

twenty4help Knowledge Service Limited

**Directors' report and financial
statements**

Registered number 04040835

31 December 2007



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Company information

Directors	KD Gump K Oesteroth S Rabura (resigned 30 April 2007)
Secretary	M Galea (appointed 1 January 2008) A Rochell (resigned 31 December 2007)
Auditors	KPMG LLP 100 Temple Street Bristol BS1 6AG
Bankers	Barclays Bank plc Newcastle City PO Box 379 71 Grey Street Newcastle upon Tyne NE99 1JA
Solicitors	Watson Burton LLP 1 St James' Gate Newcastle upon Tyne NE99 1YQ
Registered office	Unit B The Watermark Gateshead Tyne and Wear NE11 9SZ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2007

Results and dividends

The profit for the year, after taxation, amounted to £540,698 (2006 £564,453)

The directors have paid an interim dividend of totalling £564,453 (2006 £Nil) which is £564,453 per share (2006 £Nil)

The directors do not recommend the payment of a final dividend (2006 £Nil), leaving the retained loss of £23,755 which has been set against reserves (2006 retained profit of £564,453 was transferred to reserves)

Principal activity

The principal activities of the company comprise the provision of Vendor Services ("technical hotlines") and Corporate Services ("UserHelpDesk services")

In the Vendor Services business segment the company provides technical support to the customers of leading international manufacturers of information and telecommunications technology. The range of services spans answering questions on PC use, hardware and operating system issues, providing support for the internet, telecom services and configuring network components. As well as technical services, various customer relations activities are carried out, from mailing documents, product advice, telesales activities, to managing on-site visits by technicians employed by partner companies.

The Corporate Services business segment involved providing PC support to a defined group of users. Renowned companies from trade, industry and finance have outsourced all or part of their internal technical support for employees, dealers, agencies and other business partners.

Review of the business and future developments

On 12 March 2007 the company's immediate parent company, Twenty4help Knowledge Service AG, was acquired by Teleperformance SA which became the company's ultimate parent company.

During the reporting year the company's turnover amounted to £8,522,835 (2006 £9,990,174) showing a decrease in turnover of 15%. This development was influenced by the impact of a client-initiated move of part of the service to one of our sister companies. This drop of business volume was compensated by winning of a new customer in the US as well as by additional transaction volume from current clients.

Despite the 15% decrease in revenue, the company realised a comparable amount of post-tax profit, £540,698 (2006 £564,453). This was achieved by maximising efficiencies in the operational areas ensuring an improved gross margin for 2007.

2008 will be a year on consolidating activity in operational areas to maximise efficiencies, ensuring sharing of best practices between the operational locations in Newcastle, Linlithgow and Oxford. Back office and administration areas will also be refined, as now part of a larger group, full use of the mix of on and off shore locations will be made, and during the first quarter some activity will be migrated from the Linlithgow operation to Cape Town where service of an equal quality can be offered at lower cost. The combined benefits of this activity are expected to be improvements in gross margin, as well as EBITDA and EBIT.

Revenues are expected to grow above previous years on the back of full year activity for business signed during 2007, and new contracts. The company's investment during 2007 in a UK based sales team has produced a healthy sales pipeline offering opportunities not only within the UK market but also as part of pan EMEA and global bids. The outsourced call centre market remains competitive maintaining pressures on margins, but also presents opportunities as companies look to reverse previous strategies of outsourcing to the Indian sub continent.

On 1 July 2008, the immediate parent undertaking of twenty4help Knowledge Service Limited became MM Teleperformance Holdings Limited as a result a group reorganisation. The ultimate parent company remained unchanged of Teleperformance SA.

Directors' report *(continued)*

Directors and their interests

The directors who served during the year were

KD Gump
K Oesteroth
S Rabura (resigned 30 April 2007)

Employee involvement and consultative arrangements

Arrangements exist within the company for ensuring that all employees are informed about company matters and have the opportunity for making their opinions known

Regular meetings are held to enable the representatives of all grades of employees to discuss matters affecting them which include such topics as industrial relations, health and safety, training and welfare, the environment and the financial and trading position of the company

Disabled employees

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate

Principal risks and uncertainties

The company's principal financial instruments comprise cash, cash equivalents and group loans. Other financial assets and liabilities, such as trade creditors and group balances, arise directly from the group's operating activities

Given that the majority of the risks below derive from transactions with other twenty4help group companies, the company does not undertake any hedging activity locally. Significant financial risks from a twenty4help group perspective are addressed on a case-by-case basis at group level

The main risks associated with the company's financial assets and liabilities are set out below

Interest rate risk

A cash pooling agreement was put in place between twenty4help Knowledge Service AG (holding of twenty4help Knowledge Service Ltd) and United Internet AG (former parent company of twenty4help group) on 1 October 2002. The liquid funds of United Internet AG are placed risk free at short notice at a major financial institution. Therefore no interest rate risk persists and no interest hedging measures have to be taken. Both United Internet AG and twenty4help Knowledge Service AG keep track of the interest development

Credit risk

This is limited to the common trade risk. Company policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

Liquidity risk

Means of payment and equivalents consist of balances at banks, cheques and cash which all have a high liquidity ratio and a maturity of less than three months. The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved at group level. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts.

Foreign currency risk

The company has a group loan denominated in Euros. It also buys and sells goods and services denominated in currencies other than sterling. As a result, the company's interest charge and cash flows arising from these can be affected by movements in the Euro exchange rate. For some clients with sales invoices in foreign currency fixed conversion rates are agreed with the customer and reviewed on a regular basis to avoid any risks due to currency fluctuations. Otherwise no hedging activity is undertaken locally to mitigate this risk.

Monetary assets in foreign currencies are converted using the period-end exchange rate. Exchange rate differences are posted as income or expenses in the period in which they occur.


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the year Ernst & Young LLP resigned as auditors and KPMG LLP were appointed. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Klaus Oesteroth
Director

Unit B
The Watermark
Gateshead
Tyne and Wear
NE11 9SZ

28 October 2008

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of twenty4help Knowledge Service Limited

We have audited the financial statements of twenty4help Knowledge Service Limited for the year ended 31 December 2007 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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 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.

Independent auditors' report to the members of twenty4help Knowledge Service 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 2007 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

KPMG LLP
Chartered Accountants
Registered Auditor

KPMG LLP

28 October 2008

Profit and Loss Account
for the year ended 31 December 2007

	<i>Note</i>	2007 £	2006 £
Turnover	<i>2</i>	8,522,835	9,990,174
Cost of sales		(6,611,069)	(8,366,846)
Gross profit		1,911,766	1,623,328
Administrative expenses		(1,312,518)	(831,685)
Other operating income	<i>3</i>	163,000	-
Operating profit		762,248	791,643
Interest receivable and similar income	<i>6</i>	18,353	42,984
Interest payable and similar charges	<i>7</i>	(13,633)	(33,104)
Profit on ordinary activities before taxation	<i>3-5</i>	766,968	801,523
Tax on profit on ordinary activities	<i>8</i>	(226,270)	(237,070)
Profit for the financial year	<i>16</i>	540,698	564,453

There were no recognised gains or losses for either financial year other than the results shown above


All results arose from continuing operations

The movement on reserves is shown in note 16

Balance Sheet
at 31 December 2007

	<i>Note</i>	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	10	537,198		856,250	
Current assets					
Debtors	11	2,295,489		1,827,750	
Cash at bank and in hand		89,195		123,193	
		<u>2,384,684</u>		<u>1,950,943</u>	
Creditors amounts falling due within one year	12	(1,318,512)		(930,068)	
Net current assets		<u>1,066,172</u>		<u>1,020,875</u>	
Total assets less current liabilities		<u>1,603,370</u>		<u>1,877,125</u>	
Accruals and deferred income	13	-		(250,000)	
Net assets		<u>1,603,370</u>		<u>1,627,125</u>	
Capital and reserves					
Called up share capital	15	1		1	
Share premium account	16	19,999		19,999	
Profit and loss account	16	1,583,370		1,607,125	
Equity shareholders' funds	17	<u>1,603,370</u>		<u>1,627,125</u>	

These financial statements were approved by the board of directors on 28 October 2008 and were signed on its behalf by


Klaus Oesteroth
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

As more than 90% of the Company's voting rights are controlled within the group headed by Teleperformance SA, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Teleperformance SA, within which this Company is included, can be obtained from the address given in note 20

Cash flow statement

The company is exempt from the requirement of FRS1 "Cash flow statements" to present a cash flow statement because it is a wholly owned subsidiary of Teleperformance SA which prepares consolidated financial statements which are publicly available and include the results of the company

Fixed assets and depreciation

All fixed assets are initially recorded at cost

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows

Fixtures, fittings and office equipment	-	over 1 - 15 years
Motor vehicles	-	over 5 - 6 years
Computer equipment	-	over 3 - 4 years

Taxation

The charge for taxation is based on the profit for the year 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

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

Operating lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Notes (continued)

1 Accounting policies (continued)

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account held within accruals and deferred income and is released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate

Pensions

The company operates a defined contribution pension scheme under stakeholder arrangements. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. There were no pension contributions in either the current or the previous year.

Revenue recognition

Revenue is recognised to the extent that the Company obtains right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding value added tax. The company invoices its customers for services provided at the end of each calendar month.

2 Turnover

Turnover, which is stated net of value added tax, represents the invoiced value of goods and services supplied.

Turnover is attributable to one continuing activity, the provision of Vendor Services ('technical hotlines') and Corporate Service ('UserHelpDesk services').

All turnover relates to work done in the United Kingdom.

3 Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	337,074	497,897
Release of Government grants (note 13)	(163,000)	17,248
Operating lease rentals - buildings	427,718	427,249
Auditor's remuneration		
Audit of financial statements	16,109	17,000
Interim review fee	6,000	-
Foreign exchange losses	14,397	26,845

Notes *(continued)*

4 Directors' remuneration

	2007 £	2006 £
Amounts paid to parent undertaking for the services of a director	<u>14,873</u>	<u>28,235</u>

5 Staff costs

	2007 £	2006 £
Wages and salaries	4,934,541	6,278,891
Social security costs	403,036	503,735
	<u>5,337,577</u>	<u>6,782,626</u>

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

	2007 No	2006 No
Operations	351	373
Administration	14	17
	<u>365</u>	<u>390</u>

6 Interest receivable and similar income

	2007 £	2006 £
Interest receivable from fellow group undertakings	10,260	16,048
Other interest receivable	8,093	26,936
	<u>18,353</u>	<u>42,984</u>

7 Interest payable and similar charges

	2007 £	2006 £
Interest payable to fellow group undertakings	4,039	1,276
Other interest payable	9,594	31,828
	<u>13,633</u>	<u>33,104</u>

Notes (continued)

8 Tax on profit on ordinary activities

(a) The tax charge is made up as follows

	2007 £	2006 £
Current tax		
UK corporation tax	216,839	304,805
Tax under provided in previous years	1,451	304
Total current tax	218,290	305,109
Deferred tax		
Origination and reversal of timing differences	7,980	(58,349)
Adjustment in respect of previous years	-	(9,690)
Total deferred tax (note 14)	7,980	(68,039)
Tax on profit on ordinary activities	226,270	237,070

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before tax	766,968	801,523
Profit on ordinary activities at standard UK corporation tax rate of 30 % (2006 30%)	230,090	240,457
Expenses not deductible for tax purposes	1,361	6,000
Depreciation in excess of capital allowances	34,288	64,250
Adjustments in respect of prior periods	1,451	304
Other timing differences and adjustments	-	(5,902)
Income Not Taxable	(48,900)	-
Total current tax	218,290	305,109

9 Dividends

	2007 £	2006 £
Equity		
Interim dividends paid (£564,453 per share (2006 £Nil per share))	564,453	-

Notes (continued)

10 Tangible fixed assets

	Fixtures, fittings and office equipment £	Motor vehicles £	Computer equipment £	Total £
<i>Cost or valuation</i>				
At 1 January 2007	1,187,492	56,669	1,961,405	3,205,566
Additions	7,145	-	24,561	31,706
Disposals	(926)	(17,604)	(78,166)	(96,696)
At 31 December 2007	1,193,711	39,065	1,907,800	3,140,576
<i>Depreciation</i>				
At 1 January 2007	748,558	21,830	1,578,928	2,349,316
Additions	137,178	8,944	190,952	337,074
Disposals	(925)	(7,090)	(74,997)	(83,012)
At 31 December 2007	884,811	23,684	1,694,883	2,603,378
<i>Depreciation</i>				
At 31 December 2007	308,900	15,381	212,917	537,198
At 31 December 2006	438,934	34,839	382,477	856,250

11 Debtors

	2007 £	2006 £
Trade debtors	1,309,288	1,052,789
Amounts owed by group undertakings	776,360	522,713
Prepayments and accrued income	149,782	184,086
Other debtors	-	123
Deferred tax asset (note 14)	60,059	68,039
	2,295,489	1,827,750

Notes (continued)

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	69,593	45,432
Amounts owed to group undertakings	551,314	232,376
Corporation tax	116,838	234,805
Other taxes and social security costs	139,800	126,763
Accruals and deferred income	440,967	290,692
	<u>1,318,512</u>	<u>930,068</u>

13 Accruals and deferred income

	2007 £	2006 £
Deferred Government grants		
As at 31 December 2007	-	250,000

£163,000 of deferred government grant has been released to the Profit and Loss account during the year. The balance of £87,000 is due to be released during 2008 and has been recategorised to creditors falling due in less than one year and is included in accruals and deferred income (see note 12).

14 Deferred tax

The movement in deferred taxation during the current year is as follows:

	Deferred tax asset £
At 1 January 2007	(68,039)
Credit for the year (note 8)	7,980
At 31 December 2007	<u>(60,059)</u>

Deferred taxation asset comprises

	2007 £	2006 £
Capital allowances in advance of depreciation	<u>60,059</u>	<u>68,039</u>

Deferred tax asset is included in debtors note 11.

It has been announced that the corporation tax rate applicable to the company will change from 30% to 28% from 1 April 2008. The deferred tax asset has been calculated at 30% in accordance with FRS 19. Any timing differences which reverse before 1 April 2008 will be (charged)/relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% and, because of the uncertainty of when the deferred tax assets and liability will reverse, it is not possible to calculate the full financial impact of this change.

Notes (continued)

15 Share capital

	2007 £	2006 £
<i>Authorised, called up and fully paid</i>		
Ordinary shares of £1	1	1

16 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2007	19,999	1,607,125
Profit for the year (page 8)	-	540,698
Dividends on shares classified in shareholders' funds	-	(564,453)
At 31 December 2007	19,999	1,583,370

17 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the year	540,698	564,453
Dividends on shares classified in shareholders' funds	(564,453)	-
Net (reduction)/increase in shareholders' funds	(23,755)	564,453
Opening shareholders' funds	1,627,125	1,062,672
Closing shareholders' funds	1,603,370	1,627,125

Notes (continued)

18 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions at the year end are £nil (2006 £Nil).

19 Other financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2007	2006
	£	£
Operating leases which expire		
Within one year	-	-
Within two to five years	303,465	303,465
In over five years	123,784	123,784
	<hr/>	<hr/>
	427,249	427,249
	<hr/>	<hr/>

20 Parent undertaking

At the balance sheet date, the company's immediate parent undertaking was twenty4help Knowledge Service AG, a company incorporated in Germany

On 19 March 2007 the ultimate parent company changed from United Internet AG to Teleperformance SA. At 31 December 2007, the largest group in which the results of the company are consolidated is that headed by Teleperformance SA, incorporated in France. The consolidated accounts of this group are available to the public.

Copies of Teleperformance SA group accounts can be obtained from Teleperformance, 6/8 Rue Firmin Gillot 75737, Paris Cedex 15, France or www.teleperformance.com

21 Post balance sheet events

On 1 July 2008 the company's immediate parent undertaking changed from twenty4help Knowledge Service AG to MM Teleperformance Holdings Limited, following a group reorganisation.