

TRILOGY DEVELOPMENT LIMITED

Report and Accounts

30 June 2001

EY ERNST & YOUNG



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Trilogy Development Limited

Registered No. 3150228

DIRECTORS

D Cassell
J Liemandt
P Kelly

SECRETARY

Huntsmoor Nominees Limited

AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

ABN Amro Bank N.V.
London Headquarters
250 Bishopsgate
London EC2M 4AA

SOLICITORS

Taylor Joynson Garrett
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

REGISTERED OFFICE

Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

Trilogy Development Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 2001.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £94,669 (2000 - profit £19,857). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

FUTURE DEVELOPMENTS

The directors do not anticipate any substantial change in the company's activities or level of trade in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors during the year and appointed subsequently were as follows:

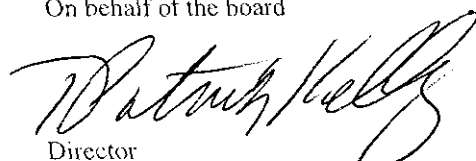
D Cassell
J Liemandt
P Kelly

None of the directors has any interest in the share capital of the company.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board


Director

26 MAR 2002

Trilogy Development Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

REPORT OF THE INDEPENDENT AUDITORS
to the members of Trilogy Development Limited

We have audited the company's accounts for the year ended 30 June 2001 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 12. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 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 United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
London

12 April 2002

Trilogy Development Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2001

	<i>Notes</i>	<i>2001</i> £	<i>2000</i> £
TURNOVER	3	1,370,683	238,766
Administrative expenses		1,232,867	210,792
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	137,816	27,974
Taxation	6	43,147	8,117
PROFIT FOR THE FINANCIAL YEAR	10	94,669	19,857

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the year.

Trilogy Development Limited

BALANCE SHEET

at 30 June 2001

	Notes	2001 £	2000 £
CURRENT ASSETS			
Debtors	7	3,560,845	1,332,258
Cash at bank and in hand		-	56,635
		<u>3,560,845</u>	<u>1,388,893</u>
CREDITORS: amounts falling due within one year	8	3,426,215	1,348,932
		<u>134,630</u>	<u>39,961</u>
NET CURRENT ASSETS			
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account	10	133,630	38,961
		<u>134,630</u>	<u>39,961</u>
EQUITY SHAREHOLDERS' FUNDS	10		
		<u>134,630</u>	<u>39,961</u>


Director

26 MAR 2002

Trilogy Development Limited

NOTES TO THE ACCOUNTS

at 30 June 2001

1. FUNDAMENTAL ACCOUNTING CONCEPT

The company is dependent upon continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due.

The parent company has agreed to provide sufficient funds to the company for this purpose. The directors believe that it is therefore appropriate to prepare these accounts on a going concern basis.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

3. TURNOVER

Turnover, which is stated net of value added tax, represents amounts received and receivable from the company's group companies in the United States in respect of continuing activities.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2001	2000
	£	£
Auditors' remuneration - audit services	4,900	6,500
- non-audit services	4,000	4,000
Operating lease rentals - buildings	39,384	-
	<u>48,284</u>	<u>10,500</u>

There was no directors' remuneration during the year.

Trilogy Development Limited

NOTES TO THE ACCOUNTS

at 30 June 2001

5. STAFF COSTS

	2001 £	2000 £
Wages and salaries	732,084	160,874
Social security costs	113,270	16,229
	<u>845,354</u>	<u>177,103</u>

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

	2001 No.	2000 No.
Administration	8	2

6. TAXATION

	2001 £	2000 £
UK corporation tax	43,000	8,117
Corporation tax underprovided in previous years	147	-
	<u>43,147</u>	<u>8,117</u>

7. DEBTORS

	2001 £	2000 £
Amounts due from group undertakings	3,526,764	1,272,321
Other debtors	18,151	59,937
Pre payments and accrued income	15,930	-
	<u>3,560,845</u>	<u>1,332,258</u>

8. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Bank overdraft	40,138	-
Corporation tax	46,195	18,930
Amounts due to group undertakings	3,269,701	1,307,220
Other taxation and social security costs	55,431	4,758
Accruals	14,750	18,024
	<u>3,426,215</u>	<u>1,348,932</u>

Trilogy Development Limited

NOTES TO THE ACCOUNTS

at 30 June 2001

9. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 30 June 1999	1,000	19,104	20,104
Profit for the year	-	19,857	19,857
At 30 June 2000	1,000	38,961	39,961
Profit for the year	-	94,669	94,669
At 30 June 2001	1,000	133,630	134,630

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking and smallest group in whose accounts the company is consolidated is Trilogy International, Inc., a company incorporated in the United States of America. Copies of the group accounts can be obtained from 5001 Plaza on the Lake, Austin, TX 78746, USA.

The directors consider the ultimate parent undertaking and controlling party and largest group in whose accounts the company is consolidated, to be Trilogy Inc., a company incorporated in the United States of America. Copies of the group accounts can be obtained from 5001 Plaza on the Lake, Austin, TX 78746, USA.

12. RELATED PARTIES

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Trilogy Inc. group.