Registered number: 3837152

ALERT COMMUNICATIONS (HOLDINGS) LIMITED

Annual report and Financial Statements

for the year ended 31 March 2006

ALERT COMMUNICATIONS (HOLDINGS) LIMITED

Annual report and financial statements for the year ended 31 March 2006

Directors' report for the year ended 31 March 2006

The director's present their report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 31 March 2006.

Principal activity

The principal activities of the group are to finance, design, build, operate and maintain a Received Signal Service Communications Link as a Private Finance Initiative project with the Ministry of Defence.

Review of business and further developments

The Directors expect the Group to continue to fulfil its contractual obligations and to operate in line with the project model. It is expected that this will continue for the foreseeable future and to the end of the contract

The Group enters into interest rate swaps, the purpose of which is to manage the interest rate risk arising from the Group's borrowings.

Results and dividends

The Group's profit and loss account for the year is disclosed on page 5. The directors do not recommend a dividend for the year ended 31 March 2006 (2005 : nil)

Directors

The directors and alternate directors who served during the year were as follows:

Neal Misell		
Douglas Umbers		
John McDonagh	Appointed	16 December 2005
Michael Ryan	Appointed	16 December 2005
Alan Jones		
Robert McClatchey	Resigned	16 December 2005
Oliver Jennings	Resigned	16 December 2005

None of the directors held any interest in the shares of the company at any time during the year ended 31 March 2006.

Directors' responsibilities statement

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 and of the group as at the end of the financial year and of the profit or loss of the group 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;
- 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.

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company.

On behalf of the board

Director
23 AUGUST 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALERT COMMUNICATIONS (HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the ''financial statements'') of Alert Communications (Holdings) Limited for the year ended 31 March 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group's and 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 group's and the parent company's affairs as at 31 March 2006 and of the group's loss and cash flows 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh
29 August 2006

Consolidated profit and loss account for the year ended 31 March 2006

	Notes	2006	2005
		£	£
Turnover	2	**7,230,802**	7,083,118
Cost of sales		**(2,214,153)**	(1,852,098)
Gross profit		**5,016,649**	5,231,020
Administration expenses		**(2,324,224)**	(2,364,550)
Operating profit		**2,692,425**	2,866,470
Finance charges (net)	5	**(4,393,602)**	(4,468,881)
Loss on ordinary activities before taxation	3	**(1,701,177)**	(1,602,411)
Tax on loss on ordinary activities	6	**260,753**	380,349
Loss for the financial year	16	**(1,440,424)**	(1,222,062)

The above results relate to continuing activities.

There are no recognised gains or losses other than the loss for the year as stated above.

Consolidated and Company balance sheets as at 31 March 2006

	Notes	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Fixed assets					
Tangible assets	7	**48,543,237**	**-**	50,506,321	-
Investments	8	**-**	**476,000**	-	476,000
		48,543,237	**476,000**	50,506,321	476,000
Current assets					
Debtors: amounts falling due after more than one year	9	**1,796,819**	**5,060,000**	1,536,066	5,060,000
Debtors: amounts falling within one year	9	**612,905**	**355,051**	610,849	960,004
Cash at bank and in hand	10	**2,367,176**	**-**	2,823,402	-
		4,776,900	**5,415,051**	4,970,317	6,020,004
Creditors: amounts falling due within one year	11	**(1,027,650)**	**(435,536)**	(1,449,845)	(1,040,489)
Net current assets		**3,749,250**	**4,979,515**	3,520,472	4,979,515
Total assets less current liabilities		**52,292,487**	**5,455,515**	54,026,793	5,455,515
Creditors: amounts falling due after more than one year	12	**(56,523,770)**	**(5,060,000)**	(56,817,652)	(5,060,000)
Net (liabilities)/assets		**(4,231,283)**	**395,515**	(2,790,859)	395,515
Capital and reserves					
Called-up share capital	15	**476,000**	**476,000**	476,000	476,000
Profit and loss account	16	**(4,707,283)**	**(80,485)**	(3,266,859)	(80,485)
Equity shareholders' (deficit)/funds	17	**(4,231,283)**	**395,515**	(2,790,859)	395,515

The financial statements on pages 5 to18 were approved by the board of directors on
23 AUGUST 2006 and were signed on its behalf by:

J McDonagh - Director

N Misell - Director

A Jones - Director

Consolidated cash flow statement for the year ended 31 March 2006

	Notes	2006	2005
		£	£
Net cash inflow from continuing operations	19	**4,611,834**	5,479,134
Returns on investments and servicing of finance			
Interest received		**114,194**	100,802
Interest paid		**(5,041,217)**	(3,732,025)
		(4,927,023)	(3,631,223)
Capital expenditure			
Purchase of tangible fixed assets		**-**	-
		-	-
Management of liquid resources			
Movement in restricted cash	10	**(253,573)**	(1,896,599)
		(253,573)	(1,896,599)
Net cash outflow before financing		**(568,762)**	(48,688)
Financing			
Repayment of term loan		**(141,037)**	(510,453)
		(141,037)	(510,453)
Decrease in cash in the year	21	**(709,799)**	(559,141)

Notes to the financial statements for the year ended 31 March 2006

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 accounts have been prepared under the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 31 March 2006.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the financial projections indicate that sufficient funds will be generated to allow ongoing obligations to be met as they fall due.

Tangible fixed assets

Tangible fixed assets include all directly attributable costs, including those incurred during the commissioning period, of construction together with directly attributable finance costs. Directly attributable costs are capitalised until substantially all the activities necessary to get the asset ready for use are complete. To the extent that the group is liable to decommissioning costs a provision at the balance sheet date is set up for the net present cost. A corresponding tangible fixed asset is recognised in respect of the decommissioning costs, based on price levels at the balance sheet date.

Depreciation of the tangible fixed assets commenced at the point where the assets were declared fit for use on 22 December 2003.

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets evenly over their expected useful economic lives. Depreciation, for leasehold property and plant and equipment, is charged over 27 years. This represents the life of the project the assets are to be used within.

Finance cost

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the amount of finance cost amortised in respect of the accounting period and reduced by payments made in the period.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred taxation 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred taxation is discounted using post tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates similar to those of the deferred taxation assets and liabilities.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is more likely than not that there will be adequate future taxable profits against which to recover carried forward tax losses.

Derivative financial instruments

The group uses hedging agreements in the form of Sterling interest rate swaps to limit its exposure to interest rate fluctuations. Alert Communications Limited has hedged the majority of its borrowings against LIBOR. The effect of the hedge is to fix the borrowing rate at 6.4% for the term loan until 31 March 2027.

Parent undertaking profit and loss account

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £nil before dividends payable.

2. Turnover

Turnover represents the value of services provided during the year. All turnover excludes Value Added Tax and is solely derived from the United Kingdom.

Income is recognised at the point at which the service is provided.

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2006	2005
	£	£
Depreciation of tangible fixed assets	**1,963,084**	1,963,083
Auditors' remuneration - audit services	**10,000**	15,000
- non-audit services	**40,000**	48,831

The auditors' remuneration for audit services amounting to £10,000 are borne by VT Merlin Communications Limited and recharged to the company via the operation and maintenance fee.

The company had no employees during the year (2005 : nil).

4. Directors' emoluments

	2006	2005
	£	£
Sums paid to third parties for directors' services	**48,152**	48,000

5. Finance charges (net)

	2006	2005
	£	£
Investment income		
Other interest receivable and similar income	**104,732**	112,263
	104,732	112,263
Interest payable and similar charges		
Bank loans and overdrafts	**4,436,263**	4,518,091
Amortisation of issue costs on bank loans	**62,071**	63,053
	4,498,334	4,581,144
Finance charges (net)	**4,393,602**	4,468,881

6. Tax on loss on ordinary activities

The tax charge comprises:

	2006	2005
	£	£
Current tax		
- UK corporation tax at 30%	-	-
Total current tax	-	-
Deferred taxation (Note 14)		
- Origination and reversal of timing differences	**447,145**	437,763
- Increase in discount	**(186,392)**	(57,414)
Total deferred tax	**260,753**	380,349
Tax on loss on ordinary activities	**260,753**	380,349

Reconciliation of current tax charge

	31 March 2006	31 March 2005
	£	£
Loss on ordinary activities before taxation	**(1,701,177)**	(1,602,411)
Tax on loss on ordinary activities at 30% (2005: 30%)	**(510,353)**	(480,723)
Capital allowances in excess of depreciation	**(65,757)**	(304,149)
Other timing differences	**(21,425)**	67,616
Losses utilised in the year	**(31,420)**	(33,679)
Unutilised losses recognised as a deferred tax asset	**628,955**	750,935
Current tax charge for the year	-	-

At 31 March 2006 the group had corporation tax losses of approximately £29,222,000 (2005: £27,230,000) available to be carried forward against future taxable profits.

7. Tangible fixed assets

Group	Leasehold property	Plant & equipment	Total
	£	£	£
Cost			
At 1 April 2005 and 31 March 2006	**5,238,594**	**47,764,662**	**53,003,256**
Depreciation			
At 1 April 2005	246,785	2,250,150	2,496,935
Charge for the year	194,022	1,769,062	1,963,084
At 31 March 2006	**440,807**	**4,019,212**	**4,460,019**
Net book value			
At 31 March 2006	**4,797,787**	**43,745,450**	**48,543,237**
At 31 March 2005	4,991,809	45,514,512	50,506,321

Cumulative interest capitalised and other finance costs included in the cost of tangible fixed assets amounts to £9,963,913 (2005: £9,963,913).

Company

The company did not have any tangible fixed assets at 31 March 2006 (2005 : nil).

8. Investments

Company	Subsidiary undertaking
	£
Cost	
At 1 April 2005 and 31 March 2006	**476,000**

At 31 March 2006, the company owned the whole of the issued ordinary share capital of Alert Communications Limited, a company incorporated in the UK.

The principal activities of Alert Communications Limited are to finance, design, build, operate and maintain a received signal service communications link as a Private Finance Initiative project with the Ministry of Defence.

9. Debtors

	Group 31 March 2006 £	Company 31 March 2006 £	Group 31 March 2005 £	Company 31 March 2005 £
Amounts falling due within one year:				
Other debtors	4,187	-	11,461	-
Amounts due from subsidiary undertaking	-	355,051	-	960,004
Prepayments and accrued revenue	608,718	-	599,388	-
	612,905	355,051	610,849	960,004
Amounts falling due after more than one year:				
Amounts due from subsidiary undertaking	-	5,060,000	-	5,060,000
Deferred taxation (Note 14)	1,796,819	-	1,536,066	-
	1,796,819	5,060,000	1,536,066	5,060,000

10. Cash

At 31 March 2006, cash balances with banks include £2,150,172 (2005: £1,896,599) of cash deposits which are subject to restriction. This balance can only be used to service the secured bank loans. Accordingly, this cash has been treated as liquid resources for the purposes of the cash flow statement.

11. Creditors: amounts falling due within one year

	Group 31 March 2006 £	Company 31 March 2006 £	Group 31 March 2005 £	Company 31 March 2005 £
Bank loans – secured (note 12)	355,953	-	141,037	-
Trade creditors	7,539	-	63,016	-
Amounts due to subsidiary undertaking	-	80,485	-	80,485
Other creditors	-	355,051	-	960,004
Other taxes and social security	63,744	-	65,888	-
Accruals	600,414	-	1,179,904	-
	1,027,650	435,536	1,449,845	1,040,489

12. Creditors: amounts falling due after more than one year

	Group 31 March 2006 £	Company 31 March 2006 £	Group 31 March 2005 £	Company 31 March 2005 £
Subordinated secured loan notes 2030	**5,060,000**	**5,060,000**	5,060,000	5,060,000
Bank loans - secured	**51,463,770**	**-**	51,757,652	-
	56,523,770	**5,060,000**	56,817,652	5,060,000

Borrowings

	Group 31 March 2006 £	Company 31 March 2006 £	Group 31 March 2005 £	Company 31 March 2005 £
Subordinated secured loan notes 2030	**5,060,000**	**5,060,000**	5,060,000	5,060,000
Bank loans - secured	**51,819,723**	**-**	51,898,689	-
	56,879,723	**5,060,000**	56,958,689	5,060,000

Maturity of debt

	Group 31 March 2006 £	Company 31 March 2006 £	Group 31 March 2005 £	Company 31 March 2005 £
Within one year	**355,953**	**-**	141,037	-
Between one and two years	**594,997**	**-**	355,953	-
Between two and five years	**7,147,253**	**-**	4,189,583	-
After five years	**48,781,520**	**5,060,000**	52,272,116	5,060,000
	56,879,723	**5,060,000**	56,958,689	5,060,000

The bank loans and facilities are secured by way of a fixed and floating charge over the assets of Alert Communications (Holdings) Limited and by way of a floating charge over the assets and a fixed charge over the shares of Alert Communications Limited. Interest on the term loan is charged at LIBOR plus 1.05% per annum.

Bank loans are stated net of unamortised issue costs of £863,764 (2005: £925,835). In prior years the company incurred total issue costs of £1,436,999 in respect of the term loan.

The subordinated secured loan notes 2030 are secured by way of a floating charge over the assets of the company and by way of a floating charge over the assets and a fixed charge over the shares of Alert Communications Limited.

Interest on the secured loan notes is charged at 14% per annum on the basis of a 365 day year, increasing annually by 0.16% of the annual rate of interest payable in the previous year, up to a maximum of 18% per annum.

The secured loan notes will be redeemed at face value, with the first redemption falling due on 30 March 2009. Further redemption will occur every year after this on 30 March, up to 30 March 2030.

13. Fair values of financial assets and financial liabilities

A comparison by category of fair values and book values of the group's financial liabilities at 31 March was as follows:

	Book value 2006	**Fair value 2006**	Book value 2005	Fair value 2005
	£	**£**	£	£
Primary instrument held or issued to finance the group's operations:				
Long-term borrowing	**51,819,723**	**58,256,163**	51,898,689	57,096,179
Derivative financial instruments held to manage the interest rate profile				
Interest rate swap	**-**	**(6,436,440)**	-	(5,197,490)

The fair values of the fixed rate borrowing and the interest rate swap have been calculated by discounting the fixed cash flows at the prevailing interest rates at the year end.

14. Deferred tax

	Group 2006	**Company 2006**	Group 2005	Company 2005
	£	**£**	£	£
Tax losses carried forward	**8,766,565**	**-**	8,169,030	-
Advanced capital allowances	**(4,178,162)**	**-**	(3,917,061)	-
Other timing differences	**(2,740,074)**	**-**	(2,850,784)	-
Undiscounted provision for deferred tax	**1,848,329**	**-**	1,401,185	-
Discount	**(51,510)**	**-**	134,881	-
Discounted provision for deferred tax	**1,796,819**	**-**	1,536,066	-
Deferred tax asset at 1 April	**1,536,066**	**-**	1,155,717	-
Deferred tax credit in the profit and loss account (Note 6)	**260,753**	**-**	380,349	-
Deferred tax asset at 31 March	**1,796,819**	**-**	1,536,066	-

15. Called-up share capital

Company	**31 March 2006**	31 March 2005
	£	£
Authorised		
476,000 ordinary shares of £1 each	**476,000**	476,000
	476,000	476,000
Allotted, called-up and fully-paid		
476,000 ordinary shares of £1 each	**476,000**	476,000
	476,000	476,000

16. Reserves

Group	**Profit and loss account**
	£
At 1 April 2005	(3,266,859)
Loss for the financial year	(1,440,424)
At 31 March 2006	**(4,707,283)**

Company	**Profit and loss account**
	£
At 1 April 2005	(80,485)
Result for the year	-
At 31 March 2006	**(80,485)**

17. Reconciliation of movements in shareholders' (deficit)/funds

	Group 31 March 2006	**Company 31 March 2006**	Group 31 March 2005	Company 31 March 2005
	£	**£**	£	£
Loss for the financial year	**(1,440,424)**	**-**	(1,222,062)	-
Net change in shareholders' (deficit)/funds	**(1,440,424)**	**-**	(1,222,062)	-
Shareholders' (deficit)/funds as at 1 April	**(2,790,859)**	**395,515**	(1,568,797)	395,515
Shareholders' (deficit)/funds 31 March	**(4,231,283)**	**395,515**	(2,790,859)	395,515

18. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

Group	**31 March 2006**	31 March 2005
	Land and buildings	Land and buildings
	£	£
Expiry date		
- after five years	**2**	2
	2	2

The group has primary and secondary site leases from the Secretary of State for Defence at £1 per annum per site until 31 December 2030.

19. Cash flow from operating activities

	31 March 2006	31 March 2005
	£	£
Operating profit	**2,692,425**	2,866,470
Depreciation on tangible fixed assets	**1,963,083**	1,963,083
Decrease/(increase) in debtors	**(11,516)**	705,726
Decrease in creditors	**(32,158)**	(56,145)
Net cash inflow from operating activities	**4,611,834**	5,479,134

20. Analysis of net debt

	At 1April 2005	Cash flow	Other non-cash changes	**At 31 March 2006**
	£	£	£	**£**
Cash at bank	2,823,402	(456,226)	-	**2,367,176**
Less: restricted cash treated as liquid resources	(1,896,599)	(253,573)	-	**(2,150,172)**
	926,803	(709,799)	-	**217,004**
Liquid resources:				
Restricted cash included in cash	1,896,599	253,573	-	**2,150,172**
	1,896,599	253,573	-	**2,150,172**
Debt due within 1 year	(141,037)	141,037	(355,953)	**(355,953)**
Debt due after 1 year	(56,817,652)	-	293,882	**(56,523,770)**
	(54,135,287)	(315,189)	(62,071)	**(54,512,547)**

21. Reconciliation of movement in net debt

	31 March 2006 £	31 March 2005 £
Decrease in cash in the year	**(709,799)**	(559,141)
Cash inflow from increase in liquid resources	**253,573**	1,896,599
Cash outflow from decrease in debt	**141,037**	510,453
Other non-cash movements	**(62,071)**	(63,053)
Movement in net funds in the year	**(377,260)**	1,784,858
Opening net funds	**(54,135,287)**	(55,920,145)
Closing net funds	**(54,512,547)**	(54,135,287)

22. Related party transactions

VT Merlin Communications Limited:
The design, build, operation and maintenance of the project has been subcontracted to VT Merlin Communications Limited, (a wholly owned subsidiary of VT plc) which owns all of the share capital of Costpool Limited a holder of 20% of the share capital of Alert Communications (Holdings) Limited. During the year ended 31 March 2006 Alert Communications Limited was invoiced £2,809,020 (2005: £2,607,601) by VT Merlin Communications Limited in connection with operation and maintenance fees. The outstanding credit balance at the year end was £nil (2005: £nil).

Barclays European Infrastructure Fund:
Barclays European Infrastructure Fund owned 51% of the issued share capital of Alert Communications (Holdings) Limited and £3,225,750 of Subordinated Secured Loan Notes 2030 issued. During the year Barclays sold both these holdings to Infrastructure Investors. Interest of £nil (2005: £612,003) in respect of these loan notes was outstanding at year end.

3i Group Plc:
3i Group Plc owned 29% of the issued share capital of Alert Communications (Holdings) Limited and £1,834,250 of Subordinated Secured Loan Notes 2030 issued. During the year 3i sold both these holdings to Infrastructure Investors. Interest of £nil (2005: £348,001) in respect of these loan notes was outstanding at the year end.

Infrastructure Investors Limited:
Infrastructure Investors Limited acquired 80% of the issued share capital of Alert Communications (Holdings) Limited during the year from 3i Group Plc and Barclays European Infrastructure Fund. Infrastructure Investors Limited also purchased £5,060,000 of Subordinated Secured Loan Notes 2030 from 3i Group Plc and Barclays European Infrastructure Fund at the same time. Interest of £355,051 was accrued for to 31 March 2006 for these Loan Notes, all of which remains outstanding at the year end.

23. Ultimate controlling party

The directors regard Infrastructure Investors Limited as the ultimate parent undertaking and the ultimate controlling party.