

Marconi Defence Overseas Limited

Report and Financial Statements

31 March 2001



Marconi Defence Overseas Limited

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 March 2001.

Principal activities and future developments

The Company did not trade during the year and did not trade during the previous year. The Directors do not anticipate that the Company will resume trading in the foreseeable future.

Results and Dividends

The Company has made neither a profit nor a loss during the year (2000: £nil).

The Directors do not recommend the payment of a dividend (2000: £nil).

Directors

The Directors holding office during the year are listed below:

J M Clayton	(Appointed 15 November 2000)
G T Ferrero	(Appointed 15 November 2000)
J C Polley	(Resigned 15 November 2000)
C B Wheatley	(Resigned 15 November 2000)

J M Clayton and G T Ferrero resigned as Directors of the Company on 27 April 2001 and 16 August 2001 respectively. L G Jones and D G Byron were appointed as Directors of the Company on 27 April 2001 and 8 June 2001 respectively.

Directors' interests

According to the Register kept by the Company under Section 325 of the Companies Act 1985, none of the Directors had any disclosable interests in the shares of the Company or any subsidiary of the Company's ultimate parent company, Marconi plc (Marconi), as at 31 March 2001.

No Director held, on 31 March 2001, any interest in, or was granted or exercised, during the year, any right to subscribe for shares in Marconi, or its subsidiary companies, except as shown below:

Ordinary Shares of 5p each, fully paid

	31 March 2001	1 April 2000 (or subsequently on appointment)
J M Clayton	8,620	-
G T Ferrero	2,950	2,933

Marconi Defence Overseas Limited

Report of the Directors (*continued*)

Directors' interests (*continued*)

The interests of Directors in options over ordinary shares of 5 pence each in Marconi under the Marconi 1999 Stock Option Plan, the 1997 Executive Share Option Scheme, the Marconi UK Sharesave Plan, the Managers' 1984 Share Option Scheme, the Marconi Phantom Option Plan and the Marconi Launch Share Plan for the year are shown below:

	At 1 April 2000*	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2001
	Number	Number	Number	Number	Number
J M Clayton	11,905	-	9,610	-	2,295
G T Ferrero	134,976	22,955	-	-	157,931

* or subsequently on appointment

On behalf of the Board



L G Jones
Director

30 January 2002

Registered Office:
New Century Park
PO Box 53
Coventry
CV3 1HJ

Marconi Defence Overseas Limited

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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. 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.*

Marconi Defence Overseas Limited

Independent Auditors' Report To The Members Of Marconi Defence Overseas Limited

We have audited the financial statements of Marconi Defence Overseas Ltd for the year ended 31 March 2001 which comprise the balance sheet and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

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 2001 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

Hill House

1 Little New Street

London

EC4A 3TR

31 January 2002

Marconi Defence Overseas Limited

Balance sheet

As at 31 March 2001

	<i>Note</i>	2001 £000	2000 £000
Current assets			
Cash at bank and in hand		90	90
Creditors: amounts falling due within one year	3	<u>(30)</u>	<u>(30)</u>
Net assets		<u>60</u>	<u>60</u>
Capital and reserves			
Called up share capital	4	-	-
Profit and loss account	5	<u>60</u>	<u>60</u>
Equity shareholders' funds		<u>60</u>	<u>60</u>

The Company did not trade during the current or preceding periods and has made neither a profit nor loss, nor any other recognised gain or loss.

The financial statements were approved by the Board of Directors on 30 January 2002 and were signed on its behalf by:

Leighton Jones

L G Jones
Director

Marconi Defence Overseas Limited

Notes to the financial statements

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 and employees

The Company has no employees (2000: nil) and the Directors received no emoluments for their services to the Company (2000: £nil).

3. Creditors	2001 £000	2000 £000
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Amounts falling due within one year

Amount owed to parent undertaking	30	30
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4. Share capital	2001 £	2000 £
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Authorised

Ordinary shares of £1 each	100	100
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Issued, called up and fully paid

Ordinary shares of £1 each	2	2
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5. Profit and loss account	£000
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At 1 April 2000 and 31 March 2001	60
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6. Contingent liabilities

Under a group registration the Company is jointly and severally liable for any Value Added Tax owing by other Marconi group companies at 31 March 2001.

Marconi Defence Overseas Limited

Notes to the financial statements (*continued*)

7. **Cash flow statement**

The Company is a wholly owned subsidiary of Marconi Communications Limited, which is a subsidiary of Marconi 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).

8. **Related Party disclosures**

The Company is a wholly owned subsidiary of Marconi Communications Limited, which is a subsidiary of Marconi 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 in note 3 of these financial statements.

9. **Parent undertaking**

The Company's immediate parent undertaking is Marconi Communications Limited and its ultimate parent undertaking and controlling company is Marconi 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 plc are available from the Secretary at One Bruton Street, London W1J 6AQ.