

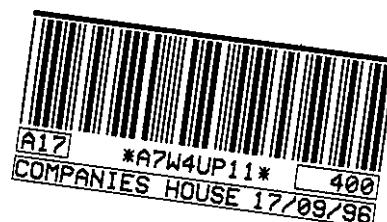


GEC ALSTHOM ESL INTERNATIONAL LIMITED

Report and Financial Statements

31 March 1996

Deloitte & Touche
St John's House
East Street
Leicester
LE1 6NG



**REPORT AND FINANCIAL STATEMENTS 1996**

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D R Edwards
G L Thomson
J D Carter

REGISTERED OFFICE

Cambridge Road
Whetstone
Leicestershire
LE8 6LH

AUDITORS

Deloitte & Touche
Chartered Accountants
St Johns House
East Street
Leicester
LE1 6NG

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

ACTIVITIES

During the year the Company performed contracts for equipment and services for overseas customers.

RESULTS AND DIVIDENDS

The company made a profit for the year after taxation of £61,960. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

D R Edwards

G L Thomson

J D Carter

According to the register kept by the Company in accordance with Section 325 of the Companies Act 1985 no director of the Company had any disclosable interests in the shares or debentures of the Company or its ultimate parent Company.

EMPLOYEE INVOLVEMENT

The Company has no employees.

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 of the Company as at the end of the financial year 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.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

G Wesley

Secretary

3 September 1996



Chartered Accountants

Deloitte & Touche
St. John's House
East Street
Leicester LE1 6NG

Telephone: National 0116 256 2200
International + 44 116 256 2200
Telecopier (Gp. 3): 0116 255 2055

GEC ALSTHOM ESL INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 7 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

4/9/96


PROFIT AND LOSS ACCOUNT
Year Ended 31 March 1996

	Note	1996 £	1995 £
TURNOVER	1	3,710,622	434,775
COST OF SALES		<u>3,649,762</u>	<u>434,775</u>
GROSS PROFIT		60,860	-
Administrative expenses		<u>-</u>	<u>-</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		60,860	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	2	<u>1,100</u>	<u>(1,002)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		61,960	(1,002)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>49,958</u>	<u>50,960</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>111,918</u>	<u>49,958</u>

Both turnover and operating profit relate to continuing activities.

There are no recognised gains or losses or movements in shareholders' funds shown in this or the preceding year except for those shown in the profit and loss account above.


BALANCE SHEET
31 March 1996

	Note	1996 £	1995 £
CURRENT ASSETS			
Stock	3	57,832	-
Debtors	4	4,400,731	1,276,740
Cash at bank		608,301	1,406,875
		<u>5,066,864</u>	<u>2,683,615</u>
CREDITORS: amounts falling due within one year	5	(4,325,441)	(2,004,152)
NET CURRENT ASSETS		<u>741,423</u>	<u>679,463</u>
PROVISIONS FOR LIABILITIES AND CHARGES	6	(10,125)	(10,125)
NET ASSETS		<u>731,298</u>	<u>669,338</u>
CAPITAL AND RESERVES			
Called up share capital	7	619,380	619,380
Profit and loss account		111,918	49,958
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>731,298</u>	<u>669,338</u>

These financial statements were approved by the Board of Directors on **3 September 1996**

Signed on behalf of the Board of Directors

G Thomson
G Thomson

Director


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Deferred taxation

Deferred taxation is projected at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Turnover

Turnover represents amounts invoiced by the Company, net of Value Added Tax.

Stock

Long term contract balances represent costs incurred on specific contracts, net of any amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover.

2. TAXATION

Taxation on profit on ordinary activities is that which has become or becomes payable in respect of the profit for the year.

	1996 £	1995 £
United Kingdom corporation tax at 33% (1995 33%) based on the profit for the year	(20,000)	(1,002)
Prior year adjustment	21,100	-
	<u>1,100</u>	<u>(1,002)</u>

3. STOCKS

	1996 £	1995 £
Long term contract balances	57,832	-
	<u>57,832</u>	<u>-</u>

4. DEBTORS DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade debtors	3,270,291	146,300
Amount owed by parent Company	1,130,440	1,130,440
	<u>4,400,731</u>	<u>1,276,740</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Payments received on account	224,385	1,118,400
Amounts owed to fellow subsidiary	4,081,056	424,650
Corporation tax payable	20,000	461,102
	<u>4,325,441</u>	<u>2,004,152</u>

6. PROVISIONS FOR LIABILITIES AND CHARGES

	1996 £	1995 £
At 1 April	10,125	-
Raised during the year	-	10,125
	<u>10,125</u>	<u>10,125</u>
At 31 March	10,125	10,125

In accordance with the accounting policy stated in note 1 above, no provision for deferred tax is required in the financial statements.

7. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised		
2,477,520 ordinary shares of 25p each	619,380	619,380
522,480 unclassified shares of 25p each	130,620	130,620
	<u>750,000</u>	<u>750,000</u>
Called up, allotted and fully paid		
2,477,520 ordinary shares of 25p each	619,380	619,380
	<u>619,380</u>	<u>619,380</u>

8. ULTIMATE PARENT COMPANY

The Company's ultimate parent Company is GEC ALSTHOM NV a Company incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by GEC ALSTHOM NV. The smallest group in which the results of the Company are consolidated is that headed by GEC ALSTHOM Limited, a Company registered in England & Wales.