

Financial Statements

Octium Limited

For the 15 month period ended 31 March 2013

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COMPANIES HOUSE

Registered number: 5201852

Octium Limited

Company Information

Registered number 5201852

Directors Wayne Churchill (appointed 3 August 2012)
Michael Mulford (appointed 3 August 2012)
Mark Thompson (appointed 3 August 2012)

Registered office St James House
Oldbury
Bracknell
RG12 8TH

Independent auditor Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1020 Eskdale Road
IQ Winnersh
Wokingham
Berkshire
RG41 5TS

Solicitors Proskauer Rose
Ninth Floor
Ten Bishops Square
London
E1 6EG

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Directors' Report

For the 15 month period ended 31 March 2013

The directors present their report and the financial statements for the 15 month period ended 31 March 2013

Principal activities

The company's principal activity remains to act as a holding company for the entities within the Octium Group

The company was acquired on 3 August 2012 and became part of the MDNX Group

Results

The loss for the 15 month period, after taxation, amounted to £32,000 (2011 - loss £90,000)

Directors

The directors who served during the 15 month period were

Wayne Churchill (appointed 3 August 2012)
Michael Mulford (appointed 3 August 2012)
Mark Thompson (appointed 3 August 2012)
Richard Cunningham (resigned 3 August 2012)
John Dawson (resigned 3 August 2012)
Andrew Dickenson (resigned 3 August 2012)

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors, which remain in force at the date of this report

Principal risks and uncertainties

The company is part of a group headed by MDNX Group Limited which manages its operations on a group basis. For this reason, the company's directors believe that further analysis of key performance indicators and risks and uncertainties facing the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the company, is discussed in the MDNX Group Limited Annual Report which does not form part of this report.

The key business risks affecting the company are set out below

Competition

The Company operates in a competitive market, particularly with regard to price, product availability and service quality, and there is a risk that the Company may not meet its customers' expectations in these areas. In order to mitigate this risk, market prices are monitored on an ongoing basis and regular discussions are held with customers to understand their expectations and whether the Company is successfully meeting these expectations. Service quality is monitored by the directors regularly to ensure the Company has plans in place to continue to provide differentiated value in this important area.

Employees

The Company's performance depends largely on the experience and commitment of its staff. The loss of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Company's results. To mitigate these risks the Company has implemented a number of schemes directly linked to the Company's results that are designed to retain and incentivise key individuals. The Company adopts a strict recruitment process to ensure the correct people with the right expertise are recruited to increase competitive

Directors' Report

For the 15 month period ended 31 March 2013

advantage

Financial risk management

The directors have considered the disclosure requirements of FRS 25 'Financial Instruments - Disclosure and Presentation'. The Company's operations expose it to a variety of financial risks that include the effect of credit risk, interest rate risk, foreign currency exchange risk and liquidity risk.

Credit risk

The Company has implemented policies that require appropriate credit checks on all potential customers and has set out credit limits for all major customers.

Foreign currency exchange risk

The Company's activities currently do not significantly expose it to the financial risks of changes in foreign currency exchange rates.

Liquidity Risk

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due. The Company's strategy to managing liquidity risk is to ensure that the Company has sufficient funds to meet all its potential financial liabilities as they fall due. This is true not only of normal market conditions but also of negative projections against expected outcomes.

Liquidity forecasts are monitored on a daily basis, to ensure the utilisation of current facilities is optimised, on a monthly basis, to ensure that covenant compliance targets and medium-term liquidity is maintained, and on a long-term projection basis, for the purpose of identifying long-term strategic funding requirements.

The Directors also continually assess the balance of capital and debt funding of the Company.

The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, indicate that the Company will be able to operate within its finance facilities and maintain adequate headroom against all bank covenants.

Directors' responsibilities statement

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 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). 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 judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' Report

For the 15 month period ended 31 March 2013

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.

Provision 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

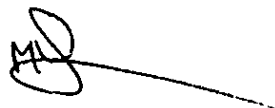
Grant Thornton UK LLP were appointed as auditors during the period to fill a casual vacancy in accordance with section 485(3) of the Companies Act 2006.

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on

22/11/13

and signed on its behalf



Mark Thompson
Director

Independent Auditor's Report to the Members of Octium Limited

We have audited the financial statements of Octium Limited for the 15 month period ended 31 March 2013, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the 15 month period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial 15 month period for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Octium Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Grant Thornton UK LLP

James Rogers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading
Date

25 November 2013

Profit and Loss Account

For the 15 month period ended 31 March 2013

| | Note | 15 month period ended 31 March 2013 £000 | Year ended 31 December 2011 £000 |
|--|------|--|---|
| Turnover | 1,2 | 1,452 | 1,101 |
| Administrative expenses | | <u>(1,430)</u> | <u>(1,109)</u> |
| Operating profit/(loss) | 3 | 22 | (8) |
| Interest payable and similar charges | 6 | <u>(54)</u> | <u>(80)</u> |
| Loss on ordinary activities before taxation | | (32) | (88) |
| Tax on loss on ordinary activities | 7 | <u>-</u> | <u>(2)</u> |
| Loss for the financial period | 14 | <u><u>(32)</u></u> | <u><u>(90)</u></u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2011 other than those included in the Profit and loss account


The notes on pages 8 to 15 form part of these financial statements

Balance Sheet

As at 31 March 2013

| | Note | £000 | 31 March 2013 £000 | 31 December 2011 £000 |
|--|------|------------|--------------------------|-----------------------------|
| Fixed assets | | | | |
| Intangible assets | 8 | | - | 193 |
| Investments | 9 | | 6,979 | 6,979 |
| | | | <u>6,979</u> | <u>7,172</u> |
| Current assets | | | | |
| Debtors | 10 | 820 | | 265 |
| Cash at bank | | - | | 3 |
| | | <u>820</u> | | <u>268</u> |
| Creditors: amounts falling due within one year | 11 | (5,512) | | (2,010) |
| Net current liabilities | | | <u>(4,692)</u> | <u>(1,742)</u> |
| Total assets less current liabilities | | | <u>2,287</u> | <u>5,430</u> |
| Creditors: amounts falling due after more than one year | 12 | | - | (3,165) |
| Net assets | | | <u>2,287</u> | <u>2,265</u> |
| Capital and reserves | | | | |
| Called up share capital | 13 | | 1,346 | 1,319 |
| Share premium account | 14 | | 258 | 231 |
| Capital redemption reserve | 14 | | 50 | 50 |
| Profit and loss account | 14 | | 633 | 665 |
| Shareholders' funds | 15 | | <u>2,287</u> | <u>2,265</u> |

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

22/11/13


Mark Thompson
Director

The notes on pages 8 to 15 form part of these financial statements

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The company is part of the largest independent provider of managed network and hosting services in the UK. MDNX Group Limited is committed to supporting the company, and the group of which the company is part, which benefits from a number of long term service contracts with customers and the financing facilities made available by MDNX.

As further discussed in the Financial Risk Management section of the Directors' Report on page 2 and after making enquiries, the Directors believe that the company, with the support of MDNX, has adequate resources to continue in operational existence for the foreseeable future. The Group as a result will not recall the long-term debt in the immediate future. For this reason the company continues to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover represents the value of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. The company's turnover comprises income from the provision of managed secure, resilient wide area networks and managed hostings.

Turnover is recognised as the services are provided. Installation, equipment and consulting services are recognised when delivered and services are recognised over the period of the contract to which they relate.

1.4 Pensions

Pension contributions are made by the company to the defined-contribution pension schemes for certain employees. Contributions payable in the period are charged to the profit and loss account. Differences between contributions payable in the period and contributions paid are shown as either accruals or prepayments in the balance sheet.

1.5 Current taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

1. Accounting Policies (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.7 Management of liquid resources

The directors define cash for the purposes of the cash flow statements as cash at bank and in hand

1.8 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.9 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life

2. Turnover

The whole of the turnover is attributable to the principal activity of the company

All turnover arose within the United Kingdom

3. Operating profit/(loss)

The operating loss is stated after charging

| | 15 month period ended 31 March 2013 £000 | Year ended 31 December 2011 £000 |
|------------------------|--|---|
| Auditor's remuneration | 5 | 4 |

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

4. Staff costs

Staff costs, including directors' remuneration, were as follows

| | 15 month period ended 31 March 2013 £000 | Year ended 31 December 2011 £000 |
|-----------------------|--|---|
| Wages and salaries | 631 | 624 |
| Social security costs | 64 | 63 |
| Other pension costs | 18 | - |
| | <u>713</u> | <u>687</u> |

The average monthly number of employees, including the directors, during the 15 month period was as follows

| | 15 month period ended 31 March 2013 No. | Year ended 31 December 2011 No. |
|----------------|---|--|
| Administration | <u>11</u> | <u>12</u> |

5. Directors' remuneration

| | 15 month period ended 31 March 2013 £000 | Year ended 31 December 2011 £000 |
|------------|--|---|
| Emoluments | <u>222</u> | <u>234</u> |

The highest paid director received remuneration of £222,000 (2011 - £234,000)

6. Interest payable

| | 15 month period ended 31 March 2013 £000 | Year ended 31 December 2011 £000 |
|----------------------------------|--|---|
| On loans from group undertakings | <u>54</u> | <u>80</u> |

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

7. Taxation

| | 15 month period ended 31 March 2013 £000 | Year ended 31 December 2011 £000 |
|--|--|---|
| UK corporation tax charge on loss for the 15 month period/year | - | 2 |

Factors affecting tax charge for the 15 month period/year

The tax assessed for the 15 month period/year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.4% (2011 - 26.5%). The differences are explained below

| | 15 month period ended 31 March 2013 £000 | Year ended 31 December 2011 £000 |
|--|--|---|
| Loss on ordinary activities before tax | (32) | (88) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.4% (2011 - 26.5%) | (8) | (23) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 47 | 4 |
| Short term timing difference leading to an increase (decrease) in taxation | (55) | 21 |
| Fixed asset differences | (47) | - |
| Other permanent differences | (33) | - |
| Unrelieved tax losses and other deductions | 58 | - |
| Group relief | 38 | - |
| Current tax charge for the 15 month period/year (see note above) | - | 2 |

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

8. Intangible fixed assets

| | Trademarks £000 |
|--------------------------------|--------------------|
| Cost | |
| At 1 January 2012 | 220 |
| Transfer to group undertakings | (220) |
| At 31 March 2013 | - |
| Amortisation | |
| At 1 January 2012 | 27 |
| Transfer to group undertakings | (27) |
| At 31 March 2013 | - |
| Net book value | |
| At 31 March 2013 | - |
| At 31 December 2011 | 193 |

9. Fixed asset investments

| | Trade investments £000 |
|-------------------------------------|------------------------------|
| Cost or valuation | |
| At 1 January 2012 and 31 March 2013 | 6,979 |
| Net book value | |
| At 31 March 2013 | 6,979 |
| At 31 December 2011 | 6,979 |

| Company name | Country | Percentage Shareholding | Description |
|-------------------------------------|-------------------|----------------------------|--------------------------|
| Griffin Information Systems Limited | England and Wales | 100% | Managed network services |
| MDNX Corporate Services Limited | England and Wales | 100% | Managed network services |
| Allurian Limited | England and Wales | 100% | Cost centre |

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

10. Debtors

| | 31 March 2013 £000 | 31 December 2011 £000 |
|------------------------------------|--------------------------|-----------------------------|
| Amounts owed by group undertakings | 802 | 259 |
| Prepayments and accrued income | 18 | 6 |
| | <u>820</u> | <u>265</u> |

11. Creditors:

Amounts falling due within one year

| | 31 March 2013 £000 | 31 December 2011 £000 |
|------------------------------------|--------------------------|-----------------------------|
| Trade creditors | - | 39 |
| Amounts owed to group undertakings | 5,233 | 1,779 |
| Social security and other taxes | 20 | 8 |
| Group relief | - | 2 |
| Director loan | - | 66 |
| Other creditors | 60 | 3 |
| Accruals and deferred income | 199 | 113 |
| | <u>5,512</u> | <u>2,010</u> |

12. Creditors:

Amounts falling due after more than one year

| | 31 March 2013 £000 | 31 December 2011 £000 |
|------------|--------------------------|-----------------------------|
| Loan notes | - | 3,165 |
| | <u>-</u> | <u>3,165</u> |

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

13. Share capital

| | 31 March 2013 £ | 31 December 2011 £ |
|--|-----------------------|--------------------------|
| Allotted, called up and fully paid | | |
| 313,316 Ordinary A shares of £0.50 each | 156,658 | 156,658 |
| 283,884 Ordinary B shares of £0.50 each | 141,942 | 141,942 |
| 94,000 (2011 - 40,400) Ordinary C shares of £0.50 each | 47,000 | 20,200 |
| 1,000,000 Preference shares of £1 each | 1,000,000 | 1,000,000 |
| | <u>1,345,600</u> | <u>1,318,800</u> |

14. Reserves

| | Share premium account £000 | Capital redempt'n reserve £000 | Profit and loss account £000 |
|---|-------------------------------------|---|------------------------------------|
| At 1 January 2012 | 231 | 50 | 665 |
| Loss for the 15 month period | - | - | (32) |
| Premium on shares issued during the 15 month period | 27 | - | - |
| | <u>258</u> | <u>50</u> | <u>633</u> |
| At 31 March 2013 | | | |

15. Reconciliation of movement in shareholders' funds

| | 31 March 2013 £000 | 31 December 2011 £000 |
|--|--------------------------|-----------------------------|
| Opening shareholders' funds | 2,265 | 2,355 |
| Loss for the 15 month period/year | (32) | (90) |
| Shares issued during the 15 month period/year | 27 | - |
| Share premium on shares issued (net of expenses) | 27 | - |
| | <u>2,287</u> | <u>2,265</u> |
| Closing shareholders' funds | | |

16. Contingent liabilities

During the year the company entered into new banking facilities with Barclays Bank PLC. Together with other members of the MDNX Group the company provides security over its assets to Barclays Bank PLC. At the balance sheet date the net liabilities of the group headed by MDNX Group Limited to Barclays Bank PLC were £19.7m (2012 - £4.0m). The security provided to Beechbrook Mezzanine 1 Sarl in the sum of £5.5m and Selected Mezzanine Funds 1 Ky in the sum of £5.5m remains in place.

Notes to the Financial Statements

For the 15 month period ended 31 March 2013

17. Capital commitments

There were no capital commitments at 31 March 2013 or 31 March 2012

18. Financial commitments

There were no financial commitments at 31 March 2013 or 31 March 2012

19. Related party transactions

The company has taken advantage of the exemption granted by FRS 8, Related Party Transactions, not to disclose details of transactions with other Group companies. There were no other related party transactions.

During the period, director loan accounts relating to the previous directors of the Octium Group were settled. Payments of £2,038,441 were paid to Richard Cunningham and £582,487 were paid to both Adrian Sunderland and James Willis. No amounts were outstanding at the period-end (2011 £64,026 was owed to Richard Cunningham). The director loan accounts incurred interest at 2% over base rate.

Rent of £34,500 and service charges of £33,543 were paid to Richard Cunningham in relation to Commontime during the period. No balances were owed to Commontime at the year-end.

20. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and ultimate controlling party is considered to be MDNX Group Limited, a Company registered in England and Wales, by virtue of its 100% shareholding in MDNX Limited which owns 100% of the ordinary share capital of the company. Copies of Group financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.