

Registration No. 713317

MARCONI AVIONICS OVERSEAS LIMITED
(formerly GEC-MARCONI AVIONICS OVERSEAS LIMITED)

Report and Financial Statements

For the year ended 31 March 1998



MARCONI AVIONICS OVERSEAS LIMITED
(formerly GEC-Marconi Avionics Overseas Limited)

Report of the Directors

The Directors present their report and the accounts of the Company for the year ended the 31st March, 1998.

Results

During the year the Company made neither profit nor loss. The Directors do not recommend the payment of a dividend.

Principal Activity and Review of the Company

The principal activity of the Company is the supply of avionics equipment overseas. During the year the Company was wholly concerned with a contract for avionics equipment the manufacture of which was sub-contracted.

The name of the Company was changed to Marconi Avionics Overseas Limited by Special Resolution passed on the 28th October, 1998 and the Certificate of Incorporation on Change of Name was issued by Companies House on the 11th November, 1998.

Directors

The present members of the Board are Messrs. A. E. Cook and D. M. Frost. Mr. A. E. Cook was appointed to the Board of Directors on the 2nd March, 1998. Dr. S. H. B. Lanyado resigned from the Board on the 1st April, 1998.

According to the Register kept by the Company in accordance with Section 325 of the Companies Act 1985 the Directors had no disclosable interests in the shares of The General Electric Company, p.l.c. or its subsidiaries other than those shown below:-

IN THE GENERAL ELECTRIC COMPANY, p.l.c.

	At 1st April, 1997	Options granted during the year	Options exercised during the year	At 31st March, 1998
<u>Ordinary Shares of 5p each, fully paid</u>				
D. M. Frost	8,315			13,597
S. H. B. Lanyado	-----			105,844

Options in respect of Ordinary Shares of 5p each

- i) Under the terms of The GEC Managers' 1984 Share Option Scheme the following Options were outstanding:-

S. H. B. Lanyado	200,000	-----	200,000	-----
D. M. Frost	32,000	-----	-----	32,000

No Options were granted under the above Scheme to the named Directors during the year. Normally the Options are exercisable during the years 1998 to 2004 at subscription prices between 226p and 328p per share.

- ii) Under the terms of The GEC Employee Savings-Related Share Option Scheme and The GEC Employee 1992 Savings-Related Share Option Scheme the following Options were outstanding:-

D. M. Frost	11,894	1,088	4,934	8,048
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Normally the Options are exercisable within six months of the 1st April, 1998, 2000, 2002 and 2003 at subscription prices between 219p and 317p per share.

- iii) Under the terms of The GEC 1997 Executive Share Option Scheme the following Options were outstanding:-

D. M. Frost	-----	20,512	-----	20,512
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Normally the Options are exercisable during the years 2000 to 2007 at a subscription price 409.5p per share subject to the satisfaction of relevant performance conditions.

By Order of the Board


E. A. PEACHEY
Secretary

Registered Office:
The Grove
Warren Lane
Stanmore
Middlesex
HA7 4LY

AUDITORS' REPORT

TO THE MEMBERS OF GEC-MARCONI AVIONICS OVERSEAS LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of Directors and auditors

The Directors are required by the Companies Act 1985 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 the financial year and to state whether the accounts have been prepared in accordance with applicable accounting standards. They are also required to select appropriate accounting policies and then apply them consistently and make judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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.

It is our responsibility as auditors to form an independent opinion, based on our audit, on the financial 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 at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte - Touche

DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

Dated 5 January 1999

GEC-MARCONI AVIONICS OVERSEAS LIMITED

A C C O U N T S

	Note	1998 £000	1997 £000
PROFIT AND LOSS ACCOUNT for the year ended 31 March 1998			
TURNOVER	1	501	244
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION			
ATTRIBUTABLE TO THE COMPANY	1	-	-
RESERVES			
PROFIT AND LOSS ACCOUNT At 1 April and 31 March			
		-	-

There were no recognised gains or losses other than those reported above. Accordingly, no statement of total recognised gains and losses or reconciliation of movement in shareholders' funds is given. The above results relate entirely to the continuing activities of the company

GEC-MARCONI AVIONICS OVERSEAS LIMITED

A C C O U N T S

BALANCE SHEET
31 March 1998

	Note	1998 £000	1997 £000
Current Assets			
Trade Debtors		168	35
		<hr/>	<hr/>
		168	35
Current Liabilities: amounts falling due within one year			
Amounts owed to GEC Companies		(168)	(35)
		<hr/>	<hr/>
Net Assets		-	-
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital		-	-
Profit and loss account		-	-
		<hr/>	<hr/>
Equity Shareholders' Interest	2	-	-
		<hr/>	<hr/>

Approved by the Board of Directors on 12.12.98


DIRECTOR

NOTES TO THE ACCOUNTS

1. OPERATING PROFIT AND PROFIT ON
ORDINARY ACTIVITIES BEFORE TAXATION

	1998 £000	1997 £000
Turnover	501	244
Raw Materials and Consumables	(501)	(244)
Operating Profit and Profit on Ordinary Activities before taxation	-	-

ALL TURNOVER IS TO ASIA

2. SHAREHOLDERS' INTEREST

	Authorised £	Allotted called up and fully paid £
Called Up Share Capital		
2 Shares of £1 each fully paid	<u>2</u>	<u>2</u>
	1998 £000	1997 £000
Profit and Loss Account At 1 April and 31 March	-	-

3. DIRECTORS AND EMPLOYEES

The Company does not employ any staff and therefore there are no payroll or pension costs. Work on behalf of the Company is carried out by employees of the parent company. The Directors are full-time executives of other Group companies. They do not receive any remuneration for their services as Directors of the Company and it is not practicable to allocate their emoluments for other services.

N O T E S T O T H E A C C O U N T S (continued)

4. CONTINGENT LIABILITIES

Under a group registration the Company is jointly and severally liable for any Value Added Tax owing by other GEC Group Companies at 31 March 1998.

5. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company is The General Electric Company, p.l.c. ("GEC"), which is registered in England and Wales. The GEC group is the only group of which the Company is a member for which group accounts are prepared. Copies of the accounts of GEC are available from The Secretary, One Bruton Street, London W1X 8AQ.

Pursuant to the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures", transactions with other undertakings within, and related parties of, the GEC Group have not been disclosed in these financial statements.

ACCOUNTING POLICIES

The accounts have been prepared on the historical cost basis in accordance with applicable accounting standards in the United Kingdom. The Company is a wholly owned subsidiary of The General Electric Company, p.l.c. ("GEC"), consequently the Company is exempt under the terms of Financial Reporting Standard 1 (revised 1996) from the requirement to publish its own cash flow statement.

The more important accounting policies, which have been consistently applied, are summarised below to facilitate the interpretation of the financial statements and are in addition to the policies explained in the notes to the accounts.

- a. Turnover. Turnover, excluding VAT, comprises sales to customers outside the GEC Group. The Company records transactions as sales when the delivery of products or performance of services takes place in accordance with the terms of sale.
- b. Currency translation. Non-sterling profits, losses and net assets are translated at year-end rates of exchange. Reserves are adjusted to include the difference arising on translation at the beginning of the year. Profits and losses on overseas trading are included in profit on ordinary activities before taxation.