

**MARK LOGIC (UK) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**Company Registration Number 6080277**

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COMPANIES HOUSE

**Tenon Limited**  
Amberley Place  
107 - 111 Peascod Street  
Windsor  
Berkshire  
SL4 1TE

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**MARK LOGIC (UK) LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

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**MARK LOGIC (UK) LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2008**

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<b>The director</b>	D A Kellogg
<b>Business address</b>	1st Floor 41 Chalton Street London NW1 1JD
<b>Auditor</b>	Tenon Audit Limited Registered Auditor Amberley Place 107 - 111 Peascod Street Windsor Berkshire SL4 1TE
<b>Accountants</b>	Tenon Limited Amberley Place 107 - 111 Peascod Street Windsor Berkshire SL4 1TE

**MARK LOGIC (UK) LIMITED**  
**THE DIRECTOR'S REPORT**  
**YEAR ENDED 31 DECEMBER 2008**

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The director presents his report and the financial statements of the company for the year ended 31 December 2008.

**Principal activities**

The principal activity of the company during the year was the provision of marketing and support functions to the parent company.

**Director**

The director who served the company during the year were as follows:

C Lewis  
D A Kellogg  
L Teng

C Lewis was appointed as a director on 11 August 2008.

L Teng resigned as a director on 31 July 2008.

C Lewis resigned as a director on 2 June 2009.

**Director's responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 those financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware:

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

**MARK LOGIC (UK) LIMITED**  
**THE DIRECTOR'S REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2008**

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**Auditor**

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next Annual General Meeting.

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by



D A Kellogg

Director

Approved by the director on 22nd October 2009

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**MARK LOGIC (UK) LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARK**  
**LOGIC (UK) LIMITED**  
**YEAR ENDED 31 DECEMBER 2008**

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We have audited the financial statements of Mark Logic (UK) Limited on pages 6 to 13 for the year ended 31 December 2008. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 director and auditor**

As described in the statement of director's responsibilities the company's director is 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 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 Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's 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 judgements made by the director 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.

**MARK LOGIC (UK) LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARK**  
**LOGIC (UK) LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2008**

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Director's Report is consistent with the financial statements.

*Tenon Audit Limited*

Tenon Audit Limited  
Registered Auditor  
Amberley Place  
107 - 111 Peascod Street  
Windsor  
Berkshire  
SL4 1TE

*30 October 2009*

**MARK LOGIC (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2008**

		Year to 31 Dec 08 £	<i>Period from 2 Feb 07 to 31 Dec 07 £</i>
<b>Turnover</b>		1,229,019	420,675
Administrative expenses		(1,123,364)	(382,432)
<b>Operating profit</b>	2	<u>105,655</u>	<u>38,243</u>
Interest receivable		5,129	642
Interest payable and similar charges		—	(4)
<b>Profit on ordinary activities before taxation</b>		<u>110,784</u>	<u>38,881</u>
Tax on profit on ordinary activities	3	(24,711)	(9,205)
<b>Profit for the financial year</b>		<u><u>86,073</u></u>	<u><u>29,676</u></u>

The notes on pages 8 to 13 form part of these financial statements.



**MARK LOGIC (UK) LIMITED**

Registered Number 6080277

**BALANCE SHEET****31 DECEMBER 2008**

	Note	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	4		268		437
<b>Current assets</b>					
Debtors	5	28,886		10,360	
Cash at bank		424,058		150,153	
		452,944		160,513	
<b>Creditors: Amounts falling due within one year</b>	7	(337,462)		(131,273)	
<b>Net current assets</b>			115,482		29,240
<b>Total assets less current liabilities</b>			115,750		29,677
<b>Capital and reserves</b>					
Called-up share capital	10		1		1
Profit and loss account	12		115,749		29,676
<b>Shareholders' funds</b>			115,750		29,677

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved and signed by the director and authorised for issue on 22nd October 2009

DA Kellogg  
Director



The notes on page 7 form part of these financial statements.

**MARK LOGIC (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

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**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

**Cash flow statement**

The company has adopted the Financial Reporting Standard For Smaller Entities (2007) and is consequently exempt from the requirement to include a cash flow statement in the financial statements.

**Turnover**

The turnover shown in the profit and loss account represents amounts receivable from the ultimate parent undertaking, Mark Logic Corporation, during the year, for the provision of marketing and support functions, exclusive of Value Added Tax.

Turnover in respect of sales and marketing services provided to Mark Logic Corporation is calculated as attributable costs plus 10% in accordance with an intercompany agreement between Mark Logic (UK) Limited and Mark Logic Corporation.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures & Fittings                      -    33.33% straight line

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

**MARK LOGIC (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

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**1. Accounting policies (continued)**

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

**Financial instruments**

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

**2. Operating profit**

Operating profit is stated after charging/(crediting):

	Year to 31 Dec 08 £	Period from 2 Feb 07 to 31 Dec 07 £
Depreciation of owned fixed assets	169	70
Auditors remuneration	4,050	4,500
Net (profit)/loss on foreign currency translation	<u>(2,790)</u>	<u>4,593</u>

**3. Taxation on ordinary activities**

**Analysis of charge in the year**

	Year to 31 Dec 08 £	Period from 2 Feb 07 to 31 Dec 07 £
In respect of the year:		
UK Corporation tax	25,719	9,205
Deferred tax:		
Origination and reversal of timing differences	<u>(1,008)</u>	-
Tax on profit on ordinary activities	<u>24,711</u>	<u>9,205</u>

**MARK LOGIC (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**4. Tangible fixed assets**

	Plant and machinery etc. £
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	<u>507</u>
<b>Depreciation</b>	
At 1 January 2008	70
Charge for the year	<u>169</u>
At 31 December 2008	<u>239</u>
<b>Net book value</b>	
At 31 December 2008	<u>268</u>
At 31 December 2007	<u>437</u>

**5. Debtors**

	2008 £	2007 £
VAT recoverable	2,864	9,729
Called up share capital not paid	—	1
Other debtors	25,014	630
Deferred taxation (note 6)	<u>1,008</u>	<u>—</u>
	<u>28,886</u>	<u>10,360</u>

**6. Deferred taxation**

The deferred tax included in the Balance sheet is as follows:

	Year to 31 Dec 08 £	Period from 2 Feb 07 to 31 Dec 07 £
Included in debtors (note 5)	<u>1,008</u>	<u>—</u>

The movement in the deferred taxation account during the year was:

	Year to 31 Dec 08 £	Period from 2 Feb 07 to 31 Dec 07 £
Profit and loss account movement arising during the year	<u>1,008</u>	<u>—</u>
At 31 December 2008	<u>1,008</u>	<u>—</u>

**MARK LOGIC (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. Deferred taxation (continued)**

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Other timing differences	1,008	-
	<u>1,008</u>	<u>-</u>

**7. Creditors: Amounts falling due within one year**

	2008 £	2007 £
Trade creditors	11,779	11,691
Amounts owed to group undertakings	231,609	70,700
Corporation tax	25,719	9,205
Other taxation and social security	35,489	16,947
Other creditors	32,866	22,730
	<u>337,462</u>	<u>131,273</u>

**8. Commitments under operating leases**

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

	2008 £	2007 £
Operating leases which expire:		
Within 1 year	<u>9,891</u>	<u>1,080</u>

**9. Related party transactions**

During the period the company received funding totalling £1,208,633 (2007: £433,738) from its parent undertaking, Mark Logic Corporation. Mark Logic Corporation also paid expenses on the company's behalf during the period totalling £185,679 (2007: £53,253).

During the period the company invoiced its parent company a total of £1,224,282 (2007: £420,675) in respect of marketing and support functions carried out on the parent company's behalf.

At the balance sheet date the amount due to Mark Logic Corporation is £236,346 (2007: £70,700) and is included within Creditors: Amounts falling due within one year, above.

**10. Share capital**

**Authorised share capital:**

	2008 £	2007 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**MARK LOGIC (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**10. Share capital (continued)**

**Allotted and called up:**

	<b>2008</b>		<b>2007</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Ordinary shares	<u>-</u>	<u>1</u>

**11. Share options**

The following options relate to Ordinary shares in the parent company, Mark Logic Corporation.

		<b>2008</b>
Options outstanding at 1 January 2008	95,000	-
Options granted during the year	40,000	95,000
Options forfeited during the year	<u>(25,000)</u>	<u>-</u>
Options outstanding at 31 December 2008	<u>110,000</u>	<u>95,000</u>

There are 3 UK employees who have been granted share options in the parent company during the year.

The share options were granted on the following dates:

<b>Date</b>	<b>Number of shares</b>	<b>Exercise price</b>
		<b>\$</b>
18 June 2008	15,000	1.10
21 August 2008	25,000	1.10
	<u>40,000</u>	

All options granted will be eligible to be exercised as long as the following vesting conditions are satisfied:

- The share options may not be exercised after the Optionholder no longer holds employment with any member of the Group or has given or received notice of termination of their employment with any member of the group, except in some circumstances as documented in the share options agreement.
- All options will lapse in 9 years.

**MARK LOGIC (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

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**12. Profit and loss account**

	<b>Year to</b>	<i>Period from</i>
	<b>31 Dec 08</b>	<i>2 Feb 07 to</i>
	<b>£</b>	<i>31 Dec 07</i>
Balance brought forward	29,676	–
Profit for the financial year	<u>86,073</u>	<u>29,676</u>
Balance carried forward	<u>115,749</u>	<u>29,676</u>

**13. Ultimate parent company and controlling party**

The directors regard Mark Logic Corporation, a company incorporated in the United States of America and duly organised under the laws of the state of Delaware to be the ultimate parent undertaking and largest group for which consolidated accounts are prepared.

The directors consider that there is no ultimate controlling party.