

**Marconi Selenia Communications  
Holdings (UK) Limited (formerly  
Marconi Mobile Holdings Limited)**

Report and Financial Statements

Period Ended

31 December 2002



**BDO Stoy Hayward**  
Chartered Accountants

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED  
(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Annual Report and Financial Statements for the period ended 31 December 2002**

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Directors

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**Directors**

J M Dolan  
L G Jones  
R G Pertica  
P F Robinson

**Secretary and registered office**

L G Jones, Marconi House, New Street, Chelmsford, Essex CM3 4PT

**Company number**

964491

**Auditors**

BDO Stoy Hayward, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED  
(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Report of the Directors for the period ended 31 December 2002**

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The Directors present their report together with the Audited Financial Statements for the period from 1 April 2002 to 31 December 2002.

**Results and dividends**

Results for the period are shown in the profit and loss account on page 5.

A dividend of £16,609,000 (31 March 2002 : £Nil) was paid in the period.

**Principal activities, trading review and future developments**

The principal business of the Company is that of an investment holding company, which the Company carried on throughout the financial period.

The Company changed its name to Marconi Selenia Communications Holdings (UK) Limited on 20 December 2002.

The Company made a profit before tax for the period and expects to continue to be profitable going forward.

**Directors**

The Directors of the company during the year were:

J M Dolan  
L G Jones  
R G Pertica  
P F Robinson

None of the Directors had a direct interest in the Company or its ultimate parent, Finmeccanica SpA, in the current period or previous year.

**Directors' responsibilities**

Company law requires the Directors to prepare Financial Statements for each financial period which 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 those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED  
(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Report of the Directors for the period ended 31 December 2002 (*Continued*)**

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**Auditors**

BDO Stoy Hayward were appointed during the period and a resolution to re-appoint them will be proposed at the annual general meeting.

**By order of the Board**



L G Jones  
Secretary

28 February 2003

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED  
(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Report of the Independent Auditors**

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**To the shareholders of Marconi Selenia Communications Holdings (UK) Limited**

We have audited the Financial Statements of Marconi Selenia Communications Holdings (UK) Limited for the period ended 31 December 2002 on pages 5 to 13 which have been prepared under the accounting policies set out on pages 7 and 8.

*Respective responsibilities of Directors and auditors*

The Directors' responsibilities for preparing the annual report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if 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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

*Basis of audit opinion*

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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.

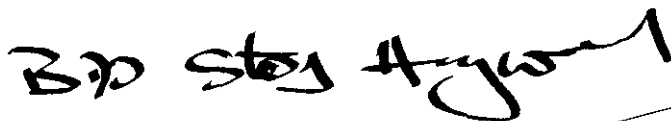
**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED  
(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Report of the Independent Auditors (*Continued*)**

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*Opinion*

In our opinion the Financial Statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', is written over a horizontal line.

**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
Chelmsford

28 February 2003

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Profit and Loss account for the period ended 31 December 2002**

	Note	Period ended 31 December 2002 £'000	Year ended 31 March 2002 £'000
Other external and operating income/(charges)		565	(15)
<b>Operating profit/(loss)</b>		565	(15)
Provisions against investments	6	(15,850)	-
Interest receivable – intra-group		1,777	1,806
Interest payable – intra-group		(933)	-
Group dividends receivable		51,436	-
<b>Profit on ordinary activities before taxation</b>	3	36,995	1,791
Tax charge on profit on ordinary activities	4	708	524
<b>Profit on ordinary activities after taxation</b>		36,287	1,267
<b>Dividends</b>	5	16,609	-
Retained profit for the period	11	19,678	1,267

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 13 form part of these Financial Statements.

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Balance Sheet at 31 December 2002**

	Note	31 December 2002 £'000	31 March 2002 £'000
<b>Fixed assets</b>			
Investments	6	54,920	59,500
<b>Current assets</b>			
Debtors	7	113,845	43,729
Cash at bank and in hand		2	121
		<hr/>	<hr/>
		113,847	43,850
<b>Creditors: amounts falling due within one year</b>	8	(49,543)	(3,709)
		<hr/>	<hr/>
<b>Net current assets</b>		64,304	40,141
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		119,224	99,641
<b>Provisions for liabilities and charges</b>	9	-	(95)
		<hr/>	<hr/>
<b>Net assets</b>		119,224	99,546
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	99,500	99,500
Profit and loss account	11	19,724	46
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	119,224	99,546
		<hr/>	<hr/>

These Financial Statements were approved by the Board of Directors on 28 February 2003.

Signed on behalf of the Board of Directors

*P F Robinson*

P F Robinson  
**Director**

The notes on pages 7 to 13 form part of these Financial Statements.



**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

**Notes forming part of the Financial Statements for the period ended 31 December 2002**

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**1 Accounting policies**

The Financial Statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

*Fixed asset investments*

Investments in subsidiary undertakings are valued at cost less any provision necessary for impairment.

*Investment income*

Income from fixed asset investments is credited to the profit and loss account on an accruals basis.

*Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

*Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

Notes forming part of the Financial Statements for the period ended 31 December 2002 (*Continued*)

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**1 Accounting policies (*Continued*)**

*Pension costs*

Eligible employees are members of one of the Marconi plc pension schemes. Based on recommendations by independent actuaries, the rates of employee and Company contributions are intended, in respect of each year, to provide sufficient funds to meet future benefits relating to that year's service. Contributions, the Company's share of which is charged against profits for the year, are held in trustee-administered funds independent of the Company's finances.

*Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

**2 Directors and employees**

The company has no employees, except for Directors ( 31 March 2002 : Nil) and the Directors received no emoluments for their services to the company (31 March 2002 : £Nil).

**3 Profit on ordinary activities before taxation**

	<b>Period ended 31 December 2002 £'000</b>	<b>Year ended 31 March 2002 £'000</b>
Profit is state after charging/(crediting)		
Exchange gain on loan	(1,435)	-
Provision for doubtful debts	950	-
	<hr/>	<hr/>

The audit fee is borne by Marconi Selenia Communications Limited.

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

Notes forming part of the Financial Statements for the period ended 31 December 2002 *(Continued)*

<b>4 Taxation on profit from ordinary activities</b>	<b>Period ended 31 December 2002 £'000</b>	<b>Year ended 31 March 2002 £'000</b>
UK corporation tax	708	524
Profit on ordinary activities before tax	36,995	1,791
Profit on ordinary activities at the standard rate of Corporation tax in the UK at 30%	11,098	537
Effect of: Non-taxable income	(10,390)	(13)
Current tax charge for the period	708	524
<b>5 Dividends</b>	<b>Period ended 31 December 2002 £'000</b>	<b>Year ended 31 March 2002 £'000</b>
Ordinary dividend of 16.7p (31 March 2002 – Nil) per share	16,609	-

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

Notes forming part of the Financial Statements for the period ended 31 December 2002 (*Continued*)

6 Investments	Subsidiary Undertakings £'000
<i>Cost</i>	
At 1 April 2002	65,500
Additions	11,270
	<hr/>
At 31 December 2002	<b>76,770</b>
	<hr/>
<i>Provision</i>	
At 1 April 2002	6,000
Provided for period	15,850
	<hr/>
At 31 December 2002	<b>21,850</b>
	<hr/>
<i>Net book value</i>	
At 31 December 2002	<b>54,920</b>
	<hr/>
At 31 March 2002	<b>59,500</b>
	<hr/>

The following were subsidiary undertakings at the end of the period.

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Marconi Selenia Communications Limited	England and Wales	100%	Communications
Marconi Selenia Communications (International) Limited	England and Wales	100%	Communications
Marconi Selenia Marine Company Limited	England and Wales	100%	Communications
Marconi Selenia Secure Systems Limited	England and Wales	100%	Communications
Marconi Selenia Marine (Offshore) Limited	Hong Kong	100%	Communications
Marconi Selenia Communications GmbH	Germany	100%	Communications
Marconi Selenia Komunikasyon AS (100% by Marconi Selenia Communications SpA Group)	Turkey	53%	Communications

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

Notes forming part of the Financial Statements for the period ended 31 December 2002 *(Continued)*

<b>7 Debtors</b>	<b>31 December 2002 £'000</b>	<b>31 March 2002 £'000</b>
Amounts owed from parent and fellow subsidiary companies	113,845	43,729
	<u>          </u>	<u>          </u>
<b>8 Creditors: amounts falling due within one year</b>	<b>31 December 2002 £'000</b>	<b>31 March 2002 £'000</b>
Amounts owed to parent and fellow subsidiary companies	47,795	1,765
Group relief payable	811	1,944
Corporation tax creditor	937	-
	<u>          </u>	<u>          </u>
	49,543	3,709
	<u>          </u>	<u>          </u>
<b>9 Provision for liabilities and Charges</b>		<b>Closure costs £'000</b>
At 1 April 2002		95
Released during the period		(95)
		<u>          </u>
At 31 December 2002		-
		<u>          </u>
<b>10 Called up share capital</b>	<b>31 December 2002 £'000</b>	<b>31 March 2002 £'000</b>
<i>Authorised</i>		
100,000,000 ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and full paid:</i>		
99,500,000 ordinary shares of £1 each	99,500	99,500
	<u>          </u>	<u>          </u>

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED**  
**(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

Notes forming part of the Financial Statements for the period ended 31 December 2002 *(Continued)*

<b>11 Profit and loss account</b>		<b>£'000</b>
At 1 April 2002		46
Retained profit for the period		19,678
		<hr/>
At 31 December 2002		<b>19,724</b>
		<hr/>
<b>12 Movement in shareholders funds</b>	<b>Period ended 31 December 2002 £'000</b>	<b>Year ended 31 March 2002 £'000</b>
At 1 April 2002	99,546	98,279
Profit for financial period/year	19,678	1,267
	<hr/>	<hr/>
At 31 December 2002	<b>119,224</b>	<b>99,546</b>
	<hr/>	<hr/>

**13 Pensions**

Until 2 August 2002, the Company was a subsidiary of Marconi plc (Marconi). All of the company's employees were eligible to become members of The GEC 1972 Plan (the Plan), the principal UK pension plan of the Marconi group. The Plan is funded and is of the 'defined benefit' type but the employer cannot identify its share of the underlying assets and liabilities. Particulars of the most recent actuarial valuation are disclosed in the Report and Financial Statements of Marconi Plc for the year ended 31 March 2002.

The pensions cost charge of the Company in respect of employees who are members of the Plan consists of employers' contributions which are similar across the Marconi group as a whole as a percentage of pensionable earnings. Based on the advice of the Scheme Actuary, the Company contribution to the Plan in the year under review amounted to £Nil (31 March 2002: £Nil) calculated at 14.2 percent from 1 April 2002 and at 8.2 percent from 1 November 2002 (31 March 2002 - 6.6 percent) of members' pensionable salaries.

The net pension deficit at 31 March 2002 is £7,000,000 (31 March 2001: surplus £220,000,000). Any effect of a surplus or deficit would be affected by the future contribution rate as determined by the actuary to the Company.

**14 Contingent liabilities**

Under a group registration, the Company is jointly and severally liable for any Value Added Tax owing by certain other Marconi Selenia Communications Holdings (UK) Limited group companies at 31 December 2002.

The company has given an undertaking to provide financial support to its subsidiary company, Marconi Selenia Secure Systems Limited, for a period of twelve months from the date of signature of these Financial Statements.

**MARCONI SELENIA COMMUNICATIONS HOLDINGS (UK) LIMITED  
(FORMERLY MARCONI MOBILE HOLDINGS LIMITED)**

Notes forming part of the Financial Statements for the period ended 31 December 2002 *(Continued)*

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**15 Cash flow statement**

The Company has used the exemption under FRS1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the Financial Statements of its ultimate parent company.

**16 Group Financial Statements**

These Financial Statements contain information about Marconi Selenia Communications Holdings (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group (see note 18).

**17 Related party disclosures**

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated Financial Statements of Finmeccanica SpA.

**18 Parent undertaking**

The Company's immediate parent undertaking is Marconi Selenia Communications SpA and its ultimate parent undertaking and controlling company is Finmeccanica SpA, a company incorporated in Italy.

The Finmeccanica SpA group is the only group of which the Company is a member for which group accounts are prepared.

Copies of the consolidated Financial Statements of Finmeccanica SpA are available from the Company Secretary.