

ASTRAC Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2007



Company Registration No 2110600

ASTRAC Limited

OFFICERS AND ADVISORS

DIRECTORS

J H Gedda
A Youniss
B Agle

SECRETARY

D & A Secretarial Services

REGISTERED OFFICE

Salisbury House
London Wall
London
EC2M 5PS

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

BANKERS

Lloyds TSB
6-7 Park Row
Leeds
West Yorkshire
LS1 1NX

SOLICITORS

Druces & Attlee
Salisbury House
London Wall
London
EC2M 5PS

ASTRAC Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of ASTRAC Limited for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

The principal activity of the company is the development, distribution and servicing of enterprise-wide business intelligence software for international and domestic markets

BUSINESS REVIEW

Whilst the turnover for the year ended 31 December 2007 has fallen by 6%, costs have also reduced producing an increase in operating profit of £420,778

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty arises from the declining market for existing products. To counter any reduction in turnover from existing products the company is undertaking enhancements to existing products, new product development and additional work for its ultimate parent company, Rocket Software Inc in the USA

FINANCIAL RISKS

Liquidity and working capital requirements are managed at group level. Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationship with suppliers and customers and manages any exposure on normal trade terms

RESULTS

The profit for the year after taxation was £2,532,167 (2006 £2,194,734)

FUTURE PROSPECTS

By the end of 2008 the intellectual property purchased in 2005 will have been completely written off with a significant reduction in operating expenses. Future prospects are good

DIRECTORS

The directors of the company during the year were as follows

J H Gedda	
A Youniss	
P J Manning	(resigned 29 February 2008)
B Agle	(appointed 29 February 2008)

AUDITORS

The directors appointed Baker Tilly UK Audit LLP as auditors during the year. Baker Tilly UK Audit LLP has indicated its willingness to continue in office

ASTRAC Limited
DIRECTORS' REPORT (continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that 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 it has been communicated to the auditor.

On behalf of the board



Director

Nov 10, 2008

ASTRAC Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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). The financial statements are required by law to 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF ASTRAC LIMITED

We have audited the financial statements on pages 6 to 15

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

19 November 2008

ASTRAC Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007

	<i>Notes</i>	2007 £	2006 £
TURNOVER	1	5,901,673	6,282,241
Cost of sales		(233,044)	(278,194)
		<hr/>	<hr/>
GROSS PROFIT		5,668,629	6,004,047
Administrative expenses		(2,364,645)	(3,120,841)
		<hr/>	<hr/>
OPERATING PROFIT	2	3,303,984	2,883,206
Finance income	3	49,335	44,664
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,353,319	2,927,870
Taxation	6	(821,152)	(733,136)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	14	2,532,167	2,194,734
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains and losses for either period other than the profit for that period

All the above activities refer to continuing operations

ASTRAC Limited


BALANCE SHEET

31 December 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Intangible assets	8	98,631	874,495
Tangible assets	9	9,042	24,542
		<u>107,673</u>	<u>899,037</u>
CURRENT ASSETS			
Debtors	10	5,692,510	2,813,669
Cash at bank and in hand		770,153	356,681
		<u>6,462,663</u>	<u>3,170,350</u>
CREDITORS Amounts falling due within one year	12	(3,164,858)	(3,196,076)
NET CURRENT ASSETS/(LIABILITIES)		<u>3,297,805</u>	<u>(25,726)</u>
NET ASSETS		<u>3,405,478</u>	<u>873,311</u>
CAPITAL AND RESERVES			
Called up share capital	13	201,400	201,400
Share premium account	14	346,177	346,177
Profit and loss account	14	2,857,901	325,734
SHAREHOLDERS' FUNDS	15	<u>3,405,478</u>	<u>873,311</u>

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on Nov 10, 2008 and are signed on its behalf by


Director


Director

ASTRAC Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. The financial statements have been prepared under the historical cost convention.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation. 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, unless otherwise stated, over its expected useful life as follows:

Computer hardware	over 3 years
Office equipment	over 4 years

INTANGIBLE ASSETS – SOFTWARE INTELLECTUAL PROPERTY

Software intellectual property is amortised on a straight-line basis, with 35% of cost charged in the first 12 months following acquisition, and then 28%, 21%, 14% and 2% in the subsequent periods, respectively and ending 30 September 2008.

The rates above reflect management's assessment of the minimum income profile relating to the intellectual property acquired.

RESEARCH EXPENDITURE

Research expenditure is written off as incurred.

TURNOVER

The company sells business intelligence software and corresponding annual licences to operate this software. Turnover is recognised over the period covered by the annual licence.

Turnover is the sterling equivalent value of goods and services supplied. It also excludes VAT, similar sales based tariffs or withholding taxes unless there exists a double taxation treaty between the United Kingdom and the country to which the export sale is made. Where invoices are sent to customers in advance an appropriate proportion relating to future periods is included in deferred income.

DEFERRED TAXATION

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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASES

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

PENSION SCHEME

The company operates a defined contribution scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable.

ASTRAC Limited

ACCOUNTING POLICIES (continued)

FOREIGN EXCHANGE

Assets and liabilities denominated in overseas currencies are translated at the rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

CASH FLOW STATEMENT

No cash flow statement has been prepared as the company is a wholly owned subsidiary of Rocket Software UK Limited, whose publicly available consolidated financial statements include a consolidated cash flow statement for the group.

ASTRAC Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1 TURNOVER

An analysis of turnover by destination is as follows

	2007 £	2006 £
United Kingdom	808,537	572,996
Europe (excluding UK)	3,296,970	3,367,595
North America	1,005,501	1,433,152
Rest of the world	790,665	908,498
	<u>5,901,673</u>	<u>6,282,241</u>

2 OPERATING PROFIT

Operating profit is stated after charging

	2007 £	2006 £
Auditors' remuneration	10,000	15,000
Amortisation of intangible fixed assets	775,864	1,357,854
Depreciation of tangible fixed assets	15,500	15,500
Other operating leases – land and buildings	51,000	51,000
	<u>852,364</u>	<u>1,539,354</u>

3 FINANCE INCOME

Interest on bank balances

	2007 £	2006 £
Interest on bank balances	49,335	44,664
	<u>49,335</u>	<u>44,664</u>

4 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was 22 (2006 25)

Their aggregate remuneration comprised

	2007 £	2006 £
Wages and salaries	1,036,200	1,059,917
Social security costs	118,418	124,469
Pension costs	50,430	55,077
	<u>1,205,048</u>	<u>1,239,463</u>

ASTRAC Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

5 DIRECTORS' EMOLUMENTS

No director received and emoluments from the company during the year (2006 £Nil)

No directors were accruing benefits under pension schemes during the year (2006 £Nil)

6	TAXATION	2007 £	2006 £
	<i>Current tax charge</i>		
	UK corporation tax	820,298	876,785
	Adjustment in respect of prior years	-	(145,227)
		<u>820,298</u>	<u>731,558</u>
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	21	1,578
	Impact from tax rate change	833	-
		<u>821,152</u>	<u>733,136</u>
	Tax on profit on ordinary activities		
	Factors affecting tax charge for the year		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below		
	Profit on ordinary activities before tax	<u>3,353,319</u>	<u>2,927,870</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax 30% (2006 30%)	<u>1,005,996</u>	<u>878,361</u>
	Effects of		
	Expenses not tax deductible	518	4,652
	Capital allowances in excess of depreciation	(21)	(6,228)
	Withholding tax on overseas income	(33,935)	-
	Group relief claimed	(152,260)	-
	Adjustments in respect of prior year	-	(145,227)
		<u>820,298</u>	<u>731,558</u>
	Current tax charge for the year		
7	DIVIDENDS	2007 £	2006 £
	On equity shares		
	Dividends paid of £Nil per ordinary shares (2006 £9 49)	-	3,376,132

ASTRAC Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

8	INTANGIBLE FIXED ASSETS	Software – Intellectual property £
	Cost	
	At 31 December 2006 and 31 December 2007	7,053,763
	Amortisation	
	At 1 January 2007	(6,179,268)
	Charge for the year	(775,864)
	At 31 December 2007	(6,955,132)
	Net book value	
	At 31 December 2007	98,631
	At 31 December 2006	874,495
9	TANGIBLE FIXED ASSETS	Computer hardware and office equipment £
	Cost	
	At 31 December 2006 and 31 December 2007	104,329
	Accumulated depreciation	
	At 1 January 2007	(79,787)
	Charge for the year	(15,500)
	At 31 December 2007	(95,287)
	Net book value	
	At 31 December 2007	9,042
	At 31 December 2006	24,542

ASTRAC Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

10	DEBTORS	2007 £	2006 £
	Trade debtors	1,129,907	1,672,979
	Amounts owed by group companies	4,516,594	1,064,856
	Other debtors	13,177	26,277
	Prepayments and accrued income	21,163	37,034
	Deferred taxation (note 11)	11,669	12,523
		<u>5,692,510</u>	<u>2,813,669</u>
11	DEFERRED TAXATION	2007 £	2006 £
	Deferred tax asset movement		
	1 January 2007	12,523	14,101
	Charge for the year (note 6)	(854)	(1,578)
		<u>11,669</u>	<u>12,523</u>
	31 December 2007	<u>11,669</u>	<u>12,523</u>
	Deferred tax asset comprises		
	Tax effect of timing differences at 30% (2006 30%)		
	Excess depreciation over capital allowances	10,549	11,323
	Short term differences	1,120	1,200
		<u>11,669</u>	<u>12,523</u>
12	CREDITORS Amounts falling due within one year	2007 £	2006 £
	Trade creditors	-	30,754
	Other taxes and social security costs	117,218	162,568
	Corporation tax	783,712	277,350
	Accruals and deferred income	2,263,928	2,725,404
		<u>3,164,858</u>	<u>3,196,076</u>

Accruals and deferred income principally comprises payments received in advance

ASTRAC Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

13 CALLED UP SHARE CAPITAL

	Number of shares	£
Authorised		
25p ordinary shares	500,000	125,000
25p deferred shares	450,000	112,500
At 31 December 2006 and 31 December 2007	950,000	237,500
Allotted, called up and fully paid		
25p ordinary shares	355,599	88,900
25p deferred shares	450,000	112,500
At 31 December 2006 and 31 December 2007	805,599	201,400

The 25p deferred shares have no right to receive a dividend and no right to receive notice of, or to attend, any general meeting

On winding up, the holders of the deferred shares shall be entitled, out of surplus assets of the company, to a return of capital paid by them after a total amount £20,000,000 has been distributed in such winding up in respect of the ordinary shares

14 RESERVES

	Share premium account £	Profit and loss account £
1 January 2007	346,177	325,734
Profit for the year	-	2,532,167
31 December 2007	346,177	2,857,901

15 RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	2,532,167	2,194,734
Dividends paid	-	(3,376,132)
Movement in the year	2,532,167	(1,181,398)
Opening shareholders' funds	873,311	2,054,709
Closing shareholders' funds	3,405,478	873,311

ASTRAC Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

16	COMMITMENTS UNDER OPERATING LEASES	2007 £	2006 £
	At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows		
	Land and buildings		
	Expiring within one year	51,000	-
	expiring between two and five years	-	51,000
		<u>51,000</u>	<u>51,000</u>

17 RELATED PARTY BALANCES

The company has taken advantage of the exemption not to disclose any transactions with its parent undertaking conferred by Financial Reporting Standard No 8 on the grounds that the company's results are included in the consolidated financial statements of the parent undertaking

18 IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate parent company is ASTRAC Holdings Limited. The ultimate parent company and controlling party is Rocket Software Incorporated, a company registered in the USA.

The largest group of companies which prepares consolidated accounts including the company is Rocket Software UK Limited. Copies of the consolidated financial statements of Rocket Software UK Limited are available from Companies House.