M 2003 PLC
Form 20-F
September 30, 2005

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As filed with the Securities and Exchange Commission on September 30, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

(Mark One)

o	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
þ	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the fiscal year ended March 31, 2005
	OR
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
o	**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	Date of event requiring this shell company report _____

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No o

For the transition period from to
Commission File Number 333-12430

M (2003) plc
Formerly Marconi plc
(Exact name of Registrant as specified in its charter)

ENGLAND AND WALES
(Jurisdiction of incorporation or organization)
8 Salisbury Square
London EC4Y 8BB
United Kingdom
(Address of principal executive office)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
None

Securities registered or to be registered pursuant to Section 12(g) of the Act:
American Depositary Shares evidenced by American Depositary Receipts, each American Depositary Share representing 2 ordinary shares, nominal value 5 pence per share

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of March 31, 2005:

2,793,011,951 Ordinary Shares of 5p each

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES þ NO o

Indicate by check mark which financial statement item the registrant has elected to follow.

ITEM 17 o ITEM 18 þ

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES þ NO o

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* We have responded to Item 18 in lieu of responding to this Item.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

On May 19, 2003, M (2003) plc (then known as Marconi plc) and Marconi Corporation plc concluded the financial restructuring of the Marconi group. The financial restructuring was effected through separate schemes of arrangement under the U.K. Companies Act 1985 for each of M (2003) plc and Marconi Corporation plc. As a result of the restructuring, the shares that M (2003) plc held in Marconi Corporation plc were cancelled. Marconi Corporation plc became the new parent holding company of the Marconi group and M (2003) plc ceased to be a member of the Marconi group. On October 21, 2003, Marconi plc changed its name to M (2003) plc. M (2003) plc no longer conducts any business and does not intend to revive any business operations. In this annual report, the terms we , us , our , Marconi , the company refer to M (2003) plc and, prior to May 19, 2003, its subsidiaries and joint ventures, as the context requires.

Under the terms of the M (2003) plc scheme of arrangement, all of our assets, other than those necessary to fund the administration of the scheme and the company will be distributed to scheme creditors in accordance with the scheme of arrangement. The Directors expect to dissolve M (2003) plc at approximately the same time as the completion of these distributions to scheme creditors. While M (2003) plc shares, and ADRs representing M (2003) plc shares, remain outstanding following the effectiveness of the financial restructuring, the Directors believe that there will be no circumstances under which any additional value will be returned to shareholders of M (2003) plc. As that is the case, the Directors believe M (2003) plc shares and ADRs are worthless.

M (2003) plc is incorporated as a public limited company under the laws of England and Wales. We state our financial statements in United Kingdom (U.K.) pounds sterling. In this annual report, references to pounds sterling, pounds or £ and to pence or p are to the currency of the United Kingdom, references to euro or are to the common legal currency of the members of the European monetary union, and references to United States (U.S.) dollars, U.S.$ or $ are to the currency of the United States of America.

Our fiscal year ends on March 31. Unless otherwise specified, all references in this annual report to our fiscal year refer to a twelve-month financial period ending March 31. For example, fiscal 2005 represents the fiscal year beginning on April 1, 2004 and ending on March 31, 2005.

The consolidated financial statements contained in this annual report have been prepared in accordance with accounting principles generally accepted in the United States, known as U.S. GAAP.

Various amounts and percentages set forth in this annual report may have been rounded and, accordingly, may not total.

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PART I

Item 1: ***Identity of Directors, Senior Management and Advisers***

This item is not applicable.

Item 2: ***Offer Statistics and Expected Timetable***

This item is not applicable.

Item 3: ***Key Information***

SELECTED CONSOLIDATED FINANCIAL DATA

The selected historical consolidated financial information presented below as at and for each of the five years ended March 31, 2001 through 2005, has been derived from our audited consolidated financial statements prepared in accordance with U.S. GAAP.

On May 19, 2003, we and Marconi Corporation plc concluded the financial restructuring of the Marconi group through two separate schemes of arrangement under the U.K. Companies Act 1985. As a result of the restructuring, Marconi Corporation plc became the new parent holding company of the Marconi group, replacing us, and we ceased to be a member of the Marconi group. Additional details on the restructuring are included elsewhere in this document.

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SELECTED CONSOLIDATED FINANCIAL DATA (continued)

	2005 £000	2004 £000	2003 £000	2002 £000	2001 £000
STATEMENT OF OPERATIONS DATA:					
Revenues					
Network Equipment		100,000	1,131,000	1,812,000	3,268,000
Network Services		68,000	743,000	969,000	1,016,000
Other			22,000	465,000	637,000
Total		168,000	1,896,000	3,246,000	4,921,000
Operating loss(1)	(1,284)	(58,000)	(608)	(6,392)	(52)
Other income/(expense), net(2)	361	2,335,000	(295)	23	310
Income/(loss) from continuing operations before income taxes, minority interest and cumulative effect of changes in accounting principles	(923)	2,277,000	(903)	(6,369)	258
Income/(loss) from continuing operations before cumulative effects of changes in accounting principles	(1,108)	2,276,000	(756)	(6,094)	101
Cumulative effects of changes in accounting principles(3)				(240)	
Net income/(loss)	(1,108)	2,276,000	(807)	(6,150)	180
Cash dividends declared per common share (4)					
£ per share					£0.05
$ equivalent per share					$0.08
BALANCE SHEET DATA:					
Total assets	8,266	8,961	3,111	4,925	11,683
Net assets/(liabilities)	8,266	8,961	(2,500)	(1,493)	4,805
Capital stock	799,000	799,000	1,220	1,203	946
Shares issued and outstanding (millions)	2,793,011	2,793,011	2,793,011	2,793,011	2,785,000

Notes:

(1) For fiscal 2002, operating loss is reflected after business restructuring and asset impairment charges of £5,319 million.

(2) For fiscal 2004, other income/(expense), net includes a gain on financial restructuring of £2,183 million and a gain on settlement of equity forward contracts of £123 million. For fiscal 2002, other income/expense, net includes a gain on early retirement of debt of £166 million. This reclassification has been made on adoption of SFAS 145, *Recission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*.

(3) We adopted EITF 00-19, *Accounting for Derivative Instruments Indexed to, and Potentially Settled in, the Company s Own Stock*, in fiscal 2002. The value of such instruments, as of the implementation date, was recorded as a cumulative effect of a change in accounting principles of £240 million in fiscal 2002.

(4) Dividend payments were made out of net income, which included income from discontinued operations.

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EXCHANGE RATE INFORMATION

The Noon Buying Rate for pounds sterling expressed in U.S. dollars per pounds sterling on September 27, 2005 was £1.00 = U.S.$1.7677.

The following table sets forth the high and low noon buying rate for pounds sterling expressed in U.S. dollars per pound sterling for each of the previous six months:

2005	High	Low
April	1.9197	1.8733
May	1.9048	1.8205
June	1.8368	1.7930
July	1.7753	1.7303
August	1.8148	1.7695
September (through 27)	1.8420	1.7677

The following table sets forth the average noon buying rate for pounds sterling expressed in U.S. dollars per pound sterling for each of the five most recent fiscal years, based on the noon buying rate on the last business day of each month.

Fiscal Year Ended March 31,	Average
2001	1.4737
2002	1.4320
2003	1.5541
2004	1.8400
2005	1.8506

RISK FACTORS

As a result of our financial restructuring, we have ceased business operations and intend to distribute our remaining assets to our creditors.

On May 19, 2003, the financial restructuring of the Marconi group was concluded. The financial restructuring was effected through separate schemes of arrangement under the U.K. Companies Act 1985 for each of M (2003) plc and Marconi Corporation plc. As a result of the restructuring, the shares that M (2003) plc held in Marconi Corporation plc were cancelled. Marconi Corporation plc became the new parent holding company of the Marconi group and we ceased to be a member of the Marconi group. M (2003) plc no longer conducts any business and does not intend to revive any business operations.

Under the terms of the M (2003) plc scheme of arrangement, all of our assets, other than those necessary to fund the administration of the scheme and the Company, will be distributed to scheme creditors in accordance with the scheme of arrangement. The Directors expect to dissolve M (2003) plc at approximately the same time as the completion of these distributions to scheme creditors. While M (2003) plc shares, and ADRs representing M (2003) plc shares, remain outstanding following the effectiveness of the financial restructuring, the Directors believe that there will be no circumstances under which any additional value will be returned to shareholders of M (2003) plc. As that is the case, we believe M (2003) plc shares and ADRs are worthless.

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Item 4: *Information on the Company*

HISTORY AND DEVELOPMENT OF THE COMPANY

M (2003) plc, formerly Marconi plc, is a public limited company incorporated and domiciled in England and Wales and operating under the U.K. Companies Act 1985. M (2003) plc was incorporated as a public limited company in England in 1999. The address and telephone number of its registered office are 8 Salisbury Square, London EC4Y 8BB, United Kingdom and +44 (0)24 7656 5606.

Until the effectiveness on May 19, 2003 of the schemes of arrangement described below under the caption Financial Restructuring , M (2003) plc was the parent company of Marconi Corporation plc and its subsidiaries, which operated (and continues to operate) the business of the Marconi group. As a result of the effectiveness of those schemes of arrangement, we ceased to be a member of the Marconi group and ceased business operations. Unless the context otherwise requires, the discussion below relates to the business and operations of the Marconi group that was, and continues to be, operated through the former direct and indirect subsidiaries of M (2003) plc.

On October 21, 2003, Marconi plc changed its name to M (2003) plc.

Financial Restructuring

On May 19, 2003, the Marconi group concluded its financial restructuring. The restructuring was effected through two separate schemes of arrangement under the U.K. Companies Act 1985. A scheme of arrangement is a procedure under English law through which a company may enter into a voluntary compromise or arrangement with one or more classes of its creditors to effect a restructuring of its financial obligations. One scheme of arrangement involved all of the creditors of Marconi Corporation plc, other than certain excepted categories of creditors but including the syndicate banks and bondholders to whom our primary financial indebtedness was owed. The second scheme of arrangement involved creditors of M (2003) plc. As a result of the restructuring, the shares that M (2003) plc held in Marconi Corporation plc were cancelled. Marconi Corporation plc became the new parent holding company of the Marconi group, and M (2003) plc ceased to be a member of the Marconi group.

The financial restructuring covered approximately £4.8 billion of creditors claims, comprising £4.0 billion of syndicated bank debt and externally held U.S. dollar and euro denominated bonds and £800 million of related party debt. In exchange for the cancellation of their claims against us and Marconi Corporation plc, on May 19, 2003 the creditors covered by these schemes of arrangement received:

Cash: £340 million in cash;

Senior Notes: U.S.$717,139,584 (approximately £437 million) in aggregate principal amount of new guaranteed senior secured notes due April 2008 issued by Marconi Corporation plc, with interest payable quarterly in cash at a rate of 8% per annum. Since the implementation of the schemes, Marconi Corporation plc has fully redeemed for U.S. dollars these Notes;

Junior Notes: U.S.$486,881,472 (approximately £297 million) in aggregate principal amount of new guaranteed junior secured notes due October 2008 issued by Marconi Corporation plc, with interest payable quarterly in cash at a rate of 10% per annum or, at our option, in kind, by issuing additional junior notes, at a rate of 12% per annum. Since the implementation of the schemes, Marconi Corporation plc has fully redeemed for U.S. dollars these Notes; and

Marconi Corporation plc Shares: 995 million ordinary shares, representing 99.5% of Marconi Corporation plc s issued ordinary share capital on May 19, 2003.

In addition, Marconi Corporation plc issued 5 million ordinary shares, representing 0.5% of its issued ordinary share capital upon consummation of the financial restructuring, and warrants to subscribe for up to 50 million additional ordinary shares, equal to 5% of its issued ordinary share capital upon consummation of the financial restructuring, to shareholders of M (2003) plc. In connection with the restructuring Marconi

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Corporation plc listed its ordinary shares on the London Stock Exchange and established an ADR program in respect of those shares.

In connection with the financial restructuring, our ordinary shares were delisted from the London Stock Exchange. Under the terms of the M (2003) plc scheme of arrangement, all of our assets, other than those necessary to fund the administration of the scheme and the Company, will be distributed to scheme creditors in accordance with the scheme of arrangement. The Directors expect to dissolve M (2003) plc at approximately the same time as the completion of these distributions to scheme creditors. While M (2003) plc shares, and ADRs representing M (2003) plc shares, remain outstanding following the effectiveness of the financial restructuring, the Directors believe that there will be no circumstances under which any additional value will be returned to shareholders of M (2003) plc. As that is the case, the Directors believe M (2003) plc shares and ADRs are worthless.

Prior to the financial restructuring, we had issued options in respect of M (2003) plc s shares to Marconi group employees under a number of different option plans. In order to hedge some of the potential cost of acquiring the shares necessary to satisfy the group s obligations under these plans, we, through an ESOP trust entity, entered into contracts, which we refer to as ESOP derivative transactions, to purchase shares in the future at prices that were fixed at the dates of the contracts. In connection with the restructuring process, on March 26, 2003 we and Marconi Corporation plc entered into a final settlement with the banks, which we refer to as the ESOP derivative banks, that were the counterparties under the ESOP derivative transactions. This settlement agreement definitively settled the claims of the ESOP derivative banks against M (2003) plc and Marconi Corporation plc in relation to the ESOP derivative transactions. Under the settlement, which was conditional on Marconi Corporation plc s financial restructuring becoming effective, we paid a total of £35 million to the ESOP derivative banks and the claims of the ESOP derivative banks under the ESOP derivative transactions were excluded from our and Marconi Corporation plc s schemes of arrangement.

On May 6, 2004, the M (2003) plc scheme supervisors authorized a further distribution to creditors as a consequence of the settlement of a Marconi Corporation plc scheme claim, referred to as the Millionerrors claim. At the time of this distribution, the prevailing share price and exchange rate resulted in the distribution of consideration approximately equivalent to 2 pence per pound of admitted claims.

BUSINESS OVERVIEW

Until the effectiveness on May 19, 2003 of the schemes of arrangement of M (2003) plc and Marconi Corporation plc, M (2003) plc was the parent company of Marconi Corporation plc and its subsidiaries, which operated (and continues to operate) the business of the Marconi group. As a result of the effectiveness of the M (2003) plc and Marconi Corporation plc schemes of arrangement, we ceased to be a member of the Marconi group and ceased our business operations. The business of the Marconi group continues to be operated by Marconi Corporation plc, the current parent holding company of the Marconi group, and its subsidiaries.

As a consequence of the schemes of arrangement, we no longer conduct any business, and we do not intend to revive any business operations.

Prior to May 19, 2003, we, through our former Marconi group subsidiaries, were a global vendor of telecommunications equipment and services. A description of the business that we used to conduct is contained in our previous annual reports on Form 20-F filed with the Securities and Exchange Commission. Our only remaining, dormant and non trading, subsidiaries are listed in Note 23 of the Notes to the Consolidated Financial Statements included in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Our registered office is located at 8 Salisbury Square, London EC4Y 8BB, United Kingdom. We currently have no property, plant or equipment.

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Item 5: ***Operating and Financial Review and Prospects***

On May 19, 2003, the Marconi group concluded its financial restructuring, which was effected through two separate schemes of arrangement under the U.K. Companies Act 1985. As a result of the restructuring, we ceased to be a member of the Marconi group and ceased business operations. See the additional discussion of our financial restructuring in History and Development of the Company Financial Restructuring . Because the financial restructuring occurred approximately seven weeks into fiscal 2004, and because we ceased business operations thereafter, any discussion of our results or of specific financial statement line items between fiscal 2005 and fiscal 2004 and between fiscal 2004 and fiscal 2003 is not meaningful.

In connection with the financial restructuring of the Marconi Group, the shares that M (2003) plc held in Marconi Corporation plc were cancelled, and M (2003) plc divested fully of its interests in the Marconi Group for nil proceeds. This resulted in a gain of £3,281 million on the transfer of ownership of the Marconi Group being equivalent to its consolidated net liabilities. On the same date the scheme of arrangement of Marconi Corporation plc came into effect resulting in an £804 million receivable from the Marconi Group being waived by M (2003) plc and its subsidiary undertakings reducing the net gain to £2,477 million. This has been accounted for by a gain of £2,183 million recorded in the consolidated statement of operations within other income and a credit of £294 million recorded in the consolidated statement of shareholders equity relating principally to the minimum pension liability.

Expenses incurred by the Scheme Supervisors in the administration of the scheme post May 19, 2003 to March 31, 2004 were approximately £0.3 million. Expenses incurred by the Scheme Supervisors in fiscal 2005 were approximately £0.5 million.

Because the financial restructuring was implemented by way of two separate schemes of arrangement under section 425 of the U.K. Companies Act 1985, the gain on financial restructuring described above will not give rise to any taxable amounts.

Pursuant to the M (2003) plc scheme of arrangement, the remaining assets of M (2003) plc will be distributed to scheme creditors, and it is intended that M (2003) plc will be dissolved. There will be no circumstances under which any value will be returned to shareholders under the terms of the scheme.

The company has no external sources of liquidity. The company has cash on hand sufficient to meet our anticipated ongoing administrative costs for the foreseeable future. Under the terms of the M (2003) plc scheme of arrangement, all of our assets, other than those necessary to fund the administration of the scheme and the Company, will be distributed to scheme creditors in accordance with the scheme of arrangement. The Directors expect to dissolve M (2003) plc at approximately the same time as the completion of these distributions to our scheme creditors. The Directors therefore believe that there will be no future circumstances under which the Company will have any internal sources of liquidity other than the cash currently on hand.

At March 31, 2005, our cash and cash equivalents totalled £8 million, as compared to £9 million at March 31, 2004. All of our debts were compromised at the time of the financial restructuring of the Marconi group, and we have incurred no new debt since that time.

As at March 31, 2005, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

We have no contractual obligations of the type requiring tabular disclosure under Item 5.F.

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Item 6: ***Directors, Senior Management and Employees***

DIRECTORS AND SENIOR MANAGEMENT

Directors

The current members of our board of directors are:

Name	Age	Title
John Jameson White	67	Chairman
Christopher James Shaw	52	Director
Richard Anthony Robinson	57	Director

The business address of John White, Christopher Shaw and Richard Robinson is 8 Salisbury Square, London EC4Y 8BB, United Kingdom.

John Jameson White was appointed Chairman of our board of directors in August 2003. Mr. White, who is a solicitor, became a partner with the law firm CMS Cameron McKenna in 1964 having joined the firm in 1957. During his period with the firm, he became the first Chairman of the CMS European Banking Group.

Christopher James Shaw was appointed to our board of directors in August 2003. Mr. Shaw became a licensed insolvency practitioner in 1987. He has worked for KPMG LLP since May 1989 as a senior manager in their corporate recovery department, primarily on members voluntary liquidations.

Richard Anthony Robinson was appointed to our board of directors in September 2003. He is a Chartered Accountant and is currently working as a consultant. Previously he held various finance appointments within Marconi Corporation plc (previously The General Electric Company, p.l.c.) between 1987 to 1991 and from 1993 to 2003, latterly as VP Corporate Finance. He spent 2 years working for Guinness PLC between 1991 and 1993. He is also a Director of Plessey Holdings Ltd, Osram AS and Torro Advisors Ltd.

Executive Officers

Kevin David Smith was appointed company secretary in August 2003. Mr. Smith is a chartered secretary and was previously company secretary at Kalamazoo Computer Group plc.

COMPENSATION

The names of our current directors appear in the table at the beginning of this section. The following table shows emoluments paid or payable to all directors of the company as a group for the period to March 31, 2005.

	2005 £ 000	2004 £ 000
Directors emoluments	48	338
Amounts receivable under long-term incentive schemes		
Company contributions to money purchase pension schemes		61
Amounts paid to third parties in respect of director s services		7

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £23,834 (March 31, 2004: £113,000 to a former director). None of the directors received any compensation in fiscal 2005 in respect of any pension or defined benefit scheme.

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BOARD PRACTICES

General

Our board currently comprises a chairman and two directors, one of whom acts as the company s Chief Financial Officer. The board also acts as the company s audit committee. There are no other board committees.

The board meets as and when circumstances require to discharge its statutory and regulatory obligations and to consider matters relating to the company s scheme of arrangement.

The periods during which the current directors have served are given above, in Directors and Senior Management . Each director was originally appointed for a term of two years, and, upon the agreement of the rest of the board, each of the directors appointments was recently renewed for a further year on identical terms. The directors service contracts provide that upon termination, the directors are not entitled to any fee, compensation or other payment in respect of the period after the termination date.

EMPLOYEES

All of our former employees were transferred to Marconi Corporation plc as a result of our restructuring on May 19, 2003. The company currently has no employees.

SHARE OWNERSHIP

The following table shows the interests of directors in ordinary shares of 5 pence each in M (2003) plc:

	On Appointment	Acquired	Disposed	At March 31, 2005
R A Robinson	11,442	nil	nil	11,442
C J Shaw	nil	nil	nil	nil
J J White	nil	nil	nil	nil

R A Robinson had the following interests in share options as a result of his previous employment within the Marconi Group. There are no circumstances under which any value will be attributable to these share options:

Plan	On Appointment	Granted	Exercised	Lapsed	At March 31, 2005
The Marconi Launch Plan	1,000	nil	nil	nil	1,000
The Marconi Long Term Incentive Plan	15,164	nil	nil	nil	15,164
Total	16,164	nil	nil	nil	16,164

Item 7: ***Major Shareholders and Related Party Transactions***

MAJOR SHAREHOLDERS

Trading in our shares on the London Stock Exchange ceased on May 16, 2003, and our shares were subsequently delisted.

As at September 16, 2005, there were 742 registered holders of our American depositary receipts. Each ADR issued represents two ordinary shares. Of these registered ADR holders, 716 have addresses in the United States. One of the registered ADR holders is The Depository Trust Company, which represents the total number of ADRs held in book-entry form. The ADR holders collectively held 98,775,470 ADRs, or approximately 7.1% of our total issued share capital as at September 16, 2005.

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To our knowledge, there are no holders of 5% or more of the ordinary shares in M (2003) plc as at September [28], 2005.

To our knowledge, we are not owned or controlled, directly or indirectly, by another corporation, by any foreign government or by any other natural or legal person or persons, severally or jointly.

To our knowledge, other than our recent restructuring described herein, there are no arrangements the operation of which may at a subsequent date result in us undergoing a change in control.

RELATED PARTY TRANSACTIONS

Since the completion of our financial restructuring in May, 2003, we have not entered into any transactions with related parties.

Item 8: ***Financial Information***

LEGAL PROCEEDINGS

Under the M (2003) plc scheme of arrangement, any and all legal claims against M (2003) plc as at March 27, 2003, whether liquidated or unliquidated, or actual or contingent, were compromised. Therefore, there are no circumstances under which any of these claims will result in liability for M (2003) plc. Certain of these claims, however, may result in payments by the M (2003) plc scheme of arrangement. Where such a claim is pending or threatened and may have or has had in the recent past, including at least the 12 months immediately preceding the date of this annual report, a significant effect on the financial position of the scheme as a whole, this is set out below. Where a liquidated sum is claimed, a de minimis figure of £5 million has been applied in determining which claims may have a significant effect. The figures given are the full amounts claimed by the claimants in each case, which may be much greater than the amounts the claimants realistically believe they can recover. We and our other former group companies intend to defend claims vigorously. While we believe that we have meritorious defenses, the duration and outcome of the litigation are not predictable at this point.

The following represents the largest recent or outstanding claims made against us:

> Systems Management Specialists, Inc., or SMS, is a defendant in a demand for arbitration brought by Esprit de Corp, or Esprit, in April 2002. This action relates to two outsourcing agreements entered into by Esprit and SMS in 1995 and 1999; Esprit alleges that SMS breached its obligations under the agreements and is seeking damages in range of U.S.$8.8-U.S.$18.2 million. M (2003) plc was originally a party to the arbitration demand under a legal theory alleging that SMS and M (2003) plc are alter egos of one another. In April 2002, M (2003) plc filed a complaint for declaratory and injunctive relief in the U.S. District Court for the Central District of California, to enjoin Esprit s attempt to proceed in arbitration against M (2003) plc. In June, 2002, Esprit and M (2003) plc filed a joint stipulation to stay and enjoin the arbitration preceding as to M (2003) plc. In July 2002, M (2003) plc filed a motion to dismiss Esprit s claims and a motion to stay the federal court proceeding until after the arbitration between SMS and Esprit concluded. The Court denied M (2003) plc s motion to dismiss, but granted M (2003) plc s motion to stay, and, therefore, Esprit will be permitted to proceed on its claims against M (2003) plc only after the arbitration between SMS and Esprit is completed, and only to the extent Esprit prevails on any of its claims in the arbitration against SMS. The parties had agreed to conduct the arbitration hearing between October 13-24, 2003, and significant discovery had taken place. Beginning in September 2003, the parties reached a settlement in principle in the U.S.$710,000-U.S.$725,000 range, payable to Esprit in exchange for a full release and settlement of the actions. Effective September 29, 2004, the parties executed a Settlement Agreement, settling the case for U.S.$725,000 and such amount was paid by SMS to Esprit.

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Marconi Corporation plc and Marconi Commerce Systems Inc., or MCSI, are defendants in an action brought by a former employee, Larry Anthony Gillus, or Gillus. The complaint alleges that Gillus suffered racial discrimination and subsequent retaliatory action whilst employed by Gilbarco, subsequently known as MCSI, which has now been sold to subsidiaries of Danaher Corporation plc. A second claim has been brought against M (2003) plc and MCSI for retaliation and intentional infliction of emotional distress alleged to have occurred after he brought the original action. Additionally, on September 10, 2003, the Court granted plaintiff s motion to add a breach of employment contract claim and injunctive relief. Gillus counsel has in the past stated that he is seeking a total of U.S.$19 million in respect of both claims. Potential liabilities in respect of the claim against Marconi Corporation plc and M (2003) plc were compromised pursuant to its restructuring. As a result, on November 5, 2003, Gillus voluntarily dismissed without prejudice Marconi Corporation plc and M (2003) plc from the cases. Discovery was commenced and completed with respect to the remaining defendants. The case was settled for U.S.$400,000 at mediation on December 7, 2004. A Settlement Agreement and Release was executed on January 18, 2005.

Marconi Corporation plc, M (2003) plc, Marconi Inc. and Marconi Data Systems Inc. are defendants in an action brought by a former employee, Thomas Edeus, or Edeus. The complaint asserts three causes of action; firstly that Edeus was unlawfully deprived of benefits to which he was entitled under Marconi Data Systems Inc s United States severance plan; secondly for failure to provide Edeus with a summary plan description relating to the severance plan; and thirdly for age discrimination in employment. The plaintiff has purported to have made out claims in various specified amounts totaling over U.S.$901,000, some of which may be in the alternative, and also unspecified punitive damages, liquidated damages and front and back pay, making the impact of this claim on us and the former group difficult to assess. An answer and affirmative defenses have been filed on behalf of all defendants. On June 5, 2003, the court entered an order providing as follows: Plaintiff having advised the court that one or more defendants [sic] are in Bankruptcy, this action is placed on the court s [suspense] calendar pending disposition of the bankruptcy case. Plaintiff is directed to file a notice for hearing a motion to reinstate upon disposition of the bankruptcy proceedings. Potential liabilities in respect of the claim against Marconi Corporation plc and M (2003) plc were compromised pursuant to our restructuring. The M (2003) plc and Marconi Corporation plc bankruptcy case in the New York courts resulted in a permanent injunction. The bankruptcy case was closed on February 14, 2005 and this does not affect the permanent injunction that applies to Edeus claim.

In April 2002, 11 former employees of Ten Square Inc. brought a claim against directors of their company for fraud in reducing their compensation package before liquidating the company and restarting it under a different name. The claim was for a total of $2,160,050.91. The plaintiffs alleged that M (2003) plc was a director of Ten Square Inc. although in fact M (2003) plc only had a right to appoint a director, a right M (2003) plc had not recently exercised. Marconi Ventures was also named as a plaintiff on September 9, 2002. The plaintiffs did not serve proceedings upon M (2003) plc and on October 24, 2002 an order for the dismissal of the claim against M (2003) plc and Marconi Ventures was entered. However, M (2003) plc was named in the second amended complaint which was filed on December 24, 2002. M (2003) plc is aware of the action but has not been served and is not yet a party to it. Potential liabilities in respect of the claim against M (2003) plc have been compromised pursuant to the M (2003) plc scheme of arrangement.

Since March 27, 2003, we are not and have not been engaged in, nor, so far as we are aware, do we have pending or threatened by or against us, any additional legal or arbitration proceedings which may have or have had a significant effect on our financial position as a whole.

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DIVIDEND POLICY

As a result of its scheme of arrangement, M (2003) plc shall not be making any dividends or distributions to its shareholders. See Key Information Risk Factors As a result of our restructuring, we have ceased business operations and shall dispose of our remaining assets for the benefit of our creditors .

SIGNIFICANT CHANGES

There has been no significant change in our financial position since March 31, 2005.

Item 9: ***The Offer and Listing***

STOCK PRICE HISTORY/ MARKETS

From November 30, 1999, the ordinary shares of M (2003) plc were listed on the London Stock Exchange. On May 16, 2003, trading in the ordinary shares of M (2003) plc on the London Stock Exchange ceased and delisting followed. On October 17, 2000, the ADRs of M (2003) plc were added to quotation on the NASDAQ National Market, and on July 3, 2002, they were removed from quotation on the NASDAQ National Market and began trading on the over-the-counter bulletin board in the United States. The following table summarizes information regarding prices and trading of the M (2003) plc ordinary shares on the London Stock Exchange and the ADRs on t