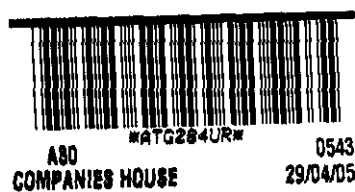


Company Registration No. 2984211

**GPT SPECIAL PROJECT MANAGEMENT LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2004**



# **GPT SPECIAL PROJECT MANAGEMENT LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# **GPT SPECIAL PROJECT MANAGEMENT LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

C G Donaldson  
K D Smith

#### **SECRETARY**

C G Donaldson

#### **REGISTERED OFFICE**

New Century Park  
PO Box 53  
Coventry  
CV3 1HJ

#### **SOLICITORS**

Allen & Overy  
1 New Change  
London  
EC4M 9QQ

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Birmingham

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## DIRECTORS' REPORT

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 March 2004.

## PRINCIPAL ACTIVITY

The principal activity of the Company continues to be the operation and maintenance of communications systems and associated customer training in the Middle East. The Directors intend the Company to carry on business in its current capacity.

On 19 May 2003, the Company's ultimate holding company, M (2003) plc and intermediate holding company, Marconi Corporation plc, entered into schemes of arrangement ('the Restructuring'). The Restructuring resulted in £4.8 billion of Marconi Corporation plc debt being waived in return for £340 million of cash, £756 million of new debt and ownership of 99.5% of the Marconi Corporation plc Group. Consequently, Marconi Corporation plc is now the ultimate holding company of the Company.

## RESULTS AND DIVIDENDS

Turnover for the year ended 31 March 2004 was SAR 126,133,000 (2003 - SAR 478,935,000)

Results for the year are shown in the profit and loss account on page 7.

The Directors do not recommend the payment of a dividend (2003 - £nil)

## DIRECTORS

The Directors holding office since 1 April 2003 are listed below:

C G Donaldson

K S A Douglas (Resigned 31 August 2003)

K D Smith (Appointed 14 May 2003)

## DIRECTORS' INTERESTS

According to the Register kept by the Company under Section 325 of the Companies Act 1985, none of the Directors holding office at the end of the year had any disclosable interests in the shares of the Company, Marconi Corporation plc, the Company's ultimate holding company as at 31 March 2004, or its subsidiaries other than those given below. The figures reflect Marconi Corporation plc's one for five share consolidation which took effect on 9 September 2003.

### Marconi Corporation plc

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

Name of Director	At 19 May 2003 (or on later appointment)	At 31 March 2004
C G Donaldson	23	23

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS' INTERESTS (continued)

- (b) Options over ordinary shares of 25 pence each in Marconi Corporation plc have been granted under the Senior Management Share Option Plan and the Employee Share Option Plan:

Name of Director	At 19 May 2003	Lapsed during the year	Exercised during the year	Granted during the year	At 31 March 2004
C G Donaldson	-	-	-	20,000	20,000
K D Smith	-	-	-	20,000	20,000

#### Note:

The interests of Directors in options over ordinary shares of 5 pence each in M (2003) plc are not disclosed in this report as it is no longer the ultimate parent company of the Company. It should be noted that, as a result of the Restructuring, M (2003) plc shares were delisted from the London Stock Exchange and are now of negligible value. It is highly unlikely, therefore, that the Directors will be able to realise any value in relation to any options held.

### PAYMENT OF CREDITORS

It is the policy of the Company to negotiate with suppliers so as to obtain the best available terms taking account of quality, price and period of settlement and to abide by those terms.

The total amount of trade creditors falling due within one year, excluding amounts owed to companies in the M (2003) plc Group, represents 30 days (2003 – 37 days) worth as a proportion of the total amount invoiced by suppliers during the year ended 31 March 2004.

### EMPLOYEE PARTICIPATION

Ensuring that all employees are given maximum opportunity to participate in the business remains a key principle of our management objectives. Specific activities to achieve this are:

- Senior Management regular two-way communication sessions through telephone conference calls.
- Senior Management site and business focussed communication sessions.
- The "Ask" facility on the Intranet pages.
- The team brief initiative.
- Pulse Surveys to gather feedback on the effectiveness of the internet communication process.
- Organisational Effectiveness Survey.

### EMPLOYMENT OF DISABLED PERSONS

The Company's policy is to use best practice information and processes when recruiting and retaining employees with disabilities. In doing this, we seek advice from disability agencies, the Employment Service and other professional bodies as appropriate. Every possible step is taken to ensure individuals are treated equally and fairly and that decisions over recruitment, selection, training, promotion and career management are based solely on objective and job related criteria.

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## DIRECTORS' REPORT (continued)

### AUDITORS

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed 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

Secretary

23<sup>rd</sup> April 2005

## **GPT SPECIAL PROJECT MANAGEMENT LIMITED**

### **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 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 GPT SPECIAL PROJECT MANAGEMENT LIMITED**

We have audited the financial statements of GPT Special Project Management Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders funds, and the related notes 1 to 13. 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 2004 and of its profit the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Birmingham

*29 April 2005*



# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March

	Note	2004 SAR 000	2003 SAR 000 As Restated
<b>TURNOVER</b>		126,133	478,935
Staff costs (including exceptional share option credit of SAR 559,000 and redundancy charge of SAR 1,794,000 (2003 SAR 1,147,000 redundancy charge))	2	(37,440)	(53,365)
Other external and operating charges		<u>(91,126)</u>	<u>(374,500)</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	(2,433)	51,070
Interest receivable and similar income		<u>19,633</u>	<u>10,291</u>
- Foreign exchange gain on Group loans			
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		17,200	61,361
Tax credit/(charge) on profit on ordinary activities	4	<u>43,295</u>	<u>(15,317)</u>
<b>RETAINED PROFIT FOR THE YEAR</b>		<u>60,495</u>	<u>46,044</u>

Movements in reserves are shown in note 8.

All operations are continuing.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March

	2004 SAR 000	2003 SAR 000 As Restated
Retained profit for the year	<u>60,495</u>	<u>46,044</u>
Total recognised gains and losses	<u>60,495</u>	<u>46,044</u>

## RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

Year ended 31 March

	2004 SAR 000	2003 SAR 000 As Restated
At 1 April	139,832	93,788
Total recognised gains and losses	<u>60,495</u>	<u>46,044</u>
At 31 March	<u>200,327</u>	<u>139,832</u>

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## BALANCE SHEET At 31 March

	Note	2004 SAR 000	2003 SAR 000 As Restated
<b>CURRENT ASSETS</b>			
Debtors	5	289,450	302,153
Cash at bank and in hand		28,773	42,027
		<u>318,223</u>	<u>344,180</u>
<b>CREDITORS: amounts falling due within one year</b>	6	(117,896)	(204,348)
<b>NET CURRENT ASSETS AND NET ASSETS</b>		<u>200,327</u>	<u>139,832</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	-	-
Profit and loss account	8	200,327	139,832
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>200,327</u>	<u>139,832</u>

These financial statements were approved by the Board of Directors on 28<sup>th</sup> April 2005

Signed on behalf of the Board of Directors



C G Donaldson

Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2004**

**1. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

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

During the year the Company carried out a view of its presentational currency and determined that this ought to be the Saudi Arabian Riyal, the prior year figures have been restated to reflect this decision, and more accurately reflect the functional currency of the Company.

**Turnover**

Turnover comprises the sales value, excluding value added tax, of goods and services supplied to customers in the middle east.

**Share Options**

The cost of awarding M (2003) plc shares under employee share plans are generally charged to the profit and loss account over the period to which the performance criteria relate. During the year to 31 March 2002, the Company was charged with their share of the charge arising from an agreement to fund ESOP (Employee Share Option Plan) derivatives. This derivative was settled on 19 May 2003, when the Company was released from its obligation to pay and recharged SAR 559,000 to Marconi Corporation plc.

**Taxation**

Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of profits for the year, after taking account of adjustments in respect of prior period liabilities.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in taxation computations in periods different from those in which they are included in the financial statements. *Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.* Deferred tax assets and liabilities are not discounted.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences arising on foreign currency borrowings, to the extent that they hedge the Group's investment in foreign equity investments, are reported in the statement of total recognised gains and losses. Exchange differences on translation of foreign branches are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

**Pension scheme arrangements**

Eligible employees are members of one of the Marconi Group pension schemes. Based on recommendations by independent actuaries, the rates of employee and Company contributions are intended, in respect of each year, to provide sufficient funds to meet future benefits relating to that years' service. Contributions, the Company's share of which is charged against profits for the year, are held in trustee-administered funds independent of the Company's finances.

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 2. DIRECTORS AND EMPLOYEES

#### Employees

The average weekly number of employees employed by the Company during the year was:

	2004 Number	2003 Number
United Kingdom	-	1
Overseas	401	500
	<u>401</u>	<u>501</u>

Staff costs for the above persons were:

	2004 SAR 000	2003 SAR 000
Wages and salaries	35,189	50,249
Social security costs	192	431
Other pension costs	824	1,538
Exceptional share option credit	(559)	-
Exceptional redundancy charge	1,794	1,147
	<u>37,440</u>	<u>53,365</u>

#### Directors

The Directors are senior executives of Marconi Group with an insignificant proportion of time spent in the affairs of the Company. It is inappropriate to allocate emoluments specifically for their services as Directors of the Company. (2003 – SAR nil).

#### Exceptional share option credit

On 19 May 2003 the Marconi Group settled an ESOP derivative arrangement with the ESOP banks, and the Company was released of its obligation to fund the derivative. Consequently, SAR 559,000 of share option charges were recharged to Marconi Corporation plc reducing creditors by SAR 559,000.

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 SAR 000	2003 SAR 000
Profit on ordinary activities is stated after charging:		
Auditors' remuneration	<u>57</u>	<u>52</u>

### 4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2004 SAR 000	2003 SAR 000
United Kingdom taxation:		
Corporation tax at 30% (2003 – 30%)	-	15,317
Over provision in respect of prior years	(43,295)	-
Tax (credit)/charge on profit on ordinary activities	<u>(43,295)</u>	<u>15,317</u>

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

<u>Reconciliation of current taxation (credit)/charge for the year</u>	<b>2004</b> <b>SAR 000</b>	<b>2003</b> <b>SAR 000</b>
Profit on ordinary activities before taxation	17,200	61,361
Tax charge on profit at UK statutory rate of 30% (2003: 30%)	5,160	18,408
Over provision in respect of prior years	(43,295)	-
Group relief for no payment	(5,160)	(3,091)
Current tax (credit)/charge for the year	<u>(43,295)</u>	<u>15,317</u>

### 5. DEBTORS

	<b>2004</b> <b>SAR 000</b>	<b>2003</b> <b>SAR 000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	7,457	77,871
Amounts owed by Group undertakings	281,290	222,308
Prepayments and accrued income	703	1,974
	<u>289,450</u>	<u>302,153</u>

### 6. CREDITORS: Amounts falling due within one year

	<b>2004</b> <b>SAR 000</b>	<b>2003</b> <b>SAR 000</b>
Trade creditors	10,103	44,445
Amounts owed to Group undertakings	43,549	3,729
Group relief payable	-	47,960
Other creditors	64,244	108,214
	<u>117,896</u>	<u>204,348</u>

### 7. SHARE CAPITAL

	<b>2004</b> <b>SAR 000</b>	<b>2003</b> <b>SAR 000</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>7</u>	<u>6</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2004

### 8. PROFIT AND LOSS ACCOUNT

	2004 SAR 000
At 1 April 2003	139,832
Retained profit for the year	60,495
	<hr/>
At 31 March 2004	200,327
	<hr/>

### 9. PENSIONS

The Company is a subsidiary of Marconi Corporation plc and all its employees who are members of a pension plan are members of the G.E.C. 1972 Plan ("the Plan"), the principal pension fund of the Marconi Group. The Plan is a funded "defined benefit" plan.

A full actuarial valuation for the Plan was carried out as at 5 April 2002 and a valuation for accounting purposes was carried out as at 31 March 2004 by independent qualified actuaries.

The valuation for accounting purposes disclosed a deficit on the Plan of £118 million. Contributions to the Plan are 8.2% of pensionable pay.

Further details of the actuarial valuation of the Plan are disclosed in the accounts of Marconi Corporation plc.

As the Company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme, the costs, accruals and prepayments are recorded on a cash basis as permitted by FRS 17 "Retirements Benefits".

The pensions cost charge of the Company in respect of employees who are members of the Plan consists of employers' contributions payable which are similar across the Marconi Group as a whole as a percentage of pensionable earnings. The Company contributions to the Plan in the year under review amounted to £129,000 (2003 - £264,000) calculated as 8.2% per cent (2003 - 11.7 per cent) of members' pensionable pay.

The major assumptions used by the actuaries to determine the liabilities on a FRS 17 basis for the significant defined benefit plans are set out below:

Average assumptions used	2004 UK (% pa)	2003 UK (% pa)	2002 UK (% pa)
Rate of general increase in salaries	4.75%	4.50%	4.75%
Rate of increase in pensions in payment	2.75%	2.50%	2.75%
Rate of increase for deferred pensioners	2.75%	2.50%	2.75%
Rate of credited interest	3.00%	4.00%	5.50%
Discount rate applied to liabilities	5.50%	5.25%	6.00%
Inflation assumption	2.75%	2.50%	2.75%

# GPT SPECIAL PROJECT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2004

### 9. PENSIONS (CONTINUED)

The assets in the UK Plan and the expected rates of return were:

	Long-Term Expected Rate of Return %	Value at 31 March 2004 £ million	Long-Term Expected Rate of Return %	Value at 31 March 2003 £ million	Long-Term Expected Rate of Return %	Value at 31 March 2002 £ million
Equities	8.25%	638	8.25%	497	8.25%	685
Bonds	4.84%	1,536	4.84%	1,702	5.25%	1,322
Property	6.70%	101	6.75%	111	6.75%	108
Cash	3.75%	43	4.00%	30	4.00%	384
<b>Total market value of assets</b>		<b>2,318 (2,436)</b>		<b>2,340 (2,535)</b>		<b>2,499 (2,506)</b>
Present value of plan liabilities						
<b>Net pension liability before and after deferred tax</b>		<b>(118)</b>		<b>(195)</b>		<b>(7)</b>

### 10. CASH FLOW STATEMENT

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

### 11. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of Marconi Communications Limited, which is a 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 Corporation Group or investees of the Group qualifying as related parties. Balances with these entities are disclosed in notes 5 and 6 of these Financial Statements.

The Company had no other related party transactions.

### 12. CONTINGENT LIABILITIES

The Company is party to a Group bank offset arrangements whereby positive and negative cash balances in certain Marconi UK Group companies may be offset. The Company has committed to pay and satisfy to the bank on written demand any money and liabilities owing to it by any of these Group companies in the offset agreement and to indemnify the bank against any loss incurred by it in respect of these liabilities. The maximum liability of the Company at any time shall not exceed the cash balance in the Company's bank account, which amounted to £4,175,000 at 31 March 2004.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2004**

**13. PARENT UNDERTAKINGS**

On 19 May 2003, the Company's ultimate holding company, M (2003) plc and intermediate holding company, Marconi Corporation plc, entered into schemes of arrangement ('the Restructuring'). The Restructuring resulted in £4.8 billion of Marconi Corporation plc debt being waived in return for £340 million of cash, £756 million of new debt and ownership of 99.5% of the Marconi Corporation plc Group. Consequently, Marconi Corporation plc is now the ultimate holding company of the Company.

The Company's immediate parent undertaking is Marconi Communications Limited.

The Company's ultimate parent undertaking is Marconi Corporation plc, which is the only parent undertaking to consolidate the Financial Statements of the Company.

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.