

Company Registration Number 3150228

Trilogy Development Limited
Financial statements
30 June 2006



Trilogy Development Limited

Financial statements

Year ended 30 June 2006

| Contents | Page |
|---|-------------|
| Officers and professional advisers | 1 |
| Directors' report | 2 |
| Independent auditor's report to the shareholder | 4 |
| Profit and loss account | 6 |
| Balance sheet | 7 |
| Notes to the financial statements | 8 |

Trilogy Development Limited

Officers and professional advisers

Board of directors

J Liemandt
S Fallon
D Cassell

Company secretary

Huntsmoor Nominees Limited

Registered office

Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
Registered Auditor
Corinthian House
17 Lansdowne Road
Croydon
Surrey
CR0 2BX

Trilogy Development Limited

Directors' report

Year ended 30 June 2006

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 30 June 2006

Principal activities and business review

The company acts as the UK representative of Trilogy, Inc., which deals in enterprise software sales and marketing solutions

Future developments

The directors are considering a change in the company's activities and level of trade, but no decision has yet been made on the future of the company. Consequently, the directors have continued to present the financial statements on a going concern basis

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

The directors have not recommended a dividend

Financial risk management objectives and policies

The directors consider the company's exposure to price risk, credit risk, liquidity risk and cash flow risk to be low, and consider the information relating to their financial risk management objectives and policies to be immaterial for the assessment of the assets, liabilities, financial position and profit and loss of the company

Directors

The directors who served the company during the year were as follows

J Liemandt
S Fallon
D Cassell

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

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 judgements and estimates that are reasonable and prudent,

Trilogy Development Limited

Directors' report (continued)

Year ended 30 June 2006

- 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.

In so far as the directors are aware


- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Ernst & Young LLP resigned as auditors to the company during the year and Chantrey Vellacott DFK LLP were appointed in their place.

A resolution to re-appoint Chantrey Vellacott DFK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors


S Fallon
UPD
Director

Approved by the directors on 9/1/07

Trilogy Development Limited

**Independent auditor's report to the shareholder of
Trilogy Development Limited**

Year ended 30 June 2006

We have audited the financial statements of Trilogy Development Limited for the year ended 30 June 2006 which comprise the profit and loss account, balance sheet and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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 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 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 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 judgements 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.

Trilogy Development Limited

**Independent auditor's report to the shareholder of
Trilogy Development Limited *(continued)***

Year ended 30 June 2006

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 30 June 2006 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

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP

**Chartered Accountants
Registered Auditor**

Croydon

24 September 2007

Trilogy Development Limited**Profit and loss account****Year ended 30 June 2006**

| | Note | 2006 £ | 2005 £ |
|--|-------------|-------------------|-------------------|
| Turnover | 2 | 30,349 | 1,010,701 |
| Administrative expenses | | 27,954 | 920,979 |
| Operating profit | 3 | 2,395 | 89,722 |
| Interest receivable | 5 | 105,910 | 89,196 |
| Interest payable and similar charges | 6 | (88,352) | (93,151) |
| Profit on ordinary activities before taxation | | 19,953 | 85,767 |
| Tax on profit on ordinary activities | 7 | 3,245 | 24,150 |
| Profit for the financial year | | 16,708 | 61,617 |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 12 form part of these financial statements

Trilogy Development Limited

Balance sheet

As at 30 June 2006

| | Note | 2006 £ | 2005 £ |
|--|------|----------------|----------------|
| Current assets | | | |
| Debtors | 8 | 276,586 | 282,546 |
| Cash at bank | | — | 6,382 |
| | | <u>276,586</u> | <u>288,928</u> |
| Creditors amounts falling due within one year | 9 | <u>26,828</u> | <u>55,878</u> |
| Net current assets | | <u>249,758</u> | 233,050 |
| Total assets less current liabilities | | <u>249,758</u> | <u>233,050</u> |
| Capital and reserves | | | |
| Called up equity share capital | 11 | 1,000 | 1,000 |
| Profit and loss account | 12 | <u>248,758</u> | <u>232,050</u> |
| Shareholder's funds | 13 | <u>249,758</u> | <u>233,050</u> |

These financial statements were approved by the Board and authorised for issue on signed on its behalf by

and were

S Fallon
Director

9/13/07

The notes on pages 8 to 12 form part of these financial statements

Trilogy Development Limited

Notes to the financial statements

Year ended 30 June 2006

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

The turnover shown in the profit and loss account represents the value of goods and services provided in the year, exclusive of Value Added Tax

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

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

2 Turnover

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

An analysis of turnover is given below

| | 2006 £ | 2005 £ |
|----------------|---------------|------------------|
| United Kingdom | <u>30,349</u> | <u>1,010,701</u> |

3 Operating profit

Operating profit is stated after charging/(crediting)

| | 2006 £ | 2005 £ |
|---|--------------|----------------|
| Auditor's remuneration | | |
| - as auditor | 3,500 | 5,500 |
| - for other services | 3,500 | 5,500 |
| Operating lease costs | | |
| Other | — | 3,216 |
| Net loss/(profit) on foreign currency translation | <u>1,439</u> | <u>(6,862)</u> |

Trilogy Development Limited**Notes to the financial statements****Year ended 30 June 2006**

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

| | 2006 £ | 2005 £ |
|-------------|--------------|---------------|
| Audit | 3,500 | 5,500 |
| Accountancy | 2,500 | 2,500 |
| Taxation | 1,000 | 3,000 |
| | <u>7,000</u> | <u>11,000</u> |

4 Particulars of employees

The average number of staff, including executive directors, employed by the company during the financial year can be analysed as follows

| | 2006 No | 2005 No |
|--------------------------------|------------|------------|
| Number of administrative staff | <u>1</u> | <u>5</u> |

The aggregate payroll costs of the above were

| | 2006 £ | 2005 £ |
|-----------------------|---------------|----------------|
| Wages and salaries | 9,750 | 700,105 |
| Social security costs | <u>1,273</u> | <u>40,496</u> |
| | <u>11,023</u> | <u>740,601</u> |

5 Interest receivable

| | 2006 £ | 2005 £ |
|----------------------------------|----------------|---------------|
| Interest from group undertakings | <u>105,910</u> | <u>89,196</u> |

6 Interest payable and similar charges

| | 2006 £ | 2005 £ |
|-------------------------------|---------------|---------------|
| Other similar charges payable | <u>88,352</u> | <u>93,151</u> |

Trilogy Development Limited

Notes to the financial statements

Year ended 30 June 2006

7 Taxation on ordinary activities

(a) Analysis of charge in the year

| | 2006 £ | 2005 £ |
|--|--------------|---------------|
| Current tax | | |
| UK Corporation tax based on the results for the year at 30% (2005 - 30%) | 6,134 | 24,150 |
| Over/under provision in prior year | (2,889) | - |
| Total current tax | <u>3,245</u> | <u>24,150</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

| | 2006 £ | 2005 £ |
|--|---------------|---------------|
| Profit on ordinary activities before taxation | <u>19,953</u> | <u>85,767</u> |
| Profit on ordinary activities multiplied by rate of tax | 5,986 | 25,730 |
| Expenses not deductible for tax purposes | 148 | 121 |
| Utilisation of tax losses | - | (1,701) |
| Adjustments to tax charge in respect of previous periods | (2,889) | - |
| Total current tax (note 7(a)) | <u>3,245</u> | <u>24,150</u> |

8 Debtors

| | 2006 £ | 2005 £ |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 272,953 | 279,046 |
| VAT recoverable | 3,633 | 1,126 |
| Other debtors | - | 2,374 |
| | <u>276,586</u> | <u>282,546</u> |

9 Creditors amounts falling due within one year

| | 2006 £ | 2005 £ |
|------------------------------|---------------|---------------|
| Corporation tax | 8,828 | 24,150 |
| Accruals and deferred income | 18,000 | 31,728 |
| | <u>26,828</u> | <u>55,878</u> |

Trilogy Development Limited

Notes to the financial statements

Year ended 30 June 2006

10 Related party transactions

During the year, the company recharged an aggregate amount of £30,349 (2005 - £1,010,701) to Trilogy International Professional Services, Inc, a fellow subsidiary undertaking. These recharges were for commission income for marketing and consulting services.

During the year, the company was charged interest on outstanding balances owed to its parent undertaking, Trilogy International, Inc, at LIBOR plus 1.5%, totalling £88,316 (2005 £93,151). The company charged interest at LIBOR plus 1.5% to Trilogy International Professional Services, Inc and Trilogy, Inc totalling £101,068 (2005 - £89,196) and £4,842 (2005 - £nil) respectively.

At the year end, the company was owed/(owed) amounts by/(to) Trilogy International Professional Services, Inc and Trilogy, Inc of £nil (2005 - £1,801,155) and £272,953 (2005 - £(1,522,109)) respectively.

11 Share capital

Authorised share capital

| | 2006 £ | 2005 £ |
|----------------------------------|--------------|--------------|
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid

| | 2006 No | £ | 2005 No | £ |
|----------------------------|--------------|--------------|--------------|--------------|
| Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

12 Profit and loss account

| | 2006 £ | 2005 £ |
|-------------------------------|----------------|----------------|
| Balance brought forward | 232,050 | 170,433 |
| Profit for the financial year | <u>16,708</u> | <u>61,617</u> |
| Balance carried forward | <u>248,758</u> | <u>232,050</u> |

13 Reconciliation of movements in shareholder's funds

| | 2006 £ | 2005 £ |
|-------------------------------|----------------|----------------|
| Profit for the financial year | 16,708 | 61,617 |
| Opening shareholder's funds | <u>233,050</u> | <u>171,433</u> |
| Closing shareholder's funds | <u>249,758</u> | <u>233,050</u> |

Trilogy Development Limited

Notes to the financial statements

Year ended 30 June 2006

14 Ultimate parent company

The parent company is Trilogy International, Inc , a company incorporated in the United States of America

The directors regard Trilogy, Inc , a company incorporated in the United States of America, as being this company's ultimate parent company