

Company Number: 3498307<sup>9</sup>

**Report and Financial Statements**

**Net IQ Limited**

**For the period ended 31 March 2007**

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**REPORTS AND FINANCIAL STATEMENTS**

**NETIQ LIMITED**

**FOR THE PERIOD ENDED**

**31 MARCH 2007**

**NETIQ LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2007**

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**NETIQ LIMITED**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

**J. Hickson (Appointed 25 June 2007)**  
**J. Hawn**  
**J. Marsh**

**SECRETARY**

**J. Marsh**

**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 report and the audited financial statements for the period ended 31 March 2007

**BUSINESS REVIEW AND FUTURE DEVELOPMENT**

The company was acquired by Wizard Holdings Corporation on 30 June 2006

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£143,812 (2006 STG£281,856)

**DIRECTORS**

The present membership of the board is set out on page 2 On 25 June 2007 J Hickson was appointed as a director and on the same date S Kilbane resigned as a director

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

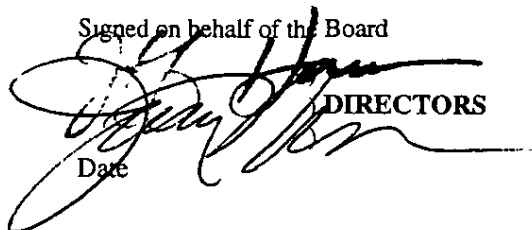
The directors and secretary of the company who held office at 31 March 2007 had no <sup>\*</sup> beneficial interest in the shares of the company or the ultimate parent company, Wizard Holdings Corporation

*\* (beneficial means ability to exercise control over shareholder voting)*

**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

  
Date \_\_\_\_\_  
DIRECTORS

**NETIQ LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 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 period ended 31 March 2007 which comprise the Statement of Accounting Policies, the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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 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 directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements.

### **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 31 March 2007 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985

*Deloitte & Touche*

**Chartered Accountants and Registered Auditors  
Dublin  
Ireland**

**Date: 18 December, 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 period 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 and losses are dealt with in the profit and loss account

**NETIQ LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31 MARCH 2007**

		9 Month period ended 31 March 2007 STG£	Year ended 30 June 2006 STG£
	Note		
<b>TURNOVER</b>	2	3,507,619	8,303,321
Cost of sales		-	-
<b>GROSS PROFIT</b>		<u>3,507,619</u>	<u>8,303,321</u>
Administrative overheads		(3,337,919)	(7,910,344)
<b>OPERATING PROFIT</b>		<u>169,700</u>	<u>392,977</u>
Interest receivable and similar income		2,194	4,814
Interest payable and similar charges	5	(4,861)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	<u>167,033</u>	<u>397,791</u>
Taxation	7	(23,221)	(115,935)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u><u>143,812</u></u>	<u><u>281,856</u></u>

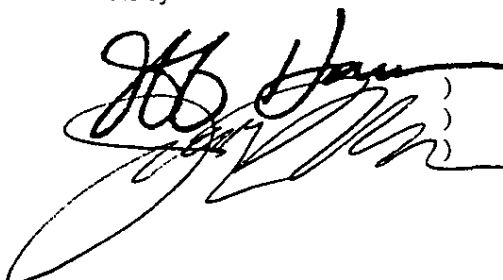
The operating profit is derived solely from continuing operations. There are no recognised gains or losses other than those reflected in the profit and loss account.

**NETIQ LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2007**

	Note	31 March 2007 STG£	30 June 2006 STG£
<b>FIXED ASSETS</b>			
Tangible assets	8	117,212	184,007
<b>CURRENT ASSETS</b>			
Debtors	9	2,004,060	1,915,337
Cash at bank and in hand		179,613	193,887
		2,183,673	2,109,224
<b>CREDITORS (Amounts falling due within one year)</b>	10	(1,617,549)	(1,753,707)
<b>NET CURRENT ASSETS</b>		566,124	355,517
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		683,336	539,524
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	16,200	16,200
Profit and loss account	12	667,136	523,324
<b>SHAREHOLDERS' FUNDS – All Equity</b>	13	683,336	539,524

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 PERIOD ENDED 31 MARCH 2007**

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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

<b>3. DIRECTORS' REMUNERATION</b>	<b>9 Month period ended 31 March 2007 STG£</b>	<b>Year ended 30 June 2006 STG£</b>
Directors' remuneration		
- Fees	-	-
- Emoluments	-	132,742
Company contributions to defined contribution pension fund	-	12,354
	<hr/>	<hr/>
	-	145,096
	<hr/>	<hr/>
Pensions		

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

	<b>9 Month period ended 31 March 2007 Number</b>	<b>Year ended 30 June 2006 Number</b>
	-	1
	<hr/>	<hr/>
Highest paid director		
- Fees	-	-
- Emoluments	-	132,742
Company contributions to defined contribution pension fund	-	12,354
	<hr/>	<hr/>
	-	145,096
	<hr/>	<hr/>

# NETIQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE PERIOD ENDED 31 MARCH 2007

	9 Month period ended 31 March 2007	Year ended 30 June 2006
<b>4. EMPLOYEES AND REMUNERATION</b>		
Average number of persons employed		
Sales, marketing and administration	36	58
	<u>36</u>	<u>58</u>
The staff costs are comprised of	9 Month period ended 31 March 2007 STG£	Year ended 30 June 2006 STG£
Wages and salaries	1,481,288	4,319,446
Social security costs	203,331	490,837
Other pension costs	105,397	278,605
	<u>1,790,016</u>	<u>5,088,888</u>
<b>5. INTEREST PAYABLE AND SIMILAR CHARGES</b>	9 Month period ended 31 March 2007 STG£	Year ended 30 June 2006 STG£
Bank interest	4,861	-
	<u>4,861</u>	<u>-</u>
<b>6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	9 Month period ended 31 March 2007 STG£	Year ended 30 June 2006 STG£
Profit on ordinary activities before taxation is stated after charging:		
Hire of plant and machinery	7,697	12,748
Operating leases	238,102	340,022
Depreciation – owned assets	81,794	163,374
Gain on disposal of fixed assets	(1,155)	(2,000)
Auditors' remuneration	13,400	12,200
Restructuring expenses	329,279	-
	<u>329,279</u>	<u>-</u>
<b>7. TAXATION</b>	9 Month period ended 31 March 2007 STG£	Year ended 30 June 2006 STG£
Current tax		
UK corporation tax	45,457	132,610
Deferred taxation credit	(22,236)	(16,675)
	<u>23,221</u>	<u>115,935</u>

The profits of the company are subject to corporation tax at 30% (2006 30%)

**NETIQ LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE PERIOD ENDED 31 MARCH 2007**

<b>7. TAXATION - Continued</b>	<b>9 Month period ended 31 March 2007 STG£</b>	<b>Year ended 30 June 2006 STG£</b>
<b>Factors affecting the tax charge:</b>		
Profit on ordinary activities before tax	<b>167,033</b>	397,791
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	<b>50,109</b>	119,337
<b>Effects of:</b>		
Capital allowance in excess of depreciation	<b>(6,479)</b>	(5,818)
Expenses not deductible for tax purposes	<b>4,908</b>	11,660
Timing Differences	<b>(3,081)</b>	7,431
Current tax charge for the period	<b>45,457</b>	132,610

**8. TANGIBLE ASSETS**

	<b>Improvements to property STG£</b>	<b>Fixtures &amp; Fittings STG£</b>	<b>Computer Equipment STG£</b>	<b>Total STG£</b>
<b>Cost:</b>				
At 1 July 2006	117,489	516,975	657,082	1,291,546
Additions	4,039	-	12,525	16,564
Disposals			(3,874)	(3,874)
<b>At 31 March 2007</b>	<b>121,528</b>	<b>516,975</b>	<b>665,733</b>	<b>1,304,236</b>
<b>Accumulated Depreciation:</b>				
At 1 July 2006	53,275	451,384	602,880	1,107,539
Charge for the period	17,205	22,038	42,551	81,794
Disposals			(2,309)	(2,309)
<b>At 31 March 2007</b>	<b>70,480</b>	<b>473,422</b>	<b>643,122</b>	<b>1,187,024</b>
<b>Net Book Value:</b>				
<b>At 31 March 2007</b>	<b>51,048</b>	<b>43,553</b>	<b>22,611</b>	<b>117,212</b>
At 30 June 2006	64,214	65,591	54,202	184,007

**NETIQ LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE PERIOD ENDED 31 MARCH 2007**

<b>9. DEBTORS</b>	<b>2007 STG£</b>	<b>2006 STG£</b>
Other debtors	1,365	(119)
VAT receivable	44,909	67,581
Prepayments	106,861	221,139
Deposit held	165,597	164,420
Amounts due from group undertakings	1,503,090	1,376,315
Deferred tax asset	108,237	86,001
Corporation tax	74,001	-
	<hr/>	<hr/>
	<b>2,004,060</b>	<b>1,915,337</b>
	<hr/>	<hr/>
 <b>10. CREDITORS (Amounts falling due within one year)</b>	 <b>2007 STG£</b>	 <b>2006 STG£</b>
Trade creditors	94,650	229,682
Social security and other taxes	58,022	236,082
Amounts due to parent undertaking	700,000	700,000
Amounts due to group undertakings	540,734	85,389
Corporation tax	-	30,344
Accruals	224,143	472,210
	<hr/>	<hr/>
	<b>1,617,549</b>	<b>1,753,707</b>
	<hr/>	<hr/>
 <b>11. CALLED UP SHARE CAPITAL</b>	 <b>2007 STG£</b>	 <b>2006 STG£</b>
Authorised		
1,000 ordinary shares of STG£1 each	16,200	16,200
	<hr/>	<hr/>
	<b>16,200</b>	<b>16,200</b>
	<hr/>	<hr/>
Allotted, Issued and fully paid		
1,000 ordinary shares of STG£1 each	16,200	16,200
	<hr/>	<hr/>
	<b>16,200</b>	<b>16,200</b>
	<hr/>	<hr/>

# NETIQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE PERIOD ENDED 31 MARCH 2007

12. PROFIT AND LOSS ACCOUNT	2007 STG£	2006 STG£
Profit and loss account brought forward	523,324	241,468
Profit for the financial period	143,812	281,856
	<hr/>	<hr/>
Profit and loss account carried forward	667,136	523,324
	<hr/>	<hr/>
13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007 STG£	2006 STG£
Profit for the financial period	143,812	281,856
	<hr/>	<hr/>
Net additions in shareholders' funds	143,812	281,856
Opening shareholders' funds	539,524	242,468
Share capital issued during the period	-	15,200
	<hr/>	<hr/>
Closing shareholders' funds	683,336	539,524
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### 14. COMMITMENTS

Annual commitments exist under non cancellable operating leases as follows

Land and buildings expiring within 5 years - £234,000 (2006 £234,000). Land and buildings expiring after 5 years - £0 (2006 £148,000) Other equipment commitments expiring within 5 years - £2,750 (2006 £5,000)

### 15. 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

### 16. ULTIMATE PARENT COMPANY

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



**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 PERIOD ENDED 31 MARCH 2007

	2007 STG£	2006 STG£
<b>Turnover</b>	<b>3,507,619</b>	<b>8,303,321</b>
<b>Cost of Sales</b>		
Purchases	-	-
	<u>3,507,619</u>	<u>8,303,321</u>
<b>Interest Receivable and Similar Income:</b>		
Deposit account interest	2,194	4,814
	<u>3,509,813</u>	<u>8,308,135</u>
<b>Expenditure:</b>		
Directors' remuneration	-	145,096
Wages and salaries	1,684,619	4,665,187
Pensions	105,397	278,605
Contract labour	1,548	31,838
Telephone & communications	81,829	193,298
Post and stationery	16,966	38,000
Travelling	165,287	462,222
Motor expenses	92,060	248,013
Hire of equipment	7,697	12,748
Repairs and renewals	26,824	40,366
Training	5,273	276,901
Manuals, books and subscriptions	7,211	18,032
Computer software	6,062	11,491
Insurance	13,234	8,804
Foreign exchange loss/(gain)	22,071	(12,893)
Office expenses and sundry	8,103	20,755
Recruiting costs	51,057	133,940
Consulting	10,123	42,783
Relocation expenses	4,683	-
Accountancy and professional Fees	52,472	(29,708)
Public relations	17,941	63,966
Entertainment	12,523	38,866
Promotion and exhibitions	147,064	454,981
Conferences and training – client	12,283	10,675
Corporate marketing collateral	(1,557)	38,159
Rent and rates	377,232	543,909
Restructuring Expenses	329,279	-
	<u>3,257,281</u>	<u>7,736,034</u>
<b>Carried forward</b>	<u>252,532</u>	<u>572,101</u>

**NETIQ LIMITED**

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT - CONTINUED  
FOR THE PERIOD ENDED 31 MARCH 2007**

	2007 STG£	2006 STG£
Brought forward	252,532	572,101
<b>Finance costs:</b>		
Bank charges	(4,828)	(12,858)
Filing fee and penalties	(32)	(78)
	<u>247,672</u>	<u>559,165</u>
<b>Depreciation:</b>		
Depreciation Charge	(81,794)	(163,374)
	<u>165,878</u>	<u>395,791</u>
<b>Gain on disposal of fixed assets:</b>		
Computer equipment	1,155	2,000
	<u>167,033</u>	<u>397,791</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>167,033</u>	<u>397,791</u>