Chartered Accountants
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Audited Financial Statements
ComponentSource Limited

For the Year Ended 31 October 2011
Company Registration No: 02890788

Registered number 02890788

COMPONENTSOURCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011

COMPONENTSOURCE LIMITED

COMPANY INFORMATION

DIRECTORS	N Farnworth H D J Kelly A Robinson
COMPANY SECRETARY	P Klinger
COMPANY NUMBER	02890788
REGISTERED OFFICE	30 Greyfriars Road Reading Berkshire RG1 1PE
AUDITORS	HW, Chartered Accountants Statutory Auditor 7 - 11 Station Road Reading Berkshire RG1 1LG

COMPONENTSOURCE LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2011

The directors present their report and the financial statements for the year ended 31 October 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is operating an internet based business to business catalogue, which enables software developers to find, evaluate and purchase software development tools and components The company purchases licenses from software vendors to sell through the website and via its call centre as well as providing marketing services to software vendors

BUSINESS REVIEW

During the year turnover was £7,951,010, representing an increase of 4 7% over the prior year Gross profit was £2,165,042 representing a 1 3% decrease on the prior year resulting in the gross margin falling 1 7% to 27 2% Administrative expenses were £1,695,897 representing a decrease of 7 9% compared to the prior year Other operating income was £21,692, representing an 85 7% decrease over the prior year The profit after interest and tax for the year was £489,517, representing a decrease of 2 6% over the prior year Cash at the year end was £1,200,252 and net assets were £4,271,428, an increase of 12 9% over the previous year end

RESULTS

The profit for the year, after taxation, amounted to £489,517 *(2010 - £502,675)*

DIRECTORS

The directors who served during the year were

N Farnworth
H D J Kelly
A Robinson

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2011

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has a policy of minimising financial risk wherever possible Since the company has no significant borrowings, maintains stable relations with suppliers, and operates in markets where price fluctuations can largely be passed on, the company is not significantly exposed in any particular area

Since the company does operate in various countries, there is an exposure to exchange rate risk, but active controls in respect of matching expenditure and revenues, together with constant reviewing of retail pricing ensures that such risks are maintained at an acceptable level

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

Under section 487(2) of the Companies Act 2006, HW, Chartered Accountants will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf

....

N Farnworth
Director

Date 20 JAN 2012

30 Greyfriars Road
Reading
Berkshire
RG1 1PE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPONENTSOURCE LIMITED

We have audited the financial statements of ComponentSource Limited for the year ended 31 October 2011, set out on pages 5 to 17 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 shareholders, 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 shareholders 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 shareholders 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 Directors' responsibilities statement, 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 and express an opinion on 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 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 In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 October 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 MATTER 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPONENTSOURCE LIMITED

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

HW, Chartered Accountants

Peter Wright BSc FCA (Senior statutory auditor)

for and on behalf of
HW, Chartered Accountants

Statutory Auditor

7 - 11 Station Road
Reading
Berkshire
RG1 1LG

24 January 2012

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2011

	Note	2011 £	*2010 £*
TURNOVER	1,2	**7,951,010**	*7,590,584*
Cost of sales		**(5,785,968)**	*(5,396,995)*
GROSS PROFIT		**2,165,042**	*2,193,589*
Administrative expenses		**(1,695,897)**	*(1,842,246)*
Other operating income	3	**21,692**	*151,210*
OPERATING PROFIT	4	**490,837**	*502,553*
Interest receivable and similar income		**2,157**	*3,235*
Interest payable and similar charges	7	**(3,035)**	*(2,435)*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**489,959**	*503,353*
Tax on profit on ordinary activities	8	**(442)**	*(678)*
PROFIT FOR THE FINANCIAL YEAR	15	**489,517**	*502,675*

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 8 to 17 form part of these financial statements

COMPONENTSOURCE LIMITED
REGISTERED NUMBER. 02890788

BALANCE SHEET
AS AT 31 OCTOBER 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	9		160,975		151,751
Investments	10		1		1
			160,976		151,752
CURRENT ASSETS					
Debtors	11	4,045,302		3,531,149	
Cash at bank and in hand		1,200,252		1,108,557	
		5,245,554		4,639,706	
CREDITORS amounts falling due within one year	12	(1,120,251)		(975,513)	
NET CURRENT ASSETS			4,125,303		3,664,193
TOTAL ASSETS LESS CURRENT LIABILITIES			4,286,279		3,815,945
CREDITORS: amounts falling due after more than one year	13		(14,851)		(34,034)
NET ASSETS			4,271,428		3,781,911
CAPITAL AND RESERVES					
Called up share capital	14		145,023		145,023
Share premium account	15		12,062,246		12,062,246
Profit and loss account	15		(7,935,841)		(8,425,358)
SHAREHOLDERS' FUNDS	16		4,271,428		3,781,911

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

A Robinson
Director

H D J Kelly
Director

Date 20 JAN 2012

The notes on pages 8 to 17 form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	17	**192,077**	*15,850*
Returns on investments and servicing of finance	18	**(878)**	*800*
Taxation		**(680)**	*(1,615)*
Capital expenditure and financial investment	18	**(86,373)**	*(97,409)*
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**104,146**	*(82,374)*
Financing	18	**(12,451)**	*17,132*
INCREASE/(DECREASE) IN CASH IN THE YEAR		**91,695**	*(65,242)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 OCTOBER 2011

	2011 £	2010 £
Increase/(Decrease) in cash in the year	**91,695**	*(65,242)*
Cash outflow from decrease in debt and lease financing	**12,451**	*(17,132)*
MOVEMENT IN NET DEBT IN THE YEAR	**104,146**	*(82,374)*
Net funds at 1 November 2010	**1,060,026**	*1,142,400*
NET FUNDS AT 31 OCTOBER 2011	**1,164,172**	*1,060,026*

The notes on pages 8 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

1. ACCOUNTING POLICIES

1 1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of software licences and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	-	5 years
Computer equipment	-	3 - 5 years
Software	-	2 - 3 years

1.4 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment

1 5 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.6 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

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

1.8 CONSOLIDATION

The company was, at the year end, a wholly-owned subsidiary of another company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

1 9 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

A geographical analysis of turnover is as follows

	2011 £	*2010* *£*
United Kingdom	1,226,933	*1,259,098*
Rest of European Union	4,674,408	*4,364,193*
Rest of world	2,049,669	*1,967,293*
	7,951,010	*7,590,584*

3. OTHER OPERATING INCOME

	2011 £	*2010* *£*
Recharge to group undertakings	21,692	*151,210*

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	*2010* *£*
Depreciation of tangible fixed assets		
- owned by the company	**55,831**	*55,920*
- held under finance leases	**21,318**	*22,579*
Auditors' remuneration	**9,750**	*9,200*
Difference on foreign exchange	**(25,470)**	*60,809*

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	*2010* *£*
Wages and salaries	**1,032,611**	*1,070,346*
Social security costs	**128,553**	*127,710*
	1,161,164	*1,198,056*

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

	2011 No.	*2010* *No*
Administrative	**2**	*2*
Technical	**4**	*4*
Sales	**13**	*12*
	19	*18*

6. DIRECTORS' REMUNERATION

	2011 £	*2010* *£*
Emoluments	**407,087**	*425,913*

The highest paid director received remuneration of £168,718 *(2010 - £175,282)*

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
On finance leases and hire purchase contracts	**3,035**	*2,435*

8 TAXATION

	2011	2010
	£	£
ANALYSIS OF TAX CHARGE IN THE YEAR		
UK corporation tax charge on profit for the year	**440**	*678*
Adjustments in respect of prior periods	**2**	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	**442**	*678*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as *(2010 - the same as)* the standard rate of corporation tax in the UK of 20 414% *(2010 - 21%)* as set out below

	2011	2010
	£	£
Profit on ordinary activities before tax	**489,959**	*503,353*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 41% *(2010 - 21%)*	**100,019**	*105,704*
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**79**	*595*
Capital allowances for year in excess of depreciation	**(11,663)**	*(12,569)*
Utilisation of tax losses	**(86,222)**	*(88,035)*
Adjustments to tax charge in respect of prior periods	**2**	-
Short term timing difference leading to an increase (decrease) in taxation	**(1,772)**	*(5,017)*
Other timing differences leading to an increase (decrease) in taxation	**(1)**	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	**442**	*678*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

9 TANGIBLE FIXED ASSETS

	Fixtures & fittings	Computer equipment	Software	Total
	£	£	£	£
COST				
At 1 November 2010	34,706	185,380	115,717	335,803
Additions	2,701	31,130	52,542	86,373
Disposals	-	(12,823)	-	(12,823)
At 31 October 2011	37,407	203,687	168,259	409,353
DEPRECIATION				
At 1 November 2010	26,753	96,313	60,986	184,052
Charge for the year	2,859	48,383	25,907	77,149
On disposals	-	(12,823)	-	(12,823)
At 31 October 2011	29,612	131,873	86,893	248,378
NET BOOK VALUE				
At 31 October 2011	7,795	71,814	81,366	160,975
At 31 October 2010	*7,953*	*89,067*	*54,731*	*151,751*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011	*2010*
	£	£
Computer Equipment	19,486	*33,435*
Software	13,807	*7,370*
	33,293	*40,805*

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 November 2010 and 31 October 2011	1
NET BOOK VALUE	
At 31 October 2011	1
At 31 October 2010	*1*

The company owns 100% of the issued share capital of ComponentWare Limited, a dormant company registered in the United Kingdom The aggregate capital and reserves of ComponentWare Limited are £1

Under the provision of section 248 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

11. DEBTORS

	2011 £	*2010 £*
Trade debtors	406,058	*353,533*
Amounts owed by group undertakings	3,458,115	*2,988,235*
Other debtors	99,983	*75,212*
Prepayments and accrued income	81,146	*114,169*
	4,045,302	*3,531,149*

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	21,229	14,497
Trade creditors	819,825	692,582
Corporation tax	440	678
Social security and other taxes	39,522	43,969
Other creditors	938	948
Accruals and deferred income	238,297	222,839
	1,120,251	975,513

The amounts owed in respect of obligations under finance leases and hire purchase contracts are secured against the underlying assets

13. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	14,851	34,034

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011 £	2010 £
Between one and five years	14,851	34,034

The amounts owed in respect of obligations under finance leases and hire purchase contracts are secured against the underlying assets

14 SHARE CAPITAL

	2011 £	2010 £
ALLOTTED, CALLED UP AND FULLY PAID		
75,457 Ordinary Shares shares of £1 each	75,457	75,457
31,757 Ordinary 'A' Shares shares of £1 each	31,757	31,757
37,809 Ordinary 'B' Shares shares of £1 each	37,809	37,809
	145,023	145,023

15. RESERVES

	Share premium account £	Profit and loss account £
At 1 November 2010	12,062,246	(8,425,358)
Profit for the year		489,517
At 31 October 2011	12,062,246	(7,935,841)

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	*2010 £*
Opening shareholders' funds	3,781,911	*3,279,236*
Profit for the year	489,517	*502,675*
Closing shareholders' funds	4,271,428	*3,781,911*

17 NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	*2010 £*
Operating profit	490,837	*502,553*
Depreciation of tangible fixed assets	77,149	*78,499*
Increase in debtors	(44,274)	*(194,848)*
Increase in amounts owed by group undertakings	(397,256)	*(450,071)*
Increase in creditors	138,245	*7,093*
(Decrease)/increase in amounts owed to group undertakings	(72,624)	*72,624*
NET CASH INFLOW FROM OPERATING ACTIVITIES	192,077	*15,850*

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	*2010* *£*
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	**2,157**	*3,235*
Hire purchase interest	**(3,035)**	*(2,435)*
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(878)**	*800*

	2011 £	*2010* *£*
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	**(86,373)**	*(97,409)*

	2011 £	*2010* *£*
FINANCING		
(Repayment of)/new finance leases	**(12,451)**	*17,132*

19. ANALYSIS OF CHANGES IN NET DEBT

	1 November 2010 £	Cash flow £	Other non-cash changes £	31 October 2011 £
Cash at bank and in hand	1,108,557	91,695	-	1,200,252
DEBT·				
Debts due within one year	(14,497)	12,451	(19,183)	(21,229)
Debts falling due after more than one year	(34,034)	-	19,183	(14,851)
NET FUNDS	1,060,026	104,146	-	1,164,172

20 OPERATING LEASE COMMITMENTS

At 31 October 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	*2010*	**2011**	*2010*
	£	*£*	**£**	*£*
EXPIRY DATE:				
Between 2 and 5 years	**57,972**	*57,360*	**2,827**	*2,827*

21 RELATED PARTY TRANSACTIONS

During the year the company, through common ownership and control, was owed the following sums and had the following transactions with related undertakings

	2011 Sales £	2010 Sales £	2011 Purchases £	2010 Purchases £
ComponentSource Holding Corporation	-	-	-	-
ComponentSource Incorporated	275,215	301,072	305,972	273,962
ComponentSource KK	104,888	124,099	52,440	-
	380,103	425,171	358,412	273,962

At 31 October 2011, amounts were owed to the company by ComponentSource Holding Corporation, ComponentSource Incorporated and ComponentSource KK to the value of £2,057,798 (2010 £1,115,995), £970,414 (2010 £1,526,528) and £429,901 (2010 £418,336) respectively

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of ComponentSource Worldtrade Corporation, a company incorporated in USA, which is in turn a wholly owned subsidiary of ComponentSource Holding Corporation, also incorporated in the USA ComponentSource Holding Corporation represents the ultimate parent

By virtue of their combined shareholding, N Farnworth, HDJ Kelly and A Robinson collectively have control in the ultimate parent, with a 58 9% shareholding The remaining shares being held by nine other shareholders