

Registration No. 713317

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

Report and Financial Statements

For the year ended 31 March 1999



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

Contents	Page
DIRECTORS' REPORT	1
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE ACCOUNTS	6
1. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6
2. DEBTORS	6
3. CREDITORS	6
4. CALLED UP SHARE CAPITAL	6
5. DIRECTORS AND EMPLOYEES	7
6. CONTINGENT LIABILITIES	7
7. ULTIMATE PARENT UNDERTAKING	7
8. ACCOUNTING POLICIES	7

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, 1999.

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 contracts 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. Dr. S. H. B. Lanyado resigned from the Board of Directors 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, 1998	Options granted during the year	Options exercised during the year	At 31st March, 1999
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Ordinary Shares of 5p each, fully paid</u>				
D. M. Frost	13,597			19,918

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:-

D. M. Frost	32,000	-----	-----	32,000
-------------	--------	-------	-------	--------

No Options were granted to or exercised by the Directors during the year under the above Scheme. Normally the Options are exercisable during the years 1999 to 2004 at a subscription price of 328p per share.

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

D. M. Frost	8,048	-----	1,655	6,393
A. E. Cook	5,441	-----	-----	5,441

No Options were granted under the above Scheme to the Directors during the year. Normally the Options are exercisable within six months of the 1st April, 2000, 2002 and 2003 at subscription prices between 222p and 317p per share.

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

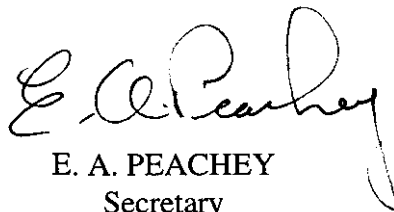
D. M. Frost	20,512	22,316	-----	42,828
A. E. Cook	110,588	44,209	-----	154,797

Normally the Options are exercisable during the years 2000 to 2008 at subscription prices between 404p and 475p per share subject to the satisfaction of relevant performance conditions.

Year 2000

The Company's internal system, operations, products, key suppliers and customers, have been assessed for Year 2000 readiness by other GEC group companies and programmes have been instituted to mitigate the risks associated with the Year 2000 date computation and to ensure that business continuity is maintained.

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 Marconi Avionics Overseas Limited

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

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 1999 and of the 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

24 AUG 1999

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

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1999

	Note	1999 £'000	1998 £'000
Turnover	1	4,708	501
Operating profit and profit on ordinary activities before and after taxation	1	-	-
Retained profit for the financial year		-	-

**MOVEMENT ON PROFIT AND LOSS
ACCOUNT RESERVE**

At 1 April	-	-
Retained profit for the financial year	-	-
At 31 March	-	-

There were no recognised gains or losses and other movements in shareholders' funds other than those reported above. The above results relate entirely to the continuing activities of the Company. There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

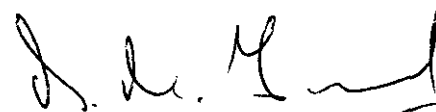
MARCONI AVIONICS OVERSEAS LIMITED
(formerly GEC-MARCONI AVIONICS OVERSEAS LIMITED)

BALANCE SHEET

31 March 1999

	Note	1999 £'000	1998 £'000
Current assets			
Debtors	2	2,200	168
Creditors: amounts falling due within one year	3	(1,400)	(168)
Net current assets		<u>800</u>	<u>-</u>
Creditors: amounts falling due after more than one year	3	(800)	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital		-	-
Profit and loss account		-	-
		<u>-</u>	<u>-</u>
Equity shareholders' funds		<u>-</u>	<u>-</u>

Approved by the Board of Directors on . . .



Director

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

NOTES TO THE ACCOUNTS

Year ended 31 March 1999

1. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £'000	1998 £'000
Sales	4,708	501
Raw materials and consumables	(4,708)	(501)
Operating profit and profit on ordinary activities before taxation	<u>-</u>	<u>-</u>

All turnover is to Asia.

The audit remuneration is borne by another group company.

2. DEBTORS

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Trade debtors	511	168
Amounts owed by holding and fellow subsidiary companies	1,689	-
	<u>2,200</u>	<u>168</u>

3. CREDITORS

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Payments received in advance	1,400	-
Amounts falling due after more than one year:		
Payments received in advance	800	-

4. CALLED UP SHARE CAPITAL

	Authorised £	Issued £
Share Capital		
At 1 April 1998 and 31 March 1999		
Shares of £1 each fully paid	<u>2</u>	<u>2</u>

MARCONI AVIONICS OVERSEAS LIMITED

(formerly GEC-MARCONI AVIONICS OVERSEAS LIMITED)

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 March 1999

5. DIRECTORS AND EMPLOYEES

The Company does not employ any staff and therefore there are no payroll or pension costs. 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.

6. CONTINGENT LIABILITIES

Guarantees

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 1999.

7. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company and controlling entity 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.

8. 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.

Turnover

The Company records transactions as turnover when title passes to customers or when there is a contractual right to invoice. Turnover is exclusive of VAT.