

**MASERGY COMMUNICATIONS  
UK LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2005

Company no 4170863

**MASERGY COMMUNICATIONS UK LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 30 JUNE 2005

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Company registration number: 4170863

Registered office: Alder Castle  
10 Noble Street  
London  
EC2V 7QJ

Directors: B Nalls  
J Tankersley

Secretary: WCPHD Secretaries Limited  
5th Floor  
Alder Castle  
10 Noble Street  
London  
EC2V 7QJ

Auditors: Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

# MASERGY COMMUNICATIONS UK LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 JUNE 2005

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INDEX	PAGE
Report of the directors	1 – 2
Report of the independent auditors	3 – 4
Principal accounting policies	5 – 6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 – 16

# MASERGY COMMUNICATIONS UK LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with the audited financial statements for the year ended 30 June 2005.

### Principal activities

The principal activity of the company is the sale of network services, providing businesses with customer-controlled network services for enhanced application performance.

### Business review

There was a loss for the year after taxation amounting to £1,240,215 (2004: £429,719). The directors do not recommend the payment of a dividend.

### Directors

The present membership of the Board is set out below. All served on the Board throughout the year.

B Nalls  
J Tankersley

Neither of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. According to the register of director's interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

As the company is wholly owned subsidiary of a company incorporated outside Great Britain, the company is exempt from the requirement to record the directors' interests in the ultimate parent company.

### Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# MASERGY COMMUNICATIONS UK LIMITED

## REPORT OF THE DIRECTORS

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### Political and charitable contributions

The company made no political contributions during the year. Donations to United Kingdom charities amounted to £nil (2004: £nil).

### Auditors

Grant Thornton UK LLP were appointed auditors on 20 December 2005 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed.

ON BEHALF OF THE BOARD



B Nalls  
Director

13, April

2006

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MASERGY COMMUNICATIONS UK LIMITED**

We have audited the financial statements of Masergy Communications UK Limited for the year ended 30 June 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 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 auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' 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. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
MASERGY COMMUNICATIONS UK LIMITED**

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the reliance of the company's ultimate parent, Masergy Communications Inc. for continued financial support and the ability of that company to provide this support. In view of the significance of this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**LONDON  
{date}**

*26 April 2006*

## **MASERGY COMMUNICATIONS UK LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **BASIS OF PREPARATION**

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

The company is exempt by virtue of section 248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £7,135,353, which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by Masergy Communications Inc., the company's ultimate parent undertaking.

On 1 March 2005, Masergy Communications, Inc., the company's ultimate parent company, closed a third round of funding for US\$45 million, comprising equity investment of US\$30 million and a debt facility of US\$15 million. Masergy Communications, Inc. will be using the funds for sales, marketing and customer support activities, and to fund group operations to cash flow breakeven which is expected to occur in 2007.

Masergy Communications Inc, has indicated to the company that for at least 12 months from the date of approval of these financial statements, it will be using the funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors believe this will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Further, as with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

#### **TURNOVER**

Service revenues are recognised based on usage of its telecommunications network and facilities and contract fees. The company recognises product and other service revenues when services are provided in accordance with the contract terms and when products are delivered and accepted by the customers. Cost of service revenues includes fees paid to wholesale telecommunications carriers for connectivity and collocation services provided to the company.

Where contracts are signed and invoiced by the company but include services provided by Masergy Communications Inc., turnover is recognised gross and charges are recognised in cost of sales in respect of these services provided.

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.



## **MASERGY COMMUNICATIONS UK LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	over the remaining life of the lease
Computers and equipment	3 to 5 years
Fixtures and fittings	3 to 5 years
Network equipment	10 years

#### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

#### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group 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.

#### **FOREIGN CURRENCY**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### **LIQUID RESOURCES**

Liquid resources are short term deposits which may be withdrawn at more than 24 hours notice.

#### **AMOUNTS OWED TO PARENT UNDERTAKING**

The directors are of the opinion that the amount owed to the parent undertaking will not fall due until after more than one year and the 2004 financial statements have been restated to reflect this. There is no impact on the 2004 loss for the year or on the shareholders funds.

**MASERGY COMMUNICATIONS UK LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 30 JUNE 2005

	Note	2005 £	2004 £
Turnover		3,741,334	897,354
Cost of sales		<u>(3,800,851)</u>	<u>(945,268)</u>
Gross loss		(59,517)	(47,914)
Administrative expenses		<u>(1,059,751)</u>	<u>(955,175)</u>
<b>Operating loss</b>		<b>(1,119,268)</b>	<b>(1,003,089)</b>
Interest payable and similar charges	2	(120,947)	(18,650)
Interest receivable and similar income	3	<u>-</u>	<u>592,020</u>
<b>Loss on ordinary activities before taxation</b>	1	<b>(1,240,215)</b>	<b>(429,719)</b>
Tax on profit on ordinary activities	5	-	-
<b>Retained loss for the year</b>	12	<b><u>(1,240,215)</u></b>	<b><u>(429,719)</u></b>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

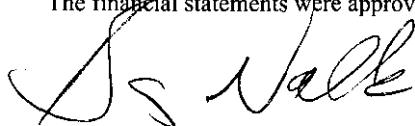
The accompanying accounting policies and notes form an integral part of these financial statements.

# MASERGY COMMUNICATIONS UK LIMITED

## BALANCE SHEET AT 30 JUNE 2005

	Note	2005 £	2004 <i>restated</i> £
<b>Fixed assets</b>			
Tangible assets	6	973,841	622,507
Investments	7	1,000	7,483
		<u>974,841</u>	<u>629,990</u>
<b>Current assets</b>			
Debtors	8	934,268	297,356
Cash at bank and in hand		288,030	262,083
		<u>1,222,298</u>	<u>559,439</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(828,774)</u>	<u>(525,141)</u>
<b>Net current assets</b>		<u>393,524</u>	<u>34,298</u>
<b>Creditors: amounts falling due after more than one year</b>	10	<u>(8,503,718)</u>	<u>(6,559,426)</u>
<b>Total assets less current liabilities</b>		<u>(7,135,353)</u>	<u>(5,895,138)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000	1,000
Profit and loss account	12	(7,136,353)	(5,896,138)
<b>Shareholders' funds</b>	13	<u>(7,135,353)</u>	<u>(5,895,138)</u>

The financial statements were approved by the Board of Directors on 13, April 2006.



**B Nalls - Director**

The accompanying accounting policies and notes form an integral part of these financial statements.

# MASERGY COMMUNICATIONS UK LIMITED

## CASH FLOW STATEMENT

For the year ended 30 JUNE 2005

	Note	2005 £	2004 <i>restated</i> £
<b>Net cash outflow from operating activities</b>	14	<b>(1,321,950)</b>	<b>(620,795)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		-	8,324
Interest paid		<u>(13,137)</u>	<u>(18,650)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u><b>(13,137)</b></u>	<u><b>(10,326)</b></u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		<u>(480,538)</u>	<u>(116,271)</u>
<b>Net cash outflow from capital expenditure and financial investment</b>		<u><b>(480,538)</b></u>	<u><b>(116,271)</b></u>
<b>Management of liquid resources</b>			
Increase in short term deposits		<u>(150,000)</u>	-
<b>Net cash outflow from management of liquid resources</b>		<u><b>(150,000)</b></u>	-
<b>Cash outflow before financing</b>		<b>(1,965,625)</b>	<b>(747,392)</b>
<b>Financing</b>			
Capital element of finance lease rentals		(1,393)	(3,579)
Increase in long term debt		<u>1,842,965</u>	<u>986,764</u>
<b>Net cash inflow from financing</b>		<u><b>1,841,572</b></u>	<u><b>983,185</b></u>
<b>(Decrease)/increase in cash</b>	15	<u><b>(124,053)</b></u>	<u><b>235,793</b></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

# MASERGY COMMUNICATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2005

### 1 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after:

	2005 £	2004 £
Auditors' remuneration: Audit services	24,695	15,000
Depreciation: Tangible fixed assets owned	129,204	98,353
Tangible fixed assets held under finance leases and hire purchase contracts	-	2,000
Hire of plant and machinery under operating leases	44,765	49,800
after crediting		
Exchange losses/(gains) arising on amounts owed to parent undertaking	<u>101,327</u>	<u>(583,696)</u>

### 2 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
On third party bank loans and overdrafts	13,137	18,097
Finance charges	-	553
Net exchange losses on amounts owed to parent undertaking	101,327	-
Amounts written off investments	<u>6,483</u>	<u>-</u>
	<u>120,947</u>	<u>18,650</u>

### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £	2004 £
Net exchange gains on amounts owed to parent undertaking	-	583,696
Other	-	8,324
	<u>-</u>	<u>592,020</u>

### 4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2005 £	2004 £
Wages and salaries	412,866	388,245
Social security costs	<u>38,947</u>	<u>46,115</u>
	<u>451,813</u>	<u>434,360</u>

# MASERGY COMMUNICATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2005

### DIRECTORS AND EMPLOYEES (CONTINUED)

The average number of employees of the company during the year was:

	2005 Number	2004 Number
Network operations	2	2
Sales	2	2
	<u>4</u>	<u>4</u>

Neither of the directors received any remuneration from the company.

### 5 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge is based on the loss for the year and represents:

(a) There is no charge to corporation tax due to the losses incurred in the year.

(b) Factors affecting current tax charge:

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the United Kingdom of 30%.

	2005 £	2004 £
Loss on ordinary activities before tax	(1,240,215)	(429,719)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2004: 30%)	(372,065)	(128,916)

Effect of:

Expenses not deductible for tax purposes	2,584	5,459
Capital allowances for the period in excess of depreciation	(98,083)	(65,013)
Timing differences on provisions	9,117	-
Tax losses not utilised	458,447	188,470
Current tax charge for period	<u>-</u>	<u>-</u>

At 30 June 2005, the company had potential deferred tax assets of £1,956,587 (2004: £1,633,497) in relation to allowable tax losses and the difference between depreciation on qualifying assets and accelerated capital allowances. These assets have not been recognised in the financial statements, as, in the opinion of the directors, there is insufficient evidence that they will be recoverable.

# MASERGY COMMUNICATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2005

### 6 TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At 1 July 2004	52,188	1,299,646	39,407	1,391,241
Additions	-	480,538	-	480,538
At 30 June 2005	<u>52,188</u>	<u>1,780,184</u>	<u>39,407</u>	<u>1,871,779</u>
Depreciation				
At 1 July 2004	23,192	725,635	19,907	768,734
Provided in the year	16,012	106,363	6,829	129,204
At 30 June 2005	<u>39,204</u>	<u>831,998</u>	<u>26,736</u>	<u>897,938</u>
Net book amount at 30 June 2005	<u>12,984</u>	<u>948,186</u>	<u>12,671</u>	<u>973,841</u>
Net book amount at 30 June 2004	<u>28,996</u>	<u>574,011</u>	<u>19,500</u>	<u>622,507</u>

Included in the total net book value of fixtures, fittings, tools and equipment is £nil (2004: £nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £nil (2004: £2,000). These fixed assets are used as security for loans obtained by the parent company.

### 7 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost and net book amount	
At 1 July 2004	7,483
Amounts written off during the year	(6,483)
At 30 June 2005	<u>1,000</u>

The companies in which the company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Masergy Licensing Limited	England and Wales	Dormant	Ordinary 100%
Masergy SARL	France	Dormant	Ordinary 100%

Masergy SARL was struck off during the year.

**MASERGY COMMUNICATIONS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 JUNE 2005

**8 DEBTORS**

	2005 £	2004 £
Trade debtors	683,701	196,835
Prepayments and accrued income	15,713	30,093
Other debtors	234,854	70,428
	<u>934,268</u>	<u>297,356</u>

Other debtors includes an amount of £37,350 (2004: £37,350) due after more than one year.

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £	2004 <i>restated</i> £
Trade creditors	361,698	59,691
Other taxation and social security	42,896	13,763
Amounts due under finance leases and hire purchase contracts	-	1,393
Accruals and deferred income	424,180	450,294
	<u>828,774</u>	<u>525,141</u>

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2005 £	2004 <i>restated</i> £
Amounts owed to parent undertaking	<u>8,503,718</u>	<u>6,559,426</u>

**11 SHARE CAPITAL**

	2005 £	2004 £
Authorised Equity : 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid Equity: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>



# MASERGY COMMUNICATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2005

### 12 RESERVES

	Profit and loss account £
At 1 July 2004	(5,896,138)
Profit for the year	(1,240,215)
At 30 June 2005	<u>(7,136,353)</u>

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Loss for the financial year	(1,240,215)	(429,719)
Shareholders' funds at 1 July 2004	<u>(5,895,138)</u>	<u>(5,466,419)</u>
Shareholders' funds at 30 June 2005	<u>(7,135,353)</u>	<u>(5,895,138)</u>

### 14 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 <i>restated</i> £
Operating loss	(1,119,268)	(1,003,089)
Depreciation	129,204	100,353
Loss on disposal	-	20,000
Decrease in debtors	(636,912)	258,436
Increase in creditors	305,026	3,505
Net cash outflow from operating activities	<u>(1,321,950)</u>	<u>(620,795)</u>

### 15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £	2004 <i>restated</i> £
(Decrease)/increase in cash in the year	(124,053)	235,793
Net cash outflow in respect of finance leases	1,393	3,579
Net cash inflow from long term debt	<u>(1,842,965)</u>	<u>(986,764)</u>
Change in net debt resulting from cash flows	(1,965,625)	(747,392)
Foreign exchange differences	(101,327)	583,696
Net debt at 1 July	<u>(6,298,736)</u>	<u>(6,135,040)</u>
Net debt at 30 June	<u>(8,365,688)</u>	<u>(6,298,736)</u>

# MASERGY COMMUNICATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 2005

### 16 ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2004 <i>restated</i> £	Cash flow £	Exchange difference £	At 30 June 2005 £
Cash in hand	262,083	(124,053)	-	<b>138,030</b>
Finance leases	(1,393)	1,393	-	-
Debt due in more than one year	(6,559,426)	(1,842,965)	(101,327)	<b>(8,503,718)</b>
	<u>(6,298,736)</u>	<u>(1,965,625)</u>	<u>(101,327)</u>	<u><b>(8,365,688)</b></u>

### 17 CAPITAL COMMITMENTS

The company had no capital commitments at 30 June 2005 or 30 June 2004.

### 18 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2005 or 30 June 2004.

### 19 LEASING COMMITMENTS

Operating lease payments amounting to £53,000 (2004: £49,800) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings £	Land and buildings £
Between one and five years	<u><b>53,000</b></u>	<u>49,800</u>

### 20 TRANSACTIONS WITH DIRECTORS /AND OTHER RELATED PARTIES

During the financial year, Masergy Communications UK Limited purchased fixed assets totalling £480,358 (2004: £116,271) from Masergy Communications Inc., the company's immediate and ultimate parent company.

Masergy Communications Inc, funds the working capital requirements for Masergy Communications UK Limited.

At 30 June 2005, Masergy Communications Inc, is owed £8,503,718 (2004: £6,559,427) by Masergy Communications UK Limited. This amount is currently non-interest bearing with no fixed repayment date. Masergy Communications Inc has confirmed that it will not demand repayment within twelve months.

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

# **MASERGY COMMUNICATIONS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 JUNE 2005

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### **21 ULTIMATE PARENT UNDERTAKING**

The company is a subsidiary undertaking of Masergy Communications Inc, incorporated in the USA.

The largest group in which the results of the company are consolidated is that headed by Masergy Communications Inc. The consolidated accounts of this company are not available to the public.