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**REPORTS AND FINANCIAL STATEMENTS**

**NETIQ LIMITED**

**FOR THE YEAR ENDED**

**30 JUNE 2006**

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**NETIQ LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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**NETIQ LIMITED**  
**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

**S. Kilbane**  
**J. Hawn (Appointed 30/06/06)**  
**J. Marsh (Appointed 30/06/06)**

**SECRETARY**

**J. Marsh (Appointed 30/06/06)**

**AUDITORS**

**Deloitte & Touche**  
**Chartered Accountants**  
**Earlsfort Terrace**  
**Dublin 2**  
**Ireland**

**REGISTERED OFFICE**

**Mallard Court**  
**Market Square**  
**Staines**  
**Middlesex**  
**TW18 4RH**

**COMPANY NUMBER**

**3498397 (England and Wales)**

**NETIQ LIMITED**  
**REPORT OF THE DIRECTORS**

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The directors present their annual report and the audited financial statements for the year ended 30 June 2006

**BUSINESS REVIEW AND FUTURE DEVELOPMENT**

The principal activity of the company is the sales, marketing and advertising of computer software products and related services

**RISKS AND UNCERTAINTIES**

We believe that the principal risks and uncertainties facing the company are as follows

- Success in our main markets requires rapid innovation, and response to market changes and we may be unable to remain competitive
- We expect to face increased competition in the future
- The trend towards consolidation in the software industry could impede our ability to compete effectively
- Recent restructuring activities in the group may adversely impact on our future performance
- The development and enhancement of many of our products require early access to third party technology
- Significant reliance on our distributors and other re-sellers who do not offer our products exclusively
- Foreign currency fluctuations

**RESULTS AND DIVIDENDS**

Profit for the year amounted to STG£281,856 (2005 STG£453,848)

**DIRECTORS**

The present membership of the board is set out on page 2 On 30 June 2006, J Hawn and J Marsh were appointed as directors, and on the same date B Bayha, R Van Hoesen and S Church resigned as directors On 30 June 2006, B Bayha resigned as company secretary and J Marsh was appointed in her stead

**DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES**

The directors and secretary of the company who held office at 30 June 2006 had no beneficial interest in the shares of the company or ultimate parent company, Wizard Holdings Corporation

**AUDITORS**

The Auditors, Deloitte & Touche, Chartered Accountants have signified their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Signed on behalf of the Board

  
DIRECTORS

Date

11th Jan 2007



**NETIQ LIMTIED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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,
- prepare the financial statements on the going concern basis

The directors are responsible for keeping proper books of account which 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETIQ LIMITED**

We have audited the financial statements of NetIQ Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

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

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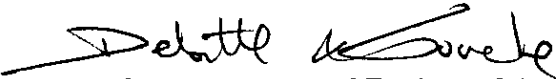
## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETIQ LIMITED**

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

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended, and
- 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

  
**Chartered Accountants and Registered Auditors**  
**Dublin**  
**Ireland**

**Date: 11 January, 2007**

# **NETIQ LIMITED**

## **STATEMENT OF ACCOUNTING POLICIES**

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The significant accounting policies adopted by the company are as follows

### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property	Over the term of lease
Fixtures & Fittings	20% on cost
Computer Equipment	33% on cost

### **TAXATION**

The charge for taxation is based on the profit for the period. Deferred taxation is calculated on the differences between the company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in periods in which the timing differences are expected to reverse based on tax rates and laws that have been expected or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are recognised only to the extent that they are regarded as recoverable.

### **PENSIONS**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

### **FOREIGN CURRENCIES**

Transactions denominated in foreign currencies relating to revenue, costs and non monetary assets are translated into sterling at the rate of exchange ruling on the date on which the transaction occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the balance sheet date. Resulting profits or losses are dealt with in the profit and loss account.

### **CASH FLOW STATEMENT**

The company has taken advantage of the exemption granted by Financial Reporting Standard 1 (Revised) – Cash Flow Statements for subsidiary companies included within the publicly available consolidated accounts of their parent and hence no cash flow statement is presented.



**NETIQ LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 STG£	2005 STG£
<b>TURNOVER</b>	2	8,303,321	12,313,645
Cost of sales		-	-
<b>GROSS PROFIT</b>		8,303,321	12,313,645
Administrative overheads		(7,910,344)	(11,730,709)
<b>OPERATING PROFIT</b>		392,977	582,936
Interest receivable and similar income		4,814	3,428
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	397,791	586,364
Tax on profit	6	(115,935)	(132,516)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		281,856	453,848

The operating profit is derived solely from continuing operations. There are no recognised gains or losses other than those reflected in the profit and loss account.




# NETIQ LIMITED

## BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 STG£	2005 STG£
<b>FIXED ASSETS</b>			
Tangible assets	7	184,007	290,837
<b>CURRENT ASSETS</b>			
Debtors	8	1,915,337	1,632,011
Cash at bank and in hand		193,887	679,677
		2,109,224	2,311,688
<b>CREDITORS (Amounts falling due within one year)</b>	9	(1,753,707)	(2,360,057)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		355,517	(48,369)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		539,524	242,468
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	16,200	1,000
Profit and loss account	12	523,324	241,468
<b>SHAREHOLDERS' FUNDS – All Equity</b>	13	539,524	242,468

The financial statements were approved by the board of directors on  
of Directors by

and signed on behalf of the Board

)  
)  
)  
DIRECTORS

# NETIQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with applicable United Kingdom accounting standards

### 2. TURNOVER

Turnover represents the reimbursement of costs incurred for services provided to the group (excluding value added tax) on a pre-agreed basis. All income is derived from a group company operating in the Republic of Ireland

3. DIRECTORS' REMUNERATION	2006 STG£	2005 STG£
Directors' remuneration		
- Fees	-	-
- Emoluments	132,742	109,783
Company contributions to defined contribution pension fund	12,354	3,538
	<hr/>	<hr/>
	145,096	113,321
	<hr/>	<hr/>
Pensions		

The number of directors who were members of pension schemes was as follows

	2006 Number	2005 Number
	1	2
	<hr/>	<hr/>
Highest paid director		
- Fees	-	-
- Emoluments	132,742	77,471
Company contributions to defined contribution pension fund	12,354	2,708
	<hr/>	<hr/>
	145,096	80,179
	<hr/>	<hr/>

# NETIQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2006

<b>4. EMPLOYEES AND REMUNERATION</b>	<b>2006</b>	<b>2005</b>
Average number of persons employed		
Sales, marketing and administration	58	75
	<u>58</u>	<u>75</u>
The staff costs are comprised of	<b>2006</b>	<b>2005</b>
	<b>STG£</b>	<b>STG£</b>
Wages and salaries	4,319,446	6,116,418
Social security costs	490,837	647,969
Other pension costs	278,605	377,216
	<u>5,088,888</u>	<u>7,141,603</u>
<b>5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2006</b>	<b>2005</b>
	<b>STG£</b>	<b>STG£</b>
Profit on ordinary activities before taxation is stated after charging		
Hire of plant and machinery	12,748	10,258
Operating leases	340,022	382,058
Depreciation – owned assets	163,374	351,848
(Gain)/loss on disposal of fixed assets	(2,000)	14,966
Auditors' remuneration	12,200	11,100
	<u></u>	<u></u>
<b>6. TAX ON PROFIT</b>	<b>2006</b>	<b>2005</b>
	<b>STG£</b>	<b>STG£</b>
Current tax		
UK corporation tax	132,610	235,192
Deferred taxation	(16,675)	(102,676)
	<u>115,935</u>	<u>132,516</u>

The profits of the company are subject to corporation tax at 30% (2005 30%)

# NETIQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2006

6. TAX ON PROFIT - Continued	2006 STG£	2005 STG£
<b>Factors affecting the tax charge:</b>		
Profit on ordinary activities before tax	397,791	586,364
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	119,337	175,909
<b>Effects of:</b>		
Capital allowance in excess of depreciation	(5,818)	42,246
Expenses not deductible for tax purposes	11,660	17,037
Timing differences	7,431	-
Current tax charge for the year	132,610	235,192

## 7. TANGIBLE ASSETS

	Improvements To property STG£	Fixtures & Fittings STG£	Computer Equipment STG£	Total STG£
<b>Cost:</b>				
At 1 July 2005	85,785	511,870	1,003,360	1,601,015
Additions	31,704	5,105	24,863	61,672
Disposals	-	-	(371,141)	(371,141)
<b>At 30 June 2006</b>	<b>117,489</b>	<b>516,975</b>	<b>657,082</b>	<b>1,291,546</b>
<b>Accumulated Depreciation:</b>				
At 1 July 2005	30,317	428,613	851,248	1,310,178
Charge for the year	22,958	22,771	117,645	163,374
Disposals	-	-	(366,013)	(366,013)
<b>At 30 June 2006</b>	<b>53,275</b>	<b>451,384</b>	<b>602,880</b>	<b>1,107,539</b>
<b>Net Book Value:</b>				
<b>At 30 June 2006</b>	<b>64,214</b>	<b>65,591</b>	<b>54,202</b>	<b>184,007</b>
At 30 June 2005	55,468	83,257	152,112	290,837

# NETIQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2006

8. DEBTORS	2006 STG£	2005 STG£
Other debtors	(119)	714
VAT receivable	67,581	96,545
Prepayments	221,139	388,050
Deposit held	164,420	207,221
Amounts due from group undertakings	1,376,315	836,805
Deferred tax asset	86,001	102,676
	<u>1,915,337</u>	<u>1,632,011</u>
9. CREDITORS (Amounts falling due within one year)	2006 STG£	2005 STG£
Trade creditors	229,682	312,062
Social security and other taxes	236,082	155,112
Amounts due to parent undertaking	700,000	700,000
Amounts due to group undertakings	85,389	369,735
Corporation tax	30,344	63,333
Accruals	472,210	759,815
	<u>1,753,707</u>	<u>2,360,057</u>
10. CALLED UP SHARE CAPITAL	2006 STG£	2005 STG£
Authorised 16,200 ordinary shares of STG£1 each (2005 1,000 ordinary shares of STG£1 each)	16,200	1,000
	<u>16,200</u>	<u>1,000</u>
Allotted, Issued and fully paid 16,200 ordinary shares of STG£1 each (2005 1,000 ordinary shares of STG£1 each)	16,200	1,000
	<u>16,200</u>	<u>1,000</u>

# NETIQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2006

### 11. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Wizard Holdings Corporation, a company incorporated and registered in the USA

12. PROFIT AND LOSS ACCOUNT	2006 STG£	2005 STG£
Profit and loss account brought forward	241,468	(212,380)
Profit for the financial year	281,856	453,848
	<hr/>	<hr/>
Profit and loss account carried forward	523,324	241,468
	<hr/>	<hr/>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2006 STG£	2005 STG£
Profit for the financial year	281,856	453,848
	<hr/>	<hr/>
Net additions in shareholders' funds	281,856	453,848
Opening shareholders' funds	242,468	(211,380)
Share capital issued during the year	15,200	-
	<hr/>	<hr/>
Closing shareholders' funds	539,524	242,468
	<hr/>	<hr/>

### 14. COMMITMENTS

Annual commitments exist under non cancellable operating leases as follows

Land and buildings expiring within 5 years - STG£234,000 (2005 STG£234,000) Land and buildings expiring after 5 years - STG£148,000 (2005 STG£148,000) Other equipment commitments expiring within 5 years - STG£5,000 (2005 STG£5,000)

### 15. RELATED PARTY TRANSACTIONS

As the consolidated financial statements of NetIQ Ireland Limited, are publicly available, the company has availed of the exemptions available under FRS 8 from disclosure of intergroup related party transactions

**NETIQ LIMITED**

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT  
(NOT COVERED BY THE INDEPENDENT AUDITORS' REPORT)**



# NETIQ LIMITED

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	2006 STG£	2005 STG£
<b>Turnover</b>	<b>8,303,321</b>	<b>12,313,645</b>
<b>Cost of Sales</b>		
Purchases	-	-
	<u>8,303,321</u>	<u>12,313,645</u>
<b>Interest Receivable and Similar Income:</b>		
Deposit account interest	4,814	3,428
	<u>8,308,135</u>	<u>12,317,073</u>
<b>Expenditure:</b>		
Directors' remuneration	145,096	113,321
Wages and salaries	4,665,187	6,651,066
Pensions	278,605	377,216
Contract labour	31,838	30,369
Telephone & communications	193,298	306,628
Post and stationery	38,000	91,182
Travelling	462,222	899,037
Motor expenses	248,013	370,738
Hire of equipment	12,748	10,258
Repairs and renewals	40,366	8,809
Training	276,901	364,512
Manuals, books and subscriptions	18,032	35,050
Computer software	11,491	35,409
Insurance	8,804	15,812
Foreign exchange (gain)/loss	(12,893)	28,327
Office expenses and sundry	20,755	47,501
Recruiting costs	133,940	216,926
Consulting	42,783	5,234
Relocation expenses	-	4,248
Accountancy and professional Fees	(29,708)	276,693
Public relations	63,966	134,304
Entertainment	38,866	41,823
Promotion and exhibitions	454,981	540,775
Conferences and training – client	10,675	65,867
Corporate marketing collateral	38,159	30,339
Rent and rates	543,909	646,857
	<u>7,736,034</u>	<u>11,348,301</u>
Carried forward	<u>572,101</u>	<u>968,772</u>

**NETIQ LIMITED**

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 STG£	2005 STG£
Brought forward	572,101	968,772
<b>Finance costs:</b>		
Bank charges	(12,858)	(15,594)
Filing fee and penalties	(78)	-
	<u>559,165</u>	<u>953,178</u>
<b>Depreciation:</b>		
Depreciation Charge	(163,374)	(351,848)
	<u>395,791</u>	<u>601,330</u>
<b>Gain/(loss) on disposal of fixed assets:</b>		
Computer equipment	2,000	(14,966)
	<u>397,791</u>	<u>586,364</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u><u>397,791</u></u>	<u><u>586,364</u></u>