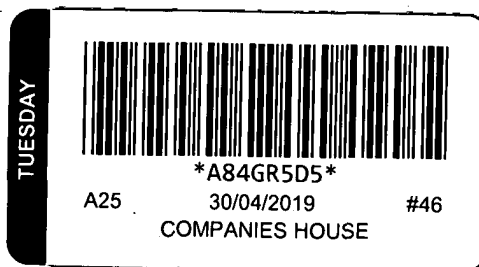


Company Registration Number: 08126561

Cisco Systems Holdings UK Limited

Annual Report and Financial Statements

for the year ended 28 July 2018



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Officers and professional advisers

Directors	Evan Sloves Mark Gorman Jonathan Elstein Sajaid Rashid
Company secretary	Eversecretary Limited
Company number	08126561
Registered office	1 Callaghan Square Cardiff CF10 5BT United Kingdom
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

Strategic report

The directors present their strategic report on the Company for the year ended 28 July 2018.

Principal activities and Review of the business

The principal activity of Cisco Systems Holdings UK Limited ("the Company") is the holding of investments in other group companies.

The Company forms an integral part of its ultimate parent, Cisco Systems, Inc. ("the Group"), and relies on the support of its parent and other fellow subsidiaries for financing.

The Directors have received confirmation that Cisco Systems, Inc. intends to continue to provide financial support to the Company for at least one year from the date of signing of these financial statements.

The Company has only engaged in activities related to investment and holding of group companies.

The Directors are satisfied with the development and performance of the activities performed by the Company.

The Company plans to continue engaging in activities related to investment and holding of group companies.

Position of the Business

During the year, the net liabilities of the company increased from (US\$1,076.8m) to (US\$1,573.4m). The loss for the financial year is primarily attributable to the recognition of investment impairments. The statement of total comprehensive income for the year is set out on page 11.

Principal risks and uncertainties

The principal risks and uncertainties that might affect the Company are linked to the principal risks that face our trading subsidiaries, upon which we rely to support the value of our balance sheet. The risks faced by the trading subsidiaries are that their business will suffer if they do not respond to commercial and technological changes affecting the industries in which they operate. The operating results and growth of the group could decline if trading subsidiaries customers' subscriber bases do not continue to increase or if the security provided by our technologies is compromised. Intense competition could reduce the market share and harm the financial performance of the group. The trading subsidiaries derive a significant portion of revenues from limited number of large customers and revenues could decline significantly if any of these customers significantly reduces its purchases of our technology or services or terminates its relationship with us.

Failure to protect the intellectual property rights upon which we depend, or defending intellectual property right infringement claims made against the group, could harm our business as could political, regulatory and economic risks associated with the international aspects of our operations. This risk is mitigated through careful monitoring of activities of customers, competitors and governments, taking action where necessary.

Financial risk management

The Company's operations are not exposed to significant financial risks other than those identified above.

Being part of the Group, the Company has sufficient access to available funds for current operations and potential expansions in the future. The Company is therefore not directly exposed to external risk factors such as credit, price, cash flow or liquidity risk.

Strategic report (continued)

Key Performance Indicators ("KPIs")

Given the relatively straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. Further details of KPI's that relate to the group can be obtained from the group's annual report (10k filing) that is available publicly.

Approved by the Board of Directors
and signed on behalf of the Board

29 April 2019



Sajaid Rashid
Director

Directors' report

The directors present their annual report and the audited financial statements for the year ending 28 July 2018. These financial statements cover the year ended, and as at, 28 July 2018; comparative figures are for the year ended, and as at, 29 July 2017.

General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

Future developments

The Company will continue to perform its activities related to the holding of investments in other group companies and will endeavour to make further acquisitions that are strategically advantageous to the group.

Dividends

The Company did not pay an interim dividend during 2018 (2017: US\$ nil) and the directors do not recommend a final dividend for the year.

Directors

The directors of the Company during the year and at the date of this report were as follows:

Evan Sloves
Mark Gorman
Susan Lee (resigned 28 February 2019)
Jonathan Elstein
Sajaid Rashid

Directors' indemnity

Article 19.1 of the Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against all costs and liabilities incurred by him/her in the lawful execution of his/her duties or the exercise of his/her powers or otherwise in connection with his/her duties, powers or office including any liability incurred by him/her in defending any proceedings, civil or criminal, which relate to anything done or omitted to have been done or omitted by him/her as an officer of the Company.

The Directors of the Company have the benefit of an indemnity provision in the Company's Articles of Association. The indemnity provision, which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, was in force throughout the year and at the date of approval of the financial statements.

Investment impairments

An impairment analysis has been undertaken of the investments held by the Company that has resulted in an impairment being recognised of US\$393,060,989 under FRS 101. However, the Directors consider that the strategic objectives behind the acquisitions remain on track.

Research and development

The Company did not undertake research and development activities.

Directors' report (continued)

Financial risk management

The Company's financial risk management has been considered in the strategic report on pages 3 and 4.

Employees

The Company did not have any employees during the year.

Disclosure of information to the auditors

Each of the persons, who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself 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.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Going Concern

These financial statements have been prepared on a going concern basis. The Directors have received confirmation that Cisco Systems, Inc. intends to continue to provide financial support to the Company for at least one year from the date of signing of these financial statements.

We maintain a continual review of the potential effects on our business of the UK leaving the European Union, under various scenarios. We consider that a controlled departure under the terms of a withdrawal agreement between the UK and the EU will have no significant direct impact.

Post balance sheet events

On 1 May 2018, the Company's ultimate parent company, Cisco Inc., announced a definitive agreement to sell its Service Provider Video Software Solutions ("SPVSS") business. Included in the SPVSS business are subsidiaries of the Company's direct subsidiary NDS Group Holdings Limited; Cisco Video Technologies India Private Limited, NDS Limited, Cisco Video Technologies Israel Limited and Beijing NDS Information Technologies Co., Ltd.

The transaction was completed on 28 October 2018.

On 25 October 2018, the Company received a repayment of \$58,000,000 in relation to intercompany loan notes receivable.

On 25 October 2018, the Company repaid \$58,000,000 of intercompany indebtedness.

On 15 January 2019, the Company acquired the entire share capital of Ensoft Limited, a company that provides networking software solutions, for \$27,432,295.

On 18 January 2019, the Company received a repayment of \$171,680,824 in relation to intercompany loan notes receivable.

On 18 January 2019, the Company repaid \$171,680,824 of intercompany indebtedness.

Directors' report (continued)

Post balance sheet events (continued)

On 20 March 2019, the Company received a repayment of \$56,700,271 in relation to intercompany loan notes receivable.

On 20 March 2019, the Company repaid \$56,700,271 of intercompany indebtedness.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced

Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Approved by the Board of Directors
and signed on behalf of the Board

29 April 2019



Sajaid Rashid
Director

Independent auditors' report to the members of Cisco Systems Holdings UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cisco Systems Holdings UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 July 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28 July 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Cisco Systems Holdings UK Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 28 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of Cisco Systems Holdings UK Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Christopher Boreham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
29 April 2019

Statement of Comprehensive Income

For the year ended 28 July 2018

	Note	28 July 2018 USD	29 July 2017 USD
Administrative expenses		(32,130,742)	(59,111,756)
Amounts written off investments	8	(393,060,989)	(117,784,287)
Other operating income/(costs)		2,754	(31,709)
Operating loss	4	<u>(425,188,977)</u>	<u>(176,927,752)</u>
Finance income	6	22,878,933	19,674,421
Finance costs	6	<u>(94,226,916)</u>	<u>(78,083,296)</u>
Loss before taxation		<u>(496,536,960)</u>	<u>(235,336,627)</u>
Tax on loss	7	-	-
Loss for the financial year		(496,536,960)	(235,336,627)
Total comprehensive loss for the year		<u>(496,536,960)</u>	<u>(235,336,627)</u>

The above results were derived from continuing operations.

Balance Sheet

As at 28 July 2018

	Note	28 July 2018 USD	29 July 2017 USD
Fixed assets			
Investments	8	61,888,176	454,949,165
		<u>61,888,176</u>	<u>454,949,165</u>
Current assets			
Trade and other receivables	9	337,930,660	508,183,521
Cash and cash equivalents	10	18,078,058	60,456,003
		<u>356,008,718</u>	<u>568,639,524</u>
Creditors: amounts falling due within one year	11	(1,991,258,738)	(2,100,413,573)
Net current liabilities		<u>(1,635,250,020)</u>	<u>(1,531,774,049)</u>
Total assets less current liabilities		<u>(1,573,361,844)</u>	<u>(1,076,824,884)</u>
Net liabilities		<u>(1,573,361,844)</u>	<u>(1,076,824,884)</u>
Capital and Reserves			
Called up share capital	12	20,001	20,001
Other reserves		3,647,808,925	3,647,808,925
Accumulated losses		<u>(5,221,190,770)</u>	<u>(4,724,653,810)</u>
Total shareholders' deficit		<u>(1,573,361,844)</u>	<u>(1,076,824,884)</u>

The notes on pages 14 to 23 form an integral part of these financial statements.

The financial statements on pages 11 to 23 were approved by the Board of Directors on 29 APRIL 2019 and signed on its behalf by:



Sajaid Rashid,

Director

Statement of Changes in Equity

Year ended 28 July 2018

	Called up share capital	Other reserves	Accumulated losses	Total shareholders' deficit
	USD	USD	USD	USD
As at 30 July 2016	20,001	3,647,808,925	(4,489,317,183)	(841,488,257)
Loss for the financial year	-	-	(235,336,627)	(235,336,627)
Total comprehensive loss for the year	-	-	(235,336,627)	(235,336,627)
As at 29 July 2017	20,001	3,647,808,925	(4,724,653,810)	(1,076,824,884)
Loss for the financial year	-	-	(496,536,960)	(496,536,960)
Total comprehensive loss for the year	-	-	(496,536,960)	(496,536,960)
As at 28 July 2018	20,001	3,647,808,925	(5,221,190,770)	(1,573,361,844)

Notes to the financial statements for the year ended 28 July 2018

1. General Information

The Company is a private company limited by share capital, incorporated in the United Kingdom and domiciled in England and Wales. The address of its registered office is 1 Callaghan Square, Cardiff, CF10 5BT, United Kingdom. Its principal activity is a group holding company.

2. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement and complexity and where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of i. paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 10(f) (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or members of a group.

Notes to the financial statements for the year ended 28 July 2018 (continued)

2. Accounting policies (continued)

Going concern

The directors intend to manage the Company's investments in direct and indirect subsidiaries and the flow of dividends to ensure that the Company can settle its liabilities as and when they fall due. Assurances have been obtained from the Company's ultimate parent company, Cisco Systems, Inc., that the Company will receive adequate financial support as necessary for the foreseeable future.

Accordingly, the directors consider that the going concern basis of accounting is appropriate.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the first time for the year ended 28 July 2018, have had a material impact on the Company.

Interest income

Interest income is recognised using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Foreign currency transactions and balances

These financial statements are presented in US dollars, being the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Investments

Investments are stated at cost less provisions for impairment. An impairment review is performed when there is an indication that the assets may be impaired. Impairment is determined by reference to the value in use, which is measured by reference to discounted cash flows. Any provision for impairment is recognised in the statement of total comprehensive income in the year.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the statement of total comprehensive income, except that a change attributed to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operate and generates taxable income.

Called up share capital

Ordinary shares are classified as equity.

Notes to the financial statements for the year ended 28 July 2018 (continued)

2. Accounting policies (continued)

Trade and other receivables

Trade and other receivables comprise of amounts owed by group undertakings and are unsecured and repayable on demand.

Creditors

Creditors comprise of amounts owed to group undertakings and are unsecured and repayable on demand and accrued liabilities.

Exemption from preparing group financial statements

The financial statements contain information about Cisco Systems Holdings UK Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 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 ultimate parent, Cisco Systems, Inc. a company incorporated in USA.

3. Critical accounting estimates and judgments

The impairment review concerning the value-in-use of investments and fair value less costs to sell requires estimates and assumptions that have a risk of causing material adjustments to the carrying value of these assets. These estimates, judgements and assumptions are frequently evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. See note 8 for the net carrying amount of investments and associated impairments.

4. Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 28 July 2018 USD	Year ended 29 July 2017 USD
Impairment of investments	393,060,989	117,784,287
Post-acquisition retention costs	32,130,742	59,111,756
Acquisition costs		
Unrealised foreign exchange (gains)/losses	(2,754)	31,709
	<u>425,188,977</u>	<u>176,927,752</u>

The audit fee of US\$33,426 (2017: US\$33,426) was borne by another company within the Cisco Group with no recharge being made to the Company. There were no fees for other services provided by the Company's auditors.

Post-acquisition retention costs are in connection with the amortisation of deferred consideration balances related to the acquired companies Acano (UK) Limited and Portcullis Computer Security Limited.

Notes to the financial statements for the year ended 28 July 2018 (continued)

5. Employees and directors' emoluments

The Company has no employees (2017: none). Directors were paid by other companies within the Cisco Group with no recharges made to the Company. It is not possible to determine the element of their remuneration which relates solely to their services as Directors of the Company.

6. Finance income and costs

	Year ended 28 July 2018 USD	Year ended 29 July 2017 USD
Interest paid to other group companies	(94,225,501)	(78,082,468)
Bank charges	(1,415)	(828)
Finance costs	<u>(94,226,916)</u>	<u>(78,083,296)</u>
Interest from other group companies	22,867,140	19,674,357
Bank credit interest	11,793	64
Finance income	<u>22,878,933</u>	<u>19,674,421</u>
Net finance costs	<u>(71,347,983)</u>	<u>(58,408,875)</u>

7. Tax on loss

	Year ended 28 July 2018 USD	Year ended 29 July 2017 USD
Total current tax	<u>-</u>	<u>-</u>

Factors affecting total tax charge

The tax charge for the year can be reconciled to the loss as per the statement of total comprehensive income as follows:

	Year ended 28 July 2018 USD	Year ended 29 July 2017 USD
Loss before taxation	<u>(496,536,960)</u>	<u>(235,336,627)</u>
Tax on loss at standard UK tax rate of 19.00% (2017: 19.67%)	(94,342,022)	(46,300,064)
Effects of:		
Expenses not deductible for tax purposes	96,696,400	46,502,641
Effects of group relief/other reliefs	(2,354,378)	(202,577)
Total tax charge	<u>-</u>	<u>-</u>

Notes to the financial statements for the year ended 28 July 2018 (continued)

7. Tax on loss (continued)

The company has no (2017: nil) deferred tax asset or liability and no (2017: nil) deferred tax charge in the year. The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

8. Investments

	<i>Investments in subsidiary companies USD</i>
Cost	
At 29 July 2017	4,840,265,231
Additional investments	-
At 28 July 2018	<u>4,840,265,231</u>
Impairment	
At 29 July 2017	4,385,316,066
Write down of investments	393,060,989
At 28 July 2018	<u>4,778,377,055</u>
Net book value	
At 29 July 2017	454,949,165
At 28 July 2018	<u>61,888,176</u>

Impairment tests for investments in subsidiaries

As a result of the sale of the Service Provider Video Software Solutions ("SPVSS") business on 28 October 2018, the investment in NDS Group Holdings Limited has been valued using a Level 1 fair value less costs to sale model and an impairment has been included in the statement of total comprehensive income. This is as a result of the consideration received being lower than the carrying value of the investment in the financial statements.

<i>At 28 July 2018</i>	<i>Level 1 carrying value (USD)</i>
NDS Group Holdings Limited	16,194,173

Notes to the financial statements for the year ended 28 July 2018 (continued)

8. Investments (continued)

Impairment tests for investments in subsidiaries (continued)

The recoverable amount of all other investments in direct subsidiaries has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The long-term growth rates and discount rates used in the value-in-use calculations for each of the investments are as follows:

<i>At 28 July 2018</i>	<i>Growth rate</i>	<i>Discount rate</i>	<i>Value-in-use (USD)</i>
Ubiquisys Limited	N/A	N/A	-
Acano (UK) Limited	16.1%	7.8%	45,694,003
Portcullis Computer Security Limited	N/A	N/A	-

The impairment loss for the year was US\$393,060,989 (2017: US\$117,784,287) and has been included in the statement of total comprehensive income. The impairment loss arose as a result of the Level 1 fair value less costs to sale model and value-in-use calculations, which determined that the recoverable amount of the investments in direct subsidiaries was below the carrying amount. All direct investments in subsidiaries are acquired companies, for which the original carrying amount is determined by the consideration paid for the acquisition. Following the acquisitions, the stand-alone acquired companies suffer diminishing revenue streams as their technology becomes integrated into Cisco's products and are sold through other operating entities within the group. As a result, the value-in-use of the acquired companies have decreased post acquisition, but the strategic objectives behind the acquisitions remain on track.

Below are listed all direct subsidiaries of the Company.

<i>Name</i>	<i>Principal activity</i>	<i>Country of incorporation and registered office</i>	<i>Class of shares</i>	<i>Proportion of Ownership interest and voting rights held</i>	
				<i>2018</i>	<i>2017</i>
NDS Group Holdings Limited	Holding company	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda	Common shares	100%	100%
Ubiquisys Limited	Sales and support services	1 Callaghan Square, Cardiff, CF10 5BT, United Kingdom	Ordinary shares	100%	100%
Acano (UK) Limited	Sales and support services	1 Callaghan Square, Cardiff, CF10 5BT, United Kingdom	Ordinary and deferred shares	100%	100%
Portcullis Computer Security Limited	Sales and support services	1 Callaghan Square, Cardiff, CF10 5BT, United Kingdom	Ordinary shares	100%	100%

Notes to the financial statements for the year ended 28 July 2018 (continued)

8. Investments (continued)

Below are listed all indirect subsidiaries of the Company

Name	Country of incorporation and registered office	Class of shares	Proportion of Ownership interest and voting rights held	
			2018	2017
Acano AS	Philip Pedersens vei 1, 1366 Lysaker, Norway	Ordinary shares	100%	100%
NDS Group Limited	1 Callaghan Square, Cardiff, CF10 5BT, United Kingdom	Ordinary shares	100%	100%
NDS Finance Limited	1 Callaghan Square, Cardiff, CF10 5BT, United Kingdom	Ordinary shares	100%	100%
Digi-Media Vision Limited	One London Road, Staines, Middlesex, TW18 4EX, United Kingdom	Ordinary shares	100%	100%
News Datacom Limited	One London Road, Staines, Middlesex, TW18 4EX, United Kingdom	Common shares	100%	100%
NDS Denmark Holding A/S	Lautrupsgade 7, 2100, Copenhagen, Denmark	Ordinary shares	100%	100%
NDS Denmark ApS	Lautrupsgade 7, 2100, Copenhagen, Denmark	Ordinary shares	100%	100%
NDS Holdings B.V.	One London Road, Staines, Middlesex, TW18 4EX, United Kingdom	Common shares	100%	100%
NDS Sweden AB	Arstaangsvagen 21 C 2TR, 11743, Stockholm, Sweden	Ordinary shares	100%	100%
Castup Israel Ltd.	Hamelacha Street 32, Netanya, 4250567, Israel	Ordinary shares	100%	100%
Cisco RG Israel Ltd	Hamelacha Street 32, Netanya, 4250567, Israel	Ordinary shares	100%	100%
NDS Israel Ltd.	5 Shlomo Halevi Street, Jerusalem, 91235, Israel	Ordinary shares	100%	100%
NDS Marketing Israel Limited	5 Shlomo Halevi Street, Jerusalem, 91235, Israel	Ordinary shares	100%	100%
Synamedia Limited (formerly NDS Limited)	1 Callaghan Square, Cardiff, CF10 5BT, United Kingdom	Ordinary shares	100%	100%
Beijing NDS Information Technology Co., Ltd.	No. 3 South Zhongguancun Street, Beijing, Haidian District, China	Capital Contribution shares	100%	100%
Trilar Video Technologies India Private Limited	Block 9A & 9B, Pritech Park, Bellandur Village, Bangalore, 560103, India	Ordinary shares	100%	100%
NDS Canada ULC	PO Box 997, Halifax NS B3J 2X2, Canada	Common shares	100%	0%
Solar VP Canada ULC	Suite 800, 1959 Upper Water Street, Halifax NS, B3J 2X2, Canada	Common shares	100%	0%

Notes to the financial statements for the year ended 28 July 2018 (continued)

8. Investments (continued)

Below are listed all indirect subsidiaries of the Company (continued)

Name	Country of incorporation and registered office	Class of shares	Proportion of Ownership interest and voting rights held	
			2018	2017
NDS Video Technologies Private Limited	8 Changi Business Park Avenue 1, UE BizHub East, 486018, Singapore	Ordinary shares	100%	0%
Pawaa Software Private Limited	Unit 201, Brigade South Parade, 10 M.G. Road, Bengaluru, 560001, India	Equity shares/ Preference shares	100%	100%

During the year, three new indirect subsidiaries were incorporated: NDS Canada ULC, NDS Video Technologies Private Limited and Solar VP Canada ULC.

During the year, Cisco Video Technologies Israel Ltd. changed its name to NDS Israel Ltd.

9. Trade and other receivables

	Year ended 28 July 2018 USD	Year ended 29 July 2017 USD
Amounts owed by group undertakings	337,930,660	508,183,521
	<u>337,930,660</u>	<u>508,183,521</u>

Amounts owed by group undertakings are unsecured and are repayable on demand. Of the total balance, US\$337,496,804 (2017: US\$507,749,665) comprises of a loan that accrues interest at a variable 3 month US dollar LIBOR rate plus 2.875%. The remaining balance of US\$433,856 (2017: US\$433,856) is interest free.

10. Cash and cash equivalents

	Year ended 28 July 2018 USD	Year ended 29 July 2017 USD
Cash at bank and in hand	18,078,058	43,144,997
Escrow cash for deferred consideration	-	17,311,006
	<u>18,078,058</u>	<u>60,456,003</u>

Notes to the financial statements for the year ended 28 July 2018 (continued)

11. Creditors: amounts falling due within one year

	<i>Year ended 28 July 2018</i> USD	<i>Year ended 29 July 2017</i> USD
Amounts owed to group undertakings	1,982,240,685	2,081,135,184
Accruals	9,018,053	19,278,389
	<u>1,991,258,738</u>	<u>2,100,413,573</u>

Amounts owed to group undertakings are unsecured and are repayable on demand. Of the total balance, US\$1,980,920,551 (2017: US\$2,079,815,050) comprises of a loan that accrues interest at a variable 3 month US dollar LIBOR rate plus 2.750%. The remaining balance of US\$1,320,134 (2017: US\$1,320,134) is interest free.

12. Called up share capital

	<i>Year ended 28 July 2018</i> USD	<i>Year ended 29 July 2017</i> USD
Allotted, called up and fully paid		
20,001 (2017: 20,001) Ordinary shares of 1 USD each	<u>20,001</u>	<u>20,001</u>

All shares rank pari passu in all respects.

13. Ultimate parent company and immediate parent undertaking

The immediate parent undertaking is Cisco Worldwide Holdings Ltd., a company incorporated in Bermuda. According to the register kept by the Company, Cisco Worldwide Holdings Ltd. has a 100% interest in the equity capital of Cisco Systems Holdings UK Limited.

The ultimate parent is Cisco Systems, Inc.

Cisco Systems, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. Copies of the company's consolidated financial statements can be obtained from the Company Secretary, Cisco Systems, Inc., 170 West Tasman Drive, San Jose, California 95134-1706, USA.

Notes to the financial statements for the year ended 28 July 2018 (continued)

14. Post balance sheet events

On 1 May 2018, the Company's ultimate parent company, Cisco Inc., announced a definitive agreement to sell its Service Provider Video Software Solutions ("SPVSS") business. Included in the SPVSS business are subsidiaries of the Company's direct subsidiary NDS Group Holdings Limited; Cisco Video Technologies India Private Limited, NDS Limited, Cisco Video Technologies Israel Limited and Beijing NDS Information Technologies Co., Ltd.

The transaction was completed on 28 October 2018.

On 25 October 2018, the Company received a repayment of \$58,000,000 in relation to intercompany loan notes receivable.

On 25 October 2018, the Company repaid \$58,000,000 of intercompany indebtedness.

On 15 January 2019, the Company acquired the entire share capital of Ensoft Limited, a company that provides networking software solutions, for \$27,432,295.

On 18 January 2019, the Company received a repayment of \$171,680,824 in relation to intercompany loan notes receivable.

On 18 January 2019, the Company repaid \$171,680,824 of intercompany indebtedness.

On 20 March 2019, the Company received a repayment of \$56,700,271 in relation to intercompany loan notes receivable.

On 20 March 2019, the Company repaid \$56,700,271 of intercompany indebtedness.