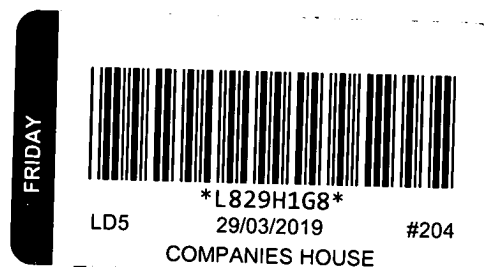


Company Registration No. 04561783 (England and Wales)

Pacnet Services (UK) Limited

Annual Report and Financial Statements
For the year ended 30 June 2018



Pacnet Services (UK) Limited

Company Information

Directors

Thomas Luke Homer (appointed on 26th June 2018)
Douglas James Rogerson
James Aloysius Fagan (resigned on 26th June 2018)

Company Secretary

John Matthew Joseph Gould (resigned on 30th November 2018)

Registered Office

2nd floor Blue Fin Building
110 Southwark Street
London
SE1 0TA

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Pacnet Services (UK) Limited

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Pacnet Services (UK) Limited

Strategic Report

The directors present their strategic report for the year ended 30 June 2018.

Review of business

The loss for the year ended 30 June 2018 amounts to £30,620 (2017: £268,061).

The principal activities of the Company consisted primarily of the provision of telecommunication services to a fellow group company, Telstra Services Asia Pacific (HK) Limited. The Company acts as a cost centre and recharges all cost to Telstra Services Asia Pacific (HK) Limited except for foreign exchange losses. Given the straight forward nature of this entity alone, the Company's directors are of the opinion that an analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Due to the simple function of the entity alone, the Company has no significant exposure to credit risks, operational risks, market related risks and legal and regulatory risks.

There currently appears to be no significant legislative risk for the business except for the potential changes resulting from the UK's proposed withdrawal from the European Union. The directors continue to monitor the situation closely and are currently assessing the impact of the changes likely to result from the various possible scenarios.

The Company's main risk is foreign exchange risk on its liabilities to other group undertakings, which are payable in other currencies. However, this risk is managed at Group level.

This report was approved by the board and signed on its behalf:



Thomas Luke Homer, Director

Date: 28/03/2019

Pacnet Services (UK) Limited

Directors' Report

The directors present their annual report and the audited financial statements of Pacnet Services (UK) Limited (the "Company") for the financial year ended 30 June 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework". 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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Principal Activity

The principal activity of the Company consisted primarily of the provision of telecommunication services to a fellow group company, Telstra Services Asia Pacific (HK) Limited.

Results and dividends

The loss for the year ended 30 June 2018 amounts to £30,620 (2017: £268,061).

The directors do not recommend the payment of a dividend (2017: nil).

Directors

The directors who have held office during the year to the date of this report are as follows:

Thomas Luke Homer (appointed on 26th June 2018)
Douglas James Rogerson
James Aloysius Fagan (resigned on 26th June 2018)

Future developments

The directors aim to maintain the current management policies and do not anticipate any significant change in the continuing activities of the Company in the foreseeable future.

Pacnet Services (UK) Limited

Directors' Report (continued)

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Additionally, the Company has received a letter of parental support from Telstra Corporation, its ultimate parent company, which confirms that Telstra Corporation will continue to provide financial support to the Company for a period of at least twelve months from the signing of the Auditor's Report in the financial statements.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Ernst & Young LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

The report was approved by the board and signed on its behalf.



Thomas Luke Homer,
Director

Date: ...28/03/2019.....

Opinion

We have audited the financial statements of Pacnet Services (UK) Limited for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 2, 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 the directors 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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This 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.



Neil Cullum (Senior statutory auditor)
for and on behalf of **Ernst & Young LLP** (Statutory Auditor)

London

Date: 29/3/2019

Pacnet Services (UK) Limited

**Statement of Comprehensive Income
For the financial year ended 30 June 2018**

	Note	2018 £	2017 £
Turnover	3	273,053	338,399
Operating charges		(254,992)	(463,849)
Staff cost	4	-	(86,223)
Depreciation of fixed assets		(53,084)	(58,402)
Other income		4,403	2,014
Loss before tax	5	(30,620)	(268,061)
Taxation	8	-	-
Loss for the financial year and total comprehensive loss for the financial year		(30,620)	(268,061)

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

Balance Sheet
As at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	271,548	314,654
Current assets			
Debtors: amounts falling due within one year	10	4,322,892	4,188,210
Cash at bank		438,427	423,718
Total current assets		<u>4,761,319</u>	<u>4,611,928</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(6,373,270)	(6,236,365)
Net current liabilities		<u>(1,611,951)</u>	<u>(1,624,437)</u>
Net liabilities		<u>(1,340,403)</u>	<u>(1,309,783)</u>
Capital and reserves			
Called up share capital	12	5,000	5,000
Profit and loss account		(1,345,403)	(1,314,783)
Total equity		<u>(1,340,403)</u>	<u>(1,309,783)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Thomas Luke Homer,
Director
Date: 28/03/2019

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

Pacnet Services (UK) Limited

**Statement of Changes in Equity
For the year ended 30 June 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2016	5,000	(1,046,722)	(1,041,722)
Total comprehensive loss for the financial year	-	(268,061)	(268,061)
At 30 June 2017	5,000	(1,314,783)	(1,309,783)
At 1 July 2017	5,000	(1,314,783)	(1,309,783)
Total comprehensive loss for the financial year	-	(30,620)	(30,620)
At 30 June 2018	5,000	(1,345,403)	(1,340,403)

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

Pacnet Services (UK) Limited

Notes to the Financial Statements For the financial year ended 30 June 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

Pacnet Services (UK) Limited is a limited liability company incorporated in England and Wales. Its registered address is 2nd Floor, Blue Fin Building, 110 Southwark Street, London SE1 0TA. The Company is a private company limited by shares.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006.

The financial statements are presented in the Company's functional currency of pounds Sterling ("£").

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Further information is given in note 2 below.

The consolidated financial statements of Telstra Corporation Limited may be obtained from the Telstra Group corporate website (<https://www.telstra.com.au/aboutus/investors/financial-information/reports>).

The following principal accounting policies have been applied:

1.2 FRS 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1. Accounting policies (continued)

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Additionally, the Company has received a letter of parental support from Telstra Corporation, its ultimate parent company, which confirms that Telstra Corporation will continue to provide financial support to the Company for a period of at least twelve months from the signing of the Auditor's Report in the financial statements.

1.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'Operating charges'.

1.5 Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Terrestrial Transmission Equipment	-	10% on cost
Computer Hardware Equipment	-	20% on cost

1.6 Cash at bank

Cash and short deposits in the balance sheet comprise cash at banks and short term deposits with an original maturity of three months or less.

1. Accounting policies (continued)

1.7 Debtors

Debtors are measured at transaction price, less any impairment. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through the Statement of Comprehensive Income when there is objective evidence that the Company will not be able to recover balances in full.

1.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Revenue

Revenue comprises a mark-up on recoverable costs in accordance with the terms of the Company's intra-group agreement with Telstra Services Asia Pacific (HK) Limited. Revenue is recognized when the right to expenditure is established.

1.10 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit or deferred tax liabilities will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it related to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

Pacnet Services (UK) Limited

Notes to the Financial Statements For the financial year ended 30 June 2018

1. Accounting policies (continued)

1.11 Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

2. Judgements and key sources of estimation uncertainty

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

Management judgement 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 an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

3. Turnover

The turnover represents a charge in respect of telecommunications services provisioned to a fellow group company, Telstra Services Asia Pacific (HK) Limited.

100% of turnover is attributable to geographical markets outside the United Kingdom (2017: 100%).

4. Staff costs

Staff costs including directors' remuneration, were as follows:

	2018	2017
	£	£
Wages and salaries	–	65,371
Social security costs	–	16,703
Cost of defined contribution pension scheme	–	4,149
	<hr/>	<hr/>
	–	86,223

Staff contracts were transferred to Telstra Limited with effect from 1st January 2017.

Pacnet Services (UK) Limited

**Notes to the Financial Statements
For the financial year ended 30 June 2018**

4. Staff costs (continued)

The average monthly number of employees, during the year was as follows:

	2018 No.	2017 No.
Administration	–	2

5. Loss before tax

The loss before tax is stated after charging:

	2018 £	2017 £
Foreign exchange loss	43,373	226,885
Pension costs	–	4,149
Auditor's remuneration	14,471	6,008

Auditor's remuneration was paid/payable for the audit of the financial statements of the Company. No non-audit services were rendered.

6. Directors' remuneration

None of the directors received any remuneration in respect of their qualifying services as directors of the Company during the year (2017: nil).

7. Deferred tax

As of 30 June 2018, a potential deferred tax asset of approximately £111,711 (2017: £238,798) in respect of deductible temporary differences including losses, has not been recognised on the grounds that there is insufficient evidence at the current time that the asset will be recoverable in the foreseeable future. The tax losses may be utilized in future periods through the generation of future taxable profits.

Pacnet Services (UK) Limited

**Notes to the Financial Statements
For the financial year ended 30 June 2018**

8. Taxation

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2018 nor the year ended 30 June 2017.

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(30,620)	(268,061)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%. (2017: 19.75%)	(5,818)	(53,612)
Effects of:		
Depreciation in excess of capital allowances	2,851	7,359
Unrecognized tax losses	2,967	46,253
Tax charge	—	—

Factors that may affect future tax charges

The UK corporation tax rate will be reduced from 19% to 17% from April 1, 2020.

Pacnet Services (UK) Limited

Notes to the Financial Statements
For the financial year ended 30 June 2018

9. Tangible assets

	Terrestrial Transmission Equipment £	Computer Hardware Equipment £	Total £
Cost			
At 1 July 2017	637,378	59,725	697,103
Additions	9,978	—	9,978
At 30 June 2018	647,356	59,725	707,081
Depreciation			
At 1 July 2017	360,616	21,833	382,449
Charge for the year	41,118	11,966	53,084
At 30 June 2018	401,734	33,799	435,533
Net book value			
At 30 June 2018	245,622	25,926	271,548
At 30 June 2017	276,762	37,892	314,654

Pacnet Services (UK) Limited

**Notes to the Financial Statements
For the financial year ended 30 June 2018**

10. Debtors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed by group undertakings	4,322,892	4,188,210

All amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

11. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	11,062	21,192
Amounts owed to group undertakings	6,275,693	6,096,285
Accrued expenses	86,515	118,888
	6,373,270	6,236,365

All amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

12. Called up share capital

	2018	2017
	£	£
Authorised		
50,000 – Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
5,000 – Ordinary shares of £1 each	5,000	5,000

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

13. Immediate and ultimate parent companies

The Company's immediate holding company is Pacnet Global Corporation (Singapore) Pte. Ltd., incorporated in Singapore. The ultimate holding company is Telstra Corporation Limited, incorporated in Australia.