

LUCENT TECHNOLOGIES CAPITAL IRELAND

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30 SEPTEMBER 2004

FRIDAY



PJ4XG18F

PC4

12/03/2010

865

COMPANIES HOUSE

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 30 September 2004

TABLE OF CONTENTS	PAGE
DIRECTORS AND OTHER INFORMATION	2
DIRECTORS' REPORT	3 – 4
INDEPENDENT AUDITORS' REPORT	5 – 6
PROFIT AND LOSS ACCOUNT	7
STATEMENT OF MOVEMENT IN PROFIT AND LOSS ACCOUNT	7
BALANCE SHEET	8
NOTES TO THE FINANCIAL STATEMENTS	9 – 12

LUCENT TECHNOLOGIES CAPITAL IRELAND

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Patrick Brady
Patrick Clark
(appointed 1st May 2005)
Richard Pitceathly
(appointed 1st May 2005)

SECRETARY & REGISTERED OFFICE

Patrick Clark,
Optimus,
Windmill Hill Business Park,
Swindon,
Wiltshire SN5 6PP

REGISTERED NUMBER OF INCORPORATION

04031846

BANKERS

Deutsche Bank AG,
Herengracht 450 – 454,
1017 CA Amsterdam,
The Netherlands

AUDITORS

PricewaterhouseCoopers,
Chartered Accountants and
Registered Auditors,
George's Quay,
Dublin 2

LUCENT TECHNOLOGIES CAPITAL IRELAND

DIRECTORS' REPORT

for the year ended 30 September 2004

The directors present their report and audited financial statements for the year ended 30 September 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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, 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with the provisions of 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company operates in Dublin, Ireland and its principal activity is the provision of financing facilities to members of Lucent.

The level of business during the period and the financial position as at 30 September 2004 were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

PROFIT, DIVIDENDS AND RESERVES

€'000

Profit for the year amounted to

1,795

DIRECTORS' REPORT

for the year ended 30 September 2004 (Continued)

DIRECTORS

The names of the persons who were directors at any time during the year ended 30 September 2004 are set out below Unless indicated otherwise they served as directors for the entire year

Arthur Smit (resigned 13th April 2004)
 Martin Tierney (resigned 20th October 2003)
 Patrick Brady
 Ray McGann (resigned 14th April 2005)

DIRECTORS' AND SECRETARY'S INTERESTS

The beneficial interests, including the interests of spouses and minor children, of the directors and secretary in office at 30 September 2004 in the shares of Lucent Technologies Inc , were as follows

	2004		2003	
	Shares	Options	Shares	Options
<i>Director</i>				
Patrick Brady	388	–	388	100
Ray McGann	–	–	–	2,634

AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

On behalf of the Board

Director *P. Claul.*
 Date *28th June 2006*

RO Brady

Independent auditors' report to the members of Lucent Technologies Capital Ireland

We have audited the financial statements on pages 7 to 12. We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members 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 in to 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 also report to you 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 is not disclosed.

Basis of audit opinion

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

We conducted our audit in accordance with 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.

Independent auditors' report to the members of Lucent Technologies Capital Ireland - continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act, 1985



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

27 June 2006

LUCENT TECHNOLOGIES CAPITAL IRELAND

PROFIT AND LOSS ACCOUNT for the year ended 30 September 2004

	<i>Note</i>	<i>2004 €'000</i>	<i>2003 €'000</i>
Interest receivable and similar income	2	260	8,574
Interest payable and similar expense	3	-	(1,908)
Administration expenses		(135)	(203)
Operating profit and profit on ordinary activities before taxation	4	125	6,463
Taxation	5	1,670	(84)
Profit for the financial year		<u>1,795</u>	<u>6,379</u>

STATEMENT OF MOVEMENT IN PROFIT AND LOSS ACCOUNT for the year ended 30 September 2004

	<i>2004 €'000</i>	<i>2003 €'000</i>
Opening balance	(17,914)	(24,293)
Profit for the year retained	1,795	6,379
Retained at 30 September 2004	<u>(16,119)</u>	<u>(17,914)</u>

In arriving at the profit for the year, all amounts dealt with above relate to continuing operations

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented. All of the above profits are in respect of continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit stated above, and their historical cost equivalents

LUCENT TECHNOLOGIES CAPITAL IRELAND

BALANCE SHEET at 30 September 2004

	Note	30 September 2004 €'000	30 September 2003 €'000
CURRENT ASSETS			
Debtors	6	-	94,130
Cash at bank and in hand		7,120	4,262
		<u>7,120</u>	<u>98,392</u>
CREDITORS (amounts falling due within one year)	7	(10)	(76)
		<u>7,110</u>	<u>98,316</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>7,110</u>	<u>98,316</u>
CAPITAL AND RESERVES			
Called up share capital	8	3,841	116,230
Capital reserve	9	19,388	-
Profit and loss account		(16,119)	(17,914)
		<u>7,110</u>	<u>98,316</u>
Equity shareholders' fund	9	<u>7,110</u>	<u>98,316</u>

On behalf of the Board

Director

P. C. C. .

RO Brady

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2004

1 ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows

(a) Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in the United Kingdom ('UK GAAP'), which are those published by the Institute of Chartered Accountants in England and Wales and issued by the Accounting Standards Board

(b) Income recognition

Interest income and expense is recognisable on an accruals basis

(c) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rate in effect at the balance sheet date or at the hedge rate where appropriate. All exchange differences are dealt with in arriving at profit before taxation

(d) Derivative financial instruments

All derivative transactions undertaken are for hedging purposes. Derivative transactions are accounted for on an accruals basis, consistent with the assets and liabilities being hedged

(e) Taxation

Corporation tax is calculated on the results of the period. Provision is made for the effects of all timing differences arising between the profit as stated in the financial statements and the profit as stated for tax purposes

2	INTEREST RECEIVABLE AND SIMILAR INCOME	2004	2003
		€'000	€'000

This can be analysed as follows

Group companies	–	7,041
Third party	260	1,533
	<u>260</u>	<u>8,574</u>

3	INTEREST PAYABLE AND SIMILAR EXPENSE	2004	2003
		€'000	€'000

This can be analysed as follows

Group companies	–	1,280
Third party	–	497
Other	–	671
Foreign exchange	–	(540)
	<u>–</u>	<u>1,908</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2004 (Continued)

4	OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2004 €'000	2003 €'000
---	---	---------------	---------------

This is stated after charging

Directors' remuneration	-	-
Auditors' remuneration	10	10

5	TAXATION	2004 €'000	2003 €'000
---	----------	---------------	---------------

(a) Analysis of (credit)/charge for the period

Corporation tax	-	-
Underprovision/(overprovision) in respect of prior years	(2,715)	84
Withholding tax	1,045	-
	<u>(1,670)</u>	<u>84</u>

(b) Factors affecting tax (credit)/charge for the period

The tax assessed for the period is lower than that calculated using the standard rate of tax in the Republic of Ireland

The differences are explained below	2004 €'000	2003 €'000
-------------------------------------	---------------	---------------

Profit on ordinary activities before tax	125	6,463
--	-----	-------

Profit on ordinary activities multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5% (2003 13.375%)	16	864
Overprovision in prior years	(2,715)	-
Withholding tax	1,045	-
Provision in respect of loans to group undertakings	-	(3,500)
Interest expense treated as distribution under Section 130	-	618
Tax losses (utilised)/unutilised	(16)	1,977
Other	-	125

Current tax (credit)/charge for the period	<u>(1,670)</u>	<u>84</u>
--	----------------	-----------

A potential deferred tax asset of approximately €281,000 has not been recognised due to uncertainty over the existence of suitable future taxable profits from which such an asset might be realised

LUCENT TECHNOLOGIES CAPITAL IRELAND

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2004 (Continued)

6	DEBTORS (amounts falling due within one year)	2004 €'000	2003 €'000
	Loans to group undertakings	–	93,000
	Sundry amounts receivable from group undertakings	–	1,130
		<u>–</u>	<u>94,130</u>
7	CREDITORS (amounts falling due within one year)	2004 €'000	2003 €'000
	Corporation tax	–	(27)
	Sundry creditors	10	103
		<u>10</u>	<u>76</u>
8	CALLED UP SHARE CAPITAL	2004 €'000	2003 €'000
	<i>Authorised</i> 1,000,000,000 ordinary shares of €1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<i>Issued and fully paid</i> 3,841,101 (2003 116,230,000) ordinary shares of €1 each	<u>3,841</u>	<u>116,230</u>
9	RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS	2004 €'000	2003 €'000
	Opening balance	98,316	91,937
	Share repurchase (nominal value of shares)	(112,389)	–
	Discount on share repurchase	19,388	–
	Profit for the financial year	1,795	6,379
	Closing shareholders' funds	<u>7,110</u>	<u>98,316</u>

On 19 August 2004, the Board of Directors approved payment of €93 million out of the capital of the company as defined in Sections 171 and 172 of the Companies Act, 1985 in respect of the redemption of shares from Lucent Technologies International Inc and Lucent Technologies Ireland Holdings at the price of €0.82748499 for each share of €1 nominal value

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2004 (Continued)

10 PARENT COMPANY AND CONTROLLING PARTY

Lucent Technologies Inc , which is incorporated in Delaware, USA, is the company's immediate and ultimate parent company and controlling party. The smallest and largest groups in which the results of the company are consolidated is that headed by Lucent Technologies Inc. Copies of the group financial statements of Lucent Technologies Inc , are available from Lucent Technologies Inc , 600 Mountain Avenue, Murray Hill, NJ 07974.

11 EMPLOYEES

The company currently has no employees.

12 CASH FLOW STATEMENT

The directors availed of the exemption in Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statements' which permits wholly owned subsidiaries of a company, whose financial statements are available to the public and which include the subsidiary, not to prepare a cash flow statement.

13 RELATED PARTY DISCLOSURES

The directors have availed of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures" which permits wholly owned subsidiaries not to disclose transactions and balances between group undertakings which are eliminated on consolidation.

14 REPORTING CURRENCY

The currency used in these financial statements is the euro which is denoted by the symbol "€".

15 APPROVAL OF THE FINANCIAL STATEMENTS

The directors approved the financial statements on 27th June 2006.