

Vtesse Group Limited

Report and Financial Statements

Period Ended

31 December 2014

Company Number 8794297

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Vtesse Group Limited
Report and financial statements
for the period ended 31 December 2014

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Vtesse Group Limited

**Directors and Advisors
for the period ended 31 December 2014**

Directors

Gareth Williams
Catherine Birkett
John Shearing
Jonathan Wright

Registered office

Vtesse Group Limited
c/o Interoute Communications Ltd
31st Floor
25 Canada Square
Canary Wharf
E14 5LQ

Independent auditors

PricewaterhouseCoopers LLP
The Portland Building
25 High Street
Crawley
West Sussex
RH10 1BG

Vtesse Group Limited

Strategic report for the period ended 31 December 2014

The purpose of the strategic report is to inform members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

Principal activities

The principal activity of the Company is to act as an intermediate holding company in the Interoute Communications Holdings SA Group.

Review of business

The Company is managed as part of an overall group of companies whose intermediate parent undertaking is Interoute Communications Holdings SA (together with its subsidiary undertakings 'Interoute' or 'the Group').

Future developments

The Directors do not envisage any significant change in the activities of the Company in the forthcoming year.

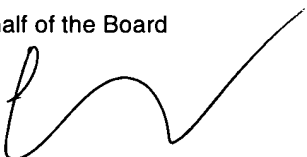
Principal risks and uncertainties

Key risks and uncertainties facing the Company include possible changes in the market place driven by general economic conditions. Furthermore, a fundamental technology change could impact performance of the Company's subsidiaries and pricing pressure could reduce margins below expectations. The Directors note, however, that at the year end the Company has divested of all its investments.

Key performance indicators (KPIs)

Given the holding company nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business.

On behalf of the Board



Catherine Birkett

Director

/6 December 2015

Vtesse Group Limited

Directors' report for the period ended 31 December 2014

The Directors present their annual report and the audited financial statements for the 13 month period started 23 November 2013 and ended 31 December 2014.

The financial statements have been prepared in Great British Pounds, the functional currency of the Company. Details of future developments are disclosed in the Strategic Report.

Results and dividends

Vtesse Group Limited was incorporated as registered company number 8794297 on 28 November 2013.

On 11 June 2014 the Company acquired 100% of the issued share capital of Vtesse Networks Limited (now Interoute Vtesse Limited), consideration for which was the issue of 211,279 Ordinary Shares of £1 each.

On 11 June 2014, the Company acquired 100% of the share capital of Vtesse Cirrus Services Limited (now Interoute Cirrus Limited) from Vtesse Networks Limited (now Interoute Vtesse Limited), a subsidiary undertaking for consideration of £120,000.

On 30 September 2014, the Company and its subsidiaries were acquired by Interoute Communications Limited, leading to a change in the ultimate parent undertaking of the Company (see note 9).

On 1 December 2014, the Company sold its entire investment in Vtesse Networks Limited (now Interoute Vtesse Limited) to Interoute Communications Limited, the immediate parent company, for consideration of £4,160,000. Also on 1 December 2014, the Company sold its entire investment in Vtesse Cirrus Services Limited (now Interoute Cirrus Limited), for consideration of £6,586,000. As a result of these disposals, a gain on disposal of £10,415,000 has been recognised in the profit and loss account.

The results for the financial period are set out in the profit and loss account on page 8. The Directors do not recommend the payment of a dividend.

Directors

The Directors during the period under review and up to the date of signing the financial statements were as follows:

R W I Lodge (appointed 11 June 2014, resigned 30 September 2014)
A R Matthews (appointed 11 June 2014, resigned 30 September 2014)
A R Paul (resigned 30 September 2014)
J M Saville (appointed 11 June 2014, resigned 30 September 2014)
R Tinner (resigned 30 September 2014)
D I Wickham (appointed 11 June 2014, resigned 30 September 2014)
Gareth Williams (appointed 30 September 2014)
Catherine Birkett (appointed 30 September 2014)
John Shearing (appointed 30 September 2014)
Jonathan Wright (appointed 30 September 2014)

The company secretary L E Paul, resigned on 30 September 2014 and has not been replaced.

Vtesse Group Limited

Directors' report for the period ended 31 December 2014

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Financial Risk Management

The Company's operations expose it to a variety of financial risks and the Company has in place risk management policies that seek to limit the adverse effects on the financial performance of the Company. The Company does not make use of derivative financial instruments.

(a) Liquidity risk

The Company does not have sufficient liquid assets to meet its obligations as they fall due. As the Company does not operate a bank account there is an arrangement in place with Interoute Communications Limited, a fellow group undertaking, whereby any obligations of the Company are settled by Interoute Communications Limited and recharged to the Company by way of an intercompany loan. Interoute Communications Limited has adequate liquidity to meet the obligations of the Company, which are in any case minimal.

(b) Other risks

As the principal activity of the Company is that of an intermediate holding company, it is not directly exposed to financial risks resulting from variation in the price of inputs or outputs or from credit risk due to non-payment by customers for goods or services supplied. The Company has no interest bearing assets or liabilities and is not directly exposed to interest rate risk.

Independent auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

Statement of disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Vtesse Group Limited

Directors' report for the period ended 31 December 2014

Statement of Directors' Responsibilities

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

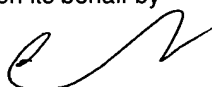
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 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;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The financial statements on pages 8 to 14 were approved by the Board of Directors on 16 December 2015 and signed on its behalf by



Catherine Birkett
Director

16 December 2015

Vtesse Group Limited

Independent auditors' report to the members of Vtesse Group Limited for the period ended 31 December 2014

Report on the financial statements

Our opinion

In our opinion, Vtesse Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the 13 month period (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.

What we have audited

The financial statements, included within the Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report. We have no exceptions to report arising from this responsibility.

Vtesse Group Limited

Independent auditors' report to the members of Vtesse Group Limited for the period ended 31 December 2014

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
17 December 2015

Vtesse Group Limited

Profit and loss account for the period ended 31 December 2014

	Note	2014 £'000
Profit on disposal of fixed asset investments	2	10,415
Profit on ordinary activities before interest and taxation		10,415
Profit on ordinary activities before taxation		10,415
Profit for the financial period		10,415

All results derive from continuing operations.

There are no differences between the profit on ordinary activities before taxation and the profit for the period as stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented.

Vtesse Group Limited

Balance sheet
at 31 December 2014
Registered number: 8794297

	Note	2014 £'000
Fixed assets		
Investments in subsidiary undertakings	3	-
		-
Debtors: amounts falling due within one year	4	10,746
Creditors: amounts falling due within one year	5	(120)
Total assets less current liabilities		10,626
Net assets		10,626
Capital and reserves		
Called up share capital	6	211
Profit and loss account	7	10,415
Total shareholders' funds	8	10,626

The notes on pages 10 to 14 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2015.


Catherine Birkett
Director
16 December 2015

Vtesse Group Limited

Notes forming part of the financial statements for the period ended 31 December 2014

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period are set out below. The majority of the transactions of the Company are denominated in Great British Pounds, which in the opinion of the Directors is the functional currency of the Company. Accordingly the financial statements of the Company have been prepared in Great British Pounds.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Consolidated financial statements

The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its intermediate parent undertaking, Interoute Communications Holdings S.A., a Company registered in Luxembourg which are publicly available. Accordingly, these financial statements contain information about Vtesse Group Limited as an individual Company and do not contain consolidated financial information as the parent of a group.

Related party transactions

FRS 8 "Related party transactions" requires the disclosure of the details of material transactions between reporting entities and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between other group companies. There were no other related party transactions during the year.

Cash flow statement

The Company has taken advantage of the exemption available under paragraph 5(a) of FRS 1 (Revised 1996) not to prepare a cash flow statement.

Investments

The Company's investments are stated at cost less any provision for impairment.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where the transactions or events upon which the future tax obligation arises have occurred at the balance sheet date. Deferred tax is measured based upon rates expected to apply in the periods in which timing differences are expected to reverse, based upon laws enacted or substantially enacted by the balance sheet date.

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

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into and that tax would be payable taking into account the availability of any double taxation relief. Deferred tax is measured on a non-discounted basis.

Vtesse Group Limited

Notes forming part of the financial statements for the period ended 31 December 2014

2 Profit for the financial period

Profits of £3,949,000 and £6,466,000 respectively arose on the sale of the Company's investments in Interoute Vtesse Limited and Interoute Cirrus Limited to Interoute Communications Limited, the Company's parent undertaking, on 1 December 2014.

The company has no employees. Directors' remuneration is borne by the immediate parent undertaking and no recharge is made for their services to the Company, which are considered incidental. Auditors' remuneration is borne by Interoute Communications Limited, the Company's immediate parent undertaking and no recharge is made to the Company.

3 Tax on profit on ordinary activities

(a) Current tax

There is no corporation tax charge for the Company for the period.

The tax assessed on the profit on ordinary activities for the period differs from the effective UK corporate rate of tax of 22%. The differences are explained below:

	Period ended 31 December 2014 £'000
Profit on ordinary activities before tax	10,415
Profit on ordinary activities multiplied by the effective rate in the UK of 22%	2,291
Effects of:	
Intragroup asset transfer not taxable	(2,291)
Total current tax	-

There is no deferred tax charge for the period.

3 Investments

	2014 £'000
Investment in subsidiaries	
At 28 November 2013	-
<i>Additions:</i>	
Vtesse Networks Limited	211
Vtesse Cirrus Services Limited	120
<i>Disposals:</i>	
Vtesse Networks Limited	(211)
Vtesse Cirrus Services Limited	(120)
	-
At 31 December 2014	-

Vtesse Group Limited

Notes forming part of the financial statements for the period ended 31 December 2014

On 11 June 2014, the Company acquired 100% of the share capital of Vtesse Networks Limited (now Interoute Vtesse Limited), for which consideration was 211,279 shares in the Company of £211,000, issued at £1 each.

On 11 June 2014, following a group restructure, the Company acquired 100% of the share capital of Vtesse Cirrus Services Limited (now Interoute Cirrus Limited), a related undertaking, from Vtesse Networks Limited (now Interoute Vtesse Limited) for consideration of £120,000.

On 1 December 2014, the Company sold its investments in Vtesse Networks Limited (now Interoute Vtesse Limited) and Vtesse Cirrus Services Limited (now Interoute Cirrus Limited) to Interoute Communications Limited, the Company's parent undertaking for consideration of £4,160,000 and £6,586,000, respectively.

4 Debtors: amounts falling due within one year

	2014 £'000
Amounts owed by group undertakings	10,746
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	10,746
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Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

5 Creditors: amounts falling due within one year

	2014 £'000
Amounts owed to group undertakings	120
	<hr/>
	120
	<hr/>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Vtesse Group Limited

Notes forming part of the financial statements
for the period ended 31 December 2014

6 Called up share capital

	2014 £'000
Allotted, called up and fully paid	
211,279 ordinary shares of £1 each	211
	<u>211</u>

7 Reserves

	Profit and loss account £'000
At 28 November 2013	-
Profit for the financial period	10,415
As at 31 December 2014	<u>10,415</u>

8 Reconciliation of movements in equity shareholders' funds

	Period ended 31 December 2014 £'000
Profit for the financial period	10,415
Issue of ordinary share capital	211
Net increase in shareholders' funds	<u>10,626</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>10,626</u>

Vtesse Group Limited

Notes forming part of the financial statements for the period ended 31 December 2014

9 Ultimate parent undertaking and controlling party

The directors consider the Company's immediate parent undertaking to be Interoute Communications Limited, a company incorporated in the United Kingdom.

Consolidated financial statements of Interoute Communications Holdings SA, an intermediate parent of Interoute Holdings Sarl, are available from the company secretary, 2-8 Avenue Charles De Gaulle L-1653 Luxembourg. Interoute Communications Holdings SA is the parent of the smallest and largest group to consolidate these financial statements.

The Directors consider the Company's ultimate parent undertaking and controlling party to be Emasan AG, a company incorporated in Switzerland.