

**SECURE COMPUTING
INTERNATIONAL LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2008

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Company no: 3198119

SECURE COMPUTING INTERNATIONAL LIMITED

COMPANY INFORMATION

For the year ended 31 December 2008

Company registration number:	3198119
Registered office:	100 New Bridge Street London EC4V 6JA
Directors:	R B Fernandes D P Ryan
Secretary:	R B Fernandes
Bankers:	HSBC Bank plc 128 High Street Slough Berkshire SL1 1JF
Solicitors:	Salans LLP Clements House 14-18 Gresham Street London EC2V 7NN Taylor Wessing LLP Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0DX
Auditor:	Grant Thornton UK LLP Registered Auditors Churchill House Chalvey Road East Slough Berkshire SL1 2LS

SECURE COMPUTING INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2008

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SECURE COMPUTING INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2008

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that as far as they are aware and at the time of approving this report:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Bruno Fernandes

R B Fernandes
Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SECURE COMPUTING INTERNATIONAL LIMITED

We have audited the financial statements of Secure Computing International Limited for the year ended 31 December 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities within the report of the directors.

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

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

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

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

Basis of opinion

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

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

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
SECURE COMPUTING INTERNATIONAL LIMITED (CONTINUED)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the directors is consistent with the financial statements.



**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH**

22 June 2009

SECURE COMPUTING INTERNATIONAL LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2008

Basis of accounting

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

The company meets its day to day working capital requirements through advances from its parent company. Due to the continuing availability of funding and the on-going support of the parent, the directors believe that it is appropriate to prepare the financial statements on the going concern basis.

The directors have reviewed the accounting policies adopted by the company and consider them to be the most appropriate. The accounting policies have remained unchanged from the prior year.

Share-based payment

FRS 20 'Share-based Payment' requires the recognition of equity-settled share-based payments at fair value at the date of the grant over the period to anticipated vesting date and the expense is recognised in the profit and loss account.

Cash flow statement

The directors have taken advantage of the exemptions in FRS 1 (Revised 1996) "Cash flow statements" from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover in respect of maintenance contracts, which are invoiced in advance, is apportioned on a time basis over the period to which the contracts relate. Turnover is stated exclusive of VAT and trade discounts.

Turnover in respect of the amounts chargeable to the company's parent company on a cost plus 5% basis is recognised as it arises.

Tangible fixed assets and depreciation

Tangible fixed assets are shown at historical cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life. A summary of the principal rates used is set out below:

Plant and machinery	1 - 5 years straight line
Fixtures & fittings	5 years straight line
Leasehold improvements	5 years straight line

SECURE COMPUTING INTERNATIONAL LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2008

Deferred taxation

Deferred tax is recognised in respect of all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Operating lease agreements

The company enters into operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Pension costs

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefit is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are included either as accruals or prepayments in the balance sheet.

Foreign currencies

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 translation. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

SECURE COMPUTING INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2008

	Note	2008	2007
		£	£
Turnover	1	8,015,492	8,575,740
Cost of sales		-	(6,226)
Gross profit		8,015,492	8,569,514
Other operating charges	2	(7,674,938)	(7,447,625)
Operating profit	3	340,554	1,121,889
Interest receivable and similar income	4	13,952	13,464
Profit on ordinary activities before taxation		354,506	1,135,353
Tax on profit on ordinary activities	7	(208,340)	412,768
Profit on ordinary activities after taxation	14	146,166	1,548,121

All of the activities of the company are classed as discontinued.

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements

SECURE COMPUTING INTERNATIONAL LIMITED

BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	172,275	258,270
Current assets			
Debtors	9	1,072,696	911,424
Cash at bank		197,254	472,376
		1,269,950	1,383,800
Creditors: Amounts falling due within one year	11	(3,259,832)	(1,423,476)
Net current liabilities		(1,989,882)	(39,676)
Total assets less current liabilities		(1,817,607)	218,594
Creditors: Amounts falling due after more than one year	12	-	(2,342,328)
		(1,817,607)	(2,123,734)
Capital and reserves			
Called-up share capital	13	100	100
Profit and loss account	14	(1,817,707)	(2,123,834)
Shareholder's deficit	15	(1,817,607)	(2,123,734)

The financial statements were approved by the board of directors on 2 JUNE 2009

Bruno Fernandes

R B Fernandes
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

SECURE COMPUTING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1 TURNOVER

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

The turnover represents sales made almost entirely into the European market.

2 OTHER OPERATING CHARGES

	2008	2007
	£	£
Administrative expenses	<u>7,674,938</u>	<u>7,447,625</u>

3 OPERATING PROFIT

Operating profit is stated after charging:

	2008	2007
	£	£
Depreciation of owned tangible assets	96,524	84,870
Operating lease rentals	208,464	266,486
Auditors' remuneration:		
- audit fees	13,525	13,875
- non audit services	<u>3,300</u>	<u>2,750</u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£	£
Bank interest receivable	<u>13,952</u>	<u>13,464</u>

SECURE COMPUTING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

5 EMPLOYEES

The aggregate payroll costs during the financial year were as follows:

	2008 £	2007 £
Wages and salaries	4,318,457	4,312,131
Social security costs	501,456	486,095
Share based payment expense	347,174	182,339
Pension costs	36,386	36,869
	<u>5,203,473</u>	<u>5,017,434</u>

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

	2008	2007
Management and administration	7	7
Technical	3	4
Sales	32	39
	<u>42</u>	<u>50</u>

SECURE COMPUTING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

6 DIRECTORS

Remuneration in respect of directors was as follows:

	2008 £	2007 £
Aggregate emoluments	116,787	-
Company contributions to money purchase pension schemes	2,640	-
	<u>119,427</u>	<u>-</u>

The number of directors who are members of pension schemes to which the company made contributions was one (2007: none).

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Charge for the year:

	2008 £	2007 £
Corporation tax at 28% (2007: 30%)	-	-
Deferred tax		
Losses carried forward	<u>(208,340)</u>	<u>412,768</u>
Tax on profit on ordinary activities	<u>(208,340)</u>	<u>412,768</u>

Losses amounting to approximately £744,073 (2007: £1,464,171) remain to be carried forward against future trading profits.

(b) Factors affecting tax charge for year:

The difference between the current charge for the year and the amount calculated by applying the standard rate of UK corporation tax of 28% (2007: 30%) to the profit before tax is as follows:

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>354,506</u>	<u>1,135,353</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007: 30%)	99,262	340,606
Effect of:		
Expenses not deductible for tax purposes	110,417	78,311
Depreciation in excess of capital allowances	27,027	32,505
Other timing differences	(134)	(711)
Schedule 23 deduction	(28,232)	(59,968)
Utilisation of tax losses	<u>(208,340)</u>	<u>(390,743)</u>
	<u>-</u>	<u>-</u>

SECURE COMPUTING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

8 TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & fittings £	Leasehold Improvements £	Total £
Cost				
At 1 January 2008	178,694	45,795	154,176	378,665
Additions	15,405	-	608	16,013
Disposals	(31,265)	-	-	(31,265)
At 31 December 2008	162,834	45,795	154,784	363,413
Depreciation				
At 1 January 2008	63,245	16,457	40,693	120,395
Charge for the year	54,003	8,373	34,148	96,524
Disposals	(25,781)	-	-	(25,781)
At 31 December 2008	91,467	24,830	74,841	191,138
Net book value				
At 31 December 2008	71,367	20,965	79,943	172,275
At 31 December 2007	115,449	29,338	113,483	258,270

9 DEBTORS

	2008 £	2007 £
Amounts due from group undertakings	711,671	274,121
Other debtors	55,587	74,255
Deferred taxation (note 10)	204,428	412,768
Prepayments and accrued income	101,010	150,280
	<u>1,072,696</u>	<u>911,424</u>

10 DEFERRED TAXATION

	2008 £	2007 £
Deferred tax asset brought forward	412,768	-
Movement in the year	(208,340)	412,768
Deferred tax asset carried forward	<u>204,428</u>	<u>412,768</u>

SECURE COMPUTING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	113,130	145,756
Amounts due to group undertakings	2,342,328	552,408
Other taxes and social security	181,693	145,967
Accruals and deferred income	622,681	579,345
	<u>3,259,832</u>	<u>1,423,476</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Amounts due to group undertakings	-	2,342,328

The loan from the parent undertaking had no fixed repayment term and is interest free. The loan was transferred to amounts falling due within one year due to the transfer of trade and assets post year end.

13 SHARE CAPITAL

	2008 £	2007 £
Authorised share capital		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up unpaid share capital		
100 ordinary share of £1 each	<u>100</u>	<u>100</u>

14 PROFIT AND LOSS ACCOUNT

	2008 £	2007 £
Balance brought forward	(2,123,834)	(3,671,955)
Profit for the financial year	146,166	1,548,121
Accelerated share option charge	159,961	-
Balance carried forward	<u>(1,817,707)</u>	<u>(2,123,834)</u>

SECURE COMPUTING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2008 £	2007 £
Profit for the financial year	146,166	1,548,121
Accelerated share option charge	159,961	-
Opening shareholder's deficit	<u>(2,123,734)</u>	<u>(3,671,855)</u>
Closing shareholder's deficit	<u>(1,817,607)</u>	<u>(2,123,734)</u>

16 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2008 or 31 December 2007.

17 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at 31 December 2008 or 31 December 2007.

18 OPERATING LEASE COMMITMENTS

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2008 £	Land & Buildings 2007 £
Expiry date		
- within two to five years	<u>208,464</u>	<u>208,464</u>

19 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of McAfee, Inc., the company is exempt from the requirements of FRS 8 'Related party disclosures' to disclose transactions with other members of the group headed by McAfee, Inc.

20 EQUITY SETTLED SHARE BASED PAYMENTS

The company's former ultimate parent company, Secure Computing Corporation, operated a number of share based payment schemes which the company's employees and directors are entitled to subscribe to. As a result of the acquisition by McAfee Inc. certain share option schemes were cancelled. In accordance with FRS 20 the company has accounted for the cancellation of these schemes as an acceleration of vesting resulting in a charge to the profit and loss account of £159,961.

Employees who held restricted stock options transferred these to McAfee options at the date of acquisition.