

GPT MIDDLE EAST LIMITED

Report and Financial Statements

Year ended 31 March 2005



GPT MIDDLE EAST LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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GPT MIDDLE EAST LIMITED

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K D Smith
C G Donaldson

SECRETARY

C G Donaldson

REGISTERED OFFICE

New Century Park
PO Box 53
Coventry
CV3 1HJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

GPT MIDDLE EAST LIMITED

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DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company was the provision of telecommunications supplies and technical services to Asia and the Middle East. The Company did not trade during the year and the Directors do not anticipate that the Company will resume trading in the foreseeable future.

On 25 October 2005, the Marconi Group announced the proposed disposal of its telecommunications equipment and international services business to Ericsson for approximately £1,200 million. Completion is expected to take place by the end of January 2006, although the effective date of completion is 1 January 2006 under a Memorandum of Agreement. The disposed business represents approximately 75% of the Group's turnover for the year ended 31 March 2005.

Marconi Corporation plc, the Company's ultimate parent undertaking, will be renamed telent plc. It will retain its UK Telecommunications Services business, its UK and German Value Added Services businesses and its System X product and support business along with the payphones business.

Following the proposed disposal there will be no change to the status of this Company. Accordingly it shall remain non-trading.

RESULTS AND DIVIDENDS

The Company did not trade in the year. The transactions in the year result from movements on inter-company balances, the release of creditors no longer due, and the release of an overprovision of corporation tax in prior years.

In the prior year, the Company was dormant and did not require an audit.

The Directors do not recommend the payment of a dividend.

DIRECTORS

The Directors holding office since 1 April 2004 are listed below:

K D Smith

C G Donaldson

DIRECTORS' INTERESTS

According to the Register kept by the Company under Section 325 of the Companies Act 1985, the interests of the Directors holding office at the end of the year in the shares of the Company, Marconi Corporation plc, the Company's ultimate holding company as at 31 March 2005, or its subsidiaries, were as follows:

Marconi Corporation plc

a) Interests in warrants over ordinary shares of 25 pence each fully paid:

Name of Director	At 1 April 2004	At 31 March 2005
C G Donaldson	23	23

b) Options over ordinary shares of 25 pence each in Marconi Corporation plc granted under the Employee Share Option Plan and the Marconi Sharesave Plan:

Name of Director	At 1 April 2004	Lapsed during the period	Exercised during the period	Granted during the period	At 31 March 2005
K D Smith	20,000	-	(4,041)	1,874	17,833
C G Donaldson	20,000	-	(1,978)	1,124	19,146

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DIRECTORS' REPORT

AUDITORS

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be reappointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

By order of the Board



C G Donaldson

Director

7th December 2005

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year 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; 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 the system of internal control and safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GPT MIDDLE EAST LIMITED

We have audited the financial statements of GPT Middle East Limited for the year ended 31 March 2005, which comprise the profit and loss account, reconciliation of movements in shareholder's funds, the balance sheet and the related notes 1 to 11. 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

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

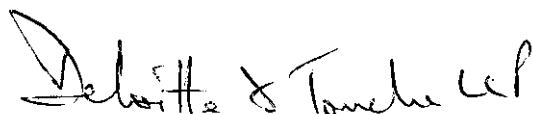
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the Company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

9/12/05

GPT MIDDLE EAST LIMITED

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PROFIT AND LOSS ACCOUNT

Year ended 31 March

	Note	2005 £'000	Unaudited 2004 £'000
Other operating income		70	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		70	-
Tax on profit on ordinary activities	3	8	-
RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	7	78	-

All operations are discontinued.

The Company had no recognised gains and losses apart from the profit for the current financial year.

RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS

Year ended 31 March

	2005 £'000	Unaudited 2004 £'000
Opening balance	150	150
Profit for the year	78	-
Closing balance	228	150

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BALANCE SHEET

31 March 2005

	Note	2005 £'000	Unaudited 2004 £'000
CURRENT ASSETS			
Debtors	4	228	248
Cash at bank and in hand		-	1
		<u>228</u>	<u>249</u>
CREDITORS: amounts falling due within one year	5	-	(99)
		<u>228</u>	<u>150</u>
NET CURRENT ASSETS			
		<u>228</u>	<u>150</u>
NET ASSETS		<u>228</u>	<u>150</u>
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account	7	128	50
		<u>228</u>	<u>150</u>
EQUITY SHAREHOLDER'S FUNDS		<u>228</u>	<u>150</u>

These financial statements were approved by the Board of Directors on *7th DECEMBER* 2005

Signed on behalf of the Board of Directors



C G Donaldson

Director

GPT MIDDLE EAST LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The primary accounting policy, which has been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

2. DIRECTORS, EMPLOYEES AND AUDITORS

The Company has no employees and the Directors received no emoluments for their services to the Company. The auditors' remuneration was borne by another Group company.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	Unaudited 2004 £'000
Over provision of corporation tax in prior years	8	-
Current tax credit for year	8	-

Reconciliation of current tax credit for year

	2005 £'000	Unaudited 2004 £'000
Profit on ordinary activities before taxation	70	-
Tax charge on profit at UK statutory rate of 30%	21	-
Group relief for no payment	(21)	-
Over provision of corporation tax in prior years	8	-
Current tax credit for year	8	-

4. DEBTORS

	2005 £'000	Unaudited 2004 £'000
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	228	248

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YEAR ENDED 31 MARCH 2005

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	Unaudited 2004 £'000
Advance payments from customers	-	70
Amounts owed to fellow subsidiary undertakings	-	29
	<u>-</u>	<u>99</u>

6. CALLED UP SHARE CAPITAL

	2005 £'000	Unaudited 2004 £'000
Authorised, allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	100	100

7. PROFIT AND LOSS ACCOUNT

	£'000
As at 1 April 2004 (unaudited)	50
Retained profit for the financial year	<u>78</u>
As at 31 March 2005	<u>128</u>

8. CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of Marconi Corporation plc, in whose consolidated financial statements, which are publicly available, the Company is included. The Company is therefore exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised).

9. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of Marconi Corporation plc. Advantage has been taken of the exemption permitted by FRS 8 not to disclose transactions with entities that are part of the Marconi Group or investees of the Group qualifying as related parties. Balances with these entities are disclosed on the balance sheet of these financial statements.

10. PARENT UNDERTAKING

The Company's immediate parent company is Marconi Communications Holdings Limited. The Company's ultimate parent undertaking and controlling company is Marconi Corporation plc.

The Marconi Group is the only Group of which the Company is a member for which Group accounts are prepared.

Copies of the financial statements of Marconi Corporation plc are available from the Secretary at New Century Park, P O Box 53, Coventry, CV3 1HJ.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

11. POST BALANCE SHEET EVENT

On 25 October 2005, the Marconi Group announced the proposed disposal of its telecommunications equipment and international services business to Ericsson for approximately £1,200 million. Completion is expected to take place by the end of January 2006, although the effective date of completion is 1 January 2006 under a Memorandum of Agreement. The disposed business represents approximately 75% of the Group's turnover for the year ended 31 March 2005.

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