

**MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2006**

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**MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2006**

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**MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2006**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

C G Donaldson

K D Smith

**SECRETARY**

C G Donaldson

**REGISTERED OFFICE**

New Century Park

PO Box 53

Coventry

CV3 1HJ

**AUDITORS**

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham, UK

# MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2006

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985

## PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The Company is an investment holding company and has not made any new investments in the period

On 25 October 2005, the Marconi Group announced the proposed disposal of its telecommunications equipment and international services business to Ericsson for approximately £1.2 billion. The deal was completed on 23 January 2006, although the effective date of completion was 1 January 2006 under a Memorandum of Agreement. The Disposed Business represented approximately 75% of the Group's turnover for the year ended 31 March 2005.

Marconi Corporation plc, the Company's ultimate parent undertaking, has been renamed **telent plc**. It has retained 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. Accordingly, following the disposal, the Company will continue as an investment holding company but all of the trade and assets (excluding inter-company balances) of the Company's trading subsidiaries were transferred to Ericsson and the operations of these businesses has become discontinued.

## RESULTS AND DIVIDENDS

The Company made a loss for the year of £6,043,000 (2005: £133,000 loss). The Directors do not recommend the payment of a dividend (2005: £nil).

## DIRECTORS AND THEIR INTERESTS

The Directors holding office since 1 April 2005 are listed below:

C G Donaldson  
K D Smith

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, **telent plc** (formerly Marconi Corporation plc), the Company's ultimate holding company as at 31 March 2006, or its subsidiaries, other than those given below (the figures stated reflect the two for seven consolidation of **telent plc** (formerly Marconi Corporation plc) shares which took effect on 27 March 2006).

**telent plc (formerly Marconi Corporation plc)**

- (a) Interests in warrants over ordinary shares of 87.5 pence (2005: 25 pence) each fully paid

Name of Director	At 1 April 2005	At 31 March 2006
C G Donaldson	23	23

- (b) Options over ordinary shares of 87.5 pence (2005: 25 pence) each in **telent plc** (formerly Marconi Corporation plc) have been granted under the Employee Share Option Plan and Sharesave Plan

Name of Director	At 1 April 2005	Lapsed during the year	Exercised during the year	Granted during the year	At 31 March 2006
C G Donaldson	19,146	-	(5,019)	-	14,127
K D Smith	17,833	-	(3,032)	-	14,801

# MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED

## DIRECTORS' REPORT (continued)

### AUDITORS

In the case of each of the persons who are Directors of the company at the date when this report is approved

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) 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 s234 ZA of the Companies Act 1985

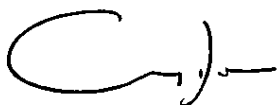
The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provision of section 386 (2) of the Companies Act 1985

### POST BALANCE SHEET EVENT

On 25 September 2007 Co-Investment No 5 L P Incorporated ("CILP") a limited partnership whose general partner is advised by Pension Corporation LLP made an offer for **telent** plc of 600p per **telent** share. The terms of the acquisition value **telent** at approximately £398 million and the Directors of **telent**, who have been so advised by Lazard, consider the terms of the Offer to be fair and reasonable

Details of the Offer were circulated to all shareholders in an offer document on 2 October 2007, the required level of acceptances of the Offer has now been received and the offer became wholly unconditional on 15 November 2007. A copy of the Offer document can be found on the **telent** website ([www.telent.com](http://www.telent.com))

By Order of the Board



C G Donaldson  
Director

20th November 2007

# **MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED**

## **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 such 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 these 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 UK 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 MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED

We have audited the financial statements of Mobile Systems International Holdings Limited for the year ended 31 March 2006, which comprise the profit and loss account, the reconciliation of movements in shareholders' 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also 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 or material inconsistencies with the financial statements.

## 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 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.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Birmingham, UK

Date *22 November 2007*

# MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March

	Note	2006 £000	2005 £000
Amounts written off investments		(6,035)	(136)
Foreign exchange (loss)/gain on Group loans		(8)	3
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(6,043)</b>	<b>(133)</b>
Tax on loss on ordinary activities	3	-	-
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	6	<b>(6,043)</b>	<b>(133)</b>

All results derive from continuing operations

There are no recognised gains and losses in the current or preceding year, other than the results set out above  
Accordingly, no Statement of Total Recognised Gains and Losses has been prepared

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March

	2006 £000	2005 £000
At 1 April	6,109	6,242
Loss for the financial year	(6,043)	(133)
<b>At 31 March</b>	<b>66</b>	<b>6,109</b>

# MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED

## BALANCE SHEET

At 31 March

	Note	2006 £000	2005 £000
<b>FIXED ASSETS INVESTMENTS</b>			
Shares in subsidiary undertakings	4	146	6,181
<b>CREDITORS: amounts falling due within one year</b>			
Amounts owed to subsidiary undertaking		(80)	(72)
<b>NET ASSETS</b>		<u>66</u>	<u>6,109</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	2,500	2,500
Share premium account		45,793	45,793
Profit and loss account	6	(48,227)	(42,184)
<b>SHAREHOLDERS' FUNDS</b>		<u>66</u>	<u>6,109</u>

These financial statements were approved by the Board of Directors on 20<sup>th</sup> November 2007

Signed on behalf of the Board of Directors



Craig Donaldson

Director

# MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2006

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements are prepared under historical cost convention and in accordance with applicable accounting standards in the United Kingdom

#### Fixed asset investments

Investments in subsidiary undertakings are valued at cost less any provision necessary for impairment

#### 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. All exchange differences are included in the profit and loss account.

### 2. DIRECTORS, EMPLOYEES AND AUDITORS

The Directors are employed and remunerated by other companies in the telent plc (formerly Marconi Corporation plc) Group. They do not receive any remuneration specifically for their services as Directors of the Company (2005: nil). The Company had no employees during the year (2005: none). The Auditors' remuneration was borne by another Group company in both the current and preceding financial years.

### 3. TAX ON LOSS ON ORDINARY ACTIVITIES

	2006 £000	2005 £000
<b>Tax credit on loss on ordinary activities</b>		
Current taxation	-	-
	<b>2006 £000</b>	<b>2005 £000</b>
Loss before tax	(6,043)	(133)
Tax credit at statutory rate of 30%	(1,813)	(40)
Non deductible goodwill impairment, amortisation and similar items	1,810	41
Group relief for no payment	3	(1)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

# MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 2006

### 4. SHARES IN SUBSIDIARY UNDERTAKINGS

	Cost £000	Provisions £000	Net Book Value £000
At 1 April 2005	46,949	(40,768)	6,181
Increase in provision	-	(6,035)	(6,035)
At 31 March 2006	46,949	(46,803)	146

#### Subsidiary undertakings

The companies set out below are principal subsidiary undertakings, all of which operate in their country of incorporation or registration. The share capital of the undertakings comprises ordinary shares or common stock and is wholly owned by the Company unless stated otherwise. Undertakings marked \* are held directly by the Company.

	Principal activity	Country of incorporation or registration	Portion of ordinary shares held %
Metapath Software International (India) Private Limited	Telecommunications operations	India	100
MONI Software International (Australia) Pty Limited	Telecommunications operations	Australia	100
Allard Participacoes Ltda	Telecommunications operations	Brazil	100
*Mp Software International Limited	Telecommunications operations	Great Britain	100
*Mobile Systems Group Limited	Dormant	Great Britain	100
Regents Place Software International AB	Telecommunications operations	Sweden	100

Mobile Systems Services Limited was liquidated with effect from 25 August 2007. Daymo Limited, Palmaz Limited, Mobile Systems Group Limited and Mobile Systems (Holdings) Limited entered into Members Voluntary Liquidation on 20 August 2007. Regents Place Software International AB entered into liquidation on 18 June 07. MONI Software International (Australia) Pty Limited entered into liquidation on 9 October 2007. Metapath Software International (India) Private Limited entered liquidation on 15 February 2007.

### 5. CALLED UP SHARE CAPITAL

	2006 £000	2005 £000
<b>Authorised</b>		
102,819,606 (2005 102,819,606) Ordinary shares of £0.025 each	2,570	2,570
<b>Allotted, called up and fully paid</b>		
99,999,950 (2005 99,999,950) Ordinary shares of £0.025 each	2,500	2,500

### 6. PROFIT AND LOSS ACCOUNT

	Total £'000
At 1 April 2005	(42,184)
Loss for the financial year	(6,043)
At 31 March 2006	(48,227)

# **MOBILE SYSTEMS INTERNATIONAL HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 March 2006**

### **7. GROUP FINANCIAL STATEMENTS**

Consolidated financial statements have not been prepared because the Company is a wholly owned subsidiary of **telent plc** (formerly Marconi Corporation plc), in whose consolidated financial statements, which are publicly available, the Company is included. In the opinion of the Directors the aggregate value of the assets of the Company consisting of shares in or amounts due from the Company's subscriptions is not less than the amounts at which those assets are stated or included in the Company balance sheet.

### **8. CASH FLOW STATEMENT**

The Company is a wholly owned subsidiary of **telent plc** (formerly 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 DISCLOSURE**

The Company is a wholly owned subsidiary of **telent plc** (formerly Marconi Corporation plc). Advantage has been taken of the exemption permitted by Financial Reporting Standard 8 not to disclose transactions with entities that are part of the **telent plc** (formerly Marconi) Group or investees of the Group qualifying as related parties. Balances with these entities are disclosed in the balance sheet on page 7 of these financial statements.

### **10. PARENT UNDERTAKINGS**

The Company's immediate parent undertaking is M Software International, Inc.

The Company's ultimate parent undertaking and controlling party is **telent plc** (formerly Marconi Corporation plc), which is the only parent undertaking to consolidate the financial statements of the Company.

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

### **11. POST BALANCE SHEET EVENT**

On 25 September 2007 Co-Investment No 5 L P Incorporated ("CILP") a limited partnership whose general partner is advised by Pension Corporation LLP made an offer for **telent plc** of 600p per **telent** share. The terms of the acquisition value **telent** at approximately £398 million and the Directors of **telent**, who have been so advised by Lazard, consider the terms of the Offer to be fair and reasonable.

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