COMPANY NUMBER 05234413

TECHNOLOGY ONE UK LIMITED

technologyone

business software solutions

REPORT AND FINANCIAL STATEMENTS

30 JUNE 2006

COMPANY NUMBER 05234413

TECHNOLOGY ONE UK LIMITED
30 JUNE 2006

Director

Mr Adrian Di Marco

Secretary and Registered Office

Richard Preston
Boyes Turner
First Floor
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

Auditors

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

Bankers

Barclays Bank
1 Churchill Place,
London, E14 5HP

Solicitors

Boyes Turner
First Floor
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

Office

Technology One UK Limited
Siena Court
The Broadway
Maidenhead
Berkshire
SL6 1NJ

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DIRECTORS' REPORT

The Board of Directors of Technology One UK Limited has pleasure in submitting its report and financial statements in respect of the nine month period ended 30 June 2006

Results and dividends

The loss for the period amounted to £32,143 The directors do not recommend the payment of any dividends

Principal activities and review of the business

The company was incorporated on 17 September 2004 as Abbots 332 Limited The company changed its name to Technology One UK Limited on 6 December 2004 The company commenced trading on 1 July 2005

The principal activity of Technology One UK Limited is the marketing, sales, implementation and support of fully integrated enterprise business software solutions

Technology One Limited (Australia) opened its first European Office in the United Kingdom, at Maidenhead in March 2006

During the period the company recorded a small loss The loss was in line with the budgeted expectations of the first year of the business The loss was funded through a marketing support fee received from the parent entity Technology One Limited (Australia) The fee was received for Technology One UK Limited providing marketing services in the United Kingdom on behalf of the company

The key KPI of the company in its initial operating year was compliance with budget which was achieved in the period with the assistance with the marketing support fee In 2007 and latter years management expects to develop a more detailed KPI system to allow measurement of sales and return on asset targets

Future developments

The company will continue to develop sales opportunities in the United Kingdom

Directors

The sole director who served the company during the year was Mr Adrian Di Marco

There are no directors' interests requiring disclosure under the Companies Act 1985

Auditors

During the period Ernst & Young LLP were appointed as auditor to fill a casual vacancy

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

The directors who were members of the board at the time of approving the directors' report are listed above The sole director confirms that

- to the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and

- the director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Signed by

A Di Marco
Director
18 April 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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,
- 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 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED

We have audited the company's financial statements for the period ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18 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 auditors' 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 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 30 June 2006 and of its loss 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

Ernst + Young LLP

Ernst & Young LLP
Registered auditor
Luton

24 April 2007

PROFIT AND LOSS ACCOUNT

	Note	2006 £'000	2005 £'000
Turnover	3	13	-
Other Revenue	3	133	-
Total operating revenue		**146**	-
Sales and marketing expense		48	-
Occupancy expense		17	-
Administration expense		110	-
Product distribution and servicing expense		-	-
Other expense		3	-
(LOSS)/PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	4,5	**(32)**	-
Income tax expense attributable to ordinary activities	6	-	-
NET (LOSS)/PROFIT		**(32)**	-

The accompanying notes form an integral part of this Profit and Loss account

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss of £32,143 attributable to the shareholders for the year ended 30 June 2006

BALANCE SHEET

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible Fixed Assets	8	16	-
CURRENT ASSETS			
Receivables and Other assets	7	36	-
Cash assets		20	-
		56	-
CREDITORS			
Amounts falling due within one year	9	27	-
NET CURRENT ASSETS		29	-
TOTAL ASSETS LESS CURRENT LIABILITIES		45	-
CREDITORS			
Amounts falling due after more than one year	10	77	-
		(32)	-
CAPITAL AND RESERVES			
Called-up share capital	11	-	-
Profit and loss account	12	(32)	-
EQUITY SHAREHOLDERS FUNDS		(32)	-

The accompanying notes form an integral part of this Balance Sheet

Adrian Di Marco
Director
18 April 2007

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Preparation

The financial statements were authorised for issue in accordance with a resolution of the Directors' on April 2007

The financial information presented is for the nine month period from 1 October 2005 until 30 June 2006 The comparative information presented is for the period from incorporation on 17 September 2004 to 30 September 2005

The financial statements are presented in GBP, and all values are rounded to the nearest thousand except where otherwise stated The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards

The directors have prepared the financial statements on the going concern basis At 30 June 2006 the company had net liabilities of £32,000 However, the ultimate parent company has issued a letter of support to the company stating that it will continue to provide funding, as necessary, in order for the company to meet all of its operational and capital requirements as they fall due The directors therefore consider that the going concern basis of accounting remains appropriate Refer to Note 14

Cash Flow Statement

The directors have taken advantage of the exemption allowed under Financial Reporting Standard No 1 (Revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent undertaking publishes consolidated financial statements

Revenue Recognition

Software Licence Fee Revenue

Revenue from licence fees due to software sales is recognised on the transferring of significant risks and rewards of ownership of the licensed software under an agreement between the company and the customer

Implementation and Consulting Services Revenue for Licensed Software
Revenue from implementation and consulting services attributable to licensed software is recognised in proportion to the stage of completion

Post Sales Customer Support Revenue for Licensed Software
Post sales customer support (PSCS) revenue for licensed software comprises fees for ongoing upgrades, minor software revisions and helpline support PSCS revenue is allocated between annual fees for helpline support and fees for rights of access to ongoing upgrades, minor software patches At each reporting date the unearned portion of help line support fees is assessed and deferred to be recognised over the period of service Fees for rights of access to ongoing upgrades and minor software revisions are recognised at the commencement of the period to which they relate on the basis that the company has no ongoing obligations or required expenditure related to this revenue

Notes to the financial statements at 30 June 2006

1. Accounting Policies - Continued

Project Services Revenue
Revenue from project services agreements is recognised in proportion to their stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended

Unearned Services Revenue
Amounts received from customers in advance of provision of services are accounted for as a liability called Unearned Revenue

Earned and Unbilled Revenue
Amounts recorded as Earned and Unbilled Revenue represent revenues recorded on Software Licence fees and PSCS fees not yet invoiced to customers These amounts have met the revenue recognition criteria of the company, but have not reached the payment milestones contracted with customers

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows

	Life	Method
Office furniture and equipment	3-11 years	Straight line

Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts The provision for doubtful debts is measured as the difference between the carrying amount of trade debtors and the estimated future cash flows expected to be received from the relevant debtors

Receivables from related parties are recognised and carried at the nominal amount due Interest is taken up as income on an accrual basis

Notes to the financial statements at 30 June 2006

1. Accounting Policies - Continued

Deferred Taxation

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, or a right to pay less, tax in the future have occurred

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leased Assets

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership

Operating
Operating leases under which the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases Operating lease payments are included in the determination of the operating profit in equal instalments over the lease term

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity

Payables to related parties are carried at the principal amount

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Notes to the financial statements at 30 June 2006

1. Accounting Policies - Continued

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except where the amount of VAT incurred is not recoverable from the applicable taxing authority In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or as part of the item of expense Receivables and payables are stated with the amount of VAT included The net amount of VAT recoverable from, or payable to, the taxing authority is included as a current asset or liability in the balance sheet Cash flows are included in the statement of cash flows on a gross basis The VAT component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxing authority are classified as operating cash flows

2. Segment Information

The company operates only in the software and services industry in the United Kingdom

3. Sales Revenue

Sales revenue, which is stated net of value added tax, is attributable to one continuing activity, the sale of, and provision of support for, software

	2006 £'000	2005 £'000
Provision of services – United Kingdom	13	-
Marketing support fees from Technology One Limited (Australia)	133	-
Total revenues	146	-

4. Loss from continuing activities before taxation

This is stated after charging

	2006 £'000	2005 £'000
Auditors' remuneration – audit services	3	-
Depreciation of owned fixed assets	2	-
Operating lease rentals	17	-

An agreement with the parent entity, Technology One Limited (Australia) requires any additional auditors remuneration above the amounts disclosed above to be paid by Technology One Limited (Australia) without recourse to Technology One UK Limited

Notes to the financial statements at 30 June 2006

5. Staff costs

	2006 £'000	2006 £'000
Wages and salaries	41	-
Social security costs	5	-
	46	-

The monthly average number of employees during the nine months was as follows

	2006 No	2005 No
Sales and administration	1	-

The director who served during the year received no remuneration for his services as a director to the company

6. Tax

a) Tax on loss on ordinary activities
The tax charge is made up as follows

	2006 £'000	2005 £'000
Current tax		
UK corporation tax	-	-
Tax loss on ordinary activities (note 6(b))	-	-

b) Factors affecting current tax charge
The tax assessed on the loss on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 30% The differences are reconciled below

	2006 £'000	2005 £'000
Loss on ordinary activities before tax	(32)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 30%	10	-
Tax losses carried forward	(10)	-
Total current tax (note 6(a))	-	-

c) Deferred tax
Deferred tax asset not provided in the financial statements is as follows

	2006 £'000	2005 £'000
Tax losses	10	-

The deferred tax asset has not been recognised as there is insufficient evidence that the asset will be recoverable The asset will be recognised once the company generates sufficient taxable profits

There are no unprovided deferred tax liabilities

7. Debtors

	2006 £'000	2005 £'000
Trade Debtors	16	-
Other Sundry Debtors including VAT refunds	20	-
	36	-

8 Tangible Fixed Assets

	2006 £'000 Office Furniture and Equipment
Cost:	
At 1 July	-
Additions	18
At 30 June	18
Depreciation:	
At 1 July	-
Provided during the year	2
At 30 June	2
Net book value	16

Notes to the financial statements at 30 June 2006

9. Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Trade Creditors	24	-
Other Creditors – Employee bonus	3	-
	27	-

10. Creditors: amounts falling due in excess of one year

	2006 £'000	2005 £'000
Amounts due to parent undertaking	77	-
	77	-

Amounts due to Technology One Limited (Australia) do not bear interest and are repayable on demand The company has classified these amounts as non-current as they are not expected to be repaid prior to 30 June 2007 and the company has received notification from Technology One Limited (Australia) that they will not call these loans in this period

11 Share capital

	2006 £	2005 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

The company issued share capital comprising two ordinary £1 shares to the parent undertaking Technology One Limited (Australia) Australia on 17 September 2004

12. Reserves

	2006 £'000	2005 £'000
At 1 July	-	-
Loss retained for the period	(32)	-
At 30 June	(32)	-

13. Reconciliation of movement in shareholders' funds

	2006 £000	2005 £000
Opening shareholders' funds	-	-
Loss for the period	(32)	-
Closing shareholders' funds	(32)	-

Notes to the financial statements at 30 June 2006

14. Support of Controlling Entity

The operations of Technology One UK Limited rely on the continued product and financial support of Technology One Limited (Australia), the parent entity of Technology One UK Limited The directors of Technology One Limited (Australia) have resolved to provide financial and product support as well as not call inter company loans for a period of 12 months from the date of completion of these financial statements should this cause Technology One UK Limited not to be able to continue as a going concern and meet its debts as and when they fall due

15. Commitments

The company has entered into an agreement for office rental at an amount of £2,410 per month The rental agreement has no fixed term

16. Related Parties

The company is a wholly owned subsidiary of Technology One Limited (Australia), the consolidated financial statements of which are publicly available Accordingly, the company has taken advantage of the exemption in FRS 8 form disclosing transactions with members or investees of the group

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard No 8

17. Subsequent Events

There have been no events subsequent to balance date

18. Ultimate Parent Undertaking

The ultimate parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Technology One Limited (Australia), a company registered in Australia, which owns 100% of the issued share capital Copies of these group accounts are available from www TechnologyOneCorp com