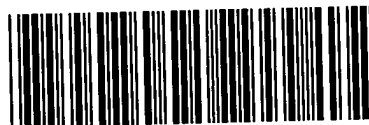


SAFENET UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2014

WEDNESDAY



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COMPANIES HOUSE

SAFENET UK LIMITED

Contents Page

Year ended 31 December 2014

| CONTENTS | PAGE |
|---|-------------|
| Officers and professional advisers | 1 |
| Strategic report | 2 |
| Directors' report | 4 |
| Statement of directors' responsibilities | 6 |
| Independent auditors' report to the members of Safenet UK Limited | 7 |
| Profit and loss account | 9 |
| Balance sheet | 10 |
| Cash flow statement | 11 |
| Notes to the financial statements | 12 |

SAFENET UK LIMITED

Officers and Professional Advisors

Year ended 31 December 2014

The Board of Directors

G Clark
L Hansen (Resigned 24 June 2014)
P Panjwani (Appointed 24 June 2014, Resigned 26 June 2015)
V Lyon (Appointed 26 June 2015)

Company Secretary

K Hicks (Resigned 10 March 2015)

Registered Office

3 Meadows Business Park
Station Approach
Blackwater
Camberley
Surrey
GU17 9AB

Independent Auditors

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Bankers

Bank of America
5 Canada Square
London
E14 5AQ

SAFENET UK LIMITED

Strategic Report

Year ended 31 December 2014

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:-

| | 2014 | 2013 | Change |
|-------------------------------------|--------------|--------------|---------------|
| | £'000 | £'000 | % |
| Turnover | 15,838 | 11,003 | 44% |
| Total operating profit | 471 | 368 | 28% |
| Profit after tax | 370 | 536 | (31%) |
| Shareholders' Funds | 2,121 | 1,751 | 21% |
| | | | |
| Average monthly number of employees | 117 | 104 | 13% |

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.

The growth in turnover during the financial year is attributable to the increase in the market for Information Security.

POST BALANCE SHEET EVENTS

Gemalto Inc acquired Safenet Inc on 7 January 2015 creating one of the world's premier enterprise security companies. The combination of both portfolios allows customers to have access to world's leading security products for mobile and cloud, delivering best-in-class protection of data and identities.

SAFENET UK LIMITED

Strategic Report

Year ended 31 December 2014

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.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'G Clark', with a stylized flourish at the end.

G Clark

Director

SAFENET UK LIMITED

The Directors' Report

Year ended 31 December 2014

The directors who held office during the year were as follows:

G Clark

L Hansen (Resigned 24 June 2014)

P Panjwani (Appointed 24 June 2014, Resigned 26 June 2015)

The company has granted qualifying third party indemnity to any directors in case of any liability of proceedings brought by third parties.

DIVIDENDS

The directors have not recommended a dividend (2013: £nil).

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.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SAFENET UK LIMITED

The Directors' Report

Year ended 31 December 2014

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the directors



G Clark
Director

3 Meadows Business Park
Station Approach
Blackwater
Camberley
Surrey
GU17 9AB

Date 28/9/2015

SAFENET UK LIMITED

Statement of Directors' Responsibilities

Year ended 31 December 2014

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SAFENET UK LIMITED

Independent Auditors' Report to the members of Safenet UK Limited

Year ended 31 December 2014

We have audited the financial statements of Safenet UK Limited for the year ended 31 December 2014 set out on pages 9 to 25. 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 as set out on page 6, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its profit for the year then ended;
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- has 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.

SAFENET UK LIMITED

Independent Auditors' Report to the members of Safenet UK Limited

Year ended 31 December 2014

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.



Neil Hughes (Senior Statutory Auditor)
for and on behalf KPMG LLP, Statutory Auditor
Chartered Accountants
Reading,
RG7 4SD

Date 30 September 2015

SAFENET UK LIMITED

Profit and Loss Account

Year ended 31 December 2014

| | Note | 2014 £ | 2013 £ |
|--|------|-------------|-------------|
| TURNOVER | 2 | 15,837,728 | 11,002,533 |
| Cost of sales | | (2,721,741) | (2,036,224) |
| GROSS PROFIT | | 13,115,987 | 8,966,309 |
| Distribution costs | | (3,172,292) | (3,221,330) |
| Administrative expenses | | (6,619,931) | (6,245,338) |
| Other operating income / (expense) | 3 | (2,852,899) | 868,764 |
| OPERATING PROFIT | 4 | 470,865 | 368,405 |
| Interest receivable and similar income | 7 | 191 | — |
| Interest payable and similar charges | 8 | (2,805) | (4,440) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 468,251 | 363,965 |
| Tax on profit on ordinary activities | 9 | (97,898) | 172,304 |
| PROFIT FOR FINANCIAL YEAR | 21 | 370,353 | 536,269 |

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.

SAFENET UK LIMITED

Balance Sheet

Year ended 31 December 2014

| | Note | 2014 £ | 2013 £ |
|---|------|-------------------|--------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 2,577,302 | 2,890,663 |
| Tangible assets | 11 | 312,565 | 252,722 |
| Investments | 12 | 985 | 985 |
| | | <u>2,890,852</u> | <u>3,144,370</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 19,325,516 | 10,289,409 |
| Cash at bank and in hand | | 3,003,806 | 1,916,378 |
| | | <u>22,329,322</u> | <u>12,205,787</u> |
| CREDITORS: Amounts falling due within one year | 15 | 23,099,198 | 13,599,534 |
| NET CURRENT ASSETS | | <u>(769,876)</u> | <u>(1,393,747)</u> |
| NET ASSETS | | <u>2,120,976</u> | <u>1,750,623</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 20 | 50,000 | 50,000 |
| Profit and loss account | 21 | 2,070,976 | 1,700,623 |
| TOTAL SHAREHOLDERS' FUNDS | 21 | <u>2,120,976</u> | <u>1,750,623</u> |

These financial statements were approved by the directors on 28 September 2015, and are signed on their behalf by:



G Clark
Director

Company Registration Number: 02258824

SAFENET UK LIMITED

Cash flow Statement

Year ended 31 December 2014

| | <i>Note</i> | 2014 | 2013 |
|---|-------------|------------------|-----------|
| | | £000 | £000 |
| Net cash inflow from operating activities | <i>18</i> | 1,358,313 | 112,364 |
| Taxation | | | |
| UK Corporation tax | | (47,844) | (24,789) |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (221,812) | (205,021) |
| Cash acquired on transfer of trade and assets | | - | 1,406,394 |
| Increase in cash in the period | | 1,088,657 | 1,288,948 |
| Reconciliation to net debt | | | |
| Increase in cash in the period | | 1,088,657 | 1,288,948 |
| Intercompany promissory note issued | | - | 1,157,510 |
| Movement in net debt in the period | | 1,088,657 | 2,446,458 |
| Net debt at the start of the period | | 3,073,888 | 627,430 |
| Net debt at the end of the period | | 4,162,545 | 3,073,888 |

SAFENET UK LIMITED

Notes to the financial statements

Year ended 31 December 2014

1. ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared 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.

Going concern

The directors have reviewed the financial position of the company having regard to the company's net current liabilities of £770k as at 31 December 2014. The company has substantial cash - £3m as at 31 December 2014. Current liabilities at 31 December 2014 include £6.3m of deferred income, which is not a financial liability. The directors believe that the company has sufficient financial resources to continue to trade profitably for the foreseeable future. The directors also consider that the company's financial strength is enhanced by being a member of the wider Safenet Inc group. The financial statements have therefore been prepared on a going concern basis.

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 ratably 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 are 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 2014

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 fixed assets

Acquired intellectual property is capitalised based on the costs incurred to acquire the asset and is amortized over the estimated useful life.

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 2014

1. ACCOUNTING POLICIES (continued)

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.

Deferred Income

In order to comply with US GAAP all deferred revenue trade debtors are netted off against deferred income.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company and are in respect of sales to the United Kingdom and Europe.

3. OTHER OPERATING (EXPENSE)/INCOME

| | 2014 | 2013 |
|---|-------------|---------|
| | £ | £ |
| Commissions and cost recharges (payable)/receivable from fellow group companies | (2,852,899) | 868,764 |

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

4. OPERATING PROFIT

Operating profit is stated after charging/ (crediting):

| | 2014 | 2013 |
|---|---------|-----------|
| | £ | £ |
| Depreciation of owned fixed assets | 160,912 | 187,858 |
| Amortisation | 313,361 | 70,433 |
| Auditor's' remuneration | | |
| - Audit of these financial statements | 15,444 | 15,444 |
| - Taxation compliance services | 3,812 | 6,412 |
| Operating lease costs: | | |
| - Plant and equipment | 13,480 | 20,396 |
| - Land and buildings | 253,167 | 234,499 |
| Net loss/(gain) on foreign currency translation | 201,802 | (272,032) |

5. PARTICULARS OF EMPLOYEES

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

| | 2014 | 2013 |
|-----------------------------|------|------|
| | No | No |
| Distribution and marketing | 10 | 10 |
| Office and management staff | 107 | 94 |
| | 117 | 104 |

The aggregate payroll costs of the above were:

| | 2014 | 2013 |
|-----------------------|------------|-----------|
| | £ | £ |
| Wages and salaries | 8,646,530 | 7,406,262 |
| Social security costs | 1,095,928 | 983,520 |
| Other pension costs | 322,395 | 261,740 |
| | 10,064,853 | 8,651,522 |

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

6. DIRECTORS' REMUNERATION (continued)

Remuneration of highest paid director:

| | 2014 £ | 2013 £ |
|--|----------------|----------------|
| Total remuneration (excluding pension contributions) | 339,253 | 241,568 |
| Value of company pension contributions to money purchase schemes | 15,567 | 15,222 |
| | <u>354,820</u> | <u>256,790</u> |

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

| | 2014 No. | 2013 No. |
|------------------------|-------------|-------------|
| Money purchase schemes | 1 | 2 |
| | <u>1</u> | <u>2</u> |

7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2014 £ | 2013 £ |
|--------------------------|------------|-----------|
| Bank interest receivable | 191 | - |
| | <u>191</u> | <u>-</u> |

8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2014 £ | 2013 £ |
|-------------------------------|--------------|--------------|
| Other similar charges payable | 2,805 | 4,440 |
| | <u>2,805</u> | <u>4,440</u> |

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

| | 2014 £ | 2013 £ |
|--|---------------|------------------|
| Current tax: | | |
| UK Corporation tax payable | 3 | - |
| Adjustment in respect of 2013 period | - | 14,117 |
| Adjustments in respect of periods prior to 2012 | - | 2,000 |
| Total current tax | <u>3</u> | <u>16,117</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences (note 14) | | |
| Capital allowances | 33,315 | 16,234 |
| Losses | 83,965 | (245,412) |
| Other | (6,020) | 2,491 |
| Adjustment in respect of prior periods | (13,365) | 38,266 |
| Total deferred tax (note 14) | <u>97,895</u> | <u>(188,421)</u> |
| Tax on profit on ordinary activities | <u>97,898</u> | <u>(172,304)</u> |

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

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 (2013: lower) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are reconciled below:

| | 2014 £ | 2013 £ |
|--|----------------|----------------|
| Profit on ordinary activities before taxation | <u>468,251</u> | <u>363,965</u> |
| Profit on ordinary activities by rate of tax | 100,642 | 84,622 |
| Expenses not deductible for tax purposes | 18,483 | 8,012 |
| Capital allowances in excess of depreciation | (38,002) | (6,107) |
| Utilisation of tax losses | (90,234) | (55,341) |
| Adjustments to tax charge in respect of prior years | - | 16,117 |
| Adjustments to tax charge in respect of current year | 3 | - |
| Other timing differences | 9,111 | (31,186) |
| Total current tax (note 9(a)) | <u>3</u> | <u>16,117</u> |

(c) Factors that may affect future tax charges

The company has tax losses of £1,460,736 (2013: £1,880,562) that are available for offset against future taxable trading profits of the company.

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 have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements.

In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 19% from 1 April 2017 and 18% from 1 April 2020.

The proposed reductions to the main rate of corporation tax are expected to be enacted as part of Finance Act 2015. 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 2014

10. INTANGIBLE FIXED ASSETS

| | Goodwill | Licenses | Total |
|----------------------------|------------------|-----------------|------------------|
| | £ | £ | £ |
| COST | | | |
| At 1 January 2014 | 2,883,614 | 125,000 | 3,008,614 |
| Additions | - | - | - |
| At 31 December 2014 | 2,883,614 | 125,000 | 3,008,614 |
| AMORTISATION | | | |
| At 1 January 2014 | 90,868 | 27,083 | 117,951 |
| Charge for the year | 290,261 | 23,100 | 313,361 |
| At 31 December 2014 | 381,129 | 50,183 | 431,312 |
| NET BOOK VALUE | | | |
| At 31 December 2014 | 2,502,485 | 74,817 | 2,577,302 |
| At 31 December 2013 | 2,792,746 | 97,917 | 2,890,663 |

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

11. TANGIBLE FIXED ASSETS

| | Leasehold improvements £ | Furniture and office equipment £ | Computer equipment £ | Total £ |
|----------------------------|--------------------------------|---|----------------------------|------------------|
| COST | | | | |
| At 1 January 2014 | 535,595 | 334,504 | 676,500 | 1,546,599 |
| Additions | - | 62,037 | 159,775 | 221,812 |
| Disposals | - | - | (1,190) | (1,190) |
| At 31 December 2014 | 535,595 | 396,541 | 835,085 | 1,767,221 |
| DEPRECIATION | | | | |
| At 1 January 2014 | 465,118 | 308,320 | 520,438 | 1,293,876 |
| Charge for the year | 36,831 | 6,542 | 117,539 | 160,912 |
| Disposals | - | - | (132) | (132) |
| At 31 December 2014 | 501,949 | 314,862 | 637,845 | 1,454,656 |
| NET BOOK VALUE | | | | |
| At 31 December 2014 | 33,646 | 81,679 | 197,240 | 312,565 |
| At 31 December 2013 | 70,477 | 26,184 | 156,062 | 252,723 |

12. FIXED ASSET INVESTMENTS

Shares in Group Company

| | |
|--|------------|
| | £ |
| COST | |
| At 1 January 2014 and 31 December 2014 | 985 |
| NET BOOK VALUE | |
| At 31 December 2013 and 31 December 2014 | 985 |

The investment comprises 200 equity shares (1%) in SafeNet InfoTech Pvt Ltd a Research and Development Trading entity, incorporated in India.

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

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

13. DEBTORS

| | 2014 | 2013 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Trade debtors | 3,463,467 | 2,794,028 |
| Amounts owed by group undertakings | 14,056,777 | 6,333,880 |
| Prepayments and accrued income | 1,461,746 | 720,080 |
| Deferred taxation (note 14) | 343,526 | 441,421 |
| | <u>19,325,516</u> | <u>10,289,409</u> |

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

| | 2014 | 2013 |
|-------------------|----------------|----------------|
| | £ | £ |
| Deferred taxation | <u>343,526</u> | <u>441,421</u> |

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

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

14. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

| | 2014 £ | 2013 £ |
|-------------------------------|----------------|----------------|
| Included in debtors (note 13) | <u>343,526</u> | <u>441,421</u> |

The movement in the deferred taxation account during the year was:

| | 2014 £ | 2013 £ |
|--|------------------|----------------|
| Balance brought forward | 441,421 | 253,000 |
| Adjustment in respect of prior period | 13,365 | (38,266) |
| Profit and loss account movement arising during the year | <u>(111,260)</u> | <u>226,687</u> |
| Balance carried forward | <u>343,526</u> | <u>441,421</u> |

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

| | 2014 £ | 2013 £ |
|---|----------------|----------------|
| Excess of depreciation over taxation allowances | 29,537 | 52,860 |
| Tax losses available | 292,147 | 380,951 |
| Other timing differences | <u>21,842</u> | <u>7,610</u> |
| | <u>343,526</u> | <u>441,421</u> |

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

15. CREDITORS: Amounts falling due within one year

| | 2014 | 2013 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Trade creditors | 129,238 | 116,439 |
| Amounts owed to group undertakings | 13,501,949 | 6,056,181 |
| Corporation tax | (56,184) | (8,672) |
| PAYE and social security | 588,639 | 408,919 |
| VAT | 873,600 | 664,494 |
| Accruals and deferred income | 8,061,956 | 6,362,173 |
| | <u>23,099,198</u> | <u>13,599,534</u> |

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

Accruals and deferred income includes £2,305,494 (2013: £1,643,315) of deferred income which is due in more than one year.

16. PENSIONS

The company operates a defined contribution pension scheme. The contributions for the year amounted to £322,395 (2013 - £261,740). Included in creditors is £nil (2013: £nil) in respect of accrued contributions to the scheme at the year end.

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

| | 2014 | 2013 |
|--------------------------------|--------------------|--------------------|
| | Land and buildings | Land and buildings |
| | £ | £ |
| Operating leases which expire: | | |
| Within 1 year | 41,385 | 30,376 |
| Within 2 to 5 years | - | 70,738 |
| After 5 years | 273,415 | 202,677 |
| | <u>314,800</u> | <u>312,791</u> |

SAFENET UK LIMITED

Notes to the financial statements (continued)

Year ended 31 December 2014

18. MOVEMENT IN CASH

| | 2014 £ | 2013 £ |
|--|------------------|----------------|
| Reconciliation of operating profit to net cash flow from operating activities | | |
| Operating profit | 470,865 | 368,405 |
| Depreciation charges | 474,273 | 258,292 |
| Increase in debtors | (9,134,002) | (2,548,855) |
| Increase in creditors | 9,547,177 | 2,034,522 |
| Net cash inflow from operating activities | 1,358,313 | 112,364 |

19. 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 2014

20. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

| | 2014 | | 2013 | |
|----------------------------|--------|--------|--------|--------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | 50,000 | 50,000 | 50,000 | 50,000 |

21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| | Share capital | Profit and loss account | Total shareholders' funds |
|---|---------------|-------------------------|---------------------------|
| | £ | £ | £ |
| Balance brought forward at 1 January 2014 | 50,000 | 1,700,623 | 1,750,623 |
| Profit for the year ended 31 December 2014 | - | 370,353 | 370,353 |
| Balance carried forward at 31 December 2014 | 50,000 | 2,070,976 | 2,120,976 |

22. 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. Although not publicly available, copies of its financial statements can be obtained from 4690 Millennium Drive, Suite 400, Belcamp, MD 21017 USA.