

**Report of the Directors and**  
**Financial Statements**  
**for the Year Ended 31 December 2006**  
**for**  
**Nortel Networks Properties Limited**



**Nortel Networks Properties Limited**

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**for the Year Ended 31 December 2006**

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**Nortel Networks Properties Limited**

**Company Information**  
**for the Year Ended 31 December 2006**

**DIRECTORS:** H Birt (resigned 31<sup>st</sup> March 2007)  
D S Gill  
S Rolston (appointed 1<sup>st</sup> April 2007)

**SECRETARY:** D S Gill

**REGISTERED OFFICE:** Maidenhead Office Park  
Westacott Way  
Maidenhead  
BERKSHIRE  
SL6 3QH

**REGISTERED NUMBER:** 710790 (England and Wales)

**Nortel Networks Properties Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2006**

The directors present their report with the financial statements of the Company for the year ended 31 December 2006

**PRINCIPAL ACTIVITY**

The Company has not traded during the year ended 31 December 2006

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The results for the year and financial position of the Company are as shown in the annexed financial statements. The Company has not traded during the year ended 31 December 2006 and is not expected to trade in the foreseeable future. All administrative expenses have been met by the Company's parent company, Nortel Networks UK Limited.

**DIVIDENDS**

No dividend is proposed for the year ending 31 December 2006 (2005 Nil)

**DIRECTORS**

The directors during the year under review were

H Birt (resigned 31<sup>st</sup> March 2007)

D S Gill

Sharon Rolston (appointed 1<sup>st</sup> April 2007)

The directors holding office at 31 December 2006 did not hold any beneficial interest in the issued share capital of the company and did not hold any declarable interests in any group company at 1 January 2006 or 31 December 2006.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial period 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,
- state whether applicable accounting standards have been followed, 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 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Nortel Networks Properties Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2006 (continued)**

**AUDITORS**

For the year ended 31 December 2006 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985

**ON BEHALF OF THE BOARD:**



Sharon Rolston - DIRECTOR

Date 25<sup>th</sup> June 2007

**Nortel Networks Properties Limited**

**Balance Sheet as at**  
**31 December 2006**

	Notes	<u>2006</u>		<u>2005</u>	
		£	£	£	£
<b>CURRENT ASSETS:</b>					
Debtors	3	<u>100</u>		<u>100</u>	
<b>NET CURRENT ASSETS:</b>		<u>100</u>		<u>100</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS:</b>			<u>100</u>		<u>100</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	4		100		100
Profit and loss account			<u>-</u>		<u>-</u>
<b>EQUITY SHAREHOLDERS' FUNDS:</b>			<u>100</u>		<u>100</u>

For the year ended 31 December 2006 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985

No members have required the company to obtain an audit of its accounts for the year in question in accordance with Section 249b(2)

The directors acknowledge their responsibility for (i) ensuring the company keeps accounting records which comply with section 221 and (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

**ON BEHALF OF THE BOARD:**



Sharon Rolston - DIRECTOR

Approved by the Board on 25<sup>th</sup> June 2007

**Nortel Networks Properties Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2006**

**1 ACCOUNTING POLICIES**

The particular policies adopted by the Directors are described below. These have been applied consistently throughout the current and preceding period.

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

**Presentation of financial information**

In accordance with FRS 1 (Revised 1996), a Cash Flow Statement has not been included in the financial statements. The Company's ultimate parent undertaking includes a cash flow statement within its consolidated financial statements and these are publicly available (note 7).

**2 OPERATING PROFIT**

There are no audit fees for 2006 (2005: nil).

In 2006 and 2005, all directors were also directors of the other Group companies. The amount of their remuneration allocated in respect of services to the Company was £nil (2005: £nil). There were no other employees of the company in 2006 (2005: none).

**3 DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2006 £	2005 £
Amounts owed by group undertakings	<u>100</u>	<u>100</u>

**4 CALLED UP SHARE CAPITAL**

Authorised equity		Nominal value £1	2006 £	2005 £
100	Ordinary		<u>100</u>	<u>100</u>
Allotted, issued and fully paid equity		Nominal value £1	2006 £	2005 £
100	Ordinary		<u>100</u>	<u>100</u>

**Nortel Networks Properties Limited**

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2006**

**5 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	2006 £	2005 £
As at 1 January	100	100
Dividend declared	-	-
Closing shareholders' funds	<u>100</u>	<u>100</u>

**6 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The Company's ultimate parent company and the parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Nortel Networks Corporation, a company registered in Canada. The parent undertaking of the smallest such group is Nortel Networks UK Limited, a company registered in England. Copies of the group financial statements of Nortel Networks Corporation are available from Nortel Networks, One Brunswick Square, Atrium Suite 100, Saint John, New Brunswick, E2L 4VL, Canada. Copies of the group financial statements of Nortel Networks UK Limited are available from Companies House, Crown Way, Mandy, Cardiff, CF4 3UZ.

**7 RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, Nortel Networks Corporation have not been disclosed in these financial statements.