telent Investments Limited

Annual report and financial statements

for the period ended 31 March 2010

Registered number 06930377

telent Investments Limited

31 March 2010

Contents

Page

telent Investments Limited

31 March 2010

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 period ended 31 March 2010

The company was incorporated on 10 June 2009 as Basilview Limited It changed its name to **telent** Investments Limited on 29 June 2009 The financial statements cover the period since incorporation The results of its subsidiaries are included from the date of acquisition

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 Pension Corporation Investments LP Inc, a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party

The Group provides 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

Business review

The trading results for the period and the financial position of the Group at the end of the period 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

On 1 August 2009 the company acquired 100% of German network service provider ADC Services GmbH (now **telent** Services GmbH) for €1,943,000 The transaction secured Toll Collect, a key client, previously serviced by **telent** GmbH as sub-contractor to ADC

On 15 January 2010 the company acquired 100% of **telent** GmbH, a company incorporated in Germany from the **telent** Limited Group for €1 00, plus estimated contingent consideration of €6,000,000

As part of a wider restructuring on 18 September 2010, ADC was renamed **telent** Services GmbH and was transferred within the group to become a subsidiary of **telent** GmbH

Financial overview

The Group made an operating profit (before negative goodwill amortisation and exceptional costs) of €734,000

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

telent Investments Limited

31 March 2010

Directors' report

Key performance indicators

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

	2010 €'000
Continuing Operations	
Revenue	**28,780**
Operating profit[a]	**734**
Net assets excluding pension liability and negative goodwill	**118,543**
Pension liability	**(94,286)**

In addition, the Directors consider 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

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

We do not set targets for occupational health and safety performance indicators but our individual businesses target performance in line with the industry standards in the sectors in which they operate, where available

Strategy

The strategy adopted by the company and the Group during the period has been 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

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

---

[a] Operating profit is stated before charging operating exceptional items and negative goodwill amortisation, which are described in notes 4 and 12 respectively

telent Investments Limited

31 March 2010

Directors' report

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

Market risks

Challenging market conditions have led to a reduction in the numbers of vendors and customers in the market. The company will need to strengthen customer ties, to permanently improve our offered services and to continuously optimize the cost structure in all areas After the amicable resolution with a customer with regard to a loss-making project, there are no known exceptional risks in this area

The company operates as a vendor agnostic system integrator in order to mitigate the risk of dependency on single technology suppliers

Operational risks

telent operates in a number of demanding environments, including underground and main line railways, highways, communication masts, motorways and customer telephone exchange buildings We have a field force working 24 hours per day, sometimes using sophisticated heavy equipment Safe working practices are extremely important to protect everyone involved in, or affected by, our activities We have highly developed quality and safety processes within our business and are regularly audited by professional bodies and our customers, as required We have long established working practices and controls to minimise the risks of injury and damage to property and carry appropriate insurance to mitigate the potential financial impact associated with these risks

Human resource risks

Management recognizes that customers' increased expectations regarding our service portfolio require regular job training and recruitment to ensure the right skill-sets are maintained within our work force

Financial risk management

Liquidity risks

The terms of the acquisition of **telent** GmbH from the **telent** Limited group, in particular the repayment, immediately prior to the acquisition, of €99 million of intercompany debt has meant that the German group has control over the financial resources required to cover the Group's unfunded pension obligations This has led to an increased exposure to developments on financial markets, as the Group will need to determine its investment strategy for these funds

The German group is exposed to an ongoing tax audit, but has been indemnified by **telent** Limited from all tax liabilities that relate to before January 2010, except those accrued in **telent** GmbH's financial statements at the date of acquisition In addition, Co-investment Acquisition No 5 LP Incorporated, a company that is part of the Pension Corporation organisation, has guaranteed for certain other liabilities This guarantee is limited to a maximum amount of €13 million

Credit risk

Credit risk is the risk that a customer or other counterparty will default on its contractual arrangements The directors do not consider credit risk to be a major concern due to our diverse and robust customer base

The credit risk on liquid funds is managed by ensuring that all deposits are made with creditworthy and authorised counter-parties with high credit ratings assigned by international credit 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

31 March 2010

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 **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

Directors

The directors who held office since the date of incorporation are as follows

K Gozzett	(appointed 8 March 2010)
R D Taylor	(appointed 26 June 2009)
W H A Murphy	(appointed 26 June 2009, resigned 3 March 2010)
D J Fudge	(appointed 10 June 2009, resigned 26 June 2009)
A J M Levy	(appointed 10 June 2009, resigned 26 June 2009)

Going concern

In assessing the appropriateness of the use of the going concern basis, the Directors have taken into account the projected performance of both the Group's trading and liability management activities as shown in the Group's budget for the period ending 31 March 2011 and its business plan beyond that date The budget and business plan are prepared with the full involvement of the business and have been subject to detailed review up to and including Board level Both the budget and business plan have taken into account the current difficult economic environment The Directors take assurance from the substantial cash balances held by the Group

The Directors have taken into account sensitivities, both individually and in aggregate, in assessing whether the budget and business plan demonstrate the Group's ability to remain a going concern

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

The Group relies 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

A key principle of the Group's management objectives is that employees are kept informed and given opportunity to participate in the business Specific activities to achieve this include employee forums, senior management site and business focused communication sessions

Employment of disabled persons

The Group's policy is to use best practice information and processes when recruiting and retaining employees with disabilities The Group uses its internal occupational health service to identify ways to support the employment of disabled persons, including redeployment, and we seek advice from disability agencies, the Employment Service and other professional bodies as appropriate Every possible step is taken to ensure individuals are treated equally and fairly and that decisions over recruitment, selection, training, promotion and career management are based solely on objective and job related criteria

Directors' report (continued)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

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

Post Balance Sheet events

The Group has a secured loan owed by **telent** Limited (the borrower) to **telent** GmbH of €14 0 million In August 2010 this debt was renegotiated with the borrower, such that the repayment schedule was accelerated and the interest rate increased Further details are provided in note 30

On behalf of the board

K Gozzett

Director

24 January 2011

14 Cornhill

London

EC3V 3ND

telent Investments Limited

31 March 2010

Directors' responsibilities statement

The dırectors are responsıble for preparıng the Annual Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal perıod Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgments and accountıng estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Independent auditors' report to the members of telent Investments Limited

We have audited the financial statements of **telent** Investments Limited from the period from incorporation on 10 June 2009 to 31 March 2010 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 32 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As 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 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 (APB'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

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 2010 and of the group's profit for the period 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 period 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

Jane Lodge

Jane Lodge FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, UK

25 January 2011

telent Investments Limited

Consolidated profit and loss account
For the period ended 31 March 2010

	Note	2010 €'000
Turnover	2	28,780
Cost of sales	3	(23,840)
Gross profit		4,940
Other operating expenses	3	(4,206)
Operating profit before exceptional items and negative goodwill amortisation		734
Amortisation of negative goodwill	12	3,401
Exceptional items	4	(1,982)
Operating profit, being profit on ordinary activities before finance charges		2,153
Finance charges (net)	5	(991)
Profit on ordinary activities before taxation		1,162
Tax on profit on ordinary activities	9	(29)
Profit on ordinary activities after taxation	22	1,133

All results arise from continuing activities, which were acquisitions during the period

telent Investments Limited

Consolidated statement of total recognised gains and losses
For the period ended 31 March 2010

	Note	2010 €'000
Profit for the financial period	22	1,133
Actuarial loss on defined benefit pension liabilities	28	(2,619)
Total recognised gains and losses relating to the period		(1,486)

telent Investments Limited

Consolidated balance sheet
At 31 March 2010

	Note	2010 €'000
Fixed assets		
Intangible asset negative goodwill	12	(25,743)
Tangible assets	13	1,975
Current assets		
Stocks	16	11,697
Debtors		
– due within one year	17	38,887
–due after one year	17	12,033
Investments	14	32,284
Cash at bank and in hand		55,688
		150,589
Creditors: Amounts falling due within one year	18	(23,754)
Net current assets		126,835
Total assets less current liabilities		103,067
Creditors: Amounts falling due after more than one year	19	(1,412)
Provisions for liabilities	20	(8,855)
Net assets excluding pension liability		92,800
Pension liability	28	(94,286)
Net liabilities		(1,486)
Called-up share capital	21	-
Profit and loss account	22	(1,486)
Shareholder's deficit	23	(1,486)

The financial statements of **telent** Investments Limited (registered number 06930377) were approved by the board of directors and authorised for issue on 24 January 2011 They were signed on its behalf by

Director

R Taylor

telent Investments Limited

Company balance sheet
At 31 March 2010

	Note	2010 €'000
Fixed assets		
Investments	14	6,000
Current liabilities		
Creditors Amounts falling due within one year	18	(77)
Net Current liabilities		(77)
Provisions for liabilities	20	(6,000)
Net liabilities		(77)
Capital and reserves		
Called-up share capital	21	-
Profit and loss account	22	(77)
Shareholder's deficit		(77)

The financial statements of **telent** Investments Limited (registered number 06930377) were approved by the board of directors and authorised for issue on 24 January 2011 They were signed on its behalf by

Director

R Taylor

telent Investments Limited

Consolidated cash flow statement
For the period ended 31 March 2010

	Note	2010 €'000
Net cash outflow from operating activities	24	(24,037)
Returns on investments and servicing of finance	25	52
Taxation	25	(96)
Capital expenditure and financial investment	25	(669)
Management of liquid resources	25	(32,284)
Acquisitions and disposals	25	110,722
Cash inflow before financing		53,688
Financing	25	2,000
Increase in cash in the period		55,688

Notes to the financial statements (continued)
For the period ended 31 March 2010

1. Accounting policies

The pnncipal accountmg 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 between 4 and 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

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

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

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 The interest cost is shown as a net amount of other finance costs or credits adjacent to interest 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 at least triennially 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

Notes to the financial statements (continued)
For the period ended 31 March 2010

2. Segment information

Geographical segments

	Germany €'000	Rest of Europe €'000	Group €'000
Turnover by destination:			
Sales to third parties	28,245	535	28,780
Turnover by origin:			
Total Sales	28,780	-	28,780
All sales are made to third parties			
Segment operating profit	749	(15)	734
Amortisation of negative goodwill (note 12)			3,401
Exceptional items (note 4)			(1,982)
Finance Charges (note 5)			(991)
Profit on ordinary activities before taxation			1,162
Segment net liabilities	(1,409)	(77)	(1,486)

Acquisitions and disposals

The analyses presented above include the following amounts in respect of operations acquired during the period There were no operations that were discontinued during the period

	Acquisition of telent GmbH		Acquisition of telent Services GmbH	
	Communications €'000	Geographical area €'000	Communications €'000	Geographical area €'000
Sales to third parties	10,986		17,794	
- by destination				
- Germany	-	10,451	-	17,794
- Rest of Europe	-	535	-	-
		10,986		17,794
- by origin				
- Germany	-	10,986	-	17,794
- Rest of Europe	-	-	-	-
		10,986		17,794
Segment operating (loss)/profit	(1,756)		2,567	
Segment net (liabilities)/assets	(6,234)	-	4,825	-

3. Cost of sales, gross profit and other operating expenses (net)

	Continuing operations €'000
Cost of sales	23,840
Gross profit	4,940
Sales and Marketing expenses	(1,801)
Administrative expenses	(2,400)
Other operating expenses	(5)
Other operating expenses (net)	(4,206)

In relation to the acquisition of **telent** Services GmbH (formerly ADC Services GmbH), continuing operations in 2010 include cost of sales €14,190,000, gross profit €3,604,000, sales and marketing costs €205,000, administrative expenses €832,000 and other operating income nil

In relation to the acquisition of **telent** GmbH, continuing operations in 2010 include cost of sales €9,650,000, gross profit €1,336,000, sales and marketing costs €1,596,000, administrative expenses €1,491,000 and other operating expenses €5,000

The remaining administrative expenses of €77,000 were incurred by the parent company

4. Exceptional items

There is a total exceptional charge to the profit and loss account for the period totalling €1,982,000 Exceptional items comprise costs relating to the integration of **telent** Services of €1,972,000 (€ 1,230,000 relating to **telent** Services GmbH € 742,000 relating to **telent** GmbH) and redundancy costs arising within **telent** GmbH of €10,000 The taxation relating to exceptional items is nil

5. Finance charge (net)

	2010 €'000
Investment income	(186)
Other finance charges	1,177
	991

Investment income

	2010 €'000
Interest receivable and similar income	186
	186

Other finance charges	2010 €'000
Interest on pension scheme liabilities (see note 28)	1,043
Interest payable on taxation	124
Other finance costs	10
	1,177

Notes to the financial statements (continued)
For the period ended 31 March 2010

6. Profit on ordinary activities before taxation

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

	2010 €'000
Depreciation of tangible fixed assets	520
Directors' services	27
Amortisation of negative goodwill – credit	(3,401)
Operating lease rentals	
plant and machinery	931
Other	757

The analysis of auditors' remuneration is as follows

	2010 €'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	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	47
Total audit fees	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

Notes to the financial statements (continued)
For the period ended 31 March 2010

7. Staff costs

The average monthly number of employees (ıncludıng executıve dırectors) was

	2010 Number
Productıon	200
Sales and marketıng	14
Admınıstratıon	23
	237

Theır aggregate remuneratıon comprısed

	2010 €'000
Wages and salarıes	9,060
Socıal securıty costs	1,453
Other pensıon costs (see note 28)	80
	10,593

'Other pensıon costs' ıncludes only those ıtems ıncluded wıthın operatıng costs Items reported elsewhere have been excluded

8. Directors' remuneration and transactions

None of the dırectors of **telent** Investments Lımıted receıved any emoluments or other benefits ın respect of servıces to the company, durıng the perıod ended 31 March 2010

The dırectors are employed by Pensıon Corporatıon LLP ("PC LLP"), a UK lımıted lıabılıty partnershıp, whıch makes charges for theır servıces provıded as set out ın Note 6 above

No dırectors held or exercısed any share optıons ın the perıod

Dırectors' transactions

There were no transactıons wıth dırectors durıng the perıod

9. Tax on profit on ordinary activities

The tax charge comprises

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

	2010 €'000
Profit on ordinary activities before tax	1,162
Tax charge on profit at effective German rate of 29%	337
Effects of	
Non taxable amortisation of negative goodwill	(986)
Tax losses and other timing differences	678
Group current tax charge for period	29

Deferred tax	2010 €'000 Recognised	2010 €'000 Not Recognised
Timing differences	-	4,144
Tax losses	-	30,739
	-	34,883

10. Result attributable to the Company

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

11 Dividends on equity shares

No dividends were paid during the period

12. Intangible fixed assets – negative goodwill

	telent GmbH €'000	telent Services GmbH €'000	Total €'000
Group			
Cost			
At 10 June 2009	-	-	-
Additions	26,550	2,594	29,144
At 31 March 2010	26,550	2,594	29,144
Amortisation			
At 10 June 2009	-	-	-
Credit for the period	(2,001)	(1,400)	(3,401)
At 31 March 2010	(2,001)	(1,400)	(3,401)
Net book value			
At 31 March 2010	24,549	1,194	25,743

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

Relating to stocks €8,962,000 – between 8 and 12 months on a straight line basis

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

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

Relating to pension liabilities €17,674,000 over approximately 50 years, based on forecast pension cash flows

The company has no intangible fixed assets

Notes to the financial statements (continued)
For the period ended 31 March 2010

13. Tangible fixed assets

Group	Plant and machinery €'000
Cost or valuation	
At 10 June 2009	-
Acquisition of subsidiary undertaking	7,233
Additions	669
Disposals	(97)
At 31 March 2010	7,805
Depreciation	
At 10 June 2009	-
Acquisition of subsidiary undertaking	(5,377)
Charge for the period	(520)
Disposals	67
At 31 March 2010	(5,830)
Net book value	
At 31 March 2010	1,975

The Company has no tangible fixed assets

Notes to the financial statements (continued)
For the period ended 31 March 2010

14. Investments

Fixed Asset investments

Subsidiary undertakings

	Group 2010 €'000	Company 2010 €'000
Cost and net book value		
At 10 June 2009	-	-
Additions (see note 15)	-	7,943
Disposals (see note below)	-	(1,943)
	-	6,000

During the period the Company acquired the entire issued share capital of **telent** GmbH for €1 plus contingent consideration estimated as €6,000,000 and **telent** Services GmbH (formerly ADC Services Germany) for €1,943,000 **telent** Services GmbH was then subsequently sold to **telent** GmbH on 29th March 2010

Principal Group investments

The parent Company has investments in the following subsidiary undertakings which principally affected the profits or net assets of the Group

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

+ Held directly by **telent** Investments Limited

Other investments and loans

The Company and Group have no other investments or loans

Current Asset Investments

As at 31 March 2010 the Group held current asset investments in the form of marketable securities amounting to €32,284,000

Notes to the financial statements (continued)
For the period ended 31 March 2010

15. Acquisition of subsidiary undertakings

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 including costs of acquiring the business as disclosed below

Acquisitions are accounted for under the acquisition method

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group

	Book value €'000	Revaluation €'000	Accounting policy alignment €'000	Other adjustments €'000	Provisional fair value to Group €'000
Fixed assets					
Tangible	912	-	-	-	912
Current assets					
Stocks	1,030	-	-	-	1,030
Debtors	4,682	-	-	-	4,682
Cash	1,594	-	-	-	1,594
Total assets	8,218	-	-	-	8,218
Creditors					
Trade creditors	(1,124)	-	-	-	(1,124)
Accruals	(1,179)	-	-	-	(1,179)
Other Creditors	(99)	-	-	-	(99)
Provisions	(876)	-	-	-	(876)
Total liabilities	(3,278)	-	-	-	(3,278)
Net assets	4,940	-	-	-	4,940
Negative Goodwill					(2,594)
					2,346
Satisfied by					
Cash					1,943
Costs incurred relating to the acquisition					403
					2,346

15. Acquisition of subsidiary undertakings (continued)

No fair value adjustments were made or were considered necessary in relation to the acquisition of **telent** Services GmbH

Net cash outflows in respect of the acquisition comprised

	€'000
Cash consideration	(1,943)
Costs relating to the acquisition	(403)
Cash at bank and in hand acquired	1,594
Net cash outflow on acquisition of **telent** Services GmbH	(752)

An amount of €1,230,000 has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 1st August 2009 to 31 March 2010 These costs are included within exceptional costs for the period (Note 4)

Following its acquisition, **telent** Services GmbH changed its balance sheet date from 31 October to 31 March It incurred a loss after taxation and minority interests of €2,344,000 in the 18 month period ended 31 March 2010, of which €2,229,000 arose in the period from 1 November 2008 to 1 August 2009 The summarised profit and loss account and statement of total recognised gains and losses for the period from 1 November 2008 to 1 August 2009, shown on the basis of the accounting policies of **telent** Services GmbH prior to the acquisition, are as follows

Profit and loss account	**€'000**
Turnover	21,120
Cost of sales	(21,245)
Gross loss	(125)
Other operating expenses (net)	(1,982)
Operating loss	(2,107)
Finance charges (net)	(96)
Loss on ordinary activities before taxation	(2,203)
Tax on profit on ordinary activities	(26)
Loss for the financial period	(2 229)

15. Acquisition of subsidiary undertakings (continued)

On 16 January 2010 the Company acquired 100 per cent of the issued share capital of **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 €6,000,000

Acquisitions are accounted for under the acquisition method

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the Group

	Book value €'000	Revaluation €'000	Accounting policy alignment €'000	Other adjustments €'000	Provisional fair value to Group €'000
Fixed assets					
Tangible assets	944	-	-	-	944
Current assets					
Stocks	7,932	-	-	-	7,932
Debtors	11,277	-	-	-	11,277
Loan	16,000	-	-	-	16,000
Cash	111,474	-	-	-	111,474
Total assets	147,627	-	-	-	147,627
Creditors					
Trade creditors	(9,373)	-	-	-	(9,373)
Accruals	(9,814)	-	-	-	(9,814)
Provisions	(1,682)	-	-	334	(1,348)
Pensions	(93,148)	-	-	-	(93,148)
Taxation	(2,008)	-	-	614	(1,394)
Total liabilities	(116,025)	-	-	948	(115,077)
Net assets	31,602	-	-	948	32,550
Negative Goodwill					(26,550)
					6,000
Satisfied by					
Cash – €1 00					-
Provisions – Contingent consideration					6,000
					6,000

15. Acquisition of subsidiary undertaking (continued)

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** 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** GmbH	111,474

An amount of €742,000 has been 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

telent GmbH incurred a loss after taxation and minority interests of €4,658,000 in the year ended 31 March 2010, of which €2,415,000 arose in the period from 1 April 2009 to 15 January 2010 The summarised profit and loss account and statement of total recognised gains and losses for the period from 1 April 2009 to 15 January 2010, shown on the basis of the accounting policies of **telent** GmbH prior to the acquisition, are as follows

Profit and loss account	**€'000**
Turnover	50,160
Cost of sales	(40,133)
Gross profit	10,027
Other operating expenses (net)	(10,443)
Operating loss	(416)
Exceptional debts written off	(322)
Exceptional loss arising from merger of subsidiaries	(3,461)
Finance interest and charges (net)	691
Loss on ordinary activities before taxation	(3,508)
Tax credit on loss on ordinary activities	1,093
Loss on ordinary activities after taxation	(2,415)
Minority interests	-
Loss for the financial period	(2,415)

Statement of total recognised gains and losses

	€'000
Loss for the financial period	(2,415)
Actuarial loss on defined benefit pension liabilities	(3,964)
Total recognised gains and losses relating to the period	(6,379)

16. Stocks

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

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

17 Debtors

	Group 2010 €'000	Company 2010 €'000
Amounts falling due within one year		
Trade debtors	11,533	-
Amounts recoverable on contracts	2,124	-
Other debtors	22,958	-
Loan receivable from **telent** limited	2,000	-
Prepayments and accrued income	272	-
	38,887	-
Amounts falling due after more than one year		
Trade debtors	33	-
Loans receivable from **telent** limited	12,000	-
	12,033	-
	50,920	-

Notes to the financial statements (continued)
For the period ended 31 March 2010

18. Creditors – amounts falling due within one year

	Group 2010 €'000	Company 2010 €'000
Payments received on account	1,412	-
Trade creditors	8,772	-
Corporation tax	1,327	-
Other taxation and social security	443	-
Other creditors	616	-
Sales tax	26	
Accruals and deferred income	11,158	77
	23,754	77

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

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

20. Provisions for liabilities

	Contingent consideration €'000	Product warranties €'000	Other €'000	Total €'000
Group				
At 10 June 2009	-	-	-	-
Acquisition of subsidiary undertakings	6,000	988	1,236	8,224
Charged to profit and loss account	-	102	1,297	1,399
Released unused	-	(87)	(66)	(153)
Utilisation of provision	-	(88)	(527)	(615)
At 31 March 2010	6,000	915	1,940	8,855

Other provisions relate to restructuring (€1,201,000), contractual issues (€639,000), and insurance and litigation (€100,000) and are expected predominantly to be utilised within the financial year ending 31 March 2011

20. Provisions for liabilities (continued)

	Contingent consideration €'000
Company	
At 10 June 2009	-
Acquisition of subsidiary undertaking	6,000
At 31 March 2010	6,000

The vendor of **telent** GmbH is entitled to receive additional purchase consideration in the event that the Company sells the shares or assets of **telent** GmbH The directors have estimated that the additional consideration payable to the vendor would be €6,000,000

Deferred tax

No deferred tax has been provided – see note 9

Product warranties

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

21. Called-up share capital

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

22. Reserves

	Group 2010 €'000	Company 2010 €'000
Profit and loss account		
At 10 June 2009	-	-
Profit /(loss)for the financial period	1,133	(77)
Actuarial gains and losses	(2,619)	-
At 31 March 2010	(1,486)	(77)

23. Reconciliation of movements in Group shareholder's funds

	2010 €'000
Profit for the financial period	1,133
Other recognised gains and losses relating to the period	(2,619)
Net reduction to shareholder's funds	(1,486)

24. Reconciliation of operating profit to operating cash flows

	2010 €'000
Operating profit	2,153
Depreciation	520
Amortisation of negative goodwill	(3,401)
Loss on sale of tangible fixed assets	30
Increase in stocks	(2,735)
Increase in debtors	(20,961)
Increase in creditors	2,250
Increase in provisions	631
Adjustment for pension funding	(2,524)
Net cash outflow from operating activities (all continuing operations)	(24,037)

25. Analysis of cash flows

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

25. Analysis of cash flows (continued)

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

All of the cash flows above were attributable to subsidiary undertakings acquired in the period

26. Analysis and reconciliation of net cash

	10 June 2009 €'000	Cash flow €'000	31 March 2010 €'000
Cash in hand, at bank	-	55,688	55,688
Cash in hand, at bank	-	55,688	55,688

	2010 €'000
Increase in cash in the period	55,688
Change in net cash resulting from cash flows	55,688
Net cash at 10 June 2009	-
Net cash at 31 March 2010	55,688

27. Financial commitments

There were no capital commitments at the 31 March 2010

Annual commitments under non-cancellable operating leases are as follows

	2010	
	Land and buildings €'000	Other €'000
Group		
Expiry date		
- within one year	177	48
- between two and five years	86	1,004
- after five years	372	-
	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

28. Retirement benefit schemes

Defined benefit schemes

The Group operates defined benefit schemes for qualifying employees of **telent** 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 valuations of the present value of the defined benefit obligation were carried out at 31 March 2010 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 2010
Key assumptions used	
Discount rate	5 0%
Expected rate of salary increases	3 0%
Future pension increases	2 0%
Inflation	2 0%

28. Retirement benefit schemes (continued)

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

	2010 €'000
Current service cost	(80)
Interest cost	(1,043)
	(1,123)

Of the charge for the period, €80,000 has been included as a cost of sales and €1,043,000 has been included 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 **telent** Investments Limited is €2,619,000

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

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

	2010 €'000
At 16 January (date of acquisition)	(93,148)
Service cost	(80)
Interest cost	(1,043)
Actuarial losses	(2,619)
Benefits paid	2,604
At 31 March	(94,286)

The history of experience adjustments is as follows

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

Notes to the financial statements (continued)
For the period ended 31 March 2010

29. Contingent lıabilities

Certaın subsıdıary undertakıngs have provıded unsecured guarantees to thırd partıes ın respect of performance bonds At 31 March 2010, guarantees outstandıng amounted to € 3,073,000

30. Subsequent events

On 3 November 2010, **telent** Servıces Lımıted was merged ınto **telent** GmbH and effectıvely now operates as one busıness

In August 2010 the loan receıvable from **telent** Lımıted was renegotıated wıth the borrower, such that €4 mıllıon wıll fall due on 31 March 2011 and €5 mıllıon on each of 31 March 2012 and 31 March 2013 The ınterest rate has ıncreased to Euribor plus 5%

31. Related party transactions

a) **telent** Lımıted

The acquısıtıon of **telent** GmbH was from a subsıdıary of **telent** Lımıted, a company that ıs 100% owned and controlled by the Pensıon Corporatıon organısatıon

As part of the acquısıtıon of **telent** GmbH, a loan agreement was negotıated, whereby the sum of €16,000,000 would be paıd to the company by **telent** Lımıted, over a period expiring on 31 March 2014 The original repayment schedule (see note 30) ıs detaıled below and ınterest was charged at 3% over Euribor The loan balance outstandıng at 31 March 2010 was capıtal of €14,000,000 and ınterest of €142,000

31 March 2010	€ 2,000,000
31 March 2011	€ 2,000,000
31 March 2012	€ 2,000,000
31 March 2013	€ 2,000,000
31 March 2014	€ 8,000,000

The terms and condıtıons of the loan were subsequently amended ın August 2010 See Note 30

Certaın covenants exıst ın relatıon to the loan whıch would provıde for early repayment ın the cırcumstances that the cash balances held by **telent** Lımıted fall below 125% of the outstandıng loan balance

Other debtors ınclude an amount of €22,702,000 receıvable from a subsıdıary of **telent** Lımıted, relatıng to wıthholdıng tax on a dıvıdend, and whıch has been recovered ın full after the balance sheet date

b) PC LLP

PC LLP ıs a provıder of management, dırectors and other servıces to the Pensıon Corporatıon group The Company's dırectors are employed by PC LLP whıch makes a charge for theır servıces Total charges for the servıces receıved during the period were €27,000

32. Controllıng party

The dırectors regard Pensıon Corporatıon Investments LP Inc, a Guernsey ıncorporated lımıted partnershıp, as the ultımate parent and ultımate controllıng party The largest and smallest Group ın whıch the Company's results are consolıdated ıs thıs Company