

COMPANY REGISTRATION NUMBER 2258824

SAFENET UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2010

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SAFENET UK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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SAFENET UK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	G Clark C Fedde R Barkhordari
Company secretary	K Hicks
Registered office	3 Meadows Business Park Station Approach Blackwater Camberley Surrey GU17 9AB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
Bankers	Barclays Bank PLC City Office Old Bank Oxford OX1 3HS

SAFENET UK LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company during the year was and continues to be, the marketing and distribution of Information Security hardware, software and related services. In addition the company provides Management Services (including Sales, Finance, Legal and Human Resources) to European companies within the Group.

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company SafeNet Inc. The directors have received confirmation that SafeNet Inc. intend to support the company for at least one year after these financial statements are signed.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

	<i>2010</i>	<i>2009</i>	<i>Change</i>
	<i>£'000</i>	<i>£'000</i>	<i>%</i>
Turnover	4,499	4,231	6%
Total operating profit	300	389	(23%)
Profit/(loss) after tax	670	791	(15%)
Shareholders' funds (2009 deficit)	634	(34)	1,965%
Average monthly number of employees	84	66	27%

The company's principal activity is the marketing and distribution of Information Security products and services to the United Kingdom.

The company faces increased competition from new and existing competitors in the market of Information Security but is well positioned to exploit the growth in the sector. In particular the addition of Aladdin to the SafeNet Group in early 2009 has led to significant opportunities for cross selling non competing products to an existing customer base. Aladdin was a competitor of SafeNet and its' products and services will be available for SafeNet to market and distribute during 2010.

The growth in revenue during the financial year is attributable to the increase in the market for Information Security following a number of high profile security breaches within the UK Government and Banking sectors and the consequent market commentary in particular outlining the need for enhanced data and content security.

The gross margin decreased from 71% in 2009 to 68% due to unfavourable movements in product costs in 2010. In 2010 the UK pound appreciated by 3.5% compared to 2009 against the US dollar and 5.5% against the Euro exchange rate leading to a revaluation of outstanding balances with the sister and ultimate parent company. Management reviews the fluctuation in the exchange rates regularly and takes necessary steps to minimize the risk of foreign currency fluctuation.

SAFENET UK LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

RESULTS AND DIVIDENDS

The profit for the year amounted to £668,025 (2009 £790 915)

The directors have not recommended a dividend (2009 nil)

DIRECTORS

The directors who served the company during the year and up to the date of signing the financial statements were as follows

G Clark
C Fedde
R Barkhordari

The company has not granted an indemnity to any directors against liability of proceedings brought by third parties

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the following are principal risk factors that could materially and adversely affect the company's future operating benefits or financial position. Management and the Board regularly review risks facing the company. The list is not intended to be exhaustive.

- Regulatory decisions and changes in the regulatory environment could adversely affect our business,
- Failure to maintain effective internal controls could have a material adverse effect on our business and operating results,
- Fluctuations in the exchange rate between the UK pound, the US dollar, and the Euro affect the company by impacting upon revenue, expenses and the balance sheet

FINANCIAL RISK MANAGEMENT

Financial risks The Company's operations expose it to a variety of financial risks, including exchange rate risks, credit risks and liquidity risks. The Company has controls in place that seek to minimise any potential adverse effects of such risks on the Company's financial performance. These controls are as follows:

Foreign exchange risk Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Company's functional currency. The Directors monitor the forward exchange rates and transfer money to the related group companies at the optimum time to minimise the foreign exchange risk associated with the timing of the transaction with the related group company.

Credit risk The Company provides a core service to its customers and bills the great majority of its customers annually in advance. The Directors are satisfied that credit risk is minimised through the necessity of the continuance of this essential service to its customers. The Company will continue to develop policies and processes to ensure that the level of credit risk is actively managed as it expands further.

Liquidity risk The business model is not capital-intensive and the Company addresses its liquidity requirement through the current cash resources and future cash flows from operations. The Directors anticipate that these resources will be sufficient to meet its short term and long term needs.

SAFENET UK LIMITED

THE DIRECTORS' REPORT)

YEAR ENDED 31 DECEMBER 2010

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors



Rooz Barkhordari
Director

Approved by the directors on 12 SEPTEMBER 2011

SAFENET UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2010

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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.

DISCLOSURE OF INFORMATION TO AUDITORS

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

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) each 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

On behalf of the board



Rooz Barkhordari
Director

Approved by the directors on 12 September 2011

SAFENET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFENET UK LIMITED

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of SafeNet UK Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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). 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.

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 directors, and the overall presentation of the financial statements.

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 31 December 2010 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

SAFENET UK LIMITED

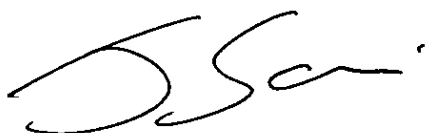
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFENET UK LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2010

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



Jaskamal Sarai (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Uxbridge

15 September 2011

SAFENET UK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
TURNOVER	2	4,499,226	4,231,419
Cost of sales		<u>1,444,428</u>	<u>1,217,307</u>
GROSS PROFIT		3,054,798	3,014,112
Distribution costs		2,452,926	1,944,670
Administrative expenses		3,229,203	4,119,515
Other operating income	3	<u>(2,927,026)</u>	<u>(3,439,014)</u>
OPERATING PROFIT	4	299,695	388,941
Profit on disposal of property	4	-	410,145
Interest receivable	7	30,410	536
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		330,105	799,622
Tax on profit on ordinary activities	8	<u>(339,920)</u>	<u>8,707</u>
PROFIT FOR THE FINANCIAL YEAR		<u>670,025</u>	<u>790,915</u>

All of the activities of the company are classed as continuing

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

There are no recognised gains or losses other than the profit of £668,025 attributable to the shareholders for the year ended 31 December 2010 (2009 - profit of £790,915)

SAFENET UK LIMITED

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	240,212	148,116
Investments	10	985	985
		<u>241,197</u>	<u>149,101</u>
CURRENT ASSETS			
Debtors	11	10,244,966	5,090,810
Cash at bank		488,496	249,086
		<u>10,733,462</u>	<u>5,339,896</u>
CREDITORS: Amounts falling due within one year	13	10,338,777	5,523,140
NET CURRENT ASSETS/(LIABILITIES)		<u>394,685</u>	<u>(183,244)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>635,882</u>	<u>(34,143)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	50,000	50,000
Profit and loss account	18	585,882	(84,143)
SHAREHOLDERS' FUNDS/(DEFICIT)	18	<u>635,882</u>	<u>(34,143)</u>

These financial statements were approved by the directors and authorised for issue on SEPTEMBER 12, 2011, and are signed on their behalf by



Rooz Barkhordari

Director

Company Registration Number 2258824

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below

Cash flow statement

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows as it is a wholly owned subsidiary of SafeNet Inc and is included in the consolidated financial statements of SafeNet Inc which are publicly available

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Turnover is shown net of value added tax and after deducting trade discounts

Turnover in relation to the sale of goods is recognised once goods have been despatched to, and accepted by, the customer. Turnover in relation to services is recognised once approval for the service provided has been obtained. Turnover in relation to maintenance contracts is recognised rateably over the term of the contract to match the corresponding cost of delivering the service

Where the sales price of a contract includes an element of warranty or maintenance and support, an amount equal to the average selling price of the warranty or maintenance and support is attributed to this element of the revenue and deferred over the relevant period. Income deferred in this way is classified as deferred income

Other operating income

The company receives commissions and cost recharges in accordance with signed agreements with fellow group companies. The income is recognised when the services have been delivered. This income is shown gross of the costs incurred on the line titled other operating income in the profit and loss account

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold improvements	-	shorter of life of the lease or over 5 years
Furniture and office equipment	-	over 4 years
Computer equipment	-	over 1-3 years

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Tangible fixed assets and depreciation *(continued)*

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Investments

Investments in subsidiary undertakings are accounted for at cost less any impairment in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

A geographical analysis of turnover is given below

	2010	2009
	£	£
United Kingdom	<u>4,499,226</u>	<u>4,231,419</u>

3. OTHER OPERATING INCOME

	2010	2009
	£	£
Commissions and cost recharges receivable from fellow group subsidiaries	2,926,993	3,408,601
Rental income	–	30,408
Profit on disposal of fixed assets	27	410,145
Other operating income	6	5
	<u>2,927,026</u>	<u>3,849,159</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Depreciation of owned fixed assets	109,318	140,747
Profit on disposal of fixed assets	(27)	(410,145)
Auditor's remuneration - fees payable for the audit of the company	16,000	27,500
Auditor's remuneration - for other services	4,000	–
Operating lease costs		
- Plant and equipment	(2,358)	–
- Other	415,016	242,934
Net profit on foreign currency translation	<u>(286,368)</u>	<u>(504,442)</u>

The profit on the disposal of freehold property in 2009 relates to the sale of the Chertsey building in August 2009 for £0.8m. The tax effect is nil.

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2010	2009
	No	No
Number of distribution and marketing	4	3
Number of office and management staff	80	63
	<u>84</u>	<u>66</u>

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	4,858,454	3,438,029
Social security costs	561,481	398,287
Other pension costs	171,720	163,014
	<u>5,591,655</u>	<u>3,999,330</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Remuneration receivable	328,007	295,838
Value of company pension contributions to money purchase schemes	19,119	18,631
	<u>347,126</u>	<u>314,469</u>

Remuneration of highest paid director:

	2010	2009
	£	£
Total remuneration (excluding pension contributions)	237,327	210,242
Value of company pension contributions to money purchase schemes	14,146	13,959
	<u>251,473</u>	<u>224,201</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2010	2009
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

7. INTEREST RECEIVABLE

	2010	2009
	£	£
Bank interest receivable	30,410	476
HMRC interest received on overpaid tax	–	54
Other interest received	–	6
	<u>30,410</u>	<u>536</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of (credit)/charge in the year

	2010	2009
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 28%)	8,520	8,700
Over/under provision in prior years	14,560	7
Total current tax	<u>23,080</u>	<u>8,707</u>
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	(83,000)	–
Losses	(272,000)	–
Other	(8,000)	–
Total deferred tax (note 12)	<u>(363,000)</u>	<u>–</u>
Tax on profit on ordinary activities	<u>(339,920)</u>	<u>8,707</u>

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>330,105</u>	<u>799,622</u>
Profit on ordinary activities by rate of tax	92,429	223,938
Expenses not deductible for tax purposes	7,333	6,289
Capital allowances for period in excess of depreciation	(5,454)	39,409
Utilisation of tax losses	(86,482)	(149,142)
Adjustments to tax charge in respect of previous periods	14,560	7
Other timing differences	1,944	3,047
Gain on disposal of freehold property, not taxed	-	(114,841)
Expenses not taxable	(1,250)	-
Total current tax (note 8(a))	<u>23,080</u>	<u>8,707</u>

(c) Factors that may affect future tax charges

The company has tax losses of £1,090,000 (2009 £3,206,000) that are available for offset against future taxable trading profits of the company

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 was enacted by Finance Act 2011 in July 2011. Deferred tax asset reflected in these financial statements has been calculated at 25%. The impact of these changes on the deferred tax balances is not expected to be material.

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

9. TANGIBLE FIXED ASSETS

	Leasehold improve - ments £	Furniture and office equipment £	Computer equipment £	Total £
COST				
At 1 January 2010	411,544	284,320	218,312	914,176
Additions	79,434	20,547	101,486	201,467
Disposals	—	—	(972)	(972)
At 31 December 2010	490,978	304,867	318,826	1,114,671
DEPRECIATION				
At 1 January 2010	386,218	221,047	158,795	766,060
Charge for the year	29,583	32,347	47,388	109,318
On disposals	—	—	(919)	(919)
At 31 December 2010	415,801	253,394	205,264	874,459
NET BOOK VALUE				
At 31 December 2010	75,177	51,473	113,562	240,212
At 31 December 2009	25,326	63,273	59,517	148,116

10 INVESTMENTS

Shares in group company

£

COST

At 1 January 2010 and 31 December 2010

985

NET BOOK VALUE

At 31 December 2010 and 31 December 2009

985

The investment comprises 200 equity shares (1%) in SafeNet InfoTech Pvt Ltd, incorporated in India

The directors believe that the carrying value of the investments is supported by their underlying net assets

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

11 DEBTORS

	2010 £	2009 £
Trade debtors	1,104,495	528,461
Amounts owed by group undertakings	8,533,849	4,152,287
Corporation tax repayable	–	18,115
Other debtors	–	178,609
Prepayments and accrued income	243,622	213,338
Deferred taxation (note 12)	363,000	–
	<u>10,244,966</u>	<u>5,090,810</u>

The debtors above include the following amounts falling due after more than one year

	2010 £	2009 £
Other debtors	–	178,609
Deferred taxation	253,000	–
	<u>253,000</u>	<u>178,609</u>

Amounts owed by fellow group undertakings are unsecured, interest free and have no fixed date of repayment

12. DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows

	2010 £	2009 £
Included in debtors (note 11)	363,000	–

The movement in the deferred taxation account during the year was

	2010 £	2009 £
Profit and loss account movement arising during the year	363,000	–
Balance carried forward	363,000	–

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010		2009	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of depreciation over taxation allowances	83,000	–	–	166,000
Tax losses available	272,000	–	–	875,000
Other timing differences	8,000	–	–	7,000
	<u>363,000</u>	<u>–</u>	<u>–</u>	<u>1,048,000</u>

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

13. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	326,757	2,971
Amounts owed to group undertakings	7,196,762	3,790,537
Corporation tax	14,519	–
PAYE and social security	246,179	193,083
VAT	146,269	181,827
Other creditors	6,230	14,712
Accruals and deferred income	2,402,061	1,340,010
	<u>10,338,777</u>	<u>5,523,140</u>

Amounts owed to parent and fellow group undertakings are unsecured, interest free and have no fixed date of repayment

14. PENSION CONTRIBUTIONS

The company operates a defined contribution pension scheme. The contributions for the period amounted to £171,720 (2009 - £163,014). Included in creditors is £25,834 (2009 - £22,275) in respect of accrued contributions to the scheme at the year end.

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Within 1 year	-	19,200
Within 2 to 5 years	311,787	273,415
	<u>311,787</u>	<u>292,615</u>

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the SafeNet Inc group.

SAFENET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

17. SHARE CAPITAL

Authorised share capital:

	2010	2009
	£	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2010	2009
	£	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss	Total share-
	£	account	holders' funds
	£	£	£
Balance brought forward	50,000	(875,058)	(825,058)
Profit for the year	—	790,915	790,915
Balance brought forward	50,000	(84,143)	(34,143)
Profit for the year	—	670,025	670,025
Balance carried forward	<u>50,000</u>	<u>585,882</u>	<u>635,882</u>

19. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate holding company is SafeNet Technologies B V , a company incorporated in The Netherlands

The directors consider the ultimate parent undertaking and controlling party to be Vector Stealth Holdings II, LLC, a company incorporated in the United States of America

The parent undertaking of the smallest and largest group to consolidate these financial statements and of which the company is a member is SafeNet Inc , a company incorporated in the United States of America Copies of its financial statements can be obtained from 4690 Millennium Drive, Suite 400, Belcamp, MD 21017 USA