Financial Statements
MDNX Group Limited

For the period ended 30 November 2014

Registered number: 07374236

Company Information

Directors	Wayne Churchill Sion Kearsey (resigned 11 December 2013) Michael Mulford Mark Thompson Philip Weston (resigned 11 December 2013)
Registered number	07374236
Registered office	St James House Oldbury Bracknell Berkshire RG12 8TH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS
Solicitors	Travers Smith LLP 10 Snow Hill London EC1A 2AL

MDNX Group Limited

Contents

Directors' Report

For the period ended 30 November 2014

The directors present their report and the financial statements for the period ended 30 November 2014.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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.

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 activities

MDNX Group Limited is a holding company.

The Easynet Group, of which the MDNX Group is a part, is the UK's largest independent provider of managed network and hosting services. This independence facilitates its exceptional service and commitment to innovation which in turn enables it to provide the best possible range of services to customers.

Directors

The directors who served during the period were:

Wayne Churchill
Sion Kearsey (resigned 11 December 2013)
Michael Mulford
Mark Thompson
Philip Weston (resigned 11 December 2013)

Research and development activities

The Group carries out research and development activities in connection with developing systems to support customers. Where systems are developed for the long term benefit of the group these costs are capitalised and amortised over their useful lives. All other research and development costs are costs are written off in the profit and loss account as incurred.

MDNX Group Limited

Directors' Report

For the period ended 30 November 2014

Matters covered in the Strategic report

Information on financial risks, past performance and future developments has been included in the Strategic Report.

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 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 relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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.

This report was approved by the board on 20 August 2015. and signed on its behalf.

Director

MARK THOMPSON

Strategic Report

For the period ended 30 November 2014

Introduction

The Easynet Group is the UK's largest independent provider of managed network and hosting services. This independence facilitates its exceptional service and commitment to innovation which in turn enables it to provide the best possible range of services to customers.

MDNX Group Limited is an integrated part of the Easynet Group.

Business review and key performance indicators

The trading results for the period and the financial position at the end of the period are shown in the attached financial statements.

MDNX Group Limited generated £nil (March 2014: £nil) EBITDA before exceptional items.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks and uncertainties. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the Group are set out below.

Competition

The Group operates in a competitive market, particularly with regard to price, product availability and service quality, and there is a risk that the Group 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 Group is successfully meeting these expectations. Service quality is monitored by the directors regularly to ensure the Group has plans in place to continue to provide differentiated value in this important area.

Employees

The Group'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 Group's results.

To mitigate these risks, the Group has implemented a number of initiatives directly linked to the Group's results that are designed to retain and incentivise key individuals.

The Group adopts a strict recruitment process to ensure the correct people with the right expertise are recruited to increase competitive advantage.

Financial risk management

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

Strategic Report (continued)
For the period ended 30 November 2014

Credit risk

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

Interest rate risk

The Group is exposed to interest rate risk on its bank loans, as shown in the financial statements. The directors monitor this risk on a regular basis.

Foreign currency exchange risk

The Group'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 Group will have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to managing liquidity risk is to ensure that the Group has sufficient funds to meet all its potential 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 requirements. The directors also continually assess the balance of capital and debt funding of the Group.

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

In the directors' view, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing the financial statements.

This report was approved by the board on 20 August 2015 and signed on its behalf.

Mark Thompson
Director

Grant Thornton

Independent Auditor's Report to the Members of MDNX Group Limited

We have audited the financial statements of MDNX Group Limited for the period ended 30 November 2014, which comprise the Profit and loss account, the Balance sheetthe Consolidated Profit and loss account, the Consolidated and Company Balance sheets, the Consolidated Cash flow statement 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 November 2014 and of its profit for the 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 Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of MDNX Group 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
Statutory Auditor
Chartered Accountants
Reading
Date: 20 August 2015

Profit and Loss Account

For the period ended 30 November 2014

	Note	8 months ended 30 November 2014 £000	12 months ended 31 March 2014 £000
Administrative expenses		(47)	-
Operating loss	2	(47)	-
Exceptional items			
Restructuring costs	7	47	-
Interest receivable and similar income	5	3	2,620
Interest payable and similar charges	6	-	(2,954)
Profit/(loss) on ordinary activities before taxation		3	(334)
Tax on profit/(loss) on ordinary activities		-	-
Profit/(loss) for the financial period	13	3	(334)

All amounts relate to continuing operations.

There were no recognised gains and losses for November 2014 or March 2014 other than those included in the Profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

MDNX Group Limited
Registered number: 07374236

Balance Sheet
As at 30 November 2014

	Note	£000	30 November 2014 £000	£000	31 March 2014 £000
Fixed assets					
Investments	8		16,518		15,137
Current assets					
Debtors	9	76,839		50,967	
Cash at bank		7,381		3,422	
		84,220		54,389	
Creditors: amounts falling due within one year	10	(56,547)		(20,228)	
Net current assets			27,673		34,161
Total assets less current liabilities			44,191		49,298
Creditors: amounts falling due after more than one year	11		(29,815)		(34,925)
Net assets			14,376		14,373
Capital and reserves					
Called up share capital	13		-		-
Share premium account	14		14,663		14,663
Profit and loss account	14		(287)		(290)
Shareholders' funds	15		14,376		14,373

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20 August 2015.

MARK THOMPSON
Director

The notes on pages 9 to 17 form part of these financial statements.

Notes to the Financial Statements

For the period ended 30 November 2014

1. Accounting Policies

The principal accounting policies are summarised below. These have been applied consistently throughout the current year and preceding period, except as noted below.

1.1 Accounting basis

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

MDNX Group Limited was acquired by MDNX Holdings Limited on 11 December 2013. The business continues to benefit from a number of long term service contracts with customers and is now supported by the financing facilities of the enlarged group headed by MDNX Group Holdings Limited.

As further discussed in the Financial Risk Management section of the Strategic Report on page 3 and after making enquiries, the directors believe that MDNX Group Limited has adequate resources to continue in operational existence for the foreseeable future. The directors have obtained confirmation from the wider group headed by MDNX Group Holdings Limited that intercompany debtors and creditors due in less than one year will only be repaid when the creditor company is in a position to do so.

For these reason the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Exceptional items

Material items which derive from events or transactions that fall within the ordinary activities of the Group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence for the financial statements to give a true and fair view.

1.4 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.

1.5 Software - capitalisation of labour costs

Labour costs are capitalised only to the extent that they are directly attributable to bringing a computer system or computer-operated machinery into working condition for its intended use. Because of the likelihood of rapid operating and technological changes, these costs are normally depreciated over a relatively short period of time.

Notes to the Financial Statements

For the period ended 30 November 2014

1. Accounting Policies (continued)

1.6 Intangible fixed assets - customer contracts

In accordance with FRS7 'Fair Values in Acquisition Accounting', customer contracts acquired as part of a business combination are deemed to have a cost to the Group of their fair value at the date of acquisition. Subsequently customer contracts are shown at cost less accumulated amortisation less any provision for impairment. Customer contracts are amortised on a straight line basis over their useful economic lives, which is deemed to be 5 years.

1.7 Investments

Fixed asset investments are shown at cost less provision for impairment.

1.8 Management of liquid resources

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

1.9 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.10 Loan issue costs

Issue costs, which are directly attributable to obtaining loan finance, are accounted for as a reduction in the proceeds of the loan. These costs are amortised over the life of the loan.

Notes to the Financial Statements

For the period ended 30 November 2014

1. Accounting Policies (continued)

1.11 Equity settled share-based payment

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-vesting conditions.

Equity-settled share-based payments are recognised as an expense in the profit and loss account with a corresponding credit to FRS 20 reserve in equity. Where equity-settled share based payments are made to employees of subsidiary companies, the expense is recognised in the profit and loss account of the subsidiary company.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

1.12 Derivative financial instruments

The Group uses derivative financial instruments where deemed appropriate to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting new interest payable over the periods of the contracts.

The Group does not hold any financial instruments at the year end and did not utilise financial instruments in the period.

1.13 Research and development

The Group carries out research and development from time to time. Where systems are developed for long term benefit, these costs are capitalised and amortised over their useful lives. All other research and development costs are written off in the profit and loss account as incurred.

Notes to the Financial Statements
For the period ended 30 November 2014

1. Accounting Policies (continued)

1.14 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.15 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

2. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	8 months ended 30 November 2014 £000	12 months ended 31 March 2014 £000
Operating lease rentals:		
- other operating leases	**-**	378
Foreign exchange on intercompany loans	**(22)**	-

3. Staff costs

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

	8 months ended 30 November 2014 No.	12 months ended 31 March 2014 No.
Administration	**0**	238

Notes to the Financial Statements

For the period ended 30 November 2014

4. Directors' remuneration

	8 months ended 30 November 2014 £000	12 months ended 31 March 2014 £000
Remuneration	-	985
Group pension contributions to defined contribution pension schemes	-	7

Directors' remuneration was paid through MDNX Group Holdings Limited, and then allocated throughout the group depending on the level of activity in each company. No remuneration (year ended March 2014:£985,000) was allocated to MDNX Group Limited.

The total remuneration across the group is shown in the consolidated accounts of MDNX Group Holdings Limited.

5. Interest receivable

	8 months ended 30 November 2014 £000	12 months ended 31 March 2014 £000
Interest receivable from group companies	-	2,610
Other interest receivable	3	10
	3	2,620

6. Interest payable and similar charges

	8 months ended 30 November 2014 £000	12 months ended 31 March 2014 £000
Interest payable on bank and other loans	-	2,954

Notes to the Financial Statements

For the period ended 30 November 2014

7. Exceptional items

	8 months ended 30 November 2014 £000	12 months ended 31 March 2014 £000
Restructuring costs	**47**	-

The exceptional items relate to the integration of the MDNX group and the Easynet group, which combined in December 2013.

Specific costs of the restructuring were related to the integration of the acquisition into the existing MDNX business including the business integration programme, the costs of supplier agreements that are no longer required as a result of the integration and incremental costs incurred in implementing new systems and processes into the acquired entities.

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2014	**15,137**
Additions	**1,381**
At 30 November 2014	**16,518**
Net book value	
At 30 November 2014	**16,518**
At 31 March 2014	15,137

During the year the Company incurred additional costs in relation to an historic acquisition. These costs have been capitalised as an addition in the year.

Notes to the Financial Statements
For the period ended 30 November 2014

9. Debtors

	30 November 2014 £000	31 March 2014 £000
Due after more than one year		
Amounts owed by group undertakings	**38,695**	33,020
Due within one year		
Amounts owed by group undertakings	**38,106**	17,918
Other debtors	**38**	29
	76,839	50,967

10. Creditors: Amounts falling due within one year

	30 November 2014 £000	31 March 2014 £000
Bank loans and overdrafts	-	3,600
Amounts owed to group undertakings	**55,116**	16,351
Deferred consideration	**1,381**	-
Accruals and deferred income	**50**	277
	56,547	20,228

11. Creditors: Amounts falling due after more than one year

	30 November 2014 £000	31 March 2014 £000
Amounts owed to group undertakings	**29,815**	34,925

Notes to the Financial Statements

For the period ended 30 November 2014

12. Share capital

	30 November 2014 £	31 March 2014 £
Allotted, called up and fully paid		
8,400 Ordinary shares of £0.01 each	**84**	84
10,000 A Ordinary shares of £0.01 each	**100**	100
15,333 (March 2014 - 15,333) C Ordinary shares of £0.01 each	**153**	153
8,440 D Ordinary shares of £0.01 each	**84**	84
10 E Ordinary shares of £0.10 each	**1**	1
	422	422

13. Reserves

	Share premium account £000	Profit and loss account £000
At 1 April 2014	14,663	(290)
Profit for the financial period	-	3
At 30 November 2014	14,663	(287)

14. Reconciliation of movement in shareholders' funds

	30 November 2014 £000	31 March 2014 £000
Opening shareholders' funds	**14,373**	14,707
Profit/(loss) for the financial period/year	**3**	(334)
Closing shareholders' funds	**14,376**	14,373

15. Capital commitments

There were no capital commitments at 30 November 2014 or 31 March 2014.

16. Finance lease commitments

There were no financial commitments at 30 November 2014 or 31 March 2014.

Notes to the Financial Statements
For the period ended 30 November 2014

17. Related party transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard (FRS) No. 8 'Related Party Disclosures' not to disclose transactions between entities whose voting rights are 100% controlled within the MDNX group of companies. The accounts for this company are publicly available at the address within Note 21.

18. Securities Given

Bank loans and facilities elsewhere in the group are secured by cross-guarantees, debentures and share pledges which include the net assets of MDNX Group Limited. In particular, this includes the group integration facility of £14m and the secured bank loan of £140m held within the Easynet FinanceCo Limited.

19. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is considered to be MDNX Group Holdings Limited, a Company registered
in England and Wales, which indirectly owns 100% of the ordinary share capital of MDNX Group Limited.

The ultimate controlling parties are the funds managed by Equistone Partners Europe Limited.

The smallest and largest group of undertakings for which group accounts have been drawn up for the period ended 30 November 2014 is the group headed by MDNX Group Holdings Limited, whose financial statements can be obtained from St James House, Oldbury, Bracknell, RG12 8TH.