

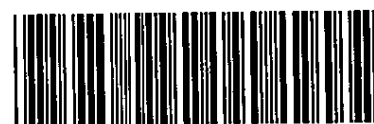
Company Registration No. 01231037

Atlas Interactive Limited

Report and Financial Statements

for the year ended 30 September 2013

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Atlas Interactive Limited

Report and financial statements 2013

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Atlas Interactive Limited

Report and financial statements 2013

Officers and professional advisers

Directors

G Park
H Van Der Vossen
J Rowley
K Short

Secretary

G Park

Registered office

Broadgate Tower
Primrose Street
London
EC2A 2EW

Banker

Lloyds TSB Scotland
1st Floor Corporate Banking
4/5 Union Terrace
Aberdeen
AB10 1NJ

Solicitor

Dickson Minto W S
16 Charlotte Square
Edinburgh
EH2 4DF

Independent Auditor

Deloitte LLP
Aberdeen, UK

Atlas Interactive Limited

Strategic Report

Principal activities

The principal activity of the company is the development and marketing of e-learning to the oil and gas industry

Atlas is one of the leading providers of learning technologies to the oil and gas industry, with one of the largest portfolios of e-learning content, covering health, safety, environment and technical subjects

The company's revenues are predominately delivered through the licensing of its multi-media courseware of over 230 topics and the development of bespoke customised courses for its energy sector clients. The company delivers its services in over 30 countries in 20 languages and has a global client base of over 200 companies

Atlas operates in a large global Oil and Gas training market estimated at £4 billion per year (source: industry reports and company data), where an increasing share of budgets are from learning technology and e-learning solutions. The company has identified the following favourable medium and long term trends to support its growth plans

- Regulatory driven demand for HSE training,
- Increased global learning and development spends,
- Increased market share of e-learning services,
- Employment growth and skill shortages,
- International footprint of operators and increasing requirement for national training
- Increased requirement for technical qualifications and apprenticeships and
- Growing importance of competency training and software solutions

Results and business review

Revenue increased by 9% to £9,348,141. Content licence sales improved by 29%, benefitting from increased sales to existing clients as well as new client acquisitions in both the UK and overseas. Bespoke sales on a like for like basis increased by 21%.

During the year the company invested £740,750 in the development of new software products and processes.

Gross profit increased by 18% to £5,715,566 (2012: £4,828,767) and gross margins increased to 61% (2012: 56%).

A comparison of EBITDA performance is summarized below

	2013 £	2012 £
Operating profit	1,956,413	1,959,548
Amortisation	124,460	112,875
Depreciation	161,027	137,515
EBITDA	2,241,900	2,209,938
Redundancy & termination costs	264,187	-
Loss on sale of fixed assets	27,041	-
Adjusted EBITDA	2,533,128	2,209,938

Atlas Interactive Limited

Strategic Report

Going concern

The company is a subsidiary of a group that is financed through a combination of bank term loans, shareholder loan notes and equity share capital, in addition to the cash flow that the group generates from its principal trading activities. The group's bank term loans are structured to amortise over a series of repayments through to 30 September 2015 and 30 November 2015. They are subject to a number of financial covenants, measured quarterly, that are linked to the underlying trading performance and cash flow generation of the group.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is able to operate within the conditions of the financial covenants attaching to its bank term loan facilities. The directors, therefore, have a reasonable expectation that the group and the company have adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company does not consider it efficient to hedge its exposure to changes in foreign currency exchange rates.


Credit risk

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company manages its cash flow professionally. Cash flow is reviewed by the board each month as reporting is an integral part of the monthly board pack.

Approved by the Board and signed on its behalf by



G Park
Director
31 January 2014

Atlas Interactive Limited

Directors' Report

The directors present their annual report on the affairs of the company together with the financial statements and auditors report, for the year ended 30 September 2013

Dividends

The directors do not propose a dividend (2012 £nil)

Directors

The directors who served throughout the year and to the date of this report were as follows

H Van Der Vossen

G Park (appointed 16 May 2013)

J McCann (resigned 24 April 2013)

J Rowley

K Short

Company secretary

G Park was appointed as company secretary during the year and holds the position at the date of this report

Auditor

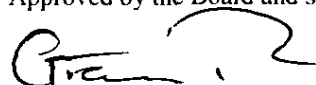
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware and
- the director has taken all the steps that he 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 auditor is aware of that information

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

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



G Park

Director

31 January 2014

Atlas Interactive Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 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 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.

Independent auditor's report to the members of Atlas Interactive Limited

We have audited the financial statements of Atlas Interactive Limited for the year ended 30 September 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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

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. 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.

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 September 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

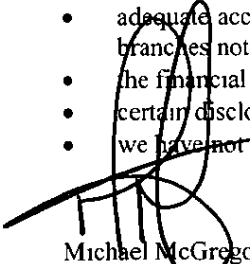
Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Michael McGregor ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
31 January 2014

Atlas Interactive Limited

Profit and loss account For the year ended 30 September 2013

	Note	2013 £	2012 £
Turnover	2	9,348,141	8,567,832
Cost of sales		(3,632,575)	(3,739,065)
Gross profit		5,715,566	4,828,767
Administrative expenses		(3,709,454)	(2,818,913)
Other operating expenses		(49,699)	(50,306)
Operating profit	3	1,956,413	1,959,548
Interest payable and similar charges	5	(17,444)	(15,723)
Profit on ordinary activities before taxation		1,938,969	1,943,825
Tax on profit on ordinary activities	6	(204,209)	(222,445)
Profit for the financial year	12	1,734,760	1,721,380

All of the company's activities in the current and prior year relate to continuing operations

The company has no recognised gains and losses for the current and preceding period. Accordingly, no Statement of Total Recognised Gains and Losses has been presented.

Atlas Interactive Limited

Balance sheet As at 30 September 2013

	Note	2013 £	2012 £
Fixed assets			
Intangible assets	7	864 182	247,892
Tangible assets	8	1,335,505	1,392,815
		<u>2,199,687</u>	<u>1,640 707</u>
Current assets			
Debtors	9	8,287,811	7,465,584
Cash at bank and in hand		1,608 225	1,272,641
		<u>9,896,036</u>	<u>8,738,225</u>
Creditors: amounts falling due within one year	10	<u>(1,400 638)</u>	<u>(1,418,607)</u>
Net current assets		<u>8 495,398</u>	<u>7,319 618</u>
Net assets		<u>10,695 085</u>	<u>8,960 325</u>
Capital and reserves			
Called-up share capital	11	40 000	40,000
Profit and loss account	12	10,655,085	8,920,325
Shareholders' funds	13	<u>10,695,085</u>	<u>8,960,325</u>

The financial statements of Atlas Interactive Limited registered number 01231037, were approved by the board of directors and authorised for issue on 31 January 2014

They were signed on its behalf by



G Park
Director

Atlas Interactive Limited

Notes to the financial statements Year ended 30 September 2013

1. Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The company's business activities, together with the factors likely to affect its future prospects, are discussed in the strategic report on page 2. After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Cash flow statement

The company has taken advantage of the exemption within FRS1 "Cash Flow Statements (revised) 1996" and has not prepared a cash flow statement on the grounds that the company is a wholly owned subsidiary of a parent undertaking which produces consolidated financial statements including a consolidated cash flow statement dealing with the cash flows of the company which are publicly available.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Pension costs

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between eighteen and thirty-six months. Provision is made for any impairment.

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2013

1 Principal accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Buildings	2% per annum
Computer equipment	33⅓% per annum
Office equipment	15% per annum
Motor vehicles	33⅓% per annum
Property improvements	10% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all 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 measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. Turnover

In the year to 30 September 2013, 51% (2012: 57%) of the company's turnover was to markets outside the United Kingdom.

No further segmental analysis of turnover is provided as the directors believe this could be prejudicial to the best interests of the company.

3. Operating profit

Operating profit is stated after charging

	2013 £	2012 £
Amortisation of intangible fixed assets (note 7)	124,460	112,875
Depreciation of tangible fixed assets – owned (note 8)	161,027	137,515
Operating lease rentals – other	42,275	42,625
Loss on foreign currency exchange	49,699	50,306
Loss on sale of fixed asset	27,041	-
Fees payable to the company's auditor for		
The audit of the company's annual accounts	30,300	22,000
Tax services	18,500	18,500

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2013

4. Information regarding directors and employees

	2013 £	2012 £
Directors remuneration		
Emoluments	772,654	555,000
Company contributions to money purchase schemes	26,050	19,800
	<u>798,704</u>	<u>574,800</u>
Attributable to the highest paid director		
Emoluments	275,000	180,000
Contributions to money purchase schemes	-	19,800
	<u>275,000</u>	<u>199,800</u>
 The number of directors who are members of money purchase schemes	 <u>1</u>	 <u>1</u>

	2013 £	2012 £
Staff costs during the year (including directors)		
Wages and salaries	3,806,370	3,278,412
Social security costs	365,825	338,887
Other pension costs (note 15)	108,285	80,874
	<u>4,280,480</u>	<u>3,698,173</u>

In addition to the staff costs noted above £264,187 (2012: £nil) of redundancy and termination costs were incurred in the year

	2013 No.	2012 No.
Average number of persons employed by the company (including directors)		
Operations	41	49
Sales	12	8
Administration	33	18
	<u>86</u>	<u>75</u>

5. Interest payable and similar charges

	2013 £	2012 £
Bank charges	<u>17,444</u>	<u>15,723</u>

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2013

6. Tax on profit on ordinary activities

	2013 £	2012 £
The tax charge comprises		
Current tax		
- Current year	235,332	222,445
- Adjustment in respect of prior years	(31,123)	-
Total charge tax on profit on ordinary activities	<u>204,209</u>	<u>222,445</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>1,938,969</u>	<u>1,943,825</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.5% (2012: 25%)	455,658	485,956
Effects of		
Expenses not deductible for tax purposes	11,055	14,298
Capital allowances in excess of depreciation	1,352	(6,361)
Movement in short term timing differences	11,806	(5,729)
Group relief claimed	(251,295)	(265,719)
Adjustments to tax charge in respect of previous periods	(31,123)	-
Transfer pricing adjustments	6,756	-
Current tax charge for the year	<u>204,209</u>	<u>222,445</u>

A deferred tax asset amounting to £13,372 (2012: £1,743) for accelerated capital allowances of £956 (2012: £300) and short term timing differences of £12,416 (2012: £2,043) has not been recognised in accordance with the accounting policy

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2013

7 Intangible fixed assets

	Development costs £
Cost	
At 1 October 2012	573,120
Additions	740,750
	<hr/>
At 30 September 2013	1,313,870
	<hr/>
Amortisation	
At 1 October 2012	325,228
Charge for the year	124,460
	<hr/>
At 30 September 2013	449,688
	<hr/>
Net book value	
At 30 September 2013	864,182
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At 30 September 2012	247,892
	<hr/>

8 Tangible fixed assets

	Buildings £	Computer equipment £	Office equipment £	Motor vehicles £	Property improvements £	Total £
Cost						
1 October 2012	1,183,843	1,294,699	141,167	15,318	213,772	2,848,799
Additions	-	88,130	9,891	-	37,287	135,308
Disposals	-	(2,190)	(10,266)	-	(44,417)	(56,873)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	1,183,843	1,380,639	140,792	15,318	206,642	2,927,234
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
1 October 2012	126,165	1,125,688	105,268	15,318	83,545	1,455,984
Charge for the year	23,677	105,396	11,091	-	20,863	161,027
Disposals	-	-	(5,313)	-	(19,969)	(25,282)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	149,842	1,231,084	111,046	15,318	84,439	1,591,729
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 30 September 2013	1,034,001	149,555	29,746	-	122,203	1,335,505
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	1,057,678	169,011	35,899	-	130,227	1,392,815
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Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2013

9. Debtors

	2013 £	2012 £
Amounts falling due within one year		
Trade debtors	1,369,841	1,648,732
Amounts owed by group companies	6,851,790	5,713,377
Other debtors	2,096	1,096
Prepayments and accrued income	64,084	102,379
	<u>8,287,811</u>	<u>7,465,584</u>

All amounts are repayable on demand. No interest is charged on group balances.

10 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	197,465	421,080
Amounts owed to group undertaking	9,353	9,354
Corporation tax	52,167	221,622
Other taxation and social security	273,855	205,570
Other creditors	27,691	42,322
Accruals and deferred income	840,107	518,659
	<u>1,400,638</u>	<u>1,418,607</u>

All amounts are repayable on demand. No interest is charged on group balances.

11 Called-up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
40,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

12. Reserves

	Profit and loss account £
At 1 October 2012	8,920,325
Profit for the financial year	<u>1,734,760</u>
At 30 September 2013	<u>10,655,085</u>

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2013

13 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year and net increase to shareholders' funds	1,734,760	1,721,380
Opening shareholders' funds	8,960,325	7,238,945
Closing shareholders' funds	<u>10,695,085</u>	<u>8,960,325</u>

14. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2013 £	2012 £
Expiry date		
- within one year	6,000	13,500
- after five years	26,425	26,425
	<u>32,425</u>	<u>39,925</u>

15. Pension arrangements

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £108,285 (2012: £80,874). Contributions totalling £17,354 (2012: £8,882) were payable to the fund at the year end and are included in creditors.

16. Contingent liabilities

The company is a party to a cross guarantee arrangement with certain other group companies in respect of bank borrowings. Total bank borrowings and overdraft of the group as at 30 September 2013 were £5,361,384 (2012: £6,100,000).

Atlas Interactive Limited

Notes to the financial statements (continued) **Year ended 30 September 2013**

17 Related party transactions

Certain directors of the ultimate parent company Atlas Energy Group Limited have charged £97,000 (2012 £95,000), with one receiving a salary of £20,000 (2012 £20,000) in respect of services provided to the company

The company was charged monitoring fees of £44,608 (2012 £39,164) by HG Pooled Management Limited. HG Pooled Management Limited is a subsidiary of HG Capital LLP, a 70% shareholder in Atlas Energy Group Limited, an intermediate parent company. At 30 September 2013 £nil (2012 £nil) was due to HG Pooled Management Limited.

The company was charged legal fees of £60,071 (2012 £46,782) by Petroweb Solutions Limited. Petroweb Solutions Limited is a company owned by a director of the company. At 30 September 2013 £16,815 (2012 £16,125) was due to Petroweb Solutions Limited.

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 section 3(c) and has not disclosed transactions or balances with entities which form part of the group.

18. Parent undertaking

The immediate parent company is Petrolearn Limited, a company incorporated in Scotland.

The financial statements of this entity are included in the consolidated financial statements of Atlas Energy Group Limited, the ultimate parent company. Copies of the financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The Directors do not consider there to be an ultimate controlling party.