

REGISTERED NUMBER: 03386565 (England and Wales)

**Report of the Director and
Financial Statements
for the Year Ended 31 October 2009
for
APROPOS TECHNOLOGY LIMITED**



APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

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for the Year Ended 31 October 2009**

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APROPOS TECHNOLOGY LIMITED

Company Information for the Year Ended 31 October 2009

DIRECTOR: S J Sadler

SECRETARY: D C Bryson

REGISTERED OFFICE: Technology House
Fleetwood Park
Barley Way
Fleet
Hampshire
GU51 2QX

REGISTERED NUMBER: 03386565 (England and Wales)

AUDITORS: Masons
337 Bath Road
Slough
Berkshire
SL1 5PR

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Report of the Director for the Year Ended 31 October 2009

The director presents his report with the financial statements of the company for the year ended 31 October 2009.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sales, marketing and distribution of call centre management software.

REVIEW OF BUSINESS

The company sells software, services, and maintenance into the call centre market. Although the external commercial market environment remains competitive the company is confident that we will see future growth in the business. The principle risks and uncertainties of the business are considered to relate to the competition, market take up of the technology, employee retention and product availability.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2009.

FUTURE DEVELOPMENTS

The company is a subsidiary of Enghouse Systems Limited, a publicly traded Canadian based software and services company founded in 1984. Enghouse serves a number of distinct vertical markets through its two divisions, each developing and selling enterprise oriented applications software.

Enghouse's overall strategy is to create a larger and more diverse enterprise software company through strategic acquisitions and managed growth. The company is led by a seasoned team of proven executives who have years of experience building and running successful software companies.

DIRECTOR

S J Sadler held office during the whole of the period from 1 November 2008 to the date of this report.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy to agree payment terms at the commencement of trading relationships and thereafter pay suppliers in accordance with those terms.

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Report of the Director for the Year Ended 31 October 2009

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director 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). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 him to ensure that the financial statements comply with the Companies Act 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Masons, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



S J Sadler - Director

9 December 2009

Report of the Independent Auditors to the Shareholders of Apropos Technology Limited

We have audited the financial statements of Apropos Technology Limited for the year ended 31 October 2009 on pages six to eighteen. 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 members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 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 director; and the overall presentation of the financial statements.

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 2009 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

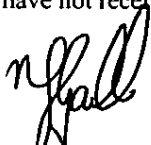
In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Shareholders of
Apropos Technology 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Neil John Gadeke FCCA (Senior Statutory Auditor)
for and on behalf of Masons
337 Bath Road
Slough
Berkshire
SL1 5PR

9 December 2009

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Profit and Loss Account for the Year Ended 31 October 2009

	Notes	31.10.09 £	31.10.08 £
TURNOVER	2	2,525,335	2,394,532
Cost of sales		759,278	701,445
GROSS PROFIT		1,766,057	1,693,087
Administrative expenses		1,177,982	1,081,777
OPERATING PROFIT	4	588,075	611,310
Interest receivable and similar income		51,703	52,397
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		639,778	663,707
Tax on profit on ordinary activities	5	180,010	164,326
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		459,768	499,381

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

**Statement of Total Recognised Gains and Losses
for the Year Ended 31 October 2009**

	31.10.09 £	31.10.08 £
PROFIT FOR THE FINANCIAL YEAR	459,768	499,381
Exchange gains and (losses)	83,613	27,783
	<u> </u>	<u> </u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>543,381</u>	<u>527,164</u>

The notes form part of these financial statements

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

**Balance Sheet
31 October 2009**

	Notes	31.10.09 £	31.10.08 £
CURRENT ASSETS			
Debtors	7	2,169,404	1,089,550
Cash at bank		3,271,053	2,981,713
		<u>5,440,457</u>	<u>4,071,263</u>
CREDITORS			
Amounts falling due within one year	8	4,842,392	4,016,579
		<u>598,065</u>	<u>54,684</u>
NET CURRENT ASSETS			
		<u>598,065</u>	<u>54,684</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>598,065</u>	<u>54,684</u>
CAPITAL AND RESERVES			
Called up share capital	11	4,100,000	4,100,000
Profit and loss account	12	(3,501,935)	(4,045,316)
		<u>598,065</u>	<u>54,684</u>
SHAREHOLDERS' FUNDS	14	<u>598,065</u>	<u>54,684</u>

The financial statements were approved by the director on 9 December 2009 and were signed by:



S J Sadler - Director

The notes form part of these financial statements

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Cash Flow Statement for the Year Ended 31 October 2009

	Notes	31.10.09 £	31.10.08 £
Net cash inflow/(outflow) from operating activities	1	252,634	(1,840,451)
Returns on investments and servicing of finance	2	51,703	52,397
Taxation		(14,997)	-
		<u>289,340</u>	<u>(1,788,054)</u>
Financing	2	-	4,000,000
Increase in cash in the period		<u>289,340</u>	<u>2,211,946</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>289,340</u>	<u>2,211,946</u>
Change in net funds resulting from cash flows		<u>289,340</u>	<u>2,211,946</u>
Movement in net funds in the period		<u>289,340</u>	<u>2,211,946</u>
Net funds at 1 November		<u>2,981,713</u>	<u>769,767</u>
Net funds at 31 October		<u>3,271,053</u>	<u>2,981,713</u>

The notes form part of these financial statements

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Cash Flow Statement for the Year Ended 31 October 2009

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31.10.09	31.10.08
	£	£
Operating profit	588,075	611,310
Depreciation charges	-	73
Foreign exchange gains/(losses)	83,613	27,783
Increase in debtors	(1,244,515)	(87,234)
Increase/(Decrease) in creditors	825,461	(2,392,383)
Net cash inflow/(outflow) from operating activities	252,634	(1,840,451)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.10.09	31.10.08
	£	£
Returns on investments and servicing of finance		
Interest received	51,703	52,397
Net cash inflow for returns on investments and servicing of finance	51,703	52,397
Financing		
Share issue	-	4,000,000
Net cash inflow from financing	-	4,000,000

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.11.08	Cash flow	At 31.10.09
	£	£	£
Net cash:			
Cash at bank	2,981,713	289,340	3,271,053
	2,981,713	289,340	3,271,053
Total	2,981,713	289,340	3,271,053

The notes form part of these financial statements

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements for the Year Ended 31 October 2009

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

The turnover shown in the profit and loss account represents amounts invoiced to third parties in respect of continuing activities exclusive of Value Added Tax. The company has three main streams of turnover. The streams along with the accounting policy associated with their recognition are as follows:

- i) Software sales - Turnover is recognised in full upon shipment of the software. This is deemed to be at the point of delivery to the customer.
- ii). Support sales - Support sales are held on the balance sheet as "deferred revenue" and amortised over the period of maintenance to which it relates on a straight line basis.
- iii). Service sales - Turnover for services such as consultancy and training are recognised upon the performance of the service.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - at varying rates at varying methods

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

Related party disclosures

The company has taken advantage of exemptions under FRS 8 not to disclose transactions with related parties. The company is a wholly owned subsidiary and consolidated financial statements of the ultimate parent company are publicly available.

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements - continued for the Year Ended 31 October 2009

1. ACCOUNTING POLICIES - continued

Going Concern

The company is dependant on continuing financial and other support being made available by its parent company (Apropos Technology Inc.) to enable it to continue operating and to meet its liabilities as and when they fall due. The parent company has agreed to provide sufficient funds to the company which as at 31 October 2009 amounted to £3,674,270 (2008 - £3,100,899) until all other liabilities have been met.

Apropos Technology, Inc. (Apropos), an indirect wholly owned subsidiary of the Company, was named as a defendant in a shareholder class action litigation suit filed in federal court in New York City in November 2001 against Apropos and certain of its former directors and officers and the underwriters of Apropos initial public offering (IPO). This lawsuit alleges that the prospectus and registration statement for the IPO failed to disclose that the underwriters allegedly solicited and received excessive commissions from investors and that some of the investors in the IPO allegedly agreed with the underwriters to buy additional shares in the aftermarket in order to inflate the price of Apropos stock. The Company understands that approximately 300 other publicly traded companies and their public offering underwriters have had similar suits filed against them.

In June 2003, Apropos and certain issuer defendants entered into a proposed settlement which will be funded from participating issuers directors and officers insurance proceeds, less any settlement amounts by the underwriter defendants.

Prior to consummation of the proposed settlement on December 5, 2006, the Third Circuit Court of Appeals issued a ruling concerning class certification, in which it concluded that the proposed class of IPO purchasers could not be certified, as the issues were not common among all class members. A petition seeking a rehearing of this December 5, 2006 ruling was denied by the Court on April 6, 2007. In light of this Court of Appeals ruling, the District Court entered an order of June 25, 2007 terminating the proposed settlement between the plaintiffs and the issuers, including Apropos.

In February 2009, an agreement to settle the litigation in its entirety was reached and definitive settlement documents filed with the District Court. Final court approval of the settlement was received in October, 2009. A group of objectors to the settlement is seeking leave to appeal. If the final order relating to the settlement is not granted, and litigation against the Company continues, Apropos will continue to defend the action vigorously.

Apropos expects that its insurance proceeds will be sufficient to cover any outcome of this litigation, including its allocable share of any settlement.

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements - continued for the Year Ended 31 October 2009

2. TURNOVER

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

An analysis of turnover by class of business is given below:

	31.10.09	31.10.08
	£	£
Maintenance	1,449,159	1,311,878
Professional services	292,327	287,858
Training	13,863	13,463
Software and licences	672,444	751,748
Hardware	75,231	9,200
Other	22,311	20,385
	<u>2,525,335</u>	<u>2,394,532</u>

An analysis of turnover by geographical market is given below:

	31.10.09	31.10.08
	£	£
United Kingdom	1,833,129	1,999,361
Europe	91,754	292,820
Rest of the world	600,452	102,351
	<u>2,525,335</u>	<u>2,394,532</u>

3. STAFF COSTS

The company had no staff directly employed by the company during the year to 31 October 2009.

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.10.09	31.10.08
	£	£
Depreciation - owned assets	-	73
Auditors' remuneration	8,500	8,500
Foreign exchange differences	4,405	3,563
Other services	<u>3,000</u>	<u>3,000</u>
Director's remuneration	<u>-</u>	<u>-</u>

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements - continued for the Year Ended 31 October 2009

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.10.09 £	31.10.08 £
Current tax:		
UK corporation tax	15,349	14,125
Deferred tax	164,661	150,201
Tax on profit on ordinary activities	<u>180,010</u>	<u>164,326</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.10.09 £	31.10.08 £
Profit on ordinary activities before tax	<u>639,778</u>	<u>663,707</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	179,138	185,838
Effects of:		
Capital allowances in excess of depreciation	(6,874)	(9,719)
Less marginal rate relief	-	(981)
Utilisation of tax losses	(157,787)	(161,448)
Change in the prevailing rate of taxation	-	435
Prior period taxation	872	-
Current tax charge	<u>15,349</u>	<u>14,125</u>

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements - continued for the Year Ended 31 October 2009

6. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 November 2008 and 31 October 2009	<u>8,159</u>
DEPRECIATION	
At 1 November 2008 and 31 October 2009	<u>8,159</u>
NET BOOK VALUE	
At 31 October 2009	<u>-</u>
At 31 October 2008	<u>-</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.10.09 £	31.10.08 £
Trade debtors	107,477	488,712
Amounts owed by group undertakings	1,772,552	148,566
Deferred tax asset	285,138	449,799
Prepayments and accrued income	4,237	2,473
	<u>2,169,404</u>	<u>1,089,550</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.10.09 £	31.10.08 £
Amounts owed to group undertakings	4,282,748	3,424,006
Tax	14,477	14,125
VAT	10,107	30,431
Accruals and deferred income	535,060	548,017
	<u>4,842,392</u>	<u>4,016,579</u>

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements - continued for the Year Ended 31 October 2009

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	31.10.09	31.10.08
	£	£
Expiring:		
Within one year	<u>13,046</u>	<u>-</u>

10. DEFERRED TAX

	£
Balance at 1 November 2008	(449,799)
Movement in deferred tax	<u>164,661</u>
Balance at 31 October 2009	<u>(285,138)</u>

The provision was made in respect of potential employer taxes, negotiations for which have now been concluded.

Deferred taxation consists of the following

	£
Accelerated capital allowances	(27,496)
Tax losses carried forward	<u>(257,642)</u>
	<u>(285,138)</u>

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements - continued for the Year Ended 31 October 2009

11. CALLED UP SHARE CAPITAL

Allotted, Number: Class:	Nominal Value	31.10.09 £	31.10.08 £
100,000 Ordinary	£1	100,000	100,000
4,000,000 Non-Cumulative Redeemable Preference	£1	4,000,000	4,000,000
		<u>4,100,000</u>	<u>4,100,000</u>

The Non-Cumulative Redeemable Preference shares have the following rights:

Shall carry no voting or participation rights.

Shall be entitled to priority in the declaration of dividends.

Shall be redeemable at par value upon call by either the company or shareholder.

The Non-Cumulative Redeemable Preference shares have been treated as equity in accordance with FRS 25 Financial Instruments. The shares are controlled by the parent company who also hold the ordinary share capital.

12. RESERVES

	Profit and loss account £
At 1 November 2008	(4,045,316)
Profit for the year	459,768
Exchange gains and (losses)	83,613
At 31 October 2009	<u>(3,501,935)</u>

APROPOS TECHNOLOGY LIMITED (REGISTERED NUMBER: 03386565)

Notes to the Financial Statements - continued for the Year Ended 31 October 2009

13. ULTIMATE PARENT COMPANY

The company's ultimate parent company undertaking is Enghouse Systems Limited, a public company incorporated in Canada. The company's immediate parent undertaking is Apropos Technology Inc, a company incorporated in the United States of America.

The only group in which the results of the company for the year ended 31 October 2009 were consolidated was that headed by Enghouse Systems Limited. The consolidated accounts of this group for that year are available to the public and may be obtained from:

Enghouse Systems Limited
80 Tiverton Court
Suite 800
Markham
Ontario
Canada
L3R 0G4

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.10.09	31.10.08
	£	£
Profit for the financial year	459,768	499,381
Other recognised gains and losses relating to the year (net)	83,613	27,783
Share issue	-	4,000,000
Net addition to shareholders' funds	543,381	4,527,164
Opening shareholders' funds	54,684	(4,472,480)
Closing shareholders' funds	598,065	54,684