GPT SPECIAL PROJECT MANAGEMENT LIMITED

(Registered No: 2984211)

Director's Report and Financial Statements

For the year ended 31 March 2006

GPT SPECIAL PROJECT MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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GPT SPECIAL PROJECT MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B Simms
M W Titley
S Vaughan

SECRETARY

M W Titley

REGISTERED OFFICE

New Century Park
PO Box 53
Coventry
CV3 1HJ

AUDITORS

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

GPT SPECIAL PROJECT MANAGEMENT LIMITED

DIRECTOR'S REPORT

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Change of Ownership:

On 25 October 2005, the Marconi Group announced the proposed disposal of its telecommunications equipment and international services business to Ericsson for approximately £1.2 billion. The deal was completed on 23 January 2006, although the effective date of completion was 1 January 2006 under a Memorandum of Agreement.

Accordingly, as part of the disposal, the shares of the Company were sold and the new ultimate parent undertaing and controlling party became Telefonaktiebolaget LM Ericsson.

Business Review and Principal Activities:

The company is a wholly owned subsidiary of Ericsson (Holdings) Limited and operates exclusively in the Kingdom of Saudi Arabia.

The company's principal activity continues to be the Prime Contractor offering design and build capital replacement projects of communications systems, plus associated managed services – operations, maintenance and customer training. There have not been any significant changes in the company's principle activities in the year under review. The company directors are not aware, at the date of this report of any likely changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 7, the company's sales have increased by 8.9% over the prior year and the company returned to profitability.

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year end is consistent with the prior year with regard to net assets. All intercompany balances with former Marconi Group companies were settled during the year including repayment to the company of long-term loans provided to the former parent company. Details of amounts owned to a related Ericsson company areshown in note 8 on page 12.

Details of significant events since the balance sheet date are contained in note 16 to the financial statements on pages 13 and 14.

The company has served a single customer since it's formation due to its exclusivity as laid out in the company's commercial registration, and therefore has no intention to seek new contracts with other customers. For this reason the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performanceor position of the business.

Principal risks and uncertainties:

The company remains the sole provider of services to its customer. Since the balance sheet date the company has secured the renewal of a three-year contract that commences during February2007.

The company retains its exclusive arrangement with its customer by providing efficient and cost effective services in addition to maintaining a strong relationship with its customer both in the Kingdom of Saudi Arabia and the UK.

The company has no loan arrangements and sufficient working capital for its needs, therefore the company has no interest rate exposure.

The principal activity of the Company continues to be the operation and maintenance of communications systems and associated customer training in the Middle East. The Directors intend the Company to carry on business in its current capacity.

POST BALANCE SHEET EVENT

Ericsson (Holdings) Limited is currently in discussions with a third party about the potential disposal of its interest in the Company as a result of a strategic review of the UK Group's overseas interests.

RESULTS AND DIVIDENDS

Results for the year are shown in the profit and loss account on page 7. No interim Dividend was proposed (2005: Nil). The Directors do not recommend the payment of a final dividend (2005: SAR 135,000,000).

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year ended 31 March 2006 and up to the date of this report are set out below. Except where indicated, they served for the entire year.

C G Donaldson	(resigned 23 January 2006)
K D Smith	(resigned 23 January 2006)
B Simms	(appointed 14 December 2005)
M W Titley	(appointed 23 January 2006)
S Vaughan	(appointed 23 January 2006)

Under Statutory Instrument Number 802 (1985) the company is exempt from the requirement to report directors' interests on the grounds that the company is ultimately wholly owned by an overseas company. None of the directors at 31 March 2006 or at any time during the year had any interest in the share capital of the company or that of Telefonaktiebolaget LM Ericsson the company's immediate parent undertaking.

EMPLOYMENT POLICIES

It is the policy of the company to consider, whenever possible, applications for employment from disabled persons on the basis of their abilities, experience and attainments. Should a member of staff become disabled, employment is, if possible, continued. Disabled persons participate in the company's training and career development programmes and are considered for promotion in the same way as other members of staff. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interest. Communication with all employees continues through the in-house newspaper and newsletters and the intranet.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company's policy concerning the payment of its trade creditors is to pay its fellow Ericsson Group creditors in accordance with Group policy, utilising the multilateral netting system, and to pay other creditors in accordance with its contractual and other legal obligations whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. At 31 March 2006, the company's trade creditors represented 48 days (2005: 22 days) equivalent of aggregate amounts invoiced by suppliers during the year.

FINANCIAL RISK MANAGEMENT POLICIES:

The management of the company and the execution of the company's strategy are subject to a number of risks. The Directors have identified the need to manage the company's financial risks, including credit, liquidity and foreign currency risks.

The company is a member of the Ericsson Group (the Group) which implements the group's financial risk management policy directed from within the Group's treasury function. The risks identified are monitored through this function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for the Group companies, including the company. The Group treasury function also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Credit risk:

The company has implemented the Ericsson Group policy which requires that stringent credit checks are carried out before any sales are made.

Liquidity risk:

The company's cash position is expected to satisfy any short-term liquidity requirement.

Foreign currency risk:

The company is exposed to foreign exchange risk in the normal course of business. The Ericsson group's policy, which seeks to mitigate the effect of this currency exposure, is to enter into forward foreign exchange contracts arranged by the Group treasury.

DIRECTORS INDEMNITIES'

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date ofthis report.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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

By order of the Board,

Mike W Titley,

Director

12th March, 2007

New Century Park
PO Box 53
Coventry
CV3 1HJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GPT SPECIAL PROJECT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of GPT Special Project Management Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Reconciliation of movements in equity shareholders funds, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, UK
12 March, 2007

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2006

	Note	2006 SAR 000	2005 SAR 000
TURNOVER		129,664	119,096
Staff costs (including exceptional redundancy charge of SAR 1,274,440 (2005: SAR 1,119,000))	2	(48,779)	(36,471)
Depreciation of tangible fixed assets		(4,294)	(2,049)
Other external and operating charges		(69,813)	(83,961)
OPERATING PROFIT / (LOSS)		6,778	(3,385)
Interest receivable and similar income			
- Foreign exchange (loss)/gain on Group loans		(6,137)	4,331
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	641	946
Tax on profit on ordinary activities	4	(3,275)	-
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(2,634)	946

The Company has no recognised gains and losses other than the results for the year as set out above. Accordingly a statement of total recognised gains and losses has not been prepared.

All operations are continuing.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
Year ended 31 March 2006

	2006 SAR 000	2005 SAR 000
(Loss) / Profit for the financial year	(2,634)	946
Dividends (note 5)	-	(135,000)
	(2,634)	(134,054)
At 1 April	58,073	192,127
At 31 March	55,439	58,073

GPT SPECIAL PROJECT MANAGEMENT LIMITED

BALANCE SHEET
At 31 March 2006

	Note	2006 SAR 000	2005 SAR 000
Tangible fixed assets	6	3,203	6,813
CURRENT ASSETS			
Debtors	7	15,769	141,192
Cash at bank and in hand		90,275	1,871
		106,044	143,063
CREDITORS: amounts falling due within one year	8	(53,808)	(91,803)
NET CURRENT ASSETS		52,236	51,260
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		55,439	58,073
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	55,439	58,073
EQUITY SHAREHOLDERS' FUNDS		55,439	58,073

These financial statements were approved by the Board of Directors on 12th March, 2007

Signed on behalf of the Board of Directors

12th March 2007.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover

Turnover comprises the sales value, excluding value added tax, of goods and services supplied to customers in the Middle East.

Taxation

Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of profits for the year, after taking account of adjustments in respect of prior period liabilities.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Motor vehicles and Fixtures and Fittings are recorded at cost and depreciated from the time that they are brought into use on a straight-line basis over their estimated useful lives, which the Directors consider to be three years and four years respectively. Provision is made for any impairment.

Pension scheme arrangements

Eligible employees are members of the Ericsson Marconi Pension Plan ("the Scheme"), a United Kingdom defined benefit scheme.

Any future cost of providing benefits will be determined using the projected unit credit valuation method. Current service cost will be recognised in operating costs in the period in which the defined benefit obligation increases as a result of employee services. Actuarial gains and bsses will be recognised in full in the period in which they occur in the Statement of Total Recognised Gains and Losses. Past service costs will be recognised immediately to the extent that benefits are already vested. Otherwise such costs will be amortised on a straight-line basis over the period until the benefits vest. Settlements will be recognised when the company enters into a transaction that eliminates all further legal or constructive obligations for benefits under a scheme. Curtailments will be recognised when the company is committed to a material reduction in the number of employees covered by a scheme.

The retirement benefit obligations recognised in the balance sheet will represent the present value of the defined benefit obligations, as reduced by the fair value of scheme assets and any unrecognised past service cost. The expected return on scheme assets and the unwinding of the discount on defined benefit obligations will be recognised within interest income and expense respectively.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

2. DIRECTORS AND EMPLOYEES

Employees

The average weekly number of employees employed by the Company during the year was:

	2006 Number	2005 Number
Overseas	342	369

Staff costs for the above persons were:

	2006 SAR 000	2005 SAR 000
Wages and salaries	45,150	32,782
Social security costs	1,758	1,658
Other pension costs	597	912
Exceptional redundancy charge	1,274	1,119
	48,779	36,471

Directors

During the period, only one of the Directors spent a substantial proportion of his time on the affairs of the Company. The remuneration for this director in the period totalled SAR 1,068,834 and included pension contributions of SAR 112,000.

The remaining 2 Directors are senior executives of Ericsson Limited with an insignificant proportion of time spent in the affairs of the Company and it is inappropriate to allocate their emoluments specifically for their services as Directors of the Company.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 SAR 000	2005 SAR 000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	4,294	2,049
Auditors' remuneration	55	50

Additional Auditors' remuneration of SAR 140,000 for Deloitte & Touche LLP, U.K. in connection with the audit of these accounts will be borne by Ericsson Limited.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 SAR 000	2005 SAR 000
United Kingdom taxation:		
Corporation tax at 30% (2005: 30%)	1,817	-
Under provision in respect of prior years	2,243	-
Current tax charge for the year	4,060	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

4. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2006 SAR 000	2005 SAR 000
Deferred Tax:		
Credit for the year	(706)	-
Credit in respect of prior years	(79)	-
Deferred tax credit for the year	(785)	-
Tax on profit on ordinary activities	3,275	-

Reconciliation of current taxation for the year

	2006	2005
Profit on ordinary activities before taxation	641	946
Tax charge on profit at UK statutory rate of 30% (2005: 30%)	192	284
Group relief for no payment	-	(284)
Expenses not deductible for tax purposes	18	-
Accelerated depreciation	706	-
Imputed interest on amounts owed by Group undertakings	900	-
Adjustments to tax charge in respect of prior periods	2,244	-
Current tax charge for the year	4,060	-

5. DIVIDENDS

	2006 SAR 000	2005 SAR 000
Interim dividend of Nil (2005: SAR 67,500,000) per share	-	135,000

6. TANGIBLE FIXED ASSETS

	SAR 000
Cost	9,432
Additions	684
Cost at 31 March 2006	10,116
Depreciation	2,619
Charge	4,294
Depreciation at 31 March 2006	6,913
Net book value at 31 March 2006	3,203
Net book value at 1 April 2005	6,813

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

7. DEBTORS

	2006 SAR 000	2005 SAR 000
Amounts falling due within one year		
Trade debtors	10,733	18,876
Amounts owed by Group undertakings	-	118,169
Deferred tax	785	-
Prepayments and accrued income	4,251	4,147
	15,769	141,192

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 SAR 000	2005 SAR 000
Trade creditors	6,413	4,053
Amounts owed to Group undertakings	839	40,925
Corporation tax	4,060	-
Accruals and deferred income	42,496	46,825
	53,808	91,803

9. SHARE CAPITAL

	2006 SAR 000	2005 SAR 000
Authorised		
1,000 ordinary shares of £1 each	7	7
Allotted, called up and fully paid		
2 ordinary shares of £1 each	-	-

10. PROFIT AND LOSS ACCOUNT

	SAR 000
At 1 April 2005	58,073
Retained loss for the year	(2,634)
At 31 March 2006	55,439

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

11. PENSIONS

The Company is a subsidiary of Ericsson (Holdings) Ltd and all its employees who are members of a pension plan are members of the Ericsson Marconi Pension Plan, a pension fund of Ericsson Limited. The Plan is a funded "defined benefit" plan.

The Ericsson Marconi Pension Plan was established by Ericsson Limited with an effective date of 23 January, 2006. No formal valuation was carried out as at 31 March, 2006. The first valuation for accounting purposes was carried out as at 31 December 2006 by independent qualified actuaries. A full actuarial valuation for the Plan will be carried out as at 31 March 2007.

The pensions cost charge of the Company in respect of employees who are members of the Plan consists of employers' contributions payable. The Company contributions to the Plan during the year amounted to twenty per cent of members' pensionable pay for the period from 23 January, 2006 to 31 March, 2006

The Directors are of the opinion that the omission of the FRS 17 disclosures is immaterial to these accounts.

12. CASH FLOW STATEMENT

At 31 March 2006, the Company was a wholly owned subsidiary of Ericsson Limited, which is a subsidiary of Ericsson (Holdings) Limited and whose ultimate parent undertaking is Telefonaktiebolaget LM Ericsson , in whose consolidated Financial Statements, which are publicly available, the Company was included. The Company is therefore exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised).

13. RELATED PARTY DISCLOSURES

At 31 March 2006, the Company was a wholly owned subsidiary of Ericsson (Holdings) Limited and whose ultimate parent undertaking is Telefonaktiebolaget LM Ericsson, a company incorporated in Sweden. Advantage has been taken of the exemption permitted by FRS 8 not to disclose transactions with entities that are part of the Ericsson Group or investees of the Group qualifying as related parties. Balances with these entities are disclosed in notes 7 and 8 of these Financial Statements.

The Company had no other related party transactions.

14. CONTINGENT LIABILITIES

The Company is party to a Group bank offset arrangements whereby positive and negative cash balances in certain Ericsson companies may be offset. The Company has committed to pay and satisfy to the bank on written demand any money and liabilities owing to it by any of these Group companes in the offset agreement and to indemnify the bank against any loss incurred by it in respect of these liabilities. The maximum liability of the Company at any time shall not exceed the cash balance in the Company's bank account, which amounted to SAR 90,275,000 at 31 March 2006 (2005: SAR 1,871,000).

15. PARENT UNDERTAKINGS

At 31 March 2006, the Company's immediate parent undertaking was Ericsson (Holdings) Limited. The Company's ultimate parent undertaking was Telefonaktiebolaget LM Ericsson, which is the only parent undertaking to consolidate the Financial Statements of the Company for the year then ended.

Copies of the financial statements of Telefonaktiebolaget LM Ericsson are available from Middleton Gate, Guildford Business Park, Guildford, Surrey, GU2 8SG.

16. SUBSEQUENT EVENTS

On 7 November 2006, the Director's approved an Interim Dividend of SAR 25,000,000 per share for the period ended 31 March, 2007. This Dividend was subsequently paid on 4 December 2006.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2006

16. SUBSEQUENT EVENTS (continued)

Ericsson (Holdings) Limited is currently in discussions with a third party about the potential disposal of its interest in the Company as a result of a strategic review of the UK Group's overseas interests.