

# **Thales Electronics plc**

## **Report and Financial Statements**

31 December 2006

497098

TUESDAY



\*AS5H0QCQ\*

A41

12/06/2007

548

COMPANIES HOUSE

Registered No 497098

**Directors**

A Dorrian

Lord Freeman - Resigned 1<sup>st</sup> March 2006

D Horne

W P Moffatt

**Secretary**

M W P Seabrook

**Auditors**

Ernst & Young LLP

1 More London Place

London SE1 2AF

**Registered Office**

2 Dashwood Lang Road

The Bourne Business Park

Addlestone

Surrey KT15 2NX

## Directors' report

The directors present their annual report and financial statements, together with the auditors' report, for the year ended 31 December 2006

### Principal activity

The principal activity of the company is a holding company

### Business review and future developments

In 2005 the Company operated the Group's cash pooling in the UK but in March 2006 responsibility for this activity passed to the Company's immediate parent, Thales Holdings UK plc. This has resulted in the Company having much lower levels of Investment Income, Finance Costs, Trade and Other Receivables, Cash, Trade and Other Payables and Bank Overdrafts in 2006.

The subsidiary undertakings held by the Company are listed in note 8 to the financial statements. Consolidated financial statements are not presented as the Company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985 and IAS27.

The directors do not foresee any change in the business of the company in the foreseeable future.

### Results and dividends

The audited financial statements for the year ended 31 December 2006 are set out on pages 7 to 19. The company made a loss after taxation for the year of £2,118,000 (2005 – £11,184,000 profit).

The directors do not recommend the payment of a dividend (2005 – £nil).

### Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and bank overdrafts. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

### Foreign currency risk

The Company has transactional currency exposures in respect of its cash and bank overdrafts. This exposure is unhedged, but minimal due to the very low value of the balances involved.

### Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Company trades exclusively with fellow subsidiaries and associates.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company has no significant concentration of credit risk due to the financial status of its counterparties.

## Directors' report (continued)

### Liquidity risk

The Company's exposure to liquidity risk is minimal

### Directors

The directors who served during the year were as listed on page 1

### Director's liabilities

The company has not granted any indemnity against liability to its directors during the year or at the date of approving the directors' report

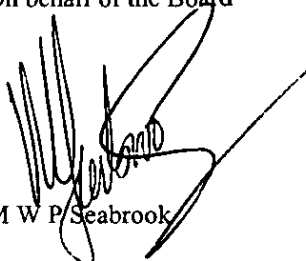
### Donations

No charitable or political donations were made during the year (2005 – nil)

### Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting

On behalf of the Board



M W P Seabrook

Secretary

1 June 2007

2 Dashwood Lang Road  
The Bourne Business Park  
Addlestone  
Surrey KT15 2NX

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

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 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, subject to any material departures disclosed and explained in the financial statements, 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 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**

**to the members of Thales Electronics plc**

We have audited the financial statements of Thales Electronics plc for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared under 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' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the directors' report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **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 judgments 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.


# Independent auditors' report

to the members of Thales Electronics plc (continued)

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 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

London

1 June 2007

## Income statement

for the year ended 31 December 2006

	<i>Note</i>	<i>2006</i> <i>£000</i>	<i>2005</i> <i>£000</i>
Profit on sale of fixed asset investments		-	50,109
Administrative expenses		7	162
Amounts written off investments		(12,468)	(149,226)
<b>Operating loss</b>	<b>2</b>	<b>(12,461)</b>	<b>(98,955)</b>
Investment income	4	13,185	120,396
Finance costs	5	(2,109)	(3,833)
<b>(Loss)/profit before taxation</b>		<b>(1,385)</b>	<b>17,608</b>
Tax expense	6	(733)	(6,424)
<b>(Loss)/profit for the financial year</b>		<b>(2,118)</b>	<b>11,184</b>

The accompanying notes are an integral part of this income statement



**Balance sheet**

At 31 December 2006

	Note	2006 £000	2005 £000
<b>Non-current assets</b>			
Investment in subsidiaries	7	735,770	748,238
Other non-current financial assets	8	8,750	8,750
		<u>744,520</u>	<u>756,988</u>
<b>Current assets</b>			
Trade and other receivables	9	86,207	344,987
Current tax asset		-	187
Cash and cash equivalents	10	209	2,788
		<u>86,416</u>	<u>347,962</u>
<b>Total assets</b>		<u>830,936</u>	<u>1,104,950</u>
<b>Current liabilities</b>			
Trade and other payables	11	71,188	215,887
Current tax liability		813	-
Bank overdrafts	12	16,177	143,955
		<u>88,178</u>	<u>359,842</u>
<b>Net current liabilities</b>		<u>(1,762)</u>	<u>(11,880)</u>
<b>Non-current liabilities</b>			
Provisions	13	922	1,154
<b>Total liabilities</b>		<u>89,100</u>	<u>360,996</u>
<b>Net assets</b>		<u>741,836</u>	<u>743,954</u>
<b>Equity</b>			
Share capital	14	74,613	74,613
Share premium account	15	212,215	212,215
Capital redemption reserve	15	279,325	279,325
Retained earnings	15	175,683	177,801
<b>Total equity</b>		<u>741,836</u>	<u>743,954</u>

The financial statements on pages 7 to 19 were approved by the Board of directors and authorised for issue on 1 June 2007. They were signed on its behalf by



D R G Horne  
Director

The accompanying notes are an integral part of this balance sheet

## Cash flow statement

for the year ended 31 December 2006

	Note	2006 £000	2005 £000
<b>Cash flows from operating activities</b>			
Loss from operations	2	(12,461)	(98,955)
Adjustments for,			
Impairment charge	7	12,468	149,226
Gain on disposal of investments		-	(50,075)
(Decrease)/increase in provisions	13	(232)	167
		(225)	363
<b>Operating cash flows before movement in working capital</b>			
Decrease in receivables	9	258,779	477,886
(Decrease)/increase in payables	11	(144,699)	65,882
		113,855	544,131
<b>Cash generated from operations</b>			
Income taxes received/(paid)		267	(8,311)
Finance costs	5	(2,108)	(4,216)
		112,014	531,604
<b>Net cash from operating activities</b>			
<b>Investing activities</b>			
Interest received	4	6,482	10,815
Dividends received	4	6,703	109,632
Proceeds on disposal of investments		-	92,019
Purchases of trading investments		-	(788,028)
		13,185	(575,562)
<b>Net cash from/(used in) investing activities</b>			
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		125,199	(43,958)
<b>Cash &amp; cash equivalents at beginning of year</b>	10	(141,167)	(97,209)
<b>Cash &amp; cash equivalents at end of year</b>	10	(15,968)	(141,167)

Cash and cash equivalents include bank overdrafts

The accompanying notes are an integral part of this cash flow statement

## Notes to the financial statements

at 31 December 2006

### General Information

The Company is incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the Company's operations and principal activities are set out in the directors' report.

The financial statements are presented in pounds sterling, the currency in which the majority of the Company's transactions are denominated.

### 1. Accounting Policies

#### Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

These financial statements contain information about Thales Electronics Plc as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 and IAS 27 because it is a wholly owned subsidiary of Thales SA which prepares consolidated financial statements which are publicly available.

The Directors have obtained written confirmation of the intention of the ultimate parent to provide ongoing financial support to Thales Electronics plc and are confident that the company will be able to continue to trade and meet its liabilities as they fall due for the foreseeable future.

#### Impairment of investments

At each balance sheet date the Company reviews the carrying amounts of its tangible investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant investment is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant investment is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

## Notes to the financial statements (continued)

at 31 December 2006

### 1. Accounting Policies (continued)

#### Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

#### Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see below).

#### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

- Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets and derivative contracts, provisions for pensions and other post retirement benefits and tax losses carried forward, and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.
- Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.
- Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
- Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

## Notes to the financial statements (continued)

at 31 December 2006

### 1. Accounting Policies (continued)

#### **Taxation (continued)**

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

#### **Revenue recognition**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established

#### **Foreign currencies**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

#### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

#### **Critical accounting judgements and key sources of estimation uncertainty**

##### ***Critical judgements in applying the Company's accounting policies***

In the process of applying the Company's accounting policies management considers that it has not made any judgements in the valuation of investments that will have a significant effect on the amounts recognised in the financial statements apart from those involving estimations.

##### ***Key sources of estimation uncertainty***

The Company has determined that the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, would not have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities within the next financial year.

## Notes to the financial statements (continued)

at 31 December 2006

### 2. Operating loss

This is stated after charging/(crediting)

	2006	2005
	£000	£000
Net foreign exchange loss/(gain)	46	(169)

For the year ended 31 December 2006 and the preceding year, auditors' remuneration for audit services has been borne by a fellow subsidiary. No amounts were payable to Ernst & Young LLP for non-audit services in either the current or preceding year.

### 3. Staff costs

The directors received no remuneration for their services in respect of the company in either the current or preceding year. The company had no employees other than the directors.

### 4. Investment income

	2006	2005
	£000	£000
Interest on bank deposits	17	86
Interest receivable from group companies	6,465	10,678
Dividends from equity investments	6,703	109,632
	<u>13,185</u>	<u>120,396</u>

### 5. Finance costs

	2006	2005
	£000	£000
Interest on bank loans and overdrafts	150	408
Interest payable to fellow group companies	1,958	3,425
	<u>2,108</u>	<u>3,833</u>

## Notes to the financial statements (continued)

at 31 December 2006

### 6. Income tax expense

#### (a) Recognised in the income statement

	2006	2005
	£000	£000
Current tax		
UK corporation tax	813	(187)
Adjustments in respect of prior years	(80)	6,610
Total current tax	733	6,423
Total tax charge on (loss)/profit on ordinary activities	733	6,423

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 – 30%) The differences are reconciled below

	2006	2005
	£000	£000
(Loss)/profit on ordinary activities before tax	(1,385)	17,608
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(415)	5,282
Tax effect of		
Expenses not deductible for tax purposes	1,875	(2,999)
Imputed interest under UK UK transfer pricing	(647)	(2,470)
Tax (over)/under provided in previous years (current tax)	(80)	6,610
Total tax charge on (loss)/profit on ordinary activities	733	6,423

## Notes to the financial statements (continued)

at 31 December 2006

### 7. Investments

The company has investments in the following subsidiary undertakings all of which are wholly owned and incorporated in England & Wales except where stated. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

	<i>Holding</i>	<i>Principal Activity</i>
Decca Limited	Ordinary shares	Holding company
Controls and Communications Limited	Ordinary shares	Holding company
Saracen Insurance Limited *	Ordinary shares	Insurance services
Racal Radio Limited	Ordinary shares	Non-trading company
Thales IT&S Holdings Limited	Ordinary shares	Holding company
Sterling Flying Training Services Limited	Ordinary shares	Non-trading company
Thales Overseas Holdings Limited	Ordinary shares	Holding company
Thales (Wigmore Street) Limited	Ordinary shares	Holding company

\* Incorporated in Bermuda

	<i>£000</i>
Cost	
At 1 January 2006 and 31 December 2006	921,919
Amounts written off	
At 1 January 2006	173,681
Written off	12,468
At 31 December 2006	186,149
Net book value at 31 December 2006	735,770
Net book value at 1 January 2006	748,238



## Notes to the financial statements (continued)

at 31 December 2006

### 8. Other non-current financial assets

	2006 £000	2005 £000
Other participating interest	8,750	8,750
		<i>Total</i> £000
Cost and net book value At 1 January 2006 and 31 December 2006		8,750

The company has investments in the following associated undertakings

	<i>Country of incorporation</i>	<i>Holding</i>	<i>%</i>
Camelot Group Plc	England & Wales	Ordinary shares	20.00
Camelot International Services Limited	England & Wales	Ordinary shares	20.00

### 9. Trade and other receivables

	2006 £000	2005 £000
Amounts owed by group undertakings	86,063	343,916
Other debtors	144	1,071
	86,207	344,987

The directors consider that the carrying amount of trade and other receivables approximates their fair value

### 10. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company. The carrying amount of these assets approximates their fair value.

## Notes to the financial statements (continued)

at 31 December 2006

### 11. Trade and other payables

	2006 £000	2005 £000
Amounts owed to group undertakings	70,861	215,390
Other creditors	171	171
Accruals and deferred income	156	326
	<u>71,188</u>	<u>215,887</u>

The directors consider that the carrying amount of trade payables approximates their fair value

### 12. Bank overdrafts

	2006 £000	2005 £000
Bank overdrafts	16,177	143,955
The borrowings are repayable as follows		
On demand or within one year	<u>16,177</u>	<u>143,955</u>

Analysis of bank overdrafts by currency

	<i>Sterling</i> £000	<i>Euros</i> £000	<i>US dollars</i> £000	<i>Total</i> £000
31 December 2006	16,176	-	1	16,177
31 December 2005	<u>125,465</u>	<u>10,686</u>	<u>7,804</u>	<u>143,955</u>

The weighted average interest rates paid were as follows

	2006 %	2005 %
Bank overdrafts	5.02	4.56

The directors consider that the carrying amount of the bank overdrafts approximates their fair value

Bank overdrafts are repayable on demand

At 31 December 2006, the Company had available £nil (2005 – €250m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met

## Notes to the financial statements (continued)

at 31 December 2006

### 13. Provisions

	£000
At 1 January 2006	1,154
Utilised in the year	(232)
At 31 December 2006	922
Included in non-current liabilities	922

Other provisions relate to the disposal of group companies. It is expected that the majority of this expenditure will be incurred over the warranty periods for the companies disposed. These range up to 5 years. No expenditure is expected to be incurred within the next financial year.

### 14. Share capital

	2006 £000	2005 £000
<i>Authorised</i>		
1,600,000,000 ordinary shares of 25p each	400,000	400,000
<i>Allotted, called-up and fully-paid</i>		
298,452,708 ordinary shares of 25p each	74,613	74,613

### 15. Reserves

	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 January 2006	212,215	279,325	177,801	669,341
Retained loss for the year	-	-	(2,118)	(2,118)
At 31 December 2006	212,215	279,325	175,683	667,223

### 16. Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Opening shareholders' funds	743,954	732,770
(Loss)/profit for the year	(2,118)	11,184
Closing shareholders' funds	741,836	743,954

## Notes to the financial statements (continued)

at 31 December 2006

### 17. Post balance sheet event

On 22 March 2007, proposed changes to UK Corporation Tax were announced. In outline, the rate of Corporation Tax on profits will be reduced from 30% to 28%, the rate of allowances for expenditure on plant and equipment will be reduced from 25% p a to 20% p a, a new class of fixtures qualifying for allowances at 10% p a will be defined later this year and allowances for industrial buildings will be reduced over the period 1 April 2008 to 31 March 2011 and withdrawn with effect from 1 April 2011.

The combined effect of these changes, which will take effect for accounting purposes when the Finance Bill 2007 is substantively enacted, anticipated to be reflected in the 2007 accounts, cannot currently be estimated until further legislative details are made available.

### 18. Related parties

The immediate parent company is Thales Holdings UK plc, a company incorporated in the UK. The ultimate parent company is Thales SA a company incorporated in France. This is also both the largest and smallest group which includes the company and for which consolidated financial statements are prepared. Copies of the group financial statements of Thales SA are available from 45 rue de Villiers, 92526 Neuilly sur Seine Cedex, France.

#### Trading transactions

During the year, the Company entered into the following trading transactions with related parties

	<i>Amounts owed by</i>		<i>Amounts owed to</i>	
	<i>related parties</i>		<i>related parties</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Parent company	60,148	300,048	-	23,169
Fellow subsidiaries	25,915	43,868	70,860	192,221

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.