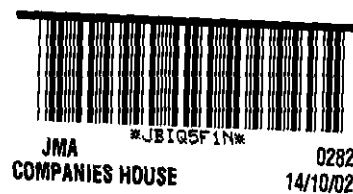


Servisair (UK) Limited

Directors' report and financial statements

Year ended 31 December 2001

Registered number 509585



Servisair (UK) Limited

Directors' report and financial statements

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Servisair (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The company continued to trade as airport passenger and cargo handling agents. The directors consider that the company has traded satisfactorily and anticipate that this will continue.

Proposed dividend and transfer to reserves

The directors paid a dividend of £11,068,298 (2000: £ nil). The retained loss for the year of £8,268,000 (2000: £ 4,638,000 profit) has been set off against reserves.

Directors and directors' interests

The directors who held office during the year were as follows:

T Atlan	
IC Macmillan	-resigned 30 June 2002
MT Naylor	-resigned 24 May 2002
P-H Paillet	-resigned 20 September 2001
K Purdom	-resigned 30 June 2002
JS Willis	

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. T Atlan, MT Naylor, K Purdom and JS Willis have interests in share options of the ultimate parent company, Penauille Polyservices SA, which have been disclosed in the accounts of Servisair plc.

IC Macmillan held an interest in 4000 options to purchase Penauille Polyservices SA ordinary shares (December 2000: 4000), which were granted on 3 August 2000. They have an exercise price of 59 Euros, and can be exercised between 3 August 2004 and 3 August 2005.

The share options of IC Macmillan lapsed on resignation.

The share price at 28 December 2001 was 38 Euros, with a high in the year of 78 and a low of 23.4 Euros.

Payment to suppliers

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms, subject to the terms and conditions being met by the supplier. The number of days' purchases outstanding for payment by the company at the year end was 61.

Servisair (UK) Limited

Directors' report *(continued)*

Employees

Disabled persons are employed and trained whenever their aptitudes and abilities allow, subject to any overriding consideration of access and safety at the workplace. Where any employee becomes disabled during the period of their employment with the company, retraining and continued employment is arranged wherever practicable.

Arrangements exist whereby the company's representatives may meet regularly with employees' representatives who are able to enquire into matters of concern to them as employees, and may express their views on matters likely to affect their interests. Such meetings also enable the company to seek to make employees aware of the financial and economic factors affecting the performance of relevant areas of the company. The company does not operate an employee share scheme.

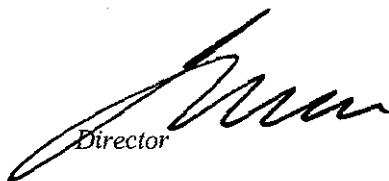
Political and charitable contributions

The company made no political or charitable contributions during the year.

Auditors

KPMG were appointed auditors on 28 June 2001. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 14 June 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual members meeting.

By order of the board



Director

19/21 Ack Lane East
Bramhall
Stockport
SK7 2BE

7 October 2002

Servisair (UK) Limited

Statement of 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 and of the profit or loss 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;
- 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Servisair UK Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

*Chartered Accountants
Registered Auditors*

14 October 2002

Servisair (UK) Limited

Profit and loss account

for the year ended 31 December 2001

	Note	2001 £000	2000 £000
Turnover	1	150,336	146,991
Cost of goods bought for resale		(43)	(348)
Staff costs	3,4	(84,593)	(79,462)
Depreciation and other amounts written off tangible and intangible fixed assets		(5,505)	(4,260)
Other operating charges		(59,061)	(56,801)
		<hr/> (149,202) <hr/>	<hr/> (140,871) <hr/>
Operating profit		1,134	6,120
Income from shares in group undertakings		3,325	-
Interest receivable and similar income		8	43
Interest payable and similar charges	5	(1,667)	(912)
Profit on ordinary activities before taxation	2	2,800	5,251
Tax on profit on ordinary activities	6	-	(613)
Profit on ordinary activities after taxation		<hr/> 2,800 <hr/>	<hr/> 4,638 <hr/>
Dividends	17	(11,068)	-
Retained (loss) / profit for the financial year	16	(8,268)	4,638
Profit and loss account brought forward		26,050	21,412
Profit and loss account carried forward		<hr/> 17,782 <hr/>	<hr/> 26,050 <hr/>

All turnover and profit on ordinary activities before taxation is derived from continuing activities.

Servisair (UK) Limited

Balance sheet at 31 December 2001

	Note	2001 £000	2000 £000
Fixed assets			
Tangible assets	7	15,579	14,143
Intangible assets	8	5,413	5,830
		<u>20,992</u>	<u>19,973</u>
Current assets			
Stocks	10	649	910
Debtors	11	34,604	41,343
Cash at bank and in hand		54	-
		<u>35,307</u>	<u>42,253</u>
Creditors: amounts falling due within one year	12	<u>(32,462)</u>	<u>(35,568)</u>
Net current assets		<u>2,845</u>	<u>6,685</u>
Total assets less current liabilities		<u>23,837</u>	<u>26,658</u>
Creditors: amounts falling due after more than one year	13	<u>(5,545)</u>	<u>(98)</u>
Net assets		<u>18,292</u>	<u>26,560</u>
Capital and reserves			
Called up share capital	14	10	10
Share premium account	15	500	500
Profit and loss account		17,782	26,050
Equity shareholders' funds	16	<u>18,292</u>	<u>26,560</u>

These financial statements were approved by the board of directors on 7/10/2002 and were signed on its behalf by:


Director

Servisair (UK) Limited

Statement of total recognised gains and losses *For the year ended 31 December 2001*

	2001 £000	2000 £000
Profit for the financial year	2,800	4,638
Total recognised gains and losses relating to the Financial year	2,800	4,638
Prior year adjustment (as explained in note 18)	-	(94)
Total gains and losses recognised since last Annual report	2,800	4,544

Servisair (UK) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The company has implemented the transitional requirements of Financial Reporting Standard 17 'Retirement Benefits'. This involved disclosure only and hence did not affect the reported results or financial position for the current or prior year.

Financial Reporting Standard 18 'Accounting Policies' requires an entity to adopt accounting policies most appropriate to its particular circumstances, to review for appropriateness and to disclose sufficient information to enable users of financial statements to understand the policies adopted and how they have been implemented. The impact of adoption on the financial statements of Servisair UK Limited was not material.

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Penauille Polyservices SA, and its cash flows are included within the consolidated cash flow statement of that company.

The company is exempt from the requirement to prepare group accounts by virtue of s228 of the Companies Act, as it is a wholly-owned subsidiary of Penauille Polyservices SA (see note 21). These financial statements present information about the company as an individual undertaking and not about its group.

The Accounting Standards Board published Financial Reporting Standard No. 8 - 'Related Party Disclosures' in October 1995. As a wholly owned subsidiary, the company is exempt from disclosing transactions with other Group undertakings or with investees of the Group qualifying as related parties.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Airport equipment	4 to 10 years
Motor vehicles	4 years
Furniture & fittings	4 years

Intangible fixed assets and amortisation

Purchased goodwill is capitalised and amortised by equal instalments over its estimated life of 20 years.

Investments

Investments in subsidiary undertakings are stated at cost less a provision for amounts considered irrecoverable.

Servisair (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions and other post-retirement benefits

The company participates in a pension scheme providing benefits based on final pensionable pay. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company (see note 20). The cost of the group's defined contribution scheme is charged on the basis of contributions payable.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers within the UK during the year.

Servisair (UK) Limited

Notes (continued)

2 Profit on ordinary activities before taxation

	2001 £000	2000 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Net gains on foreign currency transactions	(109)	(146)
Fees paid to the Auditor and its associates:		
- audit	51	58
- other services	114	45
Depreciation charge for the year:		
- intangible fixed assets	417	417
- tangible owned assets	2,000	2,595
- tangible fixed assets held under finance leases	3,088	1,248
Hire of plant and machinery – rentals payable under operating leases	510	758
Hire of other assets - rentals payable under operating leases	12,545	11,313

3 Remuneration of directors

	2001 £000	2000 £000
	161	125

The aggregate of emoluments of the highest paid director was £161,0000 (2000 £125,000). He is a member of a defined benefit scheme.

Number of directors

Retirement benefits are accruing to the following number of directors under:

	2001	2000
Defined benefit schemes	1	1

Servisair (UK) Limited

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Operations	5,012	4,710
Administration	152	146
	<u>5,164</u>	<u>4,856</u>

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	76,033	72,307
Social security costs	5,832	5,572
Other pension costs	2,728	1,583
	<u>84,593</u>	<u>79,462</u>

5 Interest payable and similar charges

	2001 £000	2000 £000
On bank loans and overdrafts	1,048	785
Charges payable in respect of finance leases	619	127
	<u>1,667</u>	<u>912</u>

Servisair (UK) Limited

Notes (continued)

6 Taxation

	2001 £000	2000 £000
UK corporation tax at 30% (2000:30%)	-	890
Adjustment relating to earlier years	-	(277)
	<hr/>	<hr/>
	-	613
	<hr/>	<hr/>

There are no unprovided liabilities for deferred taxation.

7 Tangible fixed assets

	Fixtures, fittings, tools and equipment £000
Cost	
At 31 December 2000	46,756
Additions	6,200
Disposals	(634)
Intercompany transfers	640
At 31 December 2001	<hr/> 52,962
Depreciation	
At 31 December 2000	32,613
Charge for year	5,088
Disposals	(366)
Intercompany transfers	48
At 31 December 2001	<hr/> 37,383
Net book value	
At 31 December 2001	<hr/> 15,579
	<hr/>
At 31 December 2000	14,143
	<hr/>

The net book value of equipment includes an amount of £4,571,000 (2000: £1,574,000) and depreciation charge for the year includes an amount of £3,088,000 (2000: £1,248,000) in respect of assets held under finance leases.

Servisair (UK) Limited

Notes (continued)

8 Intangible fixed assets

	Purchased goodwill £000
<i>Cost</i>	
At 31 December 2000 and 31 December 2001	8,332
<i>Amortisation</i>	
At 31 December 2000	2,502
Charge for year	417
At 31 December 2001	2,919
<i>Net book value</i>	
At 31 December 2001	5,413
At 31 December 2000	5,830

9 Fixed asset investments

	Shares in subsidiary undertakings £
<i>Cost and net book value</i>	
As at 31 December 2000 and 31 December 2001	1

The company's investments comprise the entire issued ordinary share capital of the following companies, each registered in England and Wales.

Servisair Group Limited - dormant
 Airway Handling Limited - aircraft handling services
 Servisair (Contract Handling) Limited - aircraft handling services

10 Stocks

	2001 £000	2000 £000
Raw materials and consumables	172	252
Merchanting stock	7	14
Uniforms	470	644
	<u>649</u>	<u>910</u>

Servisair (UK) Limited

Notes (continued)

11 Debtors

	2001 £000	2000 £000
Trade debtors	16,913	19,089
Amounts owed by parent and fellow subsidiary undertakings	11,959	14,975
Other debtors	1,246	736
Prepayments and accrued income	4,486	6,543
	<u>34,604</u>	<u>41,343</u>

12 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank loans and overdrafts	7,448	9,192
Obligations under finance leases	1,432	1,160
Trade creditors	6,153	8,378
Amounts owed to parent and fellow subsidiary undertakings	596	827
Other creditors including taxation and social security:		
Other taxes and social security costs	1,820	1,893
Other creditors	1,232	1,503
Accruals and deferred income	13,781	12,615
	<u>32,462</u>	<u>35,568</u>

13 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Obligations under finance leases		
Repayable: Within one year	1,432	1,160
Between one and two years	1,562	98
Between two and five years	3,983	-
	<u>6,977</u>	<u>1,258</u>
Less: amounts falling due within one year	(1,432)	(1,160)
	<u>5,545</u>	<u>98</u>

Servisair (UK) Limited

Notes (continued)

14 Called up share capital

	2001 £000	2000 £000
<i>Authorised</i>		
10,100 ordinary shares of £1 each	10	10
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
10,100 ordinary shares of £1 each	10	10
	<hr/>	<hr/>

15 Share premium account

	2001 £000	2000 £000
Share premium	500	500
	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Retained (loss)/profit for the financial year	(8,268)	4,638
Opening shareholders' funds (in 2000 originally £22,016,000 before prior year adjustment of £94,000)	26,560	21,922
	<hr/>	<hr/>
Closing shareholders' funds	18,292	26,560
	<hr/>	<hr/>

17 Dividends

	2001 £000	2000 £000
Final dividend paid (£1,095.87 per share)	11,068	-
	<hr/>	<hr/>
	11,068	-
	<hr/>	<hr/>

Servisair (UK) Limited

Notes (continued)

18 Prior year adjustment

As a result of the release of Urgent Issues Task Force 24 in 2000 the company's accounting policy for start up costs relating to new operations was changed. In previous periods the costs were written off in the profit and loss account over a three year period. Under the new accounting policy, starting in the year 2000, start up costs are recognised in the profit and loss account of the period in which they were incurred. This resulted in an increase in other operating costs in 1999 of £94,000, and a charge of £461,000 in 2000 for start up costs incurred in that year.

19 Commitments

Capital commitments at the end of the financial year for which no provision has been made were as follows:

	2001 £000	2000 £000
Contracted	2,294	1,157

Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	510	-	320
Between two and five years	-	1,391	-	1,610
After five years	11,154	-	10,141	-
	<u>11,154</u>	<u>1,901</u>	<u>10,141</u>	<u>1,930</u>

20 Pension schemes

The Servisair Pension scheme is open to the employees of the company, and is a UK defined benefit scheme. A full actuarial valuation was carried out at 6 April 2001 under SSAP 24 'Accounting for pension costs' by a qualified independent actuary.

The projected unit method was adopted for the last valuation of the plan. Assets were valued by discounting income from a notional portfolio. The main actuarial assumptions used in the valuation for accounting purposes were:

Investment return:	6.0% p.a.
Salary growth:	3.5% p.a.
Price inflation:	2.5% p.a.
Pension increase:	2.5% p.a.

Servisair (UK) Limited

Notes (continued)

20 Pension schemes (cont'd)

The available assets represented 81% of the ongoing liabilities of the plan. The plan is assessed to be 90% funded on a current funding level basis, based on assets with a market value totalling £31.4m at the valuation date, measured on a basis consistent with the statutory minimum funding requirement. In order to fund the deficit in the scheme the company has agreed to increase contributions in line with the recommendations of the actuary.

The charge for the defined benefit scheme amounted to £2,899,000 (2000: £1,730,000). Contributions paid by the group during the accounting period totalled £3,333,000 (2000: £3,826,000). As a result a provision of £364,000 (2000: £798,000) is included in creditors.

The pension cost figures used in these accounts comply with the current pension cost accounting standard SSAP24. Following an announcement by the ASB on 2 July 2002, the mandatory requirement for the full adoption of the new pension cost accounting standard FRS 17, is to be deferred, with a resulting extension in transitional arrangements. Under transitional arrangements the company is required to disclose the following information about the scheme and the figures that would have been shown under FRS17 in the current balance sheet.

The latest full actuarial valuation carried out at April 2001 was updated for FRS 17 purposes to 31 December 2001 by a qualified independent actuary.

	At 31 Dec 01
Rate of increase in salaries	3.5% p.a.
Rate of increase in deferred pensions	2.5% p.a.
Rate of increase in pensions in payment	2.5% p.a.
Discount rate	5.8% p.a.
Inflation assumption	2.5% p.a.

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 Dec 01	Value at 31 Dec 01 £000
Equities	7.9% p.a.	24,382
Corporate bonds	5.8% p.a.	3,820
UK gilts	4.9% p.a.	1,864
Other	4.5% p.a.	1,472
		<hr/>
Total market value of assets		31,538
Present value of scheme liabilities		(44,368)
		<hr/>
Liability in the scheme		(12,830)
Related deferred tax asset		3,848
		<hr/>
Net pension liability		(8,982)
		<hr/>

Servisair (UK) Limited

Notes (continued)

20 Pension schemes (cont'd)

If the above pension liability was recognised in the financial statements, the group's net assets and profit and loss reserve would be as follows:

	At 31 Dec 01
	£000
Net assets excluding pension asset	18,292
Pension provision under SSAP 24	364
Net pension liability	(8,982)
	<hr/>
Net assets including pension asset	9,674
	<hr/>

	At 31 Dec 01
	£000
Profit and Loss reserve excluding pension asset	17,782
Pension provision under SSAP 24	364
Net pension liability	(8,982)
	<hr/>
Profit and Loss reserve	9,164
	<hr/>

The Group also operates a defined contribution scheme. The charge for the scheme represents contributions payable by the company to the scheme and amounted to £176,000 (2000: £125,000). At the balance sheet date £23,000 of contributions were outstanding for the year 2001 (2000: £12,000).

21 Parent company

Servisair UK Limited is a wholly owned subsidiary of Servisair Plc, which is registered in England and Wales. The company's ultimate parent company is Penauille Polyservices SA, a company registered in France. The results of Servisair (UK) Limited are consolidated in the group accounts of Penauille Polyservices SA, which may be obtained from 6, Allée des Coquelicots - 94478 Boissy Saint Leger Cedex.