



Three X Communication Limited

Directors' report and financial statements

Year ended 31 December 2005

Registered number 1833521



Three X Communication Limited

Contents

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent Auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes	9 - 18

Three X Communication Limited
Officers and professional advisers

Directors

DS Dolfi
SR Haynes
T McGinness

Secretary

DJ Thomas

Registered office

The Priory
Hitchin
Herts
SG5 2DW

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers

Barclays Bank Plc
54 Lombard Street
London
EC3V 9EX

Three X Communication Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company is the production and distribution of communication software.

Review of the business and future prospects

2005 has been a year of transition for our Business. As planned, we successfully rebranded as The Mobile Solutions Division of GE from Three X Communications Limited. This has dramatically elevated the awareness and perception of our Business in the Marketplace and is opening many new Customer and Partner Doors.

Our Product Portfolio has been refreshed and revamped to reflect our new Brand Image, and we have developed and invested in a new Product for the small/medium business community (5-25 Engineers).

Continued investment in a new generation of our Nexus Toolset will ensure that we remain at the leading edge of development and integration capability for our Customers. This Toolset clearly differentiates us from our competitors.

Marketing and branding as a GE Entity brings with it a responsibility to raise the Quality of every process in the Company, adopting Six-Sigma and Lean tools and experience learned from our Parent Company. We will rigorously employ these tools in the Business wherever we can to improve the quality of our fine Product Portfolio, and to ensure an exceptional Partner experience for our Customers.

The financial statements have been prepared on the going concern basis in spite of the loss for the year and the net liabilities position disclosed at the year end. The directors of the company consider this to be appropriate as following the transitional period in the first 6 months of the year the company has increased its sales performance whilst maintaining tight cost control, resulting in a profitable final 6 months of the year. The improved performance has continued into 2006 and based on current performance against 2006 projections the directors are confident that there is adequate headroom within the company's cash flow for at least 12 months from the date of signing these financial statements and for the foreseeable future.

Political & charitable donations

The company made no political or charitable donations during the year.

Results and dividends

The directors submit the financial statements of the company for the year ended 31 December 2005.

The loss for the year before taxation was £441,252 (2004: £320,291 profit). No dividends are to be paid or proposed with respect to 2005 (2004: £nil).

Details of the results for the year are set out in the profit and loss account on page 7.

Three X Communication Limited

Directors' report *(continued)*

Directors and directors' interests

The current directors and the directors who served during the year are:

DS Dolfi
SR Haynes
T McGinness

The directors in office at 31 December 2005 held no beneficial interest in the shares of the company or fellow subsidiary undertakings at 31 December 2005 or 1 January 2005.

At 31 December 2005 none of the directors held any shares in any of the companies who were the immediate parent company at any time during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



SR Haynes
Director

30 March 2006

Three X Communication Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 UK Accounting Standards.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures *disclosed and explained in the financial statements*; and
- 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to *safeguard the assets of the company and to prevent and detect fraud and other irregularities*.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

Three X Communication Limited

Independent Auditors' report to the members of Three X Communication Limited

We have audited the financial statements of Three X Communication Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under 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 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 described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 if, in our opinion, the Directors' Report is not consistent 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 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.

Three X Communication Limited

Independent Auditors' report to the members of Three X Communication Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
30 March 2006

1 The Embankment
Neville Street
Leeds
LS1 4DW

Three X Communication Limited

Profit and loss account

Year ended 31 December 2005

	Note	Year ended 31 December 2005	Year ended 31 December 2004
		£	£
Turnover	2	1,786,536	2,824,644
Cost of sales		(292,823)	(605,159)
Gross profit		1,493,713	2,219,485
Administrative expenses		(1,946,958)	(1,959,462)
Operating (loss)/profit		(453,245)	260,023
Interest receivable	4	11,993	60,268
(Loss)/profit on ordinary activities before taxation	5	(441,252)	320,291
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit on ordinary activities after taxation, being retained (loss)/profit for the financial year	14	(441,252)	320,291

The notes on pages 9 to 18 form part of these financial statements.

The results for the year represent the continuing operations of the company.

There were no recognised gains and losses in either the current or the preceding financial year other than those reported in the Profit and Loss Account. Therefore no separate Statement of Total Recognised Gains and Losses has been presented.

Three X Communication Limited

Balance sheet

As at 31 December 2005

	Note	31 December 2005 £	31 December 2004 £
Fixed assets			
Tangible fixed assets	7	69,834	95,618
Intangible fixed assets	8	61,406	83,653
		<u>131,240</u>	<u>179,271</u>
Current assets			
Debtors	9	852,142	1,449,423
Cash at bank and in hand		509,048	255,148
		<u>1,361,190</u>	<u>1,704,571</u>
Creditors: amounts falling due within one year	10	<u>(923,630)</u>	<u>(1,473,790)</u>
Net current assets		<u>437,560</u>	<u>230,781</u>
Total assets less current liabilities		<u>568,800</u>	<u>410,052</u>
Creditors: amounts falling due after more than one year	11	<u>(600,000)</u>	<u>-</u>
Net (liabilities)/assets		<u>(31,200)</u>	<u>410,052</u>
Capital and reserves			
Called up share capital	12	3,320,000	3,320,000
Profit and loss account	13	(3,351,200)	(2,909,948)
	14	<u>(31,200)</u>	<u>410,052</u>

The notes on pages 9 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 30th March 2006 and were signed on its behalf by:



SR Haynes
Director

Three X Communication Limited

Notes to the accounts

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards which have been applied consistently. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention and have been prepared on a going concern basis. The going concern basis of preparation has been adopted in spite of the company's loss for the year and net liabilities disclosed at the year end. The directors consider this to be appropriate for the reasons given in the directors' report.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax. Income from maintenance contracts is recognised over the specific period of each contract.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset in equal annual instalments over its expected useful life as follows:

Improvements to leasehold properties	5 years
Motor vehicles	4 years
Office equipment	4 years
Computer equipment	3-4 years
Computer software	3 years

Leases

Rental costs under operating leases are charged to the profit and loss account in equal instalments over the period of each lease.

Pension costs

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Three X Communication Limited

Notes to the accounts *(continued)*

Intangible fixed assets

Software developed internally for resale as software product to external customers is capitalised according to the time invested and is amortised over the twelve months following release of the product for general sale.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks and long term contracts

Stocks are stated at the lower of cost and net realisable value.

Long term contracts, which are included in debtors as "amounts recoverable on contracts", are stated at cost, plus attributable profits, less provisions for any anticipated final losses, less payments receivable on account. The profit attributable to the stage of completion of a long term contract is recognised if the outcome of the contract can be foreseen with reasonable certainty.

Payments on account received in excess of the value of long term contract work in progress or amounts recoverable on contracts are included within creditors.

Statement of cash flows

Under FRS1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent company includes the company in its own published consolidated financial statements.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, other than on a winding up; and

where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2 Turnover

The turnover attributable to each of the company's geographical markets was:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
United Kingdom	1,775,958	2,770,071
Other Europe	10,578	36,399
Rest of the world	-	18,174
	1,786,536	2,824,644

All turnover and profits before taxation are attributable to the principal activities of the company and originate within the United Kingdom.

Three X Communication Limited

Notes to the accounts *(continued)*

3 Employees and directors

The average number employed by the company, including directors, within each category of persons was:

	Year ended 31 December 2005 No.	Year ended 31 December 2004 No.
Technical consultants	14	14
Sales and marketing	6	5
Office and management	4	6
	<hr/> 24	<hr/> 25

The costs incurred in respect of these employees were:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Wages and salaries	1,047,388	1,299,604
Social security costs	107,150	134,741
Pension costs	76,055	60,131
	<hr/> 1,230,593	<hr/> 1,494,476

Director's remuneration

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Director's emoluments	-	34,500
Company contributions to final salary pension schemes	-	1,505
	<hr/> -	<hr/> 36,005

The number of directors accruing retirement benefits under final salary schemes was nil (2004: 1). The emoluments of the directors who are also directors of the immediate parent company, GE Keynes Holdings Limited, are disclosed in the financial statements of that company.

Three X Communication Limited

Notes to the accounts (continued)

4 Interest receivable

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Interest receivable on deposits	<u>11,993</u>	<u>60,268</u>

5 (Loss)/profit on ordinary activities before taxation

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation - owned assets	54,878	47,973
Loss on disposal of fixed assets	-	30
Software product development - amortisation of deferred expenditure	123,271	116,020
Auditor's remuneration - audit	12,500	12,000
Operating leases - building rental	<u>79,907</u>	<u>78,271</u>

6 Taxation

a) The charge for taxation comprises

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Current taxation:		
United Kingdom	-	-
Overseas tax	-	-
	<u>-</u>	<u>-</u>
Deferred taxation:		
United Kingdom	-	-
	<u>-</u>	<u>-</u>
Total taxation charge for the year	<u>-</u>	<u>-</u>

Three X Communication Limited

Notes to the accounts (continued)

6 Taxation (continued)

b) Factors affecting tax credit for the period

The tax credit assessed in the period is lower than the standard rate of corporation tax in the UK and the differences are explained below. The standard rate of tax has been determined by using the UK rate of corporation tax enacted for the period for which the (losses)/profits will be taxed.

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
(Loss)/profit on ordinary activities before taxation	<u>(441,252)</u>	<u>320,291</u>
Tax on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%)	(132,376)	96,087
Effects of: Fixed asset timing differences	(4,930)	(11,268)
Permanently disallowed items for UK taxation	1,264	1,670
UK group relief surrendered/(received), but not paid for	<u>136,042</u>	<u>(86,489)</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

c) Deferred tax

The components of the net deferred tax asset not recognised are as follows. The balances have not been discounted.

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Capital allowances	<u>43,228</u>	<u>48,158</u>

Three X Communication Limited

Notes to the accounts (continued)

7 Tangible fixed assets						
	Improvements to leasehold properties	Office equipment	Computer equipment	Computer Software	Total	
	£	£	£	£	£	
Cost						
At 1 January 2005	26,010	91,896	272,680	144,724	535,310	
Additions	-	880	24,676	3,538	29,094	
Disposals	-	(40,839)	-	-	(40,839)	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
At 31 December 2005	26,010	51,937	297,356	148,262	523,565	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
Depreciation						
At 1 January 2005	22,123	84,889	219,580	113,100	439,692	
Charge for the year	3,054	3,706	30,582	17,536	54,878	
Disposals	-	(40,839)	-	-	(40,839)	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
At 31 December 2005	25,177	47,756	250,162	130,636	453,731	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
Net book value						
At 31 December 2005	833	4,181	47,194	17,626	69,834	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
At 31 December 2004	3,887	7,007	53,100	31,624	95,618	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	

8 Intangible fixed assets Software product development

	£	
Cost		
At 1 January 2005	487,810	
Additions	101,024	
	<hr/>	
At 31 December 2005	588,834	
	<hr/>	
Amortisation		
At 1 January 2005	404,157	
Charge for the year	123,271	
	<hr/>	
At 31 December 2005	527,428	
	<hr/>	
Net book value		
At 31 December 2005	61,406	
	<hr/>	
At 31 December 2004	83,653	
	<hr/>	

Three X Communication Limited

Notes to the accounts *(continued)*

9 Debtors

	31 December 2005 £	31 December 2004 £
Trade debtors	493,010	849,092
Amounts recoverable on contracts	326,613	540,969
Sundry debtors	-	2,267
Prepayments and accrued income	32,519	26,733
Amounts owed from group undertaking	-	30,362
	<u>852,142</u>	<u>1,449,423</u>

10 Creditors: amounts falling due within one year

	31 December 2005 £	31 December 2004 £
Trade creditors	63,425	13,869
Payments on account	67,593	-
Amounts owed to group undertaking	444,617	684,515
Sundry creditors	4,731	-
Other taxation and social security	52,935	77,359
Accruals and deferred income	290,329	698,047
	<u>923,630</u>	<u>1,473,790</u>

Three X Communication Limited

Notes to the accounts *(continued)*

11 Creditors: amounts falling due after more than one year

	31 December 2005 £	31 December 2004 £
Amounts owed to group undertaking	600,000	-

Maturity of debt

	31 December 2005 £	31 December 2004 £
<i>Debt can be analysed as falling due:</i>		
In more than two years but not more than five years	600,000	-

Amounts owed to group undertaking falling due after more than one year carry an interest charge of 1.5% above LIBOR and are unsecured.

12 Called up share capital

	31 December 2005		31 December 2004	
	Number	£	Number	£
<i>Authorised, allotted and fully paid</i>				
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
Non-cumulative preference shares of £1 each	3,260,000	3,260,000	3,260,000	3,260,000
	<u>3,320,000</u>	<u>3,320,000</u>	<u>3,320,000</u>	<u>3,320,000</u>

The non-cumulative preference shares carry no dividend entitlement and may be redeemed at par at the discretion of the company. In the event of a winding up, this class of shares ranks ahead of the ordinary shares and is entitled to £1 per share on any distribution arising.

Both classes of shares are wholly owned by the company's immediate parent undertaking GE Keynes Holdings Limited.

Three X Communication Limited

Notes to the accounts *(continued)*

13 Profit and loss account

	£
At 1 January 2005	(2,909,948)
Loss for the year	(441,252)
	<hr/>
At 31 December 2005	(3,351,200)
	<hr/>

14 Movement in shareholders' funds

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Retained (loss)/profit for the year	(441,252)	320,291
Opening shareholders' funds	410,052	89,761
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(31,200)	410,052
	<hr/>	<hr/>

15 Operating lease commitments

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

	31 December 2005 Land and buildings £	31 December 2004 Land and buildings £
Leases which expire: After 5 years	79,890	79,890
	<hr/>	<hr/>

Three X Communication Limited

Notes to the accounts *(continued)*

16 Pension scheme

The company is a member of the GE Capital Retirement Savings Plan, a group defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £6,830 (2004: £8,683)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The company is also a member of the GE Pension Plan, a group pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement benefits' the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. The latest full actuarial valuation was carried out at 5th April 2003 and was updated for FRS17 purposes to 31 December 2003, 31 December 2004 and 31 December 2005 by a qualified independent actuary. The contribution for the year was £69,225 (2004: £48,892). It has been agreed that an employer contribution rate of 13.2% of pensionable pay will apply in future years.

At the last actuarial valuation the scheme showed a total net deficit of £82.6m.

Full FRS 17 information with respect to the GE Pension Plan is presented in the financial statements of IGE USA Investments (see note 18).

17 Related party transactions

The company has taken advantage of the exemption from FRS8 with respect to disclosure of transactions with other group undertakings and investees of the company qualifying as related parties.

There were no other related party transactions.

18 Parent company

The company's ultimate holding company is General Electric Company ("GEC"), a company registered in the State of New York, in the United States of America. GEC is the parent of the largest group of which the company is a member and for which group financial statements are prepared. The group financial statements of GEC are available to the public and may be obtained from GE Corporate Investor Communications, 3135 Easton Turnpike, Fairfield, Connecticut 06431, USA.

IGE USA Investments, a company incorporated in England and Wales, is the parent of the smallest group of which the company is a member and for which group financial statements are prepared. The group financial statements of IGE USA Investments may be obtained from the Company Secretary, 3rd Floor, 1 Trevelyan Square, Boar Lane, Leeds, LS1 6HP.