

Day Software Limited
(Now known as Day Software)

Report and Financial Statements

Year Ended

31 December 2011

Company Number 3870358

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Day Software Limited (Now known as Day Software)

Report and financial statements for the year ended 31 December 2011

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Directors

J Nemeth (USA)
R Rowley (USA)

Secretary and registered office

WCPHD Secretaries Limited, 5th Floor, Alder Castle, 10 Noble Street, London, EC2V 7QJ

Company number

3870358

Auditors

Grant Thornton, Chartered Accountants & Statutory Auditor, 24 City Quay, Dublin 2, Ireland

Day Software Limited (Now known as Day Software)

Report of the directors for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not propose payment of a dividend

Principal activity, trading review and future developments

The company did not trade during the year following the transfer of its trade

The results for the year and financial position are shown in the annexed financial statements

The directors are satisfied with the performance of the company in the year

On 1 January 2011 the company transferred its trade and net assets to a fellow group company and has plans to commence the wind up of the company during 2012. The directors have therefore not prepared the following financial statements on a going concern basis. As explained in note 1 there is no material impact of adopting this approach.

On 5 March 2012 the company re-registered as unlimited under the Companies Act 2006

Directors

The directors of the company during the year were

J Nemeth

R Rowley

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and

Day Software Limited (NOW KNOWN AS DAY SOFTWARE)

Report of the directors for the year ended 31 December 2011 (Continued)

Directors' responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1 to the financial statements the directors do not believe the going concern basis to be appropriate and thus these financial statements have not been prepared on this basis.

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Grant Thornton, Chartered Accountants & Statutory Auditor, 24 City Quay, Dublin 2, Ireland were appointed as auditors. Pursuant to section 487 of the Companies Act 1986, the auditors will be deemed to be re-appointed and will continue in office.

On behalf of the Board


R Rowley

Director

25 April 2012

Day Software Limited (Now known as Day Software)

Independent auditor's report

TO THE MEMBERS OF DAY SOFTWARE LIMITED (Now known as Day Software)

We have audited the financial statements of Day Software Limited (Now known as Day Software) for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

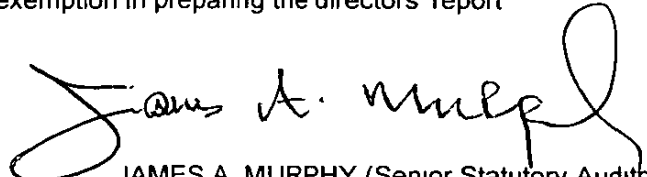
Day Software Limited (Now known as DAY SOFTWARE)

Independent auditor's report (Continued)

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report


JAMES A. MURPHY (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON
Chartered Accountants
& Statutory Auditor

24 - 26 City Quay
Dublin 2
Ireland

25 April 2012

Day Software Limited (Now known as Day Software)

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	-	4,176,222
Cost of sales		-	2,159,737
Gross profit		-	2,016,485
Administrative expenses		-	2,318,773
Operating profit/(loss)	4	-	(302,288)
Exceptional income	5	2,888,251	-
Interest receivable and similar income		-	37
Interest payable and similar charges	6	-	(103,101)
Profit/(loss) on ordinary activities before taxation		2,888,251	(405,352)
Taxation on profit/(loss) from ordinary activities	7	-	-
Profit/(loss) on ordinary activities after taxation		2,888,251	(405,352)

All amounts relate to discontinued activities

All recognised gains and losses in the current and prior years are included in the profit and loss account

The notes on pages 7 to 13 form part of these financial statements

Day Software Limited *(NOW KNOWN AS DPM SOFTWARE)*

Balance sheet at 31 December 2011

<i>Company number 3870358</i>	Note	2011 £	2011 £	2010 £	2010 £
Current assets					
Debtors	8	2,815,830		70,462	
Cash at bank		-		463,522	
		<u>2,815,830</u>		<u>533,984</u>	
Creditors' amounts falling due within one year	9	-		606,405	
		<u>-</u>		<u>606,405</u>	
Net current assets /(liabilities)			2,815,830		(72,421)
			<u>2,815,830</u>		<u>(72,421)</u>
Total assets less current liabilities			2,815,830		(72,421)
			<u>2,815,830</u>		<u>(72,421)</u>
Net assets/(liabilities)			2,815,830		(72,421)
			<u>2,815,830</u>		<u>(72,421)</u>
Capital and reserves					
Called up share capital	10		2,800,100		2,800,100
Share based payment reserve	11		169,839		169,839
Profit and loss account	11		(154,109)		(3,042,360)
			<u>2,815,830</u>		<u>(72,421)</u>
Shareholders' funds /(deficit)	12		2,815,830		(72,421)
			<u>2,815,830</u>		<u>(72,421)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 April 2012


R Rowley
Director

The notes on pages 7 to 13 form part of these financial statements

Day Software Limited (Now known as Day Software)

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

As it is a wholly owned subsidiary undertaking whose results are included in consolidated accounts which are publicly available, the company has taken advantage of the exemption available under Financial Reporting Standard I (revised 1996), not to publish its cash flow statement

The following principal accounting policies have been applied

Basis of preparation

As required by FRS 18 21 and as permitted by the Companies Act 2006, the directors have prepared the financial statements on the basis that the company is no longer a going concern. Following the sale of certain trade and assets on 1 January 2011 the directors took the decision to cease trading. As a result the directors believe that the going concern basis is no longer appropriate. There is no material effect of adopting this approach.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the provision of services to customers and the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Share-based payments

The requirements of FRS 20 Share-Based Payments have been applied.

The ultimate parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Day Software Limited (Now known as Day Software)

Notes forming part of the financial statements for the year ended 31 December 2011 (Continued)

2 Turnover

Turnover is wholly attributable to the principle activity of the company and arises solely within the United Kingdom

3 Employees

	2011 £	2010 £
Staff costs consist of		
Wages and salaries	-	1,309,399
Social security costs	-	324,148
Other pension costs	-	40,461
Share based payments (note 13)	-	103,239
	<u>-</u>	<u>1,777,247</u>
Directors remuneration in the year	-	-
	<u>-</u>	<u>-</u>
	Number	Number
The average monthly number of employees during the year (including directors) was	<u>2</u>	<u>15</u>

4 Operating profit/(loss)

	2011 £	2010 £
This has been arrived at after charging		
Depreciation - owned	-	19,733
Auditors' remuneration	-	13,500
Operating leases - other	-	101,032
Foreign exchange	-	8,901
	<u>-</u>	<u>-</u>

5 Exceptional Item

Following a group reorganisation on 1 January 2011, the company transferred its trade and net assets to a fellow group company and made a gain of £2,888,251 (2010 nil)

6 Interest payable and similar charges

	2011 £	2010 £
Interest on liability component of cumulative preference shares	<u>-</u>	<u>(103,101)</u>

Day Software Limited (Now known as Day Software)

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

7 Taxation on profit from ordinary activities

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the year ended 31 December 2010

Factors affecting the tax charge

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The difference is explained below

	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	2,888,251	(405,352)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 26% (2010 - 28%)	765,865	(113,499)
Effects of		
Permanently disallowable items and deductions	(765,865)	29,226
Capital allowances in (excess)/deficit of depreciation	-	(5,336)
Losses carried forward	-	60,702
Short term timing difference on share based payments	-	28,907
Current tax charge	-	-

A deferred tax asset of £756,916 (2010 £814,042) has not been recognised on the basis that it is probable that future taxable profits will not be available to utilise the deferred tax asset

8 Debtors

	2011 £	2010 £
Other debtors	-	36,793
Amounts owed by group undertakings	2,815,830	9,204
Prepayments and accrued income	-	24,465
	2,815,830	70,462

All amounts shown under debtors fall due for payment within one year

9 Creditors: amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	-	286,486
Accruals and deferred income	-	319,919
	-	606,405

Day Software Limited (Now known as Day Software)

Notes forming part of the financial statements
for the year ended 31 December 2011 (Continued)

10 Share capital

	2011 Number	Allotted, issued and fully paid 2010 Number	2011 £	2010 £
Ordinary shares of £1 each	2,800,100	2,800,100	2,800,100	2,800,100
	<u>2,800,100</u>	<u>2,800,100</u>	<u>2,800,100</u>	<u>2,800,100</u>

11 Reserves

	Other reserve £	Profit and loss account £	Share based payment reserve £	Total £
At 1 January 2011	-	(3,042,360)	169,839	(2,872,521)
Profit for the year	-	2,888,251	-	2,888,251
	<u>-</u>	<u>2,888,251</u>	<u>-</u>	<u>2,888,251</u>
At 31 December 2011	-	(154,109)	169,839	15,730
	<u>-</u>	<u>(154,109)</u>	<u>169,839</u>	<u>15,730</u>

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit/(loss) for the financial year	2,888,251	(405,352)
Share based payment	-	103,239
Reclassification of preference shares to equity	-	2,800,000
Shareholder contribution	-	1,008,613
	<u>2,888,251</u>	<u>3,506,500</u>
Net income to shareholders' funds	(72,421)	(3,578,921)
	<u>(72,421)</u>	<u>(3,578,921)</u>
Closing shareholders' funds/(deficit)	2,815,830	(72,421)
	<u>2,815,830</u>	<u>(72,421)</u>

Day Software Limited (Now known as Day Software)

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

13 Share-based payment transactions

Up to 28th October 2010 the company had a share option scheme for employees who may participate in the stock of the parent company, Day Software Holdings AG. The exercise price per share of common stock subject to a stock option was determined by the Board of Directors of the parent company at the time of grant. The vesting period is generally within 5 years from stock option grant date. If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

On 28th October 2010 the unvested share options in the Day Software Holdings AG scheme were converted to shares in Adobe Systems Incorporated ("ASI"), the new ultimate parent company.

ASI has a number of stock-based employee compensation plans, including stock option plans.

The stock option program is a long-term retention program that is intended to attract, retain and provide incentives for talented employees, officers and directors, and to align stockholder and employee interests. Currently, the options granted are from the 2003 Equity Incentive Plan ("2003 Plan"), and the 2005 Equity Incentive Assumption Plan ("2005 Assumption Plan"). These plans are collectively referred to in the following sections as "the Plans". Under the Plans, options can be granted to all employees, including executive officers, and outside consultants and non-employee directors. The Plans will continue until the earlier of (i) termination by the Board or (ii) the date on which all the shares available for issuance under the plan have been issued and restrictions on issued shares have lapsed. Option vesting periods are generally four years for all the Plans. Options granted under the Plans generally expire seven years from the effective date of the grant.

The exercise price of the options that are issued is equal to the fair market value of the ASI common stock on the date of grant, traded on the American NASDAQ Global Select Market.

The following table sets forth the assumptions used in determining the fair value of each option award, under the Black-Scholes option pricing model, for each respective period.

	2011 £ Black- scholes	2010 £ Black- scholes
Expected volatility	-	29 - 36%
Expected life	-	3.8 - 5.1 years
Expected dividends	-	-
Risk-free interest rate	-	1.04 - 2.66%

Up to October 28th 2010 including the comparative number the volatility of Day Software Holdings AG, a listed company was determined using a 50 day historical volatility.

Day Software Limited (Now known as Day Software)

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

13 Share-based payment transactions (*Continued*)

Details of the share options outstanding during the year are as follows

	2011	2011	2010	2010
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of the year	79,919	3 80	38,200	15 20
Granted to 28 October 2010	-	-	1,000	48 52
Exercised to 28 October 2010	-	-	(18,328)	16 96
Cancelled to 28 October 2010	-	-	(3,000)	17 33
	-----		-----	
			17,872	
Conversion to ASI plan*	-	-	89,412	3 42
Transferred 1 January 2011	(79,919)	3 80	-	-
Exercised to 31 December 2010	-	-	(9,493)	3 24
	-----	-----	-----	-----
Outstanding at the end of year	-	-	79,919	3 80
	=====	=====	=====	=====

On 28th October 2010 the unvested share options in the Day Software AG scheme were converted to shares in ASI at a ratio of 5 ASI options for 1 Day Software AG option. All other terms of the options remained the same.

The options outstanding at 31 December 2011 had a weighted average remaining contractual life of - (2010 2 81 years) and their exercise price ranged between £nil (2010 £ 2 29 and £9 66).

The weighted average fair values of options granted during the year ended 31 December 2011 and 31 December 2010 was £nil and £6 37, respectively.

For options exercised, the weighted average share price during the period ended 31 December 2011 was £nil. For the period ending 28 October 2010 was £72 14, for the period from 29 October 2010 to 31 December 2010 was £19 46.

14 Ultimate parent company

The company's immediate parent company is Day Software Holding AG, a company incorporated in Switzerland. The company's ultimate parent company is Adobe Systems Inc, a company incorporated in the United States.

Adobe Systems Incorporated is the parent company of the largest group of undertakings for which consolidated financial statements are drawn up and of which Day Software Limited (Now known as Day Software) is a member. The group financial statements of Adobe Systems Incorporated are available to the public from 345 Park Avenue, San Jose, CA 95110, USA.

Day Software Limited (Now known as Day Software)

**Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)**

15 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" that allows it not to disclose transactions with group undertakings

16 Post balance sheet events

The company re-registered as unlimited on 5 March 2012 under the Companies Act 2006