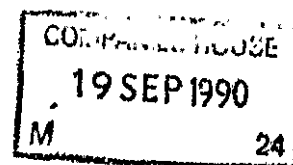


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GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1990



GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and the Accounts for the period ended 31 March 1990.

Principal activities and business review

The principal activity of the Company during the period has been to provide, under subcontracts, telecommunications supplies and technical services in Asia including the Middle East.

Results

The profit and loss account for the period shows a profit on ordinary activities before taxation of £89,000.

Dividends

A dividend of £74,000 is recommended. The dividend, if approved, will be paid on 12 June 1990.

Directors

The Directors holding office during the year are listed below:

| | |
|---------------|------------------------------|
| R D Goddard | (resigned 1 September 1989) |
| R K Robertson | |
| P J Sherliker | (appointed 1 September 1989) |

Directors' interest

According to the Company's Register of Directors' Shareholdings, no director of the Company, nor any member of his family, as defined by the Companies Act 1985, had any interest in the shares of the Company.

The holdings of the Directors and their families in the share and loan capital of The General Electric Co, p.l.c. and its subsidiary companies were:

| | <u>At 31 March 1990(beneficial)</u> | | <u>At 8 September 1989(beneficial)</u> | |
|------------------|-------------------------------------|--|--|--|
| | GEC Ordinary 5p shares | GEC Managers 1984 Share Option Scheme | GEC Ordinary 5p shares | GEC Managers 1984 Share Option Scheme |
| Mr R K Robertson | 12,780 | 20,000 | 12,780 | 20,000 |
| Mr P J Sherliker | - | - | - | - |

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

REPORT OF THE DIRECTORS (cont'd)

Auditors

The auditors Deloitte Haskins & Sells have merged their practice with Coopers & Lybrand and now practise in the name of Coopers & Lybrand Deloitte. They have signed their audit report in their new name. A resolution to re-appoint Coopers & Lybrand Deloitte as the Company's auditors will be proposed at the Annual General Meeting.

By order of the Board.

A handwritten signature in dark ink, appearing to be 'G G Daniel', with a large, sweeping flourish extending to the right.

G G Daniel
Secretary

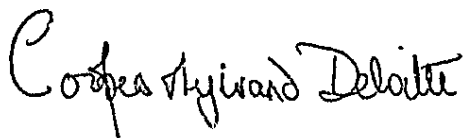
12 June 1990.

AUDITORS' REPORT TO THE MEMBERS OF
GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

We have audited the financial statements on pages 4 to 9 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1990 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include the statement of source and application of funds required by Statement of Standard Accounting Practice No 10.



COOPERS & LYBRAND DELOITTE
Chartered Accountants
Birmingham

13 June 1990

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1990

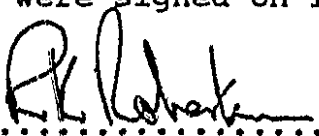
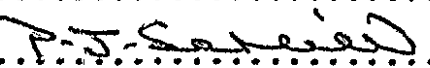
| | Note | 1990 £000 | 1989 £000 |
|--|------|----------------------|----------------------|
| TURNOVER | 1 | 3,261 | 1,262 |
| Change in stocks of finished goods & work in progress | | <u>(11)</u> 3,250 | <u>(21)</u> 1,241 |
| Direct Materials | | (2,437) | (767) |
| Staff costs | | (213) | (187) |
| Auditors' remuneration | | (1) | (1) |
| Other external and operating charges | | <u>(510)</u> | <u>(140)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 89 | 146 |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | 3 | <u>(14)</u> | <u>(47)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 75 | 99 |
| Dividends | | <u>(74)</u> | <u>(95)</u> |
| RETAINED PROFIT FOR THE YEAR | | <u>1</u> | <u>4</u> |

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

BALANCE SHEET AS AT 31 MARCH 1990

| | Note | 1990 £000 | 1989 £000 |
|--|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Stocks | 4 | - | 11 |
| Debtors | 5 | 952 | 1,295 |
| Cash at bank and in hand | | <u>49</u> | <u>682</u> |
| | | 1001 | 1,988 |
| CURRENT LIABILITIES | | | |
| Creditors: amounts falling due within one year | 6 | (849) | (1,837) |
| | | <u> </u> | <u> </u> |
| NET ASSETS | | <u>152</u> | <u>151</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 7 | 100 | 100 |
| Profit and loss account | 8 | <u>52</u> | <u>51</u> |
| | | <u>152</u> | <u>151</u> |

The Financial Statements were approved by the board of directors on
12 June 1990 and were signed on its behalf by:

| | | |
|---------------------|---|-------------|
| R K ROBERTSON |  |) Directors |
| P J SHERLIKER |  | |

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

STATEMENT OF ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention.

(b) TURNOVER

Turnover comprises the sales value of goods and services supplied to outside customers and, in the case of long term contracts, the value of work done appropriate to the stage of completion of those contracts.

(c) STOCKS AND CONTRACTS IN PROGRESS

Stocks of materials and finished goods are valued at the lower of cost, inclusive of appropriate overheads, and estimated net realisable value.

Work in progress valuations are based on the cost of material, labour and appropriate overheads and do not exceed net realisable value. Provisions are made for any losses incurred or expected to be incurred on incompletd contracts.

Profits on long term contracts are taken only when the outcome of the contract can be assessed with reasonable certainty; this usually occurs when contracts are completed or part deliveries are made to customers under contract terms.

Progress payments received and receivable on contracts at 31 March 1990 are deducted in arriving at the net value of contract work-in-progress. Progress payments in excess of costs and customers' advances on contracts are included in current liabilities as advance payments from customers.

(d) DEFERRED TAXATION

Deferred taxation is provided on the liability method for all timing differences which are expected to reverse in the foreseeable future.

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

STATEMENT OF ACCOUNTING POLICIES (continued)

(e) FOREIGN CURRENCY

Results, assets and liabilities denominated in foreign currency are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are taken to profit and loss account.

(f) PENSION

The company is a subsidiary of The General Electric Company p.l.c. (GEC) and 87% of its pension plan employees are members of the principal pension plan of the GEC Group 'The GEC Plan'. This scheme is funded and is of the 'defined benefit' type; particulars of its most recent actuarial valuation will be disclosed in the report and accounts of GEC for the year to 31 March 1990.

The pensions cost charge of the company in respect of employees who are members of The GEC Plan consists of employers' contributions payable which are similar across the Group as a whole as a percentage of pensionable earnings. Based on advice from a qualified actuary, there was no company contribution to The GEC Plan in the year (1989 £13k) and none is expected prior to the next actuarial valuation in 1991".

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

| | 1990 £000 | 1989 £000 |
|---|--------------|--------------|
| 1. ANALYSIS OF TURNOVER BY MAIN MARKETS | | |
| United Kingdom | 446 | 793 |
| Asia | 2,815 | 469 |
| | <u>3,261</u> | <u>1,262</u> |
| 2. DIRECTORS AND EMPLOYEES | | |
| Employees | | |
| The average weekly number of persons employed by the Company was: | | |
| Overseas | <u>8</u> | <u>8</u> |
| Staff costs for the above persons were: | £000 | £000 |
| Wages and salaries | 199 | 163 |
| Social security costs | 14 | 11 |
| Other pension costs | <u>-</u> | <u>13</u> |
| | <u>213</u> | <u>187</u> |
| Directors | | |
| The number of directors who received emoluments in the following ranges was: | | |
| £0 - £5,000 | <u>3</u> | <u>3</u> |
| 3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES | £000 | £000 |
| United Kingdom | | |
| Corporation tax at 35% | 31 | 51 |
| Under/(over) provision of previous year | (17) | (4) |
| | <u>14</u> | <u>47</u> |
| 4. STOCKS | £000 | £000 |
| Finished goods | <u>-</u> | <u>11</u> |

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | | | |
|-----|--|--------------|--------------|
| 5. | DEBTORS | 1990 £000 | 1989 £000 |
| | Amounts falling due within one year | | |
| | Trade debtors | 136 | 982 |
| | Amounts owed by group companies | 238 | 51 |
| | Amounts owed by related companies | 527 | - |
| | Prepayments and accrued income | <u>51</u> | <u>262</u> |
| | | <u>952</u> | <u>1,295</u> |
| 6. | CREDITORS | £000 | £000 |
| | Amounts falling due within one year | | |
| | Advance payments from customers | 404 | 760 |
| | Amounts owed to group companies | - | 598 |
| | Proposed dividends | 74 | 95 |
| | Tax Provision | 30 | 72 |
| | Accruals and deferred income | <u>341</u> | <u>312</u> |
| | | <u>849</u> | <u>1,837</u> |
| 7. | SHARE CAPITAL | £000 | £000 |
| | Authorised, Alloted, called-up and fully paid | | |
| | 100,000 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| 8. | PROFIT AND LOSS ACCOUNT | £000 | |
| | At 1 April 1989 | 51 | |
| | Retained profit for the year | <u>1</u> | |
| | At 31 March 1990 | <u>52</u> | |
| 9. | STATEMENT OF SOURCE AND APPLICATION OF FUNDS | | |
| | The Company's funds are controlled on a group basis through its holding company and no useful purpose would be served by presenting a statement dealing with the Company separately. | | |
| 10. | ULTIMATE HOLDING COMPANY | | |
| | The ultimate holding company is The General Electric Company p.l.c., a company incorporated in Great Britain. | | |