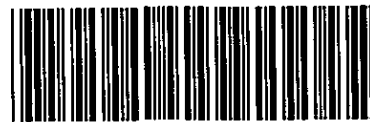


COMPANY REGISTRATION NUMBER 02258824

**SAFENET UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

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COMPANIES HOUSE

# **SAFENET UK LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

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# **SAFENET UK LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The board of directors</b>	G Clark C Fedde (Resigned 13 <sup>th</sup> December 2012) L Hansen (Appointed 13 <sup>th</sup> December 2012) R Barkhordari (Resigned 23 <sup>rd</sup> April 2013)
<b>Company secretary</b>	K Hicks (Resigned 23 <sup>rd</sup> April 2013)
<b>Registered office</b>	3 Meadows Business Park Station Approach Blackwater Camberley Surrey GU17 9AB
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
<b>Bankers</b>	Bank of America 5 Canada Square London E14 5AQ

# **SAFENET UK LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2012**

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The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 December 2012

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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 SafeNet Group.

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The company's key financial and other performance indicators for the year were as follows -

	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	10,751	6,059	77%
Total operating profit	323	378	15%
Profit after tax	191	388	(51%)
Shareholders' Funds	1,214	1,023	18%
Average monthly number of employees	102	93	8%

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 Cryptocard to the SafeNet Group in 2012 has increased opportunities for cross selling to existing customer base. Cryptocard was a competitor of SafeNet UK Limited in the authentication market and its products and services will be available for SafeNet UK Limited to market and distribute during 2012.

The growth in turnover 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. In addition the merger of Aladdin UK contributed to £3,257,000 to turnover in 2012.

On 30<sup>th</sup> December 2011, Safenet UK Limited bought the business (together with the assets) of its fellow subsidiaries, Aladdin Europe Limited. In addition, Safenet UK assumed responsibility for and to pay, satisfy or perform any, outstanding or future liabilities of Aladdin Europe Limited.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £190,931 (2011 £387,541). The directors have not recommended a dividend (2011 nil).

# **SAFENET UK LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2012**

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### **DIRECTORS**

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

G Clark  
C Fedde (resigned 13<sup>th</sup> December 2012)  
R Barkhordari (resigned 23<sup>rd</sup> April 2013)  
L Hansen ( appointed 13<sup>th</sup> December 2012)

The company has not granted an indemnity to any directors in case of any 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 turnover, expenses and the balance sheet.

### **FINANCIAL RISK MANAGEMENT**

The Company's operations expose it to a variety of financial risks, including foreign 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.

**Foreign exchange rate 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** *(continued)*

**YEAR ENDED 31 DECEMBER 2012**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditors**

In the case of each director in office at the date the Directors' Report is approved, 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) he 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.

### **INDEPENDENT AUDITORS**

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

Signed on behalf of the directors

G Clark  
Director



Approved by the directors on 21 October 2013

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# **SAFENET UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFENET UK LIMITED**

**YEAR ENDED 31 DECEMBER 2012**

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We have audited the financial statements of SafeNet UK Limited for the year ended 31 December 2012 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 Statement of Directors' Responsibilities as set out on page 4, 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. 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 31 December 2012 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)*

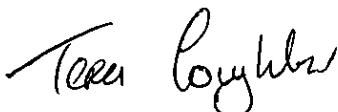
**YEAR ENDED 31 DECEMBER 2012**

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#### **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



Terri Coughlan (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditor  
Uxbridge  
21 October 2013



**SAFENET UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	<b>2</b>	<b>10,750,630</b>	<b>6,058,811</b>
Cost of sales		<u>(1,929,511)</u>	<u>(1,930,901)</u>
<b>GROSS PROFIT</b>		<b>8,821,119</b>	<b>4,127,910</b>
Distribution costs		(2,475,875)	(2,482,620)
Administrative expenses		(4,073,035)	(2,965,567)
Other operating (expense)/ income	3	<u>(1,949,460)</u>	<u>1,697,987</u>
<b>OPERATING PROFIT</b>	<b>4</b>	<b>322,749</b>	<b>377,710</b>
Interest receivable and similar income	7	182	—
Interest payable and similar charges	8	—	(1,207)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>322,931</b></u>	<u><b>376,503</b></u>
Tax on profit on ordinary activities	9	<u>(132,000)</u>	<u>11,038</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>20</b>	<u><b>190,931</b></u>	<u><b>387,541</b></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 years stated above and their historical cost equivalents

There are no recognised gains or losses for the current financial year or preceding financial period other than as stated in the profit and loss account. Accordingly, a separate statement of total recognised gains and losses has not been presented

The notes on pages 9 to 20 form part of these financial statements

# SAFENET UK LIMITED

## BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Intangible assets	10	531,821	454,338
Tangible assets	11	236,709	283,886
Investments	12	985	985
		<u>769,515</u>	<u>739,209</u>
<b>CURRENT ASSETS</b>			
Debtors	13	6,885,109	5,650,910
Cash at bank and in hand		627,430	1,095,424
		<u>7,512,539</u>	<u>6,746,334</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>7,067,700</u>	<u>6,462,120</u>
<b>NET CURRENT ASSETS</b>		<u>444,839</u>	<u>284,214</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,214,354</u>	<u>1,023,423</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	19	50,000	50,000
Profit and loss account	20	1,164,354	973,423
<b>TOTAL SHAREHOLDERS' FUNDS</b>	20	<u>1,214,354</u>	<u>1,023,423</u>

These financial statements were approved by the directors and authorised for issue on 21 October 2013, and are signed on their behalf by

G Clark  
Director



Company Registration Number 02258824

The notes on pages 9 to 20 form part of these financial statements

# **SAFENET UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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 in the United Kingdom. The principal accounting policies have been applied consistently and are as set out below.

#### **Cash flow statement**

The company has taken advantage of the exemption available under FRS 1 (revised 1996) 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 turnover and deferred over the relevant period. Income deferred in this way is classified as deferred income.

For software contracts the company recognises revenue on the elements when there is persuasive evidence of an arrangement with customers with a fixed fee that is collectable and when delivery has occurred. The total revenue from such contracts is allocated to cost element of the arrangement based upon vendor specific objective evidence (VSOE).

#### **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.

# **SAFENET UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 31 DECEMBER 2012**

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### **1. ACCOUNTING POLICIES (continued)**

#### **Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 10 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

#### **Intangible**

Acquired intellectual property is capitalised on the costs to incur and to acquire the asset and is amortized over their estimated useful lives.

#### **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

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 exception:

# **SAFENET UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **YEAR ENDED 31 DECEMBER 2012**

---

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

#### **Fixed asset 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.

## **2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2012 £	2011 £
United Kingdom	<u>10,750,630</u>	<u>6,058,811</u>

## **3. OTHER OPERATING (EXPENSE)/ INCOME**

	2012 £	2011 £
Commissions and cost recharges payable/receivable from fellow group subsidiaries	(1,949,460)	1,697,987
	<u>(1,949,460)</u>	<u>1,697,987</u>

# **SAFENET UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED 31 DECEMBER 2012**

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### **4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of owned fixed assets	173,652	110,935
Amortisation	47,517	—
Auditors' remuneration		
- Fees payable for the audit	24,000	20,050
Operating lease costs		
- Plant and equipment	24,974	33,431
- Land and buildings	272,332	282,787
Net gain on foreign currency translation	<u>(190,427)</u>	<u>(198,954)</u>

### **5 PARTICULARS OF EMPLOYEES**

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

	2012	2011
	No	No
Distribution and marketing	6	7
Office and management staff	96	86
	<u>102</u>	<u>93</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	6,533,431	6,194,663
Social security costs	786,925	750,112
Other pension costs	239,001	218,957
	<u>7,559,357</u>	<u>7,163,732</u>

### **6 DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Remuneration receivable	558,565	516,045
Value of company pension contributions to money purchase schemes	20,661	19,738
	<u>579,226</u>	<u>535,783</u>

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# SAFENET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2012

### 6. DIRECTORS' REMUNERATION (continued)

Remuneration of highest paid director:

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	452,352	420,762
Value of company pension contributions to money purchase schemes	15,218	14,536
	<u>467,570</u>	<u>435,298</u>

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

	2012	2011
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

The emoluments of Mr Fedde are paid by the parent company Mr Fedde's services to this company (and to a number of fellow subsidiaries) are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to the parent company Accordingly, the above details include no emoluments in respect of Mr Fedde

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Bank interest receivable	<u>182</u>	<u>—</u>

**SAFENET UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Continued)****YEAR ENDED 31 DECEMBER 2012**

---

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012	2011
	£	£
Other similar charges payable	<u>—</u>	<u>1,207</u>

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES****(a) Analysis of charge / (credit) in the year**

	2012	2011
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 24.50% (2011 – 26.5%)	11,000	(38)
Total current tax	<u>11,000</u>	<u>(38)</u>
Deferred tax		
Origination and reversal of timing differences (note 14)		
Capital allowances	(2,000)	(2,000)
Losses	131,000	(15,000)
Other	(8,000)	6,000
Total deferred tax (note 14)	<u>121,000</u>	<u>(11,000)</u>
Tax on profit on ordinary activities	<u>132,000</u>	<u>(11,038)</u>



# SAFENET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### YEAR ENDED 31 DECEMBER 2012

---

#### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

##### **(b) Factors affecting current tax (credit)/charge**

The tax assessed on the profit on ordinary activities for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are reconciled below

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>322,931</u>	<u>376,503</u>
Profit on ordinary activities by rate of tax	79,118	99,773
Expenses not deductible for tax purposes	7,114	8,110
Capital allowances in excess of depreciation	18,570	(5,747)
Utilisation of tax losses	(102,435)	(95,383)
Adjustments to tax charge in respect of prior years	-	(38)
Other timing differences	8,633	(6,753)
Total current tax (note 9(a))	<u>11,000</u>	<u>(38)</u>

##### **(c) Factors that may affect future tax charges**

The company has tax losses of £780,685 (2011 £1,199,000) that are available for offset against future taxable trading profits of the company. These include losses of £469,000 transferred from Aladdin Europe Ltd, following the acquisition of its business and assets on 30 December 2011.

Finance Act 2012, which was substantively enacted on 3 July 2012, includes legislation reducing the main UK corporation tax rate from 26% to 24%, effective from 1 April 2012. A further reduction to 23% was also substantively enacted on this date and will be effective from 1 April 2013. The deferred tax balances have been re-measured to reflect this reduction.

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions to the main rate of corporation tax are expected to be enacted as part of Finance Act 2013. The effect on the Company of these proposed changes will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

**SAFENET UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Continued)****YEAR ENDED 31 DECEMBER 2012****10 INTANGIBLE FIXED ASSETS**

<b>COST</b>	<b>Goodwill</b>	<b>Intangibles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2012	454,338	-	454,338
Additions	-	125,000	125,000
<b>At 31 December 2012</b>	<b>454,338</b>	<b>125,000</b>	<b>579,338</b>
<b>AMORTISATION</b>			
At 1 January 2012	-	-	-
Charge for the year	45,434	2,083	47,517
<b>At 31 December 2012</b>	<b>45,434</b>	<b>2,083</b>	<b>47,517</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2012</b>	<b>408,904</b>	<b>122,917</b>	<b>531,821</b>

During 2012, SafeNet UK acquired intellectual property for £125,000 with a useful life of five years

The purchased goodwill arose on the acquisition by the company of the business and assets of its fellow subsidiary, Aladdin Europe Ltd, on 30 December 2011 for a purchase consideration of £777,904 (US\$ 1,200,000)

Assets and liabilities acquired were as follows

	<b>2011</b>
	<b>£</b>
Cash at bank	550,619
Trade debtors	905,508
Vat	(98,531)
Corporation tax	(33)
Trade creditors	(11,444)
Inter-company creditors	(355,472)
Miscellaneous creditors	(17,875)
Deferred revenue	(649,206)
Goodwill	454,338
	<b>777,904</b>

No fair value adjustments are required as the assets and liabilities acquired were all monetary assets and liabilities

# SAFENET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2012

### 11. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture and office equipment £	Computer equipment £	Total £
<b>COST</b>				
At 1 January 2012	503,417	307,890	457,973	1,269,280
Additions	-	1,690	124,784	126,474
Disposal	-	-	(53,027)	(53,027)
<b>At 31 December 2012</b>	<b>503,417</b>	<b>309,580</b>	<b>529,730</b>	<b>1,342,727</b>
<b>DEPRECIATION</b>				
At 1 January 2012	435,012	259,115	291,267	985,394
Charge for the year	21,508	36,730	115,413	173,651
Disposal	-	-	(53,027)	(53,027)
<b>At 31 December 2012</b>	<b>456,520</b>	<b>295,845</b>	<b>353,653</b>	<b>1,106,018</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2012</b>	<b>46,897</b>	<b>13,735</b>	<b>176,077</b>	<b>236,709</b>
At 31 December 2011	68,405	48,775	166,706	283,886

### 12. FIXED ASSET INVESTMENTS

Shares in group company

**COST**

At 1 January 2012 and 31 December 2012 **985**

**NET BOOK VALUE**

At 31 December 2011 and 31 December 2012 **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

### 13. DEBTORS

	2012 £	2011 £
Trade debtors	2,560,926	3,137,129
Amounts owed by group undertakings	3,545,438	1,792,928
Prepayments and accrued income	523,745	346,853
Deferred taxation (note 14)	255,000	374,000
	<b>6,885,109</b>	<b>5,650,910</b>

# **SAFENET UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **YEAR ENDED 31 DECEMBER 2012**

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#### **13 DEBTORS (continued)**

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

	2012	2011
	£	£
Deferred taxation	<u>255,000</u>	<u>245,000</u>

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

#### **14. DEFERRED TAX**

The deferred tax included in the balance sheet is as follows

	2012	2011
	£	£
Included in debtors (note 13)	<u>253,000</u>	<u>374,000</u>

The movement in the deferred taxation account during the year was

	2012	2011
	£	£
Balance brought forward	374,000	363,000
Profit and loss account movement arising during the year	(121,000)	11,000
Balance carried forward	<u>253,000</u>	<u>374,000</u>

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

	2012	2011
	£	£
Excess of depreciation over taxation allowances	87,000	85,000
Tax losses available	156,000	287,000
Other timing differences	10,000	2,000
	<u>253,000</u>	<u>374,000</u>

# SAFENET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### YEAR ENDED 31 DECEMBER 2012

#### 15. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	46,527	225,097
Amounts owed to group undertakings	2,637,842	1,803,516
Corporation tax	2,000	33
PAYE and social security	247,938	343,010
VAT	633,051	549,519
Other creditors	-	25,827
Accruals and deferred income	3,500,342	3,515,118
	<u>7,067,700</u>	<u>6,462,120</u>

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

#### 16 PENSIONS

The company operates a defined contribution pension scheme. The contributions for the year amounted to £239,001 (2011 - £218,957). Included in creditors is £nil (2011 - £nil) in respect of accrued contributions to the scheme at the year end.

#### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below:

	2012		2011	
	Land and buildings	Other Items	Land and buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	50,000	-	-	5,646
Within 2 to 5 years	273,415	-	323,415	-
	<u>323,415</u>	<u>-</u>	<u>323,415</u>	<u>5,646</u>

#### 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by SafeNet Inc.

# SAFENET UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### YEAR ENDED 31 DECEMBER 2012

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#### 19 CALLED UP SHARE CAPITAL

##### Authorised share capital:

	2012	2011
	£	£
50,000 (2011 50,000) Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

##### Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

#### 20 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance brought forward at 1 January 2012	50,000	973,423	1,023,423
Profit for the year ended 31 December 2012	—	190,931	190,931
Balance carried forward at 31 December 2012	<u>50,000</u>	<u>1,164,354</u>	<u>1,214,354</u>

#### 21. 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