

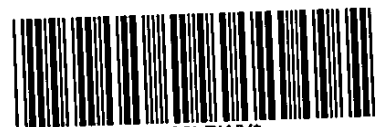
Fortinet UK Limited

Registered number: 04570027

Directors' report and financial statements

For the year ended 31 December 2008

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FORTINET UK LIMITED

COMPANY INFORMATION

Directors

K A Goldman
A L Stewart (resigned 6/11/2008)
K Q Xie (resigned 6/11/2008)
R A Lerner (appointed 6/11/2008)

Company number

04570027

Registered office

Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

Auditors

Mazars LLP
Chartered Accountants & Registered Auditors
Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

FORTINET UK LIMITED

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FORTINET UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements for the year ended 31 December 2008.

Statement of directors' responsibilities

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 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). 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 judgments 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 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.

Principal activities

The principal activity of the company continued to be that of software consultancy and supply. The company's revenue is wholly derived from the recharging of expenses to its US parent, Fortinet Inc.

Business review

The financial statements incorporate the results of the Swedish and Italian branches. The results of the subsidiary undertakings, Fortinet Sarl and Fortinet GmbH, are excluded from these accounts.

The directors considered the performance in the year to be satisfactory and do not recommend payment of a dividend.

Results

The profit for the year, after taxation, amounted to £134,867 (2007 - £115,400).

Directors

The directors who served during the year were:

K A Goldman
A L Stewart (resigned 6/11/2008)
K Q Xie (resigned 6/11/2008)
R A Lerner (appointed 6/11/2008)

FORTINET UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 1985.

This report was approved by the board on **30 SEPT. 2009** and signed on its behalf.



R A Lerner
Director

Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

FORTINET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FORTINET UK LIMITED

We have audited the financial statements of Fortinet UK Limited for the year ended 31 December 2008, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared in accordance with 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 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

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

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, whether they are properly prepared in accordance with the Companies Act 1985, and whether the information given in the directors' report 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 transactions with the company is not disclosed.

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

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 judgments 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.

FORTINET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FORTINET UK LIMITED

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 directors' report is consistent with the financial statements.


Mazars LLP

Chartered Accountants
Registered Auditors

Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

Date: 5 October 2009

FORTINET UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
Turnover	1,2	8,116,614	6,034,646
Administrative expenses		(7,823,461)	(5,747,283)
		<hr/>	<hr/>
Operating profit	3	293,153	287,363
Interest receivable		7,958	8,511
		<hr/>	<hr/>
Profit on ordinary activities before taxation		301,111	295,874
Tax on profit on ordinary activities	5	(166,244)	(180,474)
		<hr/>	<hr/>
Profit for the financial year	12	134,867	115,400
		<hr/>	<hr/>

All amounts relate to continuing operations.

The notes on pages 8 to 15 form part of these financial statements.

FORTINET UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£	£
Profit for the financial year	134,867	115,400
Foreign exchange movements in profit and loss reserve	<u>24,438</u>	<u>-</u>
Total recognised gains and losses relating to the year	<u><u>159,305</u></u>	<u><u>115,400</u></u>

The notes on pages 8 to 15 form part of these financial statements.

FORTINET UK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible fixed assets	6		4,021		8,772
Fixed asset investments	7		24,858		5,047
			<u>28,879</u>		<u>13,819</u>
Current assets					
Debtors	8	1,029,782		1,002,272	
Cash at bank		842,075		357,920	
		<u>1,871,857</u>		<u>1,360,192</u>	
Creditors: amounts falling due within one year	9	(1,331,560)		(964,140)	
Net current assets			<u>540,297</u>		<u>396,052</u>
Total assets less current liabilities			<u>569,176</u>		<u>409,871</u>
Capital and Reserves					
Called up share capital	11		1		1
Profit and loss account	12		569,175		409,870
Shareholders' funds	13		<u>569,176</u>		<u>409,871</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



R A Lerner
Director

The notes on pages 8 to 15 form part of these financial statements.

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting policies (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

2. Turnover

The whole of the turnover is attributable to software consultancy and supply.

All turnover arose on sales to the United States of America.

3. Operating profit

The operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	8,130	7,976
Auditors' remuneration	6,500	10,622
Operating lease rentals:		
- other operating leases	176,605	156,260
Difference on foreign exchange	49,535	(6,682)
	<hr/> <hr/>	<hr/> <hr/>

During the year, no director received any emoluments (2007 - £NIL).

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4. Staff costs

Staff costs were as follows:

	2008 £	2007 £
Wages and salaries	4,827,460	3,716,954
Social security costs	855,262	723,585
	<u>5,682,722</u>	<u>4,440,539</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2008 No.	2007 No.
Administration and sales	<u>47</u>	<u>62</u>

5. Taxation

	2008 £	2007 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	170,620	180,221
Adjustments in respect of prior periods	(4,223)	-
Total current tax	<u>166,397</u>	<u>180,221</u>
Deferred tax (see note 10)		
Origination and reversal of timing differences	(153)	253
Tax on profit on ordinary activities	<u>166,244</u>	<u>180,474</u>

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2007 - the same as) the standard rate of corporation tax in the UK (28%) as set out below:

	2008 £	2007 £
Profit on ordinary activities before tax	301,111	295,874
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007 - 30%)	84,311	88,762
Effects of:		
Expenses not deductible for tax purposes	20,958	20,891
Capital allowances for year in excess of depreciation	2,276	(881)
Share scheme deduction under Schedule 23	(99,338)	-
Higher rate taxes on overseas earnings	158,190	71,449
Current tax charge for the year (see note above)	166,397	180,221

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

6. Tangible fixed assets

	Furniture, fittings and equipment £
Cost	
At 1 January 2008	36,389
Additions	4,208
At 31 December 2008	40,597
Depreciation	
At 1 January 2008	27,617
Charge for the year	8,959
At 31 December 2008	36,576
Net book value	
At 31 December 2008	4,021
At 31 December 2007	8,772

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7. Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2008	5,047
Adjustments	19,811
At 31 December 2008	<u>24,858</u>

The adjustments to the value of the company's investments relate to the inclusion of Fortinet GbmH as a subsidiary of the company.

Fortinet GmbH, which was incorporated on 22 December 2006 was treated as a branch of the company in 2006 and 2007 accounts of the company.

The directors have made the decision to show the entity as an investment in 2008. This decision, and the treatment in prior years does not materially affect the results or the net assets of the company and hence no prior year adjustment has been made in respect of this amount.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Fortinet Sarl	Ordinary shares	100%
Fortinet GmbH	Ordinary shares	100%

The aggregate of the share capital and reserves as at 31 December 2008 and of the profit for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit £
Fortinet Sarl	816,575	441,282
Fortinet GmbH	<u>35,149</u>	<u>35,149</u>

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

8. Debtors

	2008	2007
	£	£
Amounts owed by group undertakings	865,975	878,011
Other debtors	92,205	32,157
Prepayments and accrued income	19,124	31,501
Tax recoverable	45,613	53,891
Deferred tax asset (see note 10)	6,865	6,712
	<u>1,029,782</u>	<u>1,002,272</u>

9. Creditors: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	1,821	27,556
Corporation tax	21,145	81,733
Social security and other taxes	376,414	322,500
Other creditors	-	9,903
Accruals and deferred income	932,180	522,448
	<u>1,331,560</u>	<u>964,140</u>

10. Deferred tax asset

	2008	2007
	£	£
At beginning of year	6,712	6,965
Released during/(charged for) year	153	(253)
	<u>6,865</u>	<u>6,712</u>

The deferred tax asset is made up as follows:

	2008	2007
	£	£
Accelerated capital allowances	<u>6,865</u>	<u>6,712</u>

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

11. Share capital

	2008 £	2007 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

12. Reserves

	Profit and loss account £
At 1 January 2008	409,870
Profit for the year	134,867
Exchange rate adjustment on reserves	24,438
At 31 December 2008	569,175

13. Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	409,871	294,471
Profit for the year	134,867	115,400
Other recognised gains and losses during the year	24,438	-
Closing shareholders' funds	569,176	409,871

14. Operating lease commitments

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

	Land and buildings 2008 £	2007 £
Expiry date:		
Within 1 year	83,516	87,483
Between 2 and 5 years	-	4,173

FORTINET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

15. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

16. Ultimate parent undertaking and controlling party

The ultimate parent company is Fortinet Inc., a company registered in the United States of America. Copies of the consolidated financial statements of Fortinet Inc. are available from 1090 Kifer Road, Sunnyvale, CA 94086, USA.