GPT Special Project Management Limited

Directors' report and financial statements

Registered number 2984211

Year ended 31 December 2009

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2009

Principal activities and business review

The company is a wholly owned subsidiary of Paradigm Services Limited, which operates exclusively in the Kingdom of Saudi Arabia through its branch office

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 13 5% compared to the prior year

The company's branch activities in the Kingdom of Saudi Arabia are regulated by its commercial licence to operate and, as such, has served a single customer since its formation due to its status as prime contractor to its single customer Therefore, the company 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 No interim dividend was paid (31 December 2008 SAR 30,000,000) The Directors do not recommend the payment of a final dividend (31 December 2008 Nil)

Post Balance Sheet Events

Since the year end certain allegations have been made regarding a group of subcontractors More detail of these events are set out in note 15 to the accounts

Directors' report (continued)

Directors and directors' interests

The directors who held office during the year were as follows

Malcolm Peto

Laurence Bryant

Peter Bruton (Resigned 4 December 2009)

Jeff Cook

Keith Norton (Appointed 4 December 2009)

Director appointments post Balance Sheet date however prior to signature of financial statements

Caroline Masters (Appointed 13 April 2010)

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 (31 December 2008 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 ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with the Companies Act 2006, 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

Malcolm Peto
Director

15 April 2011
21 Holborn Viaduct,
London,
EC1A 2FG

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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They 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
Arlington Business Park
Theale
Reading
RG7 4SD
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 31st December 2009 set out on pages 6 to 17 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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
As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion: disclaimer on view given by the financial statements

The audit evidence available to us was limited as a result of the following matter As explained in note 15, certain allegations have been made in connection with contracts with one of the company's sub-contractors, with whom the relevant sub-contracts have been terminated As the results of initial investigations and other information have not been made available to us, we have been unable to obtain sufficient appropriate audit evidence for our audit of the financial statements in relation to the potential consequences of the allegations and sub-contract termination, in particular as regards

- any potential direct financial consequences which could affect the provisions for contract risks and other matters,
- the analysis of expenses in the profit and loss account,
- confirmation that all fixed assets of the company have been capitalised in accordance with the accounting policy for fixed assets, and

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

- whether it is appropriate for the directors to adopt the going concern basis of accounting, given the potential impact of the allegations and sub-contract termination on the company's financial forecast for the twelve months from the date of approval of these financial statements, including as regards both customer contracts and the financial liabilities of the company

Because of the possible effect of the limitations in the evidence available to us, we are unable to form an opinion as to whether the financial statements

- give a true and fair view of the state of the company's affairs at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the view given by the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

In respect solely of the limitations of our work referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records have been kept

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

- returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made

A Moses (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

15 April 2011

Profit and loss account
for the year ended 31 December 2009

	Note	Year ended 31 December 2009	Year ended 31 December 2008
		SAR 000	SAR 000
Turnover	2	219,293	193,207
Cost of sales		(189,881)	(169,799)
Gross profit		29,412	23,408
Administrative expenses		(12,581)	(12,742)
Operating profit		16,831	10,666
Other interest receivable and similar income	6	955	4,384
Profit on ordinary activities before taxation	2,3	17,786	15,050
Tax on profit on ordinary activities	7	(7,173)	(5,954)
Profit for the financial year/period		10,613	9,096

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

The notes on pages 9 to 17 form part of these financial statements

Balance sheet
at 31 December 2009

	Note	31 December 2009 SAR 000	31 December 2009 SAR 000	31 December 2008 SAR 000	31 December 2008 SAR 000
Fixed assets					
Tangible assets	8		3,324		2,499
Current assets					
Debtors	9	43,774		74,983	
Cash at bank and in hand		100,510		44,012	
		144,284		118,995	
Creditors amounts falling due within one year	10	(116,959)		(100,458)	
Net current assets			27,325		18,537
Total assets less current liabilities			30,649		21,036
Provisions for liabilities and charges	11		(7,635)		(8,635)
Net assets			23,014		12,401
Capital and reserves					
Called up share capital*	12		-		-
Profit and loss account	13		23,014		12,401
Shareholders' funds			23,014		12,401

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

The notes on pages 9 to 17 form part of these financial statements

These financial statements were approved by the board of directors on 15 April 2011 and were signed on its behalf by

Malcolm Peto
Director
Registered number - 2984211

Reconciliation of movements in shareholders' funds
for the Year ended 31 December 2009

		Year ended 31December 2009	Year ended 31 December 2008
		SAR 000	**SAR 000**
Profit for the financial year		**10,613**	**9,096**
Dividends on shares classified in shareholders' funds	14	**-**	**(30,000)**
Net increase/(reduction) in shareholders' funds		**10,613**	**(20,904)**
Opening shareholders' funds		**12,401**	**33,305**
Closing shareholders' funds		**23,014**	**12,401**

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 or 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

	Year ended 31December 2009	Year ended 31 December 2008
	SAR 000	SAR 000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration		
Audit of these financial statements	192	215
Depreciation	2,006	1,962

4 Remuneration of directors

	Year ended 31December 2009	Year ended 31 December 2008
	SAR 000	SAR 000
Directors' emoluments	841	87
Pension contributions	-	-
	841	87

The emoluments of the highest paid director was KSAR 654 2 (2008 KSAR 87 3),

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

	Year ended 31December 2009	Year ended 31 December 2008
Overseas	317	309
	317	309

The aggregate payroll costs of these persons were as follows

	Year ended 31December 2009	Year ended 31 December 2008
	SAR 000	SAR 000
Wages and salaries	39,198	40,836
Social security costs	1,265	1,350
Other pension costs	575	672
	41,038	42,858

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 December 2009 showed a net pension liability of £45 8 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

	Year ended 31December 2009	Year ended 31 December 2008
	SAR 000	SAR 000
Bank interest receivable	70	1,566
Interest receivable from associated company	885	2,818
	955	4,384

7 Taxation

	Year ended 31December 2009	Year ended 31 December 2008
	SAR 000	SAR 000
UK corporation tax		
Current tax for the year	6,185	6,615
Under/(over) provision in prior year	2,014	(610)
Total current tax	8,199	6,005
Deferred tax		
Current year (credit)/charge	(1,026)	(51)
Adjustment in respect of prior year	-	-
Total deferred tax	(1,026)	(51)
Tax on profit on ordinary activities	7,173	5,954

Notes *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 28%, (period ended 31 December 2008 28 5%) The differences are explained below

	Year ended 31 December 2009	Year ended 31 December 2008
	SAR 000	SAR 000
Current tax reconciliation		
Profit on ordinary activities before tax	17,786	15,050
Current tax at 28% (2008 28 5%)	4,980	4,289
Effects of		
Expenses not allowable for tax purposes	643	2,324
Capital allowances	-	(554)
Depreciation	562	556
Under/(over) provision in prior year	2,014	(610)
Total current tax charge (see above)	8,199	6,005

Notes *(continued)*

8 Tangible fixed assets

	Total SAR 000
Cost	
At beginning of year	14,840
Additions	2,831
Disposals	(324)
At end of year	**17,347**
Depreciation	
At beginning of year	12,341
Charge for year	2,006
Eliminated on disposal	(324)
At end of year	**14,023**
Net book value	
At 31 December 2009	**3,324**
At 31 December 2008	2,499

Notes *(continued)*

9 Debtors

	Year ended 31December 2009 SAR 000	Year ended 31 December 2008 SAR 000
Amounts receivable from group undertakings	-	60,000
Trade debtors	24,960	7,513
Affiliated company	150	1,269
Deferred tax	2,112	1,086
Prepayments	16,552	5,115
	43,774	74,983

10 Creditors: amounts falling due within one year

	Year ended 31December 2009 SAR 000	Year ended 31 December 2008 SAR 000
Trade creditors	32,454	4,177
Amounts owed to group undertakings	15,872	6,395
Taxation and social security	6,339	18,043
Accruals	62,294	71,843
	116,959	100,458

11 Provisions for liabilities and charges

	Total SAR 000
At beginning of year	8,635
Additional provision created	-
Released during the year	(1,000)
At end of year	7,635

The remaining year end provision of KSAR 7,635 relates to an ongoing legal dispute between the Company and a former subcontractor following the termination of a subcontract by the Company during 2008

Notes *(continued)*

12 Called up share capital

	Year ended 31December 2009 SAR	Year ended 31 December 2008 SAR
Authorised		
1,000 Ordinary shares of £1 each	7,000	7,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	14	14

Notes *(continued)*

13 Reserves

	Profit and loss account SAR 000
At beginning of year	12,401
Profit for the year	10,613
Dividend on shares classified in shareholders' funds	-
At end of year	**23,014**

14 Dividends

The aggregate amount of dividends comprises

	Year ended 31December 2009 SAR 000	Year ended 31 December 2008 SAR 000
Interim dividend in respect of the current year/period	-	30,000

15 Contingent Liabilities

Certain allegations have been made in connection with the company's contracts with a subcontractor group These allegations have been notified to the UK authorities It is not yet clear what the outcome of the notification will be In the meantime, the relevant subcontracts have terminated This termination may lead to a claim from the subcontractor group for monetary damages The Directors consider that the subcontracts have terminated lawfully but are not in a position to assess the financial implications of any claim that might be brought by the subcontractor group, nor are they in a position to assess any other financial implications which may arise as a result of the termination and any investigation by the authorities In light of the above, it is not practicable for the Directors to state the impact, if any, of these matters on the financial statements.

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)

16 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