

REGISTERED NO. 04370287

DST INTERNATIONAL BILLING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31st December 2006

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DST INTERNATIONAL BILLING LIMITED

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DST INTERNATIONAL BILLING LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st December 2006

The directors submit their report and the audited financial statements of the company for the year ended 31st December 2006.

PRINCIPAL ACTIVITY

The company's principal activity is the provision of billing software, computer consultancy and related services to the utility industry. The goal is to elevate a client's billing system to a strategic management solution tool with solutions to manage the entire billing process and provide all information to best service the customer base.

RESULTS AND DIVIDENDS

The profit for the year after tax of £497,000 will be taken to retained reserves (2005: £330,000 as restated). No dividends were paid during the year (2005: Nil). The directors do not recommend the payment of a final dividend (2005: Nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company is continuing to develop its market leading technologies in order to provide software and computer consultancy and related services to the utility industry and will continue with this into the foreseeable future. The company's principal activity continues to be the provision of software and computer consultancy and related services to the utility industry.

In accordance with the special provisions of Part VII of the Companies Act relating to small companies, the company has taken advantage of the exemption from providing a full business review.

RESEARCH AND DEVELOPMENT

The company continues to develop and enhance its HiAffinity billing product to meet the changing business requirements of its client base, expand beyond the existing utilities market and keep up to date with the technical and operating environment of the computer software market. Wherever possible, the company seeks to involve its clients and prospects as partners in the development process.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The company monitors and manages these risks to avoid adverse effects on the financial performance of the company.

Price risk

The company's software development and services activities are exposed to the price of the skilled labour that is necessary to operate. This is not a risk that can easily be managed. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Aged debtors are actively monitored and action taken when necessary.

Liquidity risk

The company's cash is held by its parent company which also ensures that it has sufficient cash to meet operational needs. The company is not considered to have a significant liquidity risk to manage.

DST INTERNATIONAL BILLING LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st December 2006

Interest rate cash flow risk

The company has some interest bearing intercompany assets. The absence of external positions means that the company does not have any significant interest rate exposure. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign exchange risk

The company has some overseas customers who are billed in overseas currencies so this creates a foreign exchange risk. The company does not consider the risks to be sufficiently high to justify the management of the risk. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and up to the date of signing these financial statements were:

T Abraham	(Appointed 27 March 2007)
J M Winn	(Resigned 27 March 2007)
S Cooke	(Appointed 31 August 2007)
S P Edkins	(Resigned 31 August 2007)

DST INTERNATIONAL BILLING LIMITED

REPORT OF THE DIRECTORS (Cont'd)

For the year ended 31st December 2006

STATEMENT OF 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies;
- make judgements 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

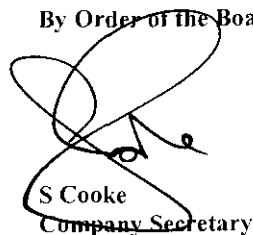
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



S Cooke
Company Secretary

23 October 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

DST INTERNATIONAL BILLING LIMITED

For the year ended 31st December 2006

We have audited the financial statements of DST International Billing Limited for the year ended 31 December 2006, which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 31 December 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.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
West London

23 October 2007

DST INTERNATIONAL BILLING LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31st December 2006**

	Note	2006 £000	2005 £000 <i>As restated</i>
Turnover	2	3,111	2,900
Cost of sales		<u>(2,149)</u>	<u>(1,930)</u>
Gross profit		962	970
Administrative expenses		<u>(472)</u>	<u>(628)</u>
Operating profit	5	490	342
Interest receivable and similar income	6	<u>258</u>	<u>129</u>
Profit on ordinary activities before taxation		748	471
Tax charge on profit on ordinary activities	7	<u>(251)</u>	<u>(141)</u>
Retained Profit for the financial year	14	<u>497</u>	<u>330</u>

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical costs equivalent.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

All amounts relate to continuing operations.


DST INTERNATIONAL BILLING LIMITED

BALANCE SHEET

For the year ended 31st December 2006

	Note	2006 £000	2005 £000 <i>As restated</i>
Fixed assets:			
Tangible assets	8	<u>103</u>	<u>119</u>
Current assets:			
Debtors	9	4,988	3,766
Cash at bank and in hand		<u>4</u>	<u>-</u>
		4,992	3,699
Creditors:			
Amounts falling due within one year	10	<u>(3,080)</u>	<u>(2,367)</u>
Net current assets		<u>1,912</u>	<u>1,399</u>
Net Assets		<u>2,015</u>	<u>1,518</u>
Capital and reserves:			
Called up share capital	12	-	-
Profit and loss account	13	<u>2,015</u>	<u>1,518</u>
Total Equity Shareholders' Funds	14	<u>2,015</u>	<u>1,518</u>

The financial statements on pages 1 to 14 were approved by the directors on 23 October 2007 and were signed on its behalf by:



S Cooke
Director

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2006

1. ACCOUNTING POLICIES

(a) Accounting Convention

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies that have been consistently applied, except for any changes arising on adoption of new accounting standards as stated in note 1(b), are set out below.

(b) Changes in accounting policies

FRS20 "Share-based payment" has been adopted in the year. The effect was to increase administration expenses by £16,000 (2005: £17,000) and have an additional deferred tax credit of £5,000 (2005: £5,000).

(c) Revenue Recognition

Licences

Licence revenue arising from agreements involving insignificant development work not essential to the core functionality of the system delivered is recognised when the software is delivered, provided collectability is probable. Where development work is significant and is essential to the functionality of the software being delivered, licence and development revenue arising thereon is recognised using the percentage of completion method of accounting. Revenue recognition occurs in direct proportion to the services delivered and to be delivered under the agreement over the period of time taken to complete the work. Full provision is made for all foreseeable losses.

Services

If development and consulting services are provided on a time and materials basis the revenue arising thereon is recognised as the services are provided. If such services are provided under a fixed price contract then revenue is recognised on a percentage of completion basis.

Maintenance

Revenue arising from software maintenance agreements is recognised rateably over the relevant period of the maintenance contract.

Deferred Income on Contracts

Deferred income represents support fees billed in advance for periods of up to 12 months, licence fees billed which do not fulfil the revenue recognition criteria, other fees invoiced in advance for which services will be rendered within the next 12 months, and the amount by which progress payments and any provisions for foreseeable losses on contracts exceeds revenue recognised.

(d) Amounts Recoverable on Contracts

Amounts recoverable on contracts represents revenue recognised, which has not yet been invoiced to clients, less progress billings, and is separately disclosed within debtors.

The amounts recoverable on fixed price contracts is adjusted to take up profit to date or foreseeable losses in accordance with the revenue recognition accounting policy.

(e) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful economic life. Depreciation is generally calculated on a straight-line basis on the original cost of the assets over the following period:

Office Equipment and Furniture	5 - 10 years
Computer Equipment & Software	3 years
Motor Vehicles	5 years
Leasehold Improvements	Over the period of the lease

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2006

1. ACCOUNTING POLICIES (Cont'd)

(f) System Development

Computer programming and development costs are written off in the profit and loss account as incurred.

(g) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(h) Leases

All leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

(i) Pensions

The company makes defined contributions to a number of group personal pension plans. The contributions are recognised in the profit and loss account in the year to which they relate. The assets of these plans are held separately from those of the company in independently administered funds.

(j) Cash flow Statement & Related Parties

The company is a wholly owned subsidiary of DST International Limited and is included in the consolidated financial statements of DST International Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of groups headed by DST International Limited and DST Systems Inc.

(k) Foreign currency

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

(l) Restricted Stock

The company's employees participate in a restricted stock plan operated by DST Systems Inc, the ultimate parent company. All share based payments are equity settled and are measured at the market value at the date of grant. The market value determined at the grant date is expensed on a straight line basis over the vesting period, based on the company's estimate of the number of options that will eventually vest. The number of shares that will vest is based on the number of shares granted less the company's estimate of the proportion of the grants that will lapse between the grant and the vesting of the stock.

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2006

2. TURNOVER

Turnover represents licence, consulting, development and maintenance fees net of all local sales taxes such as VAT in the UK. No analysis of turnover by class of business is given because, in the opinion of the directors, there is only one class of business. Turnover by geographic region, based on the origin of the Company's clients and the location of their ultimate authorising management, comprises:

	2006 £000	2005 £000
United Kingdom	1,585	1,750
Rest of Europe	302	406
North America	374	267
Rest of World	850	477
	<u>3,111</u>	<u>2,900</u>

3. STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the company (including directors) during the year, split by activity, was:

	2006 Number	2005 Number
Analysts/Programmers	32	31
Administration/Sales	<u>2</u>	<u>3</u>
	<u>34</u>	<u>34</u>

The aggregate payroll cost for the year is set out below:

	2006 £000	2005 £000
Wages and salaries	1,434	1,476
Social security costs	171	170
Other pension costs (note 1)	<u>135</u>	<u>128</u>
	<u>1,740</u>	<u>1,774</u>

At the end of the period £10,000 (2005: £9,000) was owed to the defined contribution pension scheme providers. During the year there was an amortisation charge of £16,000 under the group restricted stock scheme (2005: £17,000).

4. DIRECTORS EMOLUMENTS

None of the directors received any emoluments for their services as directors of the company during the year (2005: None). The directors were remunerated by other group companies and no recharges were made. It is not possible to apportion the proportion of the directors' work that was done for the company.

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2006

5. OPERATING PROFIT

Operating profit is stated after charging / (crediting)	2006 £000	2005 £000
Auditors' remuneration		
- audit services	9	9
- non-audit services (taxation)	2	1
Share-based payment expense - restricted stock options (see note 16)	16	17
Depreciation of tangible fixed assets		
- owned	32	37
Operating lease rental costs		
- other than plant and machinery	40	40
Foreign exchange loss / (gain)	8	3
(Gain) on sale of fixed assets (motor vehicles)	-	(1)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £000	2005 £000
Interest receivable from immediate parent undertaking	258	129

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2006

7. TAX ON PROFIT ON ORDINARY ACTIVITIES	2006 £000	2005 £000 <i>As restated</i>
(a) Analysis of charge for the year		
Current tax:		
UK corporation tax on profits of the year	224	141
Adjustments in respect of prior periods	26	-
Total Current Tax Charge	<u>250</u>	<u>141</u>
Deferred Tax:		
Origination and reversal of timing differences	1	-
Total Deferred Tax (note 11)	<u>1</u>	<u>-</u>
Tax charge on profit on ordinary activities	<u>251</u>	<u>141</u>
(b) Factors affecting the tax charge for the year:		
The tax assessed for the year is higher (2005: lower) than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are explained below:		
Profit on ordinary activities before tax	748	471
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	<u>224</u>	<u>141</u>
Effects of:		
Capital allowances for year in excess of depreciation	-	(4)
Other short term timing differences	(1)	3
Adjustments in respect of prior periods	26	-
Expenses not deductible for tax purposes	<u>1</u>	<u>1</u>
Current tax charge for the year	<u>250</u>	<u>141</u>

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2006

8. TANGIBLE FIXED ASSETS	Office Equipment & Furniture £000	Computer Equipment & Software £000	Motor Vehicles £000	Leasehold Improve- ments £000	Total £000
Cost:					
At 1 st January 2006	102	88	31	26	247
Additions	12	5	-	-	17
Disposals	-	(1)	-	-	(1)
At 31 st December 2006	114	92	31	26	263
Accumulated Depreciation:					
At 1 st January 2006	37	73	14	4	128
Charged in year	13	10	7	2	32
At 31 st December 2006	50	83	21	6	160
Net Book Value:					
At 31 st December 2006	64	9	10	20	103
At 31 st December 2005	65	15	17	22	119

9. DEBTORS	2006 £000	2005 £000 <i>As restated</i>
Trade debtors	398	511
Amounts owed by immediate parent undertaking	4,099	2,775
Amounts owed by group undertakings	244	251
Other taxation and social security	-	65
Other debtors	31	22
Prepayments and accrued income	193	62
Deferred tax (note 11)	23	24
Amounts recoverable on contracts	-	56
	<u>4,988</u>	<u>3,766</u>

Intercompany debtors are unsecured, interest bearing at the US Prime Rate and repayable on demand.

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2006

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2006 £000	2005 £000 <i>As restated</i>
Trade creditors	11	82
Amounts owed to group undertakings	1,314	970
Corporation tax	669	506
Other creditors	112	101
Accruals and deferred income	974	708
	<u>3,080</u>	<u>2,367</u>

Intercompany creditors are unsecured, interest free and repayable on demand.

11. DEFERRED TAXATION

A deferred tax asset is recognized in the accounts as follows:	2006 £000	2005 £000 <i>As restated</i>
Accelerated capital allowances	2	2
Other short term timing differences	(25)	(26)
	<u>(23)</u>	<u>(24)</u>
Deferred tax asset	(23)	(24)
At 1 st January	(24)	(24)
Charge to profit and loss account	1	-
	<u>(23)</u>	<u>(24)</u>
Asset at 31 st December	(23)	(24)

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future to realise the deferred tax asset, therefore the asset has been recognised in these financial statements.

12. CALLED UP SHARE CAPITAL	2006 £	2005 £
(A) AUTHORISED		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
(B) ALLOTTED, CALLED UP AND FULLY PAID		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

13. PROFIT AND LOSS ACCOUNT	2006 £000
At 1st January as previously stated	1,530
Prior year adjustment – FRS 20	(12)
At 1st January as restated	1,518
Retained profit for the financial year	497
	<u>2,015</u>
At 31 st December	

DST INTERNATIONAL BILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2006

14. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2006 £000	2005 £000
Opening equity shareholders' funds	1,518	1,188
Loss for the financial year (2005 as previously stated)	497	342
Prior year adjustment – FRS 20	-	(12)
Closing equity shareholders' funds	<u>2,015</u>	<u>1,518</u>

15. OPERATING LEASE COMMITMENTS

The group is committed to making the following payments in respect of non-cancellable operating leases during the next year:

	Land & Buildings	
	2006 £	2005 £
After 5 years	<u>40</u>	<u>40</u>

16. SHARE BASED PAYMENTS

The company's Stock Incentive Plan includes Restricted stock units (RSUs) which entitle the holder to receive one share of common stock for each unit when the units vest. RSUs are issued to certain key employees at fair market value at the date of grant as remuneration. RSUs vest five years after the November 2004 grant provided that the employee remains with the company and are payable in the common stock of DST Systems Inc. upon vesting.

In 2006 there were no restricted stock grants (2005: None). At the end of 2006 there were 3,500 units outstanding (2005: 3,500).

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is DST International Limited.

The ultimate parent undertaking and controlling party is DST Systems Inc., a company incorporated in the USA.

DST Systems Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31st December 2006. The consolidated financial statements of DST Systems Inc. are available from 333 W 11th Street, Kansas City, Missouri, 64105-1594, USA.

DST Group LLP is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST Group LLP can be obtained from DST House, St. Mark's Hill, Surbiton, Surrey, KT6 4QD, UK.