

GPT Special Project Management Limited

**Directors' report and financial
statements**

Registered number 2984211

31 March 2007

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of GPT Special Project Management Limited	4
Profit and loss account	6
Balance sheet	7
Reconciliation of movement in shareholders' funds	8
Notes	9-15

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2007

Change of ownership

On 14 March 2007 Ericsson (Holdings) Limited announced the disposal of its shares in the Company to Paradigm Services Limited. Accordingly, the new ultimate parent undertaking and controlling party became EADS NV.

Principal activities and business review

The company is a wholly owned subsidiary of Paradigm Services 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 principal 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 principal activities in the next year.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 77% from the prior year.

The balance sheet on page 7 of the financial statements shows the company's financial position. Net assets at the year end have decreased from the prior year due to a dividend payment of SAR50,000,000. All intercompany balances with former Ericsson Group companies were settled following 31 March 2007. No intercompany balances with EADS NV group companies existed at 31 March 2007.

The company has served a single customer since its 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, performance or position of the business.

Principal risks and uncertainties

The company remains the sole provider of services to its customer.

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 a 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 company training in the Kingdom of Saudi Arabia. The Directors intend the company will carry on business in its current capacity.

Performance

Results for the year are shown in the profit and loss account on page 6. An interim dividend was paid of SAR50,000,000 (2006 Nil). The Directors do not recommend the payment of a final dividend (2006 Nil).

Directors' report (continued)

Directors and directors' interests

The directors who held office during the year were as follows

Bryan Simms (resigned 14 March 2007)

MW Titley (resigned 14 March 2007)

S Vaughan (resigned 14 March 2007)

Malcolm Peto (appointed 14 March 2007)

Laurence Bryant (appointed 29 May 2007)

Peter Bruton (appointed 14 March 2007)

Andrew Stroomer (appointed 14 March 2007) (resigned 1 September 2008)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company

Political and charitable contributions

The Company made no political contributions during the year No donations were made to UK charities (2006 Nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, as 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 steps that he / she ought to have taken to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



Laurence Bryant
Director

21 Holborn Viaduct,
London, EC1A 2FG

11 September 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP

PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Independent auditors' report to the members of GPT Special Project Management Limited

We have audited the financial statements of GPT Special Project Management Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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 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 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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.

Independent auditors' report to the members of GPT Special Project Management Limited (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit 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



KPMG LLP
Chartered Accountants
Registered Auditor

11 September 2008

Profit and loss account
for the year ended 31 March 2007

	<i>Note</i>	2007 SAR 000	2006 SAR 000
Turnover	2	229,619	129,664
Cost of sales		(207,935)	(117,343)
		<hr/>	<hr/>
Gross profit		21,684	12,321
Administrative expenses		(3,571)	(5,543)
		<hr/>	<hr/>
Operating profit		18,113	6,778
Other interest receivable and similar income	6	3,679	-
Interest payable and similar charges	7	-	(6,137)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2,3	21,792	641
Tax on profit on ordinary activities	8	(4,312)	(3,275)
		<hr/>	<hr/>
Profit/(loss) for the financial year		17,480	(2,634)
		<hr/>	<hr/>

The results above are all derived from continuing operations

There are no recognised gains and losses for the year other than those recorded in the profit and loss account

Balance sheet
at 31 March 2007

	<i>Note</i>	2007 SAR 000	2007 SAR 000	2006 SAR 000	2006 SAR 000
Fixed assets					
Tangible assets	9		368		3,203
Current assets					
Debtors	10	17,743		15,769	
Cash at bank and in hand		86,678		90,275	
		<u>104,421</u>		<u>106,044</u>	
Creditors amounts falling due within one year	11	(74,429)		(45,808)	
Net current assets			29,992		60,236
Total assets less current liabilities			<u>30,360</u>		<u>63,439</u>
Provisions for liabilities and charges	12		(7,441)		(8,000)
Net assets			<u>22,919</u>		<u>55,439</u>
Capital and reserves					
Called up share capital*	13		-		-
Profit and loss account	14		22,919		55,439
Shareholders' funds			<u>22,919</u>		<u>55,439</u>

*The called up share capital of the company is SAR 14

These financial statements were approved by the board of directors on 11 September 2008 and were signed on its behalf by



Laurence Bryant
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2007

		2007 SAR 000	2006 SAR 000
Profit/(loss) for the financial year		17,480	(2,634)
Dividends on shares classified in shareholders' funds	15	(50,000)	0
Net reduction in shareholders' funds		(32,520)	(2,634)
Opening shareholders' funds		<u>55,439</u>	<u>58,073</u>
Closing shareholders' funds		<u><u>22,919</u></u>	<u><u>55,439</u></u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) not to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published financial statements

Tangible fixed assets and depreciation

Motor vehicles are recorded at cost and depreciated from the time they are brought into use on a straight line basis over the lower of their estimated useful lives (which the Directors consider to be four years) or the remaining contract life. Provision is made for impairment

Taxation

The charge for taxation is based upon the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover and gross margin

The company enters into certain long-term contracts and accounts for them in accordance with SSAP 9. The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated as appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses on payments on account not matched with turnover

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account

Other turnover represents amounts invoiced, excluding VAT

Post-retirement benefits

The Company is a participating member of the EADS Astrium Pension Scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it was a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Notes (continued)

2 Analysis of turnover and profit on ordinary activities before taxation

All turnover and profit on ordinary activities before taxation originates in the Kingdom of Saudi Arabia and is derived from the Company's principal activity

3 Notes to the profit and loss account

	2007 SAR 000	2006 SAR 000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
<i>Auditors' remuneration</i>		
Audit of these financial statements	205	55
Depreciation	3,210	4,294
	<u> </u>	<u> </u>

4 Remuneration of directors

	2007 SAR 000	2006 SAR 000
Directors' emoluments	852	957
Pension contributions	108	112
	<u> </u>	<u> </u>
	960	1,069
	<u> </u>	<u> </u>

The emoluments of the highest paid director was SAR 852,042 (2006 SAR956,834), and Company pension contributions of SAR108,777 (2006 SAR112,000) were made to the group defined benefit pension scheme during the year

Retirement benefits are accrued to one director under the defined benefit scheme

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors, but excluding contractors) during the year was as follows

	2007	2006
Overseas	335	342
	<u>335</u>	<u>342</u>

The aggregate payroll costs of these persons were as follows

	2007 SAR 000	2006 SAR 000
Wages and salaries	39,405	45,150
Social security costs	1,558	1,758
Other pension costs	1,066	597
Exceptional redundancy charge	-	1,274
	<u>42,029</u>	<u>48,779</u>

The Company is a member of the EADS Astrium Pension Scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by the multi employer exemptions in FRS 17 'Retirement benefits' the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

EADS Astrium NV account for the scheme in accordance with FRS 17. This information updated by Watson Wyatt LLP to take account of FRS 17 in order to assess the liabilities of the scheme at 31 March 2007 showed a net pension liability of £28.1 million.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes (continued)

6 Other interest receivable and similar income

	2007 SAR 000	2006 SAR 000
Bank interest receivable	3,679	-

7 Interest payable and similar charges

	2007 SAR 000	2006 SAR 000
Net exchange loss	-	(6,137)

8 Taxation

	2007 SAR 000	2006 SAR 000
<i>UK corporation tax</i>		
Current tax for the year	7,054	1,817
Under provision in prior year	(2,244)	2,243
Total current tax	4,810	4,060
<i>Deferred tax</i>		
Current year charge	(498)	(706)
Adjustment in respect of prior year	-	(79)
Total deferred tax	(498)	(785)
Tax on profit on ordinary activities	4,312	3,275

Factors affecting the tax charge for the current year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK 30%, (2006 30%)
 The differences are explained below

	2007 SAR 000	2006 SAR 000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	21,792	641
Current tax at 30%	6,538	192
<i>Effects of</i>		
Expenses not allowable for tax purposes	18	18
Capital allowances	(465)	(582)
Depreciation	963	1,288
Imputed interest on amounts owed by group undertakings	-	900
Group relief for no consideration	(2,244)	-
Under provision from prior year	-	2,244
Total current tax charge (see above)	4,810	4,060

Notes (continued)

9 Tangible fixed assets

	Total SAR 000
<i>Cost</i>	
At beginning of year	10,116
Additions	375
	<hr/>
At end of year	10,491
	<hr/>
<i>Depreciation</i>	
At beginning of year	
Charge for year	6,913
	3,210
	<hr/>
At end of year	10,123
	<hr/>
<i>Net book value</i>	
	<hr/>
At 31 March 2007	368
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At 31 March 2006	3,203
	<hr/>

Notes (continued)

10 Debtors

	2007 SAR 000	2006 SAR 000
Trade debtors	13,072	10,733
Deferred tax	1,283	785
Prepayments	3,388	4,251
	<u>17,743</u>	<u>15,769</u>

11 Creditors: amounts falling due within one year

	2007 SAR 000	2006 SAR 000
Trade creditors	16,699	6,413
Amounts owed to group undertakings	-	839
Taxation and social security	8,870	4,060
Accruals	48,860	34,496
	<u>74,429</u>	<u>45,808</u>

12 Provisions for liabilities and charges

	Total SAR 000
At beginning of year	8,000
Utilised during year	(559)
	<u>7,441</u>

13 Called up share capital

	2007 SAR	2006 SAR
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	7,000	7,000
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	14	14

Notes (continued)

14 Reserves

	Profit and loss account SAR 000
At beginning of year	55,439
Profit for the year	17,480
Dividend on shares classified in shareholders' funds	(50,000)
At end of year	22,919

15 Dividends

The aggregate amount of dividends comprises

	2007 SAR 000	2006 SAR 000
Interim dividends paid in respect of the current year	50,000	-

16 Related party disclosures

As the company is a wholly owned subsidiary of EADS N V, it has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of EADS N V are available from Investor Relations, 37 Boulevard Montmorency, 75781 Paris Cedex 16, France.

17 Ultimate parent undertaking and parent undertaking of larger group of which the company is a member of

The company's immediate parent undertaking is Paradigm Services Limited. The smallest and largest group in which the results of the company are consolidated is EADS N V, its ultimate parent undertaking. The financial statements of EADS N V can be obtained from Investor Relations, 37 Boulevard Montmorency, 75781 Paris Cedex 16, France.