity for the year ended 30 March 2018

	Called up share capital £'000	Capital contribution £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2016	3,361	9,176	6,826	18,643	38,006
Total comprehensive income for the year:					
Profit for the year	-	-	-	1,267	1,267
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	1,267	1,267
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	3,361	9,176	6,826	19,910	39,273
Total comprehensive income for the year:					
Profit for the year	-	-	-	11	11
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	11	11
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 March 2018	3,361	9,176	6,826	19,921	39,284
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MessageLabs Group Limited

Notes

forming part of the financial statements

1. General Information

MessageLabs Group Limited ("the company"), is a company domiciled in England and Wales. The company acts as a holding company for investments in subsidiary undertakings.

2. Basis of preparation and consolidation

The company has prepared the financial statements in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

These financial statements have been prepared on a going concern basis under the historical cost convention.

The company's functional and presentation currency is £ sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company is exempt from preparing consolidated financial statements under Section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

3. Statement of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and have been applied consistently to all periods presented in dealing with items which are considered material in relation to the company's financial statements.

3.1 Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 11.

MessageLabs Group Limited

Notes (continued)

3. Statement of accounting policies (continued)

3.2 Exemptions taken under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. In these financial statements, the company is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The company's ultimate holding undertaking, Symantec Corporation, includes the company in its consolidated financial statements which are prepared in accordance with U.S. GAAP (note 10). As the consolidated financial statements of Symantec Corporation include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments*

3.3 Foreign currencies

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss account and other comprehensive income/(loss).

3.4 Financial instruments

Financial assets: Investments in subsidiaries

Investments in subsidiaries are carried at cost less provision for any impairment in value.

Trade and other debtors and trade and other creditors

Debtors are recognised initially at transaction price less attributable transaction costs. Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, except where the effect of discounting is immaterial, in which case they are stated at cost less any impairment losses in the case of debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument, except where the effect of discounting is immaterial in which case it is stated at transaction price less/plus attributable transaction costs.

MessageLabs Group Limited

Notes (continued)

3. Statement of accounting policies (continued)

3.5 Impairment

Financial assets (including debtors)

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

3.7 Interest receivable and similar income

Interest receivable and similar income includes interest receivable on bank balances.

3.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

MessageLabs Group Limited

Notes (continued)

3. Statement of accounting policies (continued)

3.8 Taxation (continued)

Current tax, including UK corporation tax and foreign tax, is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Provision is made at the rates expected to apply when the timing differences reverse, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

4. Profit on ordinary activities before taxation

This is stated after charging/(crediting):

	Year ended 30 March 2018 £'000	Year ended 31 March 2017 £'000
Foreign exchange loss/(gain)	3	(1,235)
Auditor remuneration	9	9
Director remuneration	-	-
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The company had no employees during the current or prior year.

MessageLabs Group Limited

Notes (continued)

5. Tax on profit on ordinary activities

(a) Analysis of charge in year

	Year ended 30 March 2018 £'000	Year ended 31 March 2017 £'000
<i>Current tax:</i>		
UK corporation tax charge on the profit for the year	-	-
Current tax charge	-	-

(b) Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are reconciled below:

	Year ended 30 March 2018 £'000	Year ended 31 March 2017 £'000
Profit on ordinary activities before taxation	11	1,267
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	2	253
<i>Effects of:</i>		
Utilisation of losses forward	(2)	(253)
Current tax charge	-	-

A deferred tax asset of £606,969 has not been recognised as at 30 March 2018 (31 March 2017: £608,866). This is in line with the company's accounting policy whereby deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

MessageLabs Group Limited

Notes (continued)

5. Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

In his budget of 16 March 2016, the Chancellor of the Exchequer announced Budget tax changes, which will have an effect on the Company's future tax position. The normal rate of corporation tax is 20% for the year beginning 1 April 2016. This rate reduced to 19% for the year beginning 1 April 2017, and will reduce to 17% for the year beginning 1 April 2020.

This reduction affects both the future current and deferred tax charge of the Company. The effect on the Company of these changes to the UK tax system is reflected in the Company's financial statements as appropriate.

6. Financial assets

	30 March 2018 £'000	31 March 2017 £'000
<i>Investment in subsidiary undertakings</i>		
At beginning of year	24,928	24,928

Details of subsidiary undertakings of the company are set out below. The company directly owned the entire issued share capital of the following subsidiary undertakings at 30 March 2018:

Subsidiary undertaking	Country of registration and incorporation	Class of share capital held	Proportion of ordinary shares held by company	Nature of Business
MessageLabs Limited	United Kingdom	Ordinary	100%	Distribution and marketing of messaging security services

In the opinion of the directors, the carrying value of financial assets held at 30 March 2018 is at least their recoverable amount.

MessageLabs Group Limited

Notes (continued)

7. Creditors: amounts falling due within one year

	30 March 2018 £'000	31 March 2017 £'000
Accruals	35	37

8. Called up share capital

	30 March 2018 £'000	31 March 2017 £'000
<i>Allotted, called up and fully paid</i> 32,340,851 ordinary shares of £0.10 each	3,234	3,234
<i>Allotted, called up and unpaid</i> 1,265,949 ordinary shares of £0.10 each	127	127
	<u>3,361</u>	<u>3,361</u>

9. Related party transactions

The company has availed of the exemption available in FRS102.33 *Related Party Disclosures*, from the requirement to disclose details of transactions with group undertakings. Details of the availability of the group consolidated financial statements are given in note 10.

10. Ultimate parent undertaking and controlling party

The company is 100% owned by Symantec (UK) Holding Limited, a company incorporated in England and Wales. The company's ultimate parent is Symantec Corporation, a company incorporated in the United States of America.

The group in which the results of the company are consolidated, is that headed by Symantec Corporation, incorporated in the USA. The consolidated accounts are available to the public and may be obtained from Symantec Corporation, 350 Ellis Street, Mountain View, California CA 94043, USA.

MessageLabs Group Limited

Notes (continued)

11. Accounting estimates and judgements

The preparation of historical financial information requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the company's accounting policies, management has made the following judgments that have a significant effect on the amounts recognised in the historical financial information. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Valuation and impairment of Investments

Investments in subsidiaries are tested annually for impairment. This requires an estimation of the value of the investments. Estimating a value requires management to make an estimate of the expected future cash flows from the investments and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in these key assumptions and estimates or other assumptions used in this process could materially affect the impairment analysis in a given year.

Deferred taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

12. Post balance sheet events

On 1 June 2018 the company paid a dividend of £13,548,606 to its parent, Symantec (UK) Holding Limited. On the same date Symantec (UK) Holding Limited transferred its subsidiary, Symantec STDL Limited, to the company in exchange for the issuance of one ordinary share with a nominal value of £0.10 by the company. The company then transferred its investment in Symantec STDL Limited to MessageLabs Limited in exchange for one ordinary share with a nominal value of £1 issued by MessageLabs Limited.

13. Approval of financial statements

The board of directors approved these financial statements on 17 December 2018.