Company Registration No. 06930377

TELENT INVESTMENTS LIMITED

Annual report and financial statements

Year ended 31 March 2011

TELENT INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2011

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TELENT INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for **telent** Investments Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 March 2011

Principal activity

The principal activity of the Company is that of an investment holding company

The Company is a wholly owned subsidiary of Co-Investment Acquisition No 7 LP Inc, a Guernsey incorporated limited partnership The Directors regard Tusk Investments LP Inc (formerly Pension Corporation Investments LP Inc) a Guernsey incorporated limited partnership, as the ultimate parent and controlling party

During the year ended 31 March 2011, the Group provided a range of services in the technology and infrastructure sectors in Germany, including systems and transmission technology, cable and wireless network infrastructure management, and the provision of project management, installation and integration services to enterprise network customers, particularly in the transportation, utility and emergency services sectors

On 9 June 2011, the trade and certain assets of the Group were sold to Euromicron AG (see the post balance sheet event note on page 4 for more details)

Business review

The trading results for the period and the financial position of the Group at the end of the year are shown in the attached financial statements and are discussed further in the financial review below The Directors do not recommend the payment of a dividend (2010 €nil)

During the previous year, the operating business consisted of **telent** GmbH, **telent** technology services GmbH (a subsidiary of **telent** GmbH) and **telent** Services GmbH On 29th March 2010 **telent** Services GmbH merged its activities into **telent** GmbH On 1st April 2010 all operating activities transferred from **telent** GmbH into **telent** Technology Services GmbH Subsequently, **telent** GmbH was renamed **telent** Investments GmbH and **telent** Technology Services GmbH was renamed **telent** GmbH

Directors

The Directors who held office during the year are as follows

K Gozzett
R D Taylor

Financial view

The Group made an operating profit, before negative goodwill amortisation and exceptional costs, of €6,130,000 (2010 €734,000) The Group also spent €3,810,000 on Research & Development of new products during the year

The Group has a secure financial position, with significant cash and liquid investment balances which will enable the Group to meet both its short and longer-term commitments and obligations

Key performance indicators

In assessing the performance of the Company, the Directors considered the following financial key performance indicators

	2011 €'000	2010 €'000
Discontinued Operations		
Revenue	**92,437**	**28,780**
Operating profit[1]	**6,130**	**734**
Net assets excluding pension liability and negative goodwill	**120,250**	**118,543**
Pension liability	**(90,161)**	**(94,286)**
Cash	**28,877**	**55,688**

The significant increase in revenue is primarily due to the year to 31 March 2011 being a full year of trading as compared to 3 months in the period to 31 March 2010

In addition, during the year the Directors considered non-financial key performance indicators in relation to occupational health and safety matters, principally the number of incidents reported that would be required pursuant to the Reportable Injuries, Diseases and Dangerous Occurrences Regulations 1995 ("RIDDOR") if those reporting requirements were required in Germany The following table summarises this data

	2011	2010
Lost time accidents (3 + days)[(1)]	**4**	**3**
Deaths / Major injuries[(2)]	**0**	**0**
Dangerous occurrences	**0**	**1**
Diseases	**0**	**0**

Notes

1) A lost time accident is a work related accident that results in the injured person being away from work or unable to do the full range of their normal duties for more than three days
2) Reportable major injuries (as defined in Schedule One of the RIDDOR Regulations) including fractures, amputation, dislocation, loss of sight, injury from electric shock, unconsciousness due to asphyxia or exposure to harmful substances

No targets for occupational health and safety performance indicators were set by the Group but the individual businesses targeted performance in line with the industry standards in the sectors in which they operate, where available

Following the disposal of its trading activities the Group s key performance indicators have been revised going forward

[1] Operating profit is stated before charging operating exceptional items and negative goodwill amortisation, which are described in notes 4 and 9 to the financial statements respectively

TELENT INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

Strategy

The strategy adopted by the Company and the Group during the year was to build on **telent** GmbH's reputation for high quality service provision in systems integration (comprising systems and transmission technology, cable and wireless network infrastructure management) and services (comprising the provision of project management services, installation and integration services to enterprise network customers) particularly in the transportation, utility and emergency services sectors in Germany In addition the Company continued to investigate opportunities for realising its investment in **telent** GmbH in accordance with the long term strategy of Tusk Investments LP Inc This resulted in the disposal of the trade plus certain assets of the Group to Euromicron AG on 9 June 2011

The strategy since the disposal has been to continue to manage the Group's continuing pension liability (for both pensioners and deferred members), the investments which back this liability and to ensure the Group's remaining assets are realised and their liabilities settled

Principal risks and uncertainties

telent GmbH has set up a comprehensive internal reporting and control system to identify and manage risks at an early stage This includes in particular effective and up to date information systems, which are covered by disaster recovery arrangements

The Company's quality and environmental management was certified according to the DIN EN ISO 9001 2008 in March 2010

Following disposal of the Group's trading activities on 9 June 2011, the Group is not exposed to market risk All staff left the Group at the time of the disposal although a Managing Director has been subsequently recruited to manage the resolution of the Group's legacy issues and the administration of the remaining pension scheme assets and liabilities As a result the Group no longer has any human resources risks

Operational risks

The Group is exposed to operational risk in respect of the timely and accurate payments to its pensioners The Group has outsourced the pension payroll function and these arrangements are subject to agreements with formal service levels, operate within agreed authority limits and are subject to regular review by senior management

Financial risk management

Liquidity risks
The Group holds a significant amount of cash and investments which has resulted in exposure to developments on financial markets, at this time of high volatility, particularly within the Eurozone The Group has continued to follow a low risk investment strategy for these funds Following the disposal of the trading assets on 9 June 2011, the Group has continued to refine its calculation of the value of its future pension liabilities and plan a future investment strategy which will ensure that all the Group's liabilities can be met from the funds available

The German group is exposed to an ongoing tax audit, but has been indemnified by **telent** Limited (the former owner of the Group) from all tax liabilities that relate to January 2010 and prior, except those accrued in **telent** GmbH's financial statements at the date of acquisition In addition, Co-investment Acquisition No 5 LP Incorporated, a fellow subsidiary of Tusk Investments LP Inc , has provided a guarantee for certain other liabilities This guarantee was limited to a maximum amount of €9 million at the balance sheet date and has since reduced to €5million

Credit risk

Following the disposal of the Group's trade, the credit risk primarily relates to exposure to liquid funds and investments which back the pension liabilities This exposure is managed by ensuring that all deposits and investments are suitably diversified and made with creditworthy and authorised counter-parties who have appropriate credit ratings assigned by international rating agencies

Other financial risks

The Group is not exposed to significant levels of interest rate risk foreign exchange risk or price risk

TELENT INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

Payment of creditors

It is the policy of the Group that operating subsidiaries agree with suppliers the best available terms taking account of quality, delivery, price and period of settlement and that they abide by those terms The average number of days taken to pay suppliers was 34 days **telent** Investments Limited is a holding company and, as distinct from the Group, has no revenue and no trade creditors It is therefore not possible to provide statistics for the Company as required by the Companies Act 2006

Going concern

In assessing the appropriateness of the use of the going concern basis, the Directors have taken into account the projected performance of the Group for the period ending 30 April 2013, as adjusted following the sale of business on 9 June 2011 (see post balance sheet event note on page 4) The Directors believe that the substantial assets retained by the Group (mainly in cash and marketable securities) will be sufficient to meet the liabilities retained

Having taken into account the information described above, the Directors conclude that they have a reasonable expectation that the Group will continue in operational existence for the foreseeable future, being a period in excess of 12 months from the date of signing the financial statements, and have therefore used the going concern basis to prepare the financial statements

Employees and employment of disabled persons

During the year, the Group relied on its employees to deliver its objectives and aims to maintain its market position as an employer of choice

Investment in development programmes, from apprentices to senior managers, provides foundations which underpin future growth in the organisation This has been a particular focus of activity this period together with recruitment of skilled professionals into areas with growing portfolios and the retention of employees with key skills and knowledge Flexibility of approach to reward and retention has enabled the Group to achieve this in competitive markets

The Group's policy is to use best practice information and processes when recruiting and retaining employees with disabilities 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

Following disposal of the Group's trading activities on 9 June 2011, the Group now only has one full time employee

Auditor

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Deloitte LLP are deemed to be re-appointed as auditors under s487(2) of the Companies Act 2006

DIRECTORS' REPORT (Continued)

Post Balance Sheet Event

On 9 June 2011 the trade and certain assets and liabilities of the Group were sold to a third party, Euromicron AG The consideration received for the sale is subject to a confidentiality agreement At the date of signing these accounts the Group's assets and liabilities consist of the pension liability (for both pensioners and deferred members) of €88 million, cash plus marketable securities of €93 million, loans receivable from telent Limited of €10 million and Co-Investment Limited of €23 million and other legacy liabilities of €4 million Any potential legacy tax liabilities and assets which are not held on the balance sheet also remain within the Group

On behalf of the Board

K Gozzett

Director

Registered office
14 Cornhill,
London EC3V 3ND

25 April 2012

TELENT INVESTMENTS LIMITED

DIRECTORS RESPONSIBILITIES STATEMENT

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 financial statements for each financial period 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) Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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 AUDITOR'S REPORT TO THE MEMBERS OF TELENT INVESTMENTS LIMITED

We have audited the financial statements of telent Investments Limited for the year ended 31 March 2011 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheets, the Consolidated cash flow statement, and the related notes 1 to 29 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practicing Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Dodworth

Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, UK
25 April 2012

TELENT INVESTMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March

	Note	2011 €'000	2010 €'000
Turnover	2	92,437	28,780
Cost of sales		(73,523)	(23,840)
Gross profit		18,914	4,940
Other operating expenses		(12,784)	(4,206)
Operating profit before exceptional items and negative goodwill amortisation	3	6,130	734
Amortisation of negative goodwill	9	8,743	3,401
Exceptional items	4	(154)	(1,982)
Operating profit, being profit on ordinary activities before finance charges		14,719	2,153
Finance charges (net)	5	(3,822)	(991)
Profit on ordinary activities before taxation		10,897	1,162
Tax on profit on ordinary activities	8	(350)	(29)
Profit on ordinary activities after taxation	20	10,547	1,133

All results arise from discontinued activities

The results for 2010 are from the period of incorporation 10 June 2009 to 31 March 2010, trading commenced on acquisition of **telent** Services GmbH on 1 August 2009

TELENT INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 March 2011

	Note	2011 €'000	2010 €'000
Profit for the financial year /period	20	10,547	1,133
Actuarial gain /(loss) on defined benefit pension liabilities	25	3,028	(2,619)
Total recognised gains and losses relating to the period		13,575	(1,486)

TELENT INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET
At 31 March

	Note	2011 €'000	2010 €'000
Fixed assets			
Intangible asset negative goodwill	9	(18,000)	(25,743)
Tangible assets	10	1,933	1,975
Current assets			
Stocks	14	17,109	11,697
Debtors			
– due within one year	15	23,360	38,887
– due after one year	15	5,019	12,033
Investments	11	80,747	32,284
Cash at bank and in hand		28,877	55,688
		155,112	150,589
Creditors: Amounts falling due within one year	16	(28,545)	(23,754)
Net current assets		126,567	126,835
Total assets less current liabilities		110, 500	103,067
Creditors: Amounts falling due after more than one year	17	(1,950)	(1,412)
Provisions for liabilities	18	(6,300)	(8,855)
Net assets excluding pension liability		102,250	92,800
Pension liability	25	(90,161)	(94,286)
Net assets / (liabilities)		12,089	(1,486)
Called-up share capital	19	-	-
Profit and loss account	20	12,089	(1,486)
Shareholder's funds /(deficit)	21	12,089	(1,486)

The financial statements of **telent** Investments Limited (registered number 06930377) were approved by the Board of Directors and authorised for issue on 25 April 2012

Signed on behalf of the Board of Directors by

R D Taylor

Director

TELENT INVESTMENTS LIMITED

COMPANY BALANCE SHEET
At 31 March

	Note	2011 €'000	2010 €'000
Fixed assets			
Investments	12	5,000	6,000
Current liabilities			
Creditors Amounts falling due within one year	16	(191)	(77)
Net Current liabilities		(191)	(77)
Provisions for liabilities	18	(5,000)	(6,000)
Net liabilities		(191)	(77)
Capital and reserves			
Called-up share capital	19	-	-
Profit and loss account	20	(191)	(77)
Shareholder's deficit		(191)	(77)

The financial statements of **telent** Investments Limited (registered number 06930377) were approved by the Board of Directors and authorised for issue on 25 April 2012

Signed on behalf of the Board of Directors by

R D Taylor

Director

TELENT INVESTMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March

	Note	2011 €'000	2010 €'000
Net cash inflow /(outflow) from operating activities	22	23,322	(24,037)
Returns on investments and servicing of finance	23	1,158	52
Taxation	23	(1,325)	(96)
Capital expenditure and financial investment	23	(1,111)	(669)
Management of liquid resources	23	(48,855)	(32,284)
Acquisitions and disposals	23	-	110,722
Cash (outflow) /inflow before financing		(26,811)	53,688
Financing	23	-	2,000
(Decrease) /Increase in cash in the period		(26,811)	55,688
Cash in hand, at bank at the start of the period		55,688	-
Cash in hand, at bank at the end of the period		28,877	55,688

1. Accounting policies

The principal accounting policies are summarised below They have all been applied consistently throughout the period

Basis of accounting

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

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed Acquisitions are accounted for under the acquisition method

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Directors' report The Directors' report also describes the financial position of the Group, its cash flows, liquidity position and borrowing facilities, the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period in excess of 12 months from the date of signing the financial statements Thus they have adopted the going concern basis of accounting in preparing the annual financial statements

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life Provision is made for any impairment

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through use, depreciation or sale Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life

Plant and machinery is depreciated over periods ranging from 4 to 7 years

Investments

Fixed asset investments are shown at cost less provision for impairment Current asset investments are stated at the lower of cost and net realisable value

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes materials, direct labour and applicable direct overheads Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow-moving or defective items where appropriate

1. Accounting policies (continued)

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account Excess progress payments are included in creditors as payments on account Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value

Taxation

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

Deferred tax is calculated 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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Turnover

Turnover is stated net of sales taxes and trade discounts Turnover from the sale of goods is recognised when the goods are physically delivered to the customer Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year

Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs Interest on pension scheme liabilities is presented within finance costs Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The Group's defined benefit scheme is unfunded Pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained annually and are updated at each balance sheet date The resulting defined benefit liability is presented separately after other net assets on the face of the balance sheet

1. Accounting policies (continued)

Pension costs (continued)

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Foreign currency

As the large majority of the Group's activity takes place in Germany, the Directors have used the Euro as the presentation currency for the Group's accounts

Transactions in non-Euro currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate Monetary assets and liabilities denominated in non-Euro currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Research and Development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred

2. Segment information

Geographical segments

	Germany €'000 2011	Germany €'000 2010	Rest of Europe €'000 2011	Rest of Europe €'000 2010	Other €'000 2011	Other €'000 2010	Group €'000 2011	Group €'000 2010
Turnover by destination:								
Sales to third parties	88,594	28,245	3,705	535	138	-	92,437	28,780
Turnover by origin:								
Total Sales	92,437	28,780	-	-	-	-	92,437	28,780

All sales are made to third parties and represent one class of business

	Germany €'000 2011	Germany €'000 2010	Rest of Europe €'000 2011	Rest of Europe €'000 2010	Other €'000 2011	Other €'000 2010	Group €'000 2011	Group €'000 2010
Segment operating profit	5,990	749	131	(15)	9	-	6,130	734
Amortisation of negative goodwill (see note 10)							8,743	3,401
Exceptional items (see note 4)							(154)	(1,982)
Finance Charges (see note 5)							(3,822)	(991)
Profit on ordinary activities before taxation							10,897	1,162
Segment net assets / (liabilities)	12,280	(1,409)	(191)	(77)	-	-	12,089	(1,486)

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2011 €'000	2010 €'000
Depreciation of tangible fixed assets	1,153	520
Directors services	26	27
Amortisation of negative goodwill – credit	(8,743)	(3,401)
Research and Development	3,810	-
Operating lease rentals		
plant and machinery	1,370	931
Other	2,461	757

The analysis of auditors' remuneration is as follows

	2011 €'000	2010 €'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	28	50
Fees payable to the Company's auditors and their associates for other services to the Group	-	-
The audit of the Company's subsidiaries pursuant to legislation	102	47
Total audit fees	130	97
Total non-audit fees	-	-

The disclosures above are for the Group The Company is not required, in its individual financial statements, to disclose separately information about fees for non-audit services provided to the Company because the consolidated financial statements are required to disclose such fees on a consolidated basis

4. Exceptional items

There is a total exceptional charge to the profit and loss account for the year totalling €154,000 (2010 €1,982,000) Exceptional items are attributable to **telent** GmbH and comprise costs relating to the integration of **telent** Services of €228,000 (2010 €1,972,000), redundancy costs of €19,000 (2010 €10,000), and a credit of €93,000 in respect of restructuring provisions no longer required (2010 €nil)

5. Finance charges (net)

	2011 €'000	2010 €'000
Investment income	1,310	186
Other finance charges	(5,132)	(1,177)
	(3,822)	(991)

Investment income

	2011 €'000	2010 €'000
Interest receivable and similar income	1,310	186
	1,310	186

Other finance charges

	2011 €'000	2010 €'000
Interest on pension scheme liabilities (see note 25)	(4,588)	(1,043)
Interest payable on taxation	-	(124)
Other finance costs	(152)	(10)
Investment impairment (see note 11)	(392)	-
	(5,132)	(1,177)

6. Staff costs

The average monthly number of employees (including executive directors) was

	2011 Number	2010 Number
Production	314	200
Sales and marketing	34	14
Administration	57	23
	405	237

Their aggregate remuneration comprised

	2011 €'000	2010 €'000
Wages and salaries	23,629	9,060
Social security costs	3,811	1,453
Other pension (credits)/costs (see note 25)	(126)	80
	27,314	10,593

'Other pension (credits)/costs' includes only those items included within operating costs Items reported elsewhere have been excluded

7. Directors' remuneration and transactions

None of the Directors of **telent** Investments Limited received any emoluments or other benefits in respect of services to the Company, during the period ended 31 March 2011 (2010 €nil)

The Directors during the year were provided by Pension Corporation LLP, a UK limited liability partnership, which made a charge in the year of £22,500 for the services provided (2010 £22,500)

No directors held or exercised any share options in the period

8. Tax on profit on ordinary activities

The tax charge comprises

	2011 €'000	2010 €'000
Current tax		
UK corporation tax	-	-
Overseas corporation tax	350	29
Total tax charge on profit on ordinary activities	350	29

The differences between the total current tax shown above and the amount calculated by applying the standard rate of Overseas corporation tax to the profit before tax are as follows

	2011 €'000	2010 €'000
Profit on ordinary activities before tax	10,897	1,189
Tax charge on profit at effective German rate of 29%	3,160	345
Effects of		
Non taxable amortisation of negative goodwill	(2,536)	(986)
Tax losses and other timing differences	(1,492)	670
Income, expenses and interest not allowable/(non taxable) for tax purposes	868	-
Adjustment in respect of prior years overseas tax	350	-
Group current tax charge for period	350	29

The Group holds unrecognised deferred tax assets relating to historical losses, however, following the disposal of the trading activity of the business on 9 June 2011 these are not anticipated to have any value to the Group

9. Intangible fixed assets – negative goodwill

	telent GmbH €'000	telent Services GmbH €'000	Total €'000
Group			
Cost			
At 1 April 2010	26,550	2,594	29,144
Additions	1,000	-	1,000
At 31 March 2011	27,550	2,594	30,144
Amortisation			
At 1 April 2010	(2,001)	(1,400)	(3,401)
Credit for the period	(7,640)	(1,103)	(8,743)
At 31 March 2010	(9,641)	(2,503)	(12,144)
Net book value			
At 31 March 2011	17,909	91	18,000
At 31 March 2010	24,549	1,194	25,743

During the prior year both **telent** Gmbh and **telent** Services Gmbh were acquired by **telent** Investments Ltd The value of negative goodwill attributed to **telent** GmbH has increased during the year due to a revision in the Directors' assessment of contingent consideration payable for the business

The Directors had considered the assets to which negative goodwill relates and therefore are writing it back as follows

€8,962,000 relating to stocks – between 8 and 12 months on a straight line basis (now fully amortised)

€1,856,000 relating to fixed assets – over 4 years on a straight line basis

€652,000 relating to contracts – over 2 years on a straight line basis

€18,674,000 relating to pension liabilities – over approximately 50 years, based on forecast pension cash flows

Due to the sale of the trade and assets of the Group in June 2011, the amortisation of the negative goodwill as relating to fixed assets and contracts has been accelerated to leave only 2 months amortisation remaining as at 31 March 2011

The Company has no intangible fixed assets

10. Tangible fixed assets

Group	Plant and machinery €'000
Cost or valuation	
At 1 April 2010	7,805
Additions	1,111
Disposals	(18)
At 31 March 2011	8,898
Depreciation	
At 1 April 2010	(5,830)
Charge for the period	(1,153)
Disposals	18
At 31 March 2010	(6,965)
Net book value	
At 31 March 2011	1,933
At 31 March 2010	1,975

The Company has no tangible fixed assets

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2011

11 Current Asset Investments

As at 31 March 2011 the Group held current asset investments in the form of marketable securities amounting to €80,747,000 (2010 €32,284,000) At 31 March 2011, based on market conditions, the Directors considered the investments to be impaired by €392,000 so an adjustment was made to the carrying value of the investment accordingly

12. Fixed Asset investments

Company subsidiary undertakings

	€'000
Cost and net book value	
At 1 April 2010	6,000
Reassessment of contingent consideration	(1,000)
	5,000

There were no acquisitions during the period

Principal Group investments

A list of the significant investments is given below

	Country of incorporation or principal business address	Principal activity	Holding	%
telent Investments GmbH *	Germany	Information and telecommunications	Ordinary Shares	100
telent GmbH	Germany	Information and telecommunications	Ordinary Shares	100

* Held directly by **telent** Investments Limited

During the previous year, the operating business consisted of **telent** GmbH, **telent** Technology Services GmbH (a subsidiary of **telent** GmbH) and **telent** Services GmbH On 29th March 2010 **telent** Services GmbH merged its activities into **telent** GmbH On 1st April 2010 all operating activities transferred from **telent** GmbH into **telent** Technology Services GmbH Subsequently, **telent** GmbH was renamed **telent** Investments GmbH and **telent** Technology Services GmbH was renamed **telent** GmbH

The carrying value of **telent** Investments GmbH (formerly **telent** GmbH) as at 1 April 2010 was based upon the value of contingent consideration assessed by the parent company directors This was re-assessed at 31 March 2011 to €5,000,000

13. Acquisition of subsidiary undertakings

Acquisitions are accounted for under the acquisition method During the prior year, on 1 August 2009, the Company acquired 100 per cent of the issued share capital of **telent** Services GmbH The fair value of the total cash consideration was €2,346,000

In the prior year, provisional fair values were assigned to the assets and liabilities acquired, these have now been finalised and no further adjustments were identified Negative goodwill created by the acquisition was £2,594,000

Also during the prior year, on 16 January 2010, the Company acquired 100 per cent of the issued share capital of **telent** Investments GmbH (formerly **telent** GmbH) The fair value of the total cash consideration was €1 00 There is also an additional potential deferred consideration which has been estimated by the Directors to be €5,000,000 (2010 estimated to be €6,000,000)

In the prior year, provisional fair values were assigned to the assets and liabilities acquired, these have now been finalised and no further adjustments were identified Negative goodwill created by the acquisition was £27,550,000

Fair value adjustments were made in order to recognise a tax refund receivable and the release of redundancy provisions that had been recognised in the pre-acquisition period of **telent** Investments GmbH

Net cash inflows in respect of the acquisition comprised

	€'000
Cash consideration	-
Cash at bank and in hand acquired	111,474
Net cash inflow on acquisition of **telent** Investments GmbH	111,474

An amount of €742,000 was charged to exceptional items in the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 15 January 2010 to 31 March 2010

14. Stocks

Group	2011 €'000	2010 €'000
Finished goods and goods for resale	4,700	4,821
Long-term contract balances		
Net cost less foreseeable losses	12,409	6,876
Less applicable payments on account	-	-
	17,109	11,697

There is no material difference between the balance sheet value of stocks and their replacement cost

The Company holds no stock

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2011

15. Debtors

Group	2011 €'000	2010 €'000
Amounts falling due within one year		
Trade debtors	9,290	11,533
Amounts recoverable on contracts	4,153	2,124
VAT	216	-
Other debtors	284	22,958
Loan receivable from **telent** limited	9,000	2,000
Prepayments and accrued income	417	272
	23,360	38,887
Amounts falling due after more than one year		
Trade debtors	19	33
Loans receivable from **telent** limited	5,000	12,000
	5,019	12,033
	28,379	50,920

The Company holds no debtors

16. Creditors – amounts falling due within one year

	Group 2011 €'000	Company 2011 €'000	Group 2010 €'000	Company 2010 €'000
Payments received on account	4,823	-	1,412	-
Trade creditors	10,351	-	8,772	-
Corporation tax	352	-	1,327	-
Other taxation and social security	367	-	443	-
Amounts owed to Group undertakings	47	47	-	-
Other creditors	1,157	-	616	-
Sales tax	-	-	26	-
Accruals and deferred income	11,448	144	11,158	77
	28,545	191	23,754	77

17. Creditors – amounts falling due after more than one year

	Group 2011 €'000	Company 2011 €'000	Group 2010 €'000	Company 2010 €'000
Trade creditors	1	-	381	-
Other creditors	149	-	331	-
Accruals and deferred income	1,800	-	700	-
	1,950	-	1,412	-

18 Provisions for liabilities

Group	Contingent consideration €'000	Product warranties €'000	Other €'000	Total €'000
At 1 April 2010	6,000	915	1,940	8,855
Charged to profit and loss account	-	291	34	325
Released unused	(1,000)	(229)	(715)	(1,944)
Utilisation of provision	-	(40)	(896)	(936)
At 31 March 2011	5,000	937	363	6,300

Other provisions relate to restructuring €275,000 (2010 €1,201,000), contractual issues €88,000 (2010 €639,000), and insurance and litigation €nil (2010 €100,000) which are expected predominantly to be utilised within the financial year ending 31 March 2012

The provision for product warranties relates to expected warranty claims on products sold in the last three years It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date

18. Provisions for liabilities (continued)

Company	Contingent consideration €'000
At 1 April 2010	6,000
Release of provision	(1,000)
At 31 March 2011	5,000

On acquisition of **telent** Investments GmbH (formerly **telent** GmbH), the Company created a provision for contingent consideration which the vendor is entitled to receive in the event that the Company sells the shares or assets of **telent** Investments GmbH At 31 March 2011 the Directors revised their estimate of the additional consideration that would be payable to the vendor

19. Called-up share capital

	2011 €'000	2010 €'000
Allotted, called-up and fully-paid		
One ordinary share of £1 (2010 £1)	-	-

20. Reserves

	Group €'000	Company €'000
Profit and loss account		
At 1 April 2010	(1,486)	(77)
Profit /(loss)for the financial period	10,547	(114)
Actuarial gains and losses	3,028	-
At 31 March 2011	12,089	(191)

The result for the financial period dealt with in the financial statements of the parent Company was a loss of €114,000 (2010 €77,000) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company

21. Reconciliation of movements in shareholder's funds

	Group		Company	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Profit for the financial period	10,547	1,133	(114)	(77)
Other recognised gains and losses relating to the period	3,028	(2,619)	-	-
Net addition / (reduction) to shareholder's funds / (deficit)	13,575	(1,486)	(114)	(77)
Opening shareholders' deficit	(1,486)	-	-	-
Closing shareholders' funds / (deficit)	12,089	(1,486)	(191)	(77)

22. Reconciliation of Group operating profit to operating cash flows

	2011 €'000	2010 €'000
Operating profit	14,719	2,153
Depreciation	1,153	520
Amortisation of negative goodwill	(8,743)	(3,401)
Loss on sale of tangible fixed assets	-	30
Increase in stocks	(5,412)	(2,735)
Decrease /(increase) in debtors	22,757	(20,961)
Increase in creditors	6,088	2,250
(Decrease) /increase in provisions	(1,555)	631
Adjustment for pension funding	(5,685)	(2,524)
Net cash inflow /(outflow) from operating activities (all continuing operations)	23,322	(24,037)

23 Analysis of cash flows

	2011 €'000	2010 €'000
Returns on investments and servicing of finance		
Interest received	1,310	186
Interest paid	(152)	(134)
Net cash inflow	1,158	52
Taxation		
UK corporation tax paid	-	-
Foreign tax paid	(1,325)	(96)
Net cash outflow	(1,325)	(96)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,111)	(669)
Net cash outflow	(1,111)	(669)
Management of liquid resources		
Payment into Euro liquidity fund	(48,855)	(32,284)
Net cash outflow	(48,855)	(32,284)
Acquisitions and disposals		
Purchase of subsidiary undertakings	-	(2,346)
Net cash acquired with subsidiary undertakings	-	113,068
Net cash inflow	-	110,722

23. Analysis of cash flows (continued)

	2011 €'000	2010 €'000
Financing		
Loan repayments from **telent** Limited	-	2,000
Net cash inflow	-	2,000

24. Financial commitments

Capital commitments are as follows

	Group		Company	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Contracted for but not provided for				
- finance leases entered into	-	-	-	-
- other	400	-	-	-
	400	-	-	-

Annual commitments under non-cancellable operating leases are as follows

	2011		2010	
	Land and buildings €'000	Other €'000	Land and buildings €'000	Other €'000
Group				
Expiry date				
- within one year	227	48	177	48
- between two and five years	44	1,392	86	1,004
- after five years	376	-	372	-
	647	1,440	635	1,052

The Company has no commitments under non-cancellable operating leases

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

25. Retirement benefit schemes

Defined benefit schemes

The Group operates defined benefit schemes for qualifying employees of **telent** GmbH and **telent** Investments GmbH The schemes are unfunded schemes which provide benefits to members based on the number of years' service of each member with a retirement age of 60

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31 March 2011 by Barthel and Meyer GmbH, independently qualified actuaries The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method

	Valuation at 31 March 2011	Valuation at 31 March 2010
Key assumptions used		
Discount rate	5 3%	5 0%
Expected rate of salary increases	3 0%	3 0%
Future pension increases	2 0%	2 0%
Inflation	2 0%	2 0%

It is common practice in Germany to use standard mortality tables to undertake the valuation of liabilities The standard table used was Richttafeln 2005 G

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows

	2011 €'000	2010 €'000
Current service cost	(664)	(80)
Interest cost	(4,588)	(1,043)
Past service cost	790	-
	(4,462)	(1,123)

For the year, €126,000 has been credited to cost of sales (being current and past service cost) and €4,588,000 has been charged in finance costs Actuarial gains and losses have been reported in the statement of total recognised gains and losses

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses in the Group is a gain of €409,000

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2011

25. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations were as follows

	2011 €'000	2010 €'000
At 1 April	(94,286)	(93,148)
Current service cost	(664)	(80)
Past service credit	790	-
Interest cost	(4,588)	(1,043)
Actuarial gains /(losses)	3,028	(2,619)
Benefits paid	5,559	2,604
At 31 March	(90,161)	(94,286)

The history of experience adjustments since the incorporation of the Company is as follows

	2011 €'000	2010 €'000
Experience adjustments on scheme liabilities	23	(509)
Percentage of scheme liabilities (%)	-	(0 5)

26. Contingent liabilities

Certain subsidiary undertakings have provided unsecured guarantees to third parties in respect of performance bonds At 31 March 2011, guarantees outstanding amounted to € 4,956,000 (2010 €3,073,000)

27. Related party transactions

As part of the acquisition of **telent** Investments GmbH, on 15 January 2010, a loan agreement was negotiated, whereby the sum of €16,000,000 would be paid to the Company by the vendor **telent** Limited, over the period ending 31 March 2014 The loan balance outstanding at 31 March 2011 was capital of €14,000,000 and interest of €168,000 (2010 capital of €14,000,000 and interest of €142,000)

A covenant exists in relation to the loan which would provide for early repayment in the circumstances that the unrestricted cash balances held by **telent** Limited fall below 125% of the outstanding loan balance

In the prior year, other debtors included an amount of €22,702,000 receivable from a subsidiary of **telent** Limited, relating to withholding tax on a dividend, which has been recovered in full in the current year

28. Controlling party

The Directors regard Tusk Investments LP Inc (formerly Pension Corporation Investments LP Inc) a Guernsey incorporated limited partnership, as the ultimate parent and controlling party Their registered office is PO Box 406, Mill Court, La Charroterie, St Peter Port, Guernsey, Channel Islands, GY1 3GG

telent Investments Limited is the largest and smallest group of which the Company was a member at 31 March 2011 and for which Group financial statements are prepared

29. Post Balance Sheet Event

On 9 June 2011 the trade and certain assets and liabilities of the Group were sold to a third party, Euromicron AG The consideration received for the sale is subject to a confidentiality agreement At the date of signing these accounts the Group's assets and liabilities consist of the pension liability (for both pensioners and deferred members) of €88 million, cash plus marketable securities of €93 million, loans receivable from telent Limited of €10 million and Co-Investment Limited of €23 million and other legacy liabilities of €4 million Any potential legacy tax liabilities and assets which are not held on the balance sheet also remain within the Group