

TTPCom Limited
Report and Financial Statements
Year ended 31 March 2006

Registered no. 3475732



Contents

	Page
Directors, officers and advisers	2
Directors' report	3
Statement of directors' responsibilities in respect of the financial statements	7
Independent auditors' report	8
Profit and loss account	9
Statement of total recognised gains and losses	9
Balance sheet	10
Notes to the financial statements	11

DIRECTORS, OFFICERS AND ADVISERS

Directors	B K Anderson G J Aspin M C Collins R L Fry A J Milbourn
Company Secretary	B K Anderson
Auditors	Ernst & Young LLP Compass House 80 Newmarket Road Cambridge CB5 8DZ
Bankers	Lloyds Bank Plc Gonville Place 95/97 Regent Street Cambridge CB2 1BQ
Solicitors	Taylor Wessing 24 Hills Road Cambridge CB2 1JW

DIRECTORS' REPORT

The Directors present the report and financial statements for the year ended 31 March 2006.

Principal activity

The principal activity of the Company is the development and commercial licensing of technology and intellectual property used in the design and manufacture of wireless communications terminals such as mobile telephones.

The Company operates from its headquarters in Melbourn, Cambridgeshire with branches in Singapore and Yokohama, Japan.

Review of the business

Product sales, which include licence fees and royalty income were £27.7m – 77% of total sales revenues in the twelve months to 31 March 2006. This compared to £44.5m – 78% of the total last year.

Within product revenues, royalties reduced by £6.8m or 37% to £11.3m. This resulted from the tougher trading conditions experienced by our licensees arising from the competitive pressures exerted by Tier 1 brands in China, and from other silicon manufacturers not using our technology.

Royalties in the year included the first receipt of royalties earned on Intel silicon. Licence fee income was £16.4m or 45% of sales, compared to £26.5m (47% of sales) last year – a reduction of £10.1m or 38%. In the previous financial year, licensing activity was very strong with some 34 new licence sales being made in the year. This year, although 22 licences were signed, they included 6 modules licences, 5 DVB-H licences and 5 AJAR licences, which provide a lower value of revenue per licence.

Service revenues, which include design service fees and maintenance income, were £8.2m (2005: £11.9m), a reduction of 31%. In total they accounted for 23% of sales compared to 21% last year. Within service revenues, maintenance income increased from 15% to 17% of sales but fell in absolute terms by £2.4m to £6.1m, reflecting the reduction in new licence sales. Revenues from design service work fell to £2.2m from £3.4m as a result of the absence of any major new contract awards in the year.

Research and development expenditure in TTPCom was £25.8m (72% of sales) compared to £20.0m (35% of sales) in 2005, an increase of 29%, reflecting the significant investments being made to develop IP in the next generation technologies. 30% of the R&D spend was invested in the AJAR programme, with the remaining 70% relating to the range of products within the Modems business.

Staff costs totalled £25.7m compared to £22.6m last year, reflecting the full year effect of headcount levels at the end of the prior year. Permanent headcount increased by 74 to 464 in the current year, with the majority of the increase being in the R&D and technical support functions.

Other operating expenses in TTPCom, which comprise mainly expenditure on subcontractors, testing, site costs, bad debt provisions as well as non payroll R&D expenses such as software purchases were £32.2m (2005: £28.4m), before the recognition of impairments of £0.9m. The increase was mainly due to increases in the provision for bad and doubtful debts of £4.7m (2005: £0.8m), reflecting the difficult trading conditions experienced by a number of licensees last year. Increased expenditure on subcontractors working on the AJAR program was also a factor.

DIRECTORS' REPORT (continued)

The decline in 2G revenues has highlighted the sensitivity of the Company to the competitiveness of its semiconductor partners' chipset performance and price. If their chipsets do not get designed into handsets the Company does not get a royalty from the chipsets, but neither, more importantly, does the Company get the opportunity to sell its software. The Company has made changes to address this weakness. This includes partnerships with more semiconductor manufacturers, such as Silicon Laboratories Inc. and Skyworks Solutions Inc., in 2G to spread and mitigate the Company's risk; the porting of the Company's AJAR application environment to chipsets from Texas Instruments that do not use TTPCom software or semiconductor IP; and the Company's relationship with Analog Devices has been repositioned (since the year end) to reduce dependence on their chipsets and the cost of supporting them.

Technical progress in 3G is steady, support from customers and operators strong, and TTPCom aims to be a leading competitor to the two other 'open market' solutions within a few months. The huge technical hurdle that 3G represents will provide an entry barrier to others, and forecasts for 3G handset volumes are strengthening.

The AJAR application environment supports the feature phone market: the sort of handset that most people use. It is aimed at low-cost implementation and efficient development of handsets, and works independently of the underlying 2G or 3G technologies. Over a year ago the Company signed its first AJAR licensing agreement with Motorola and now also has arrangements with a number of 'white label' Taiwanese manufacturers who supply Tier 1 brands. TTPCom is focusing on only a small number of high-potential customers, where it is anticipated that handset volumes can lead to significant revenue growth without a disproportionate investment in support costs.

In view of the poor financial results TTPCom is taking a number of actions to address profitability. During the forthcoming year the Company will be structured into two separate businesses: Applications and Modems ('the cellular engines'), the latter being the combination of semiconductor IP and protocol software that enables handsets to connect to networks. This change reflects the shifting nature of revenue streams and the importance placed on AJAR.

Financial risk management

The Company's risks in respect of foreign exchange, interest, and liquidity are managed by the parent undertaking, TTP Communications Plc. The parent company operates a group policy of hedging against currency fluctuations by operating forward currency contracts at pre-determined rates. Excess bank balances are transferred to the holding company which maximises interest returns by placing excess cash on interest-bearing deposits. Cash-flow funding requirements of the Company are provided by transfer from the parent company.

The Company's policy on credit risk is to trade only with recognised, creditworthy third parties. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

DIRECTORS' REPORT (continued)**Future Developments**

On 16 June 2006 DP Acquisitions 2006 LLC, a subsidiary of Motorola Inc., made a conditional offer to the shareholders of the Company's parent company, TTP Communications plc, to buy the entire share capital of the parent company for 45p a share.

On 28 July 2006 sufficient acceptances of the offer had been given and the offer became unconditional, resulting in the Company and all its subsidiaries becoming wholly owned subsidiaries of the Motorola Inc. group.

The Company will continue to invest heavily in research and development particularly in AJAR which is expected to deliver strong profits in the future.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The Company's most important resource is its highly qualified staff, and their welfare is therefore a high priority. Strong communications and an open management style mean employees are kept informed on all matters affecting the business. All staff are encouraged to participate in regular informal Company meetings, to give them the opportunity of being part of the strategic decision making process. Employee share ownership is strongly encouraged, and subject to the rules of the relevant schemes and qualifying periods, employees are eligible to participate in the Company's schemes. Employees share in the Company's profits through the Profit Sharing Bonus Scheme.

Results and dividends

Turnover for the year was £35,980,000 (2005: £56,839,000) and the loss after tax was £26,075,000 (2005: £1,313,000 profit). The Directors do not propose the payment of a final dividend (2005: £nil). The retained loss of £26,075,000 (2005: £1,313,000 profit) will be transferred to reserves.

Directors and their interests

The Directors who served during the year were:

B K Anderson
G J Aspin
M C Collins
R L Fry
A J Milbourn

The secretary who served during the year was B K Anderson.

None of the Directors had any interest in the share capital of the Company. Each Director holds shares in the parent Company TTP Communications plc, details of their interests can be found within the financial statements of TTP Communications plc.

DIRECTORS' REPORT (continued)**Directors' liabilities**

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

Suppliers

It is Company policy to agree terms of trade when contracting with suppliers and thereafter to adhere to those terms. The Company had an average of 36 days purchases in creditors at 31 March 2006 (2005: 52 days).

Charitable donations

The Company made charitable donations of £29,672 during the year (2005: £47,841). The donations were made to local and national charities, for humanitarian aid, schools and arts as well as matching employee contributions for disaster relief.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Following the acquisition of the company's parent by DP Acquisitions 2006 LLC, a subsidiary of Motorola Inc., Ernst & Young LLP will be resigning as auditors. KPMG, who are the auditors to the Motorola group, have expressed their willingness to be appointed as auditors at a remuneration to be fixed by the directors.

An elective regime is in place to dispense with the holding of annual general meetings.

ON BEHALF OF THE BOARD



B K Anderson
Director
16 October 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs 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 a going concern basis; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

INDEPENDENT AUDITORS' REPORT

We have audited the Company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. These financial statements have been prepared on the basis of 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 transactions with the Company is not disclosed.

Basis of audit opinion

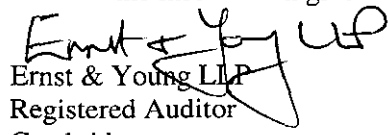
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

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.


Ernst & Young LLP
Registered Auditor
Cambridge
16 October 2006

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2006

	Note	2006 £000	2005 restated £000
Turnover	2	35,980	56,839
Staff costs		(25,702)	(22,604)
Depreciation and amortisation		(2,852)	(2,638)
Other operating expenses		(32,152)	(28,376)
Operating (loss)/profit before provisions for impairment		(23,792)	3,221
Provision for impairment of investments		(934)	-
Operating (loss)/profit	4	(24,726)	3,221
Net interest		(4)	(7)
(Loss)/profit on ordinary activities before taxation		(24,730)	3,214
Tax on (loss)/profit on ordinary activities	7	(1,345)	(1,901)
Retained loss/(profit) for the year	15	(26,075)	1,313

All results relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2006

	2006 £000	2005 restated £000
Retained loss/(profit) for the year	(26,075)	1,313
Prior year adjustments (see notes 1 and 15)	(2,508)	
Total losses recognised since last annual report	(28,583)	

BALANCE SHEET
as at 31 March 2006

	Note	2006 £000	2005 restated £000
Fixed assets			
Tangible assets	8	4,846	6,052
Intangible assets	9	764	834
Investments	10	2,976	3,840
		8,586	10,726
Current assets			
Debtors	11	16,949	23,030
Cash at bank and in hand		574	1,910
		17,523	24,940
Creditors: amounts falling due within one year	12	36,769	20,251
Net current (liabilities)/assets		(19,246)	4,689
Net (liabilities)/assets		(10,660)	15,415
Capital and reserves			
Called up share capital	14	250	250
Profit and loss account	15	(10,910)	15,165
Equity shareholders' (deficit)/funds		(10,660)	15,415


B.K. Anderson

Director

16 October 2006

NOTES TO THE FINANCIAL STATEMENTS**31 March 2006****1. ACCOUNTING POLICIES****Basis of accounting**

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom accounting standards.

Basis of preparation

The Company is exempt from the requirement to prepare Group financial statements by virtue of the exemption conferred by Section 228 of the Companies Act 1985. The financial statements give information about the Company as an individual undertaking and not about its Group.

Going concern

The accounts have been prepared on a going concern basis as the directors have received confirmation from its ultimate parent company that sufficient funds will be made available to enable the Company to meet its obligations when they fall due.

Changes in accounting policies

The Company has made the following changes to its accounting policies:

Foreign exchange

The Company has adopted FRS 23 which requires assets and liabilities denominated in foreign currencies to be translated to sterling at the actual prevailing rate. Previously the Company converted assets and liabilities at the weighted average contract rate of forward exchange contracts held on the Company's behalf by the parent company.

The adoption of FRS 23 gives rise to a prior year adjustment of £1,637,000 at 31 March 2005 arising from the revaluation of assets and liabilities denominated in foreign currencies.

Employee benefits

The Company now recognises a liability in respect of the value of employees' paid holiday entitlement earned in excess of the value of employees' paid holiday taken. In previous accounting periods no such liability was recognised.

This change in accounting policy is to ensure that the Company recognises the full cost of employment of its staff, including the cost of holidays not taken by employees.

The adoption of this policy gives rise to a prior year adjustment of £871,000 at 31 March 2005 in respect of the value of holiday pay accrued prior to that date.

Cash flow statement

The Company was a wholly owned subsidiary of TTP Communications plc during the year ended 31 March 2006 and is included in the consolidated financial statements of TTP Communications plc which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Research and development expenditure

Research and development expenditure is written off in the year of expenditure.

NOTES TO THE FINANCIAL STATEMENTS**31 March 2006****1. ACCOUNTING POLICIES (continued)****Tangible fixed assets**

Tangible fixed assets are initially recorded at cost. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Leasehold improvements	2-5 years
Plant and equipment	3 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

Intangible assets

Intangible assets acquired separately are capitalised at cost. Third party licences are typically amortised over their useful economic lives of three years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Turnover and accounting for contracts

Turnover (excluding VAT) comprises revenue from the sales of licences, royalties arising from sale of licensed products, and revenues from support, maintenance and consulting services.

Licence fees are invoiced according to an agreed set of milestone payments. Revenue from the sale of licences is recognised on a percentage to completion basis over the period from signing of the licence to customer acceptance. Provisions for estimated losses on contracts yet to be completed are recognised in the period in which the likelihood of such losses is determined.

Royalty revenue is generally recognised in accordance with reported customer sales of product incorporating TTPCom intellectual property. In certain circumstances, revenue in respect of advance royalties is recognised upon the initial sale if all products subject to royalty are delivered in the period, cash collection is probable and the Company has performed the related contractual obligations.

Revenue from support and maintenance contracts is recognised on a straight-line basis over the period for which support and maintenance is contractually agreed by the Company with the licensee.

Revenue from consultancy is recognised as obligations are fulfilled.

Deferred taxation

Deferred tax is recognised 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, or a right to pay less or to receive more, tax, with the following exception. Deferred tax assets are recognised only to the extent that the Directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Grants

Grants in respect of specific research and development projects are credited to the profit and loss account to match the projects' related expenditure.

NOTES TO THE FINANCIAL STATEMENTS**31 March 2006****1. ACCOUNTING POLICIES (continued)****Foreign currency**

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is included in the profit and loss account.

Operating leasing commitments

Rentals paid under operating leases are charged on a straight-line basis over the lease term.

Pensions

The Company participates in the TTP Communications Group Pension Scheme, a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules.

2. TURNOVER

Turnover, which all arises within the United Kingdom and from one class of business, arose from sales to the following geographical markets:

	2006	2005
	£000	£000
United Kingdom	516	1,226
Rest of Europe	1,496	2,727
North America	12,177	8,263
Far East and Australia	21,627	44,623
Rest of the world	164	-
	35,980	56,839

3. EMPLOYEE INFORMATION

Employee costs (including executive Directors) during the year include:

	2006	2005
	£000	£000
Wages and salaries	20,539	18,455
Redundancy costs	359	-
Social security costs	2,250	1,974
Other pension costs	2,554	2,175
	25,702	22,604

The average monthly number of employees during the year was made up as follows:

	2006	2005
	Number	Number
Research and development	333	262
Sales and marketing	32	40
Administration	99	88
	464	390

NOTES TO THE FINANCIAL STATEMENTS**31 March 2006****4. OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after charging/(crediting):

	2006	2005
	£000	£000
Research and development expenditure	25,756	19,974
Depreciation	2,542	2,431
Amortisation	310	207
Impairment of investments	934	-
Operating lease charges		
- land and buildings	1,754	1,567
- plant and machinery	21	36
Foreign exchange	(3,724)	(52)

5. AUDITORS' REMUNERATION

New requirements for the disclosure of remuneration paid by the Company to its auditors were introduced in the Companies (Audit, Investigations and Community Enterprise) Act 2004 and regulations specifying these requirements were issued in 2005, and are mandatory for accounting periods beginning on or after 1 October 2005.

Notwithstanding this, the Company has elected to give disclosures that comply with these requirements, in particular regarding fees other than for the audit of its financial statements, in accordance with the extant legislation.

	2006	2005
	£000	£000
Audit of the financial statements	62	59
Other fees to auditors:		
Taxation services	40	7
	102	66

6. DIRECTORS' REMUNERATION

Directors of the Company received the following remuneration:

	2006	2005
	£000	£000
Emoluments	820	819
Pension contributions	172	163
	992	982

All of the Directors receive pension benefits under the Company's defined contribution scheme.

The amounts in respect of the highest paid director were as follows:

	2006	2005
	£000	£000
Emoluments	186	187
Pension contributions	36	35
	222	222

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Corporation tax

The major components of income tax expenses for the years ended 31 March 2006 and 2005 are:

	2006 £000	2005 £000
Current tax on (loss)/profit for the year	(145)	-
Irrecoverable withholding tax	1,483	1,676
	1,338	1,676
Overseas taxation	7	662
	1,345	2,338
Adjustments in respect of prior year corporation tax	-	(437)
Total tax charge	1,345	1,901

Under legislation introduced with effect from 1 April 2002, the tax charge is affected by the availability of UK research and development tax credits. The tax impact is a reduction in the tax charge by £900,000 (2005: £870,000).

The current tax charge also benefited from the availability of 100% research and development allowances on certain items of capital expenditure incurred during the year.

b. Factors affecting the tax charge for the year

	2006 £000	2005 £000
(Loss)/profit on ordinary activities before taxation	(24,730)	3,214
(Loss)/profit on ordinary activities before taxation at 30% (2005: 30%)	(7,419)	964
Effect of:		
Irrecoverable withholding tax	1,483	1,676
Expenses not deductible for tax purposes	69	52
Impairment of investment	280	-
Adjustments in respect of current income tax in respect of previous years	-	(437)
Research and development tax credits	(900)	(870)
Foreign taxes	(447)	-
Deferred tax on timing differences not provided	848	888
Losses added/(utilised), not recognised in deferred tax	7,431	(372)
	1,345	1,901

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

c. Unrecognised deferred tax

The following potential deferred tax assets have not been recognised, due to uncertainty over the availability of future taxable profits against which the assets could be offset.

	2006 £000	2005 £000
Decelerated capital allowances	2,300	1,515
Short-term timing differences	339	57
Losses	7,367	122
	10,006	1,694

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Plant and equipment £000	Total £000
Cost			
At 1 April 2005	3,192	12,628	15,820
Additions	101	1,233	1,334
Foreign currency adjustment	2	5	7
At 31 March 2006	3,295	13,866	17,161
Depreciation			
At 1 April 2005	1,933	7,835	9,768
Provided during the year	477	2,065	2,542
Foreign currency adjustment	1	4	5
At 31 March 2006	2,411	9,904	12,315
Net book value			
At 31 March 2006	884	3,962	4,846
At 31 March 2005	1,259	4,793	6,052

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

9. INTANGIBLE ASSETS

	Third party licences £000
Cost	
At 1 April 2005	1,041
Additions	240
At 31 March 2006	1,281
Amortisation	
At 1 April 2005	207
Provided during the year	310
At 31 March 2006	517
Net book value	
At 31 March 2006	764
At 31 March 2005	834

10. INVESTMENTS

Details of movements in investments during the year are as follows:

	Shares in subsidiary undertakings £000	Other £000	Total £000
Cost			
At 1 April 2005	2,906	934	3,840
Additions	70	-	70
At 31 March 2006	2,976	934	3,910
Provision for impairment			
At 1 April 2005	-	-	-
Provision in year	-	934	934
At 31 March 2006	-	934	934
Net book value			
At 31 March 2006	2,976	-	2,976
At 31 March 2005	2,906	934	3,840

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

10 INVESTMENTS (continued)

Other investments represent beneficial holdings in the shares of unlisted companies.

Details of the subsidiary undertakings are as follows:

Name of undertaking	Country of incorporation	Description of shares held	Percentage interest	Nature of business
TTPCom Danmark ApS	Denmark	Ordinary shares of 1,000 Danish Kroner	100%	Mobile telecommunications research and development
TTPCom France SAS	France	Ordinary shares of €1	100%	Mobile telecommunications research and development
TTPCom Inc.	USA	Ordinary shares of \$0.001	100%	Customer support
TTPCom Consultancy (Shanghai) Company Limited	People's Republic of China	Ordinary shares	100%	Customer support
TTPCom Korea	Republic of Korea	Ordinary shares of 1,000 Won	100%	Mobile telecommunications research and development
TTPCom Taiwan Co.	Republic of China	Ordinary shares of NT\$10	100%	Customer support

11. DEBTORS

	2006 £000	2005 restated £000
Amounts recoverable on contracts	4,261	5,200
Trade debtors	8,999	10,539
Amounts owed by group undertakings	964	5,312
Amounts owed by related group undertaking (note 17)	-	12
Corporation tax	128	-
Other debtors	624	654
Prepayments and accrued income	1,973	1,313
	16,949	23,030

All amounts included within debtors fall due within one year

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

12. CREDITORS: amounts falling due within one year

	2006	2005 restated
	£000	£000
Payments on account	6,704	5,745
Trade creditors	3,736	8,319
Amounts owed to group undertakings	20,524	-
Amounts owed to related group undertakings (note 17)	-	106
Corporation tax	-	19
Other taxes and social security costs	1,236	1,214
Other creditors	1,769	2,739
Provision for redundancy costs	359	-
Accruals	2,441	2,109
	36,769	20,251

13. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by category of the carrying amounts and fair value of all of the Company's financial instruments that are recognised in the financial statements.

	Carrying amount		Fair value	
	2006	2005	2006	2005
	£000	£000	£000	£000
<i>Financial assets</i>				
Trade debtors	8,999	10,539	8,999	10,539
Amounts owed by group undertakings	964	5,312	964	5,312
Amounts owed by related group undertaking	-	12	-	12
Cash	574	1,910	574	1,910
	10,537	17,773	10,537	17,773
<i>Financial liabilities</i>				
Trade creditors	(3,736)	(8,319)	(3,736)	(8,319)
Amounts owed to group undertakings	(20,524)	-	(20,524)	-
Amounts owed to related group undertakings	-	(106)	-	(106)
	(24,260)	(8,425)	(24,260)	(8,425)

Foreign exchange risk

Foreign exchange risk is mitigated by the parent undertaking, TTP Communications plc, which holds forward exchange contracts to sell US dollars at pre-determined rates, to hedge against changes in the US dollar exchange rate.

Interest rate risk

Cash balances do not accrue interest. Excess cash is transferred to the parent undertaking, which invests cash on short term deposits to maximise group-wide returns on cash.

Credit risk

The Company has no significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2006

14. CALLED UP SHARE CAPITAL

Equity share capital

	2006 £000	2005 £000
Authorised		
250,000 Ordinary shares of £1 each	250	250
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250	250

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share capital £000	Profit and loss account £000	Total 2006 £000	Total 2005 £000
At 1 April 2005, as previously stated	250	17,673	17,923	17,019
Prior year adjustments (see note 1)				
- foreign exchange	-	(1,637)	(1,637)	(2,258)
- employee benefits	-	(871)	(871)	(659)
At 1 April 2005, as restated	250	15,165	15,415	14,102
(Loss)/profit for the year	-	(26,075)	(26,075)	1,313
At 31 March 2006	250	(10,910)	(10,660)	15,415

16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a. Pension commitments

During the period under review, the Company contributed on behalf of its employees to defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds.

		Contributions 2006 £000	2005 £000	Creditor outstanding 2006 £000	2005 £000
UK	TTP Communications Plc pension scheme	2,446	2,134	269	242
Singapore	State scheme	97	32	8	-
Japan	State scheme	11	9	2	1
		2,554	2,175	279	243

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

b. Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2006 £000	2005 £000	2006 £000	2005 £000
Operating leases which expire:				
within one year	31	35	-	-
in one to two years	239	59	14	2
in two to five years	169	223	-	22
after five years	1,280	1,274	-	-
	1,719	1,591	14	24

c. Capital commitments

Capital sums committed but not provided in the financial statements amounted to £33,000 (2005: £nil).

17. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of TTP Communications plc or investees of the TTP Communications plc Group.

During the year the Company purchased services from, and sold them to 7layers UK Limited, a joint venture of TTP Communications plc, in the ordinary course of business and at normal business market prices as follows:

Related party		Sales to related parties £000	Purchase from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
7layers UK Limited	2006	103	688	-	-
	2005	121	776	12	106

The sales to 7layers UK Limited consisted of support costs. The purchases from 7layers UK Limited consisted of testing fees.

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate and immediate parent undertaking and controlling party at 31 March 2006 was TTP Communications plc, which is the smallest and largest Group to consolidate these financial statements. Copies of TTP Communications plc consolidated financial statements can be obtained from the Company Secretary at Melbourn Science Park, Cambridge Road, Melbourn, Royston, Hertfordshire, SG8 6HQ.

On 28 July 2006 the entire share capital of the parent undertaking was acquired by DP Acquisitions 2006 LLC, a subsidiary of Motorola Inc.