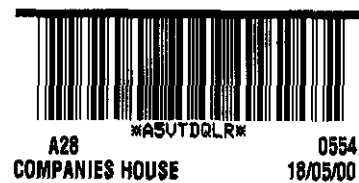


REGISTERED NUMBER: 1794610

CAPPER ENGINEERING SERVICES
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31ST DECEMBER 1999



CAPPER ENGINEERING SERVICES

COMPANY INFORMATION

DIRECTORS

A M Comba
P J Giles

SECRETARY

K L Fraser

REGISTERED OFFICE

Astral House
Imperial Way
Watford
Hertfordshire
WD2 4YX

REGISTERED NUMBER

1794610

AUDITORS

RSM Robson Rhodes
Colwyn Chambers
19 York Street
Manchester
M2 3BA

BANKERS

National Westminster Bank Plc

CAPPER ENGINEERING SERVICES

DIRECTORS' REPORT

The Directors submit their report to the members, together with the audited accounts for the year ended 31st December 1999.

Principal activity

The principal activities of the company were pipework services and the installation of electrical and instrumentation equipment. Effective from 31st December 1998 the Company's activities, together with its assets and liabilities, were transferred to Norwest Holst Engineering Limited, a fellow Group company.

Results and dividends

The Company did not trade during the year (1998: £3,150,000 loss). It is not considered likely that activity will commence during the current financial year.

Share capital

On 14th December 1998, the Company re-registered with unlimited liability as part of a scheme to simplify the Group's corporate structure, and immediately reduced its issued share capital from £4,368,695 to £10.

The remaining 100 ordinary shares of 10p each were repurchased on 22nd December 1998 at a premium of £9.90 per share and cancelled. On 22nd December 1998, 2 ordinary 'B' 1 pence shares were allotted for cash at a premium of £5 per share.

Post balance sheet event

Since the year end, Vivendi SA has reduced its shareholding in SGE, a subsidiary incorporated in France. As a result, SGE is now the ultimate parent undertaking of the Company.

Directors and their interests

The Directors of the Company during the year were:

A M Comba
P J Giles
P R C Nowell - resigned 20/12/99

None of the Directors had a beneficial interest in the shares of the Company or any other company in the UK Group at 31st December 1999

Auditors

On 18th October 1999, Robson Rhodes changed their name to RSM Robson Rhodes. Accordingly, they have signed the audit report in their new name. They are willing to continue in office and the Directors propose that they are reappointed in accordance with the elective resolution currently in force.

Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' statement on page 4, is made to distinguish for the shareholders respective responsibilities of the Directors and the auditors in relation to the accounts.

CAPPER ENGINEERING SERVICES

DIRECTORS' REPORT (continued)

Company law requires the Directors to prepare accounts 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 year. In preparing these accounts the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, followed applicable accounting standards and prepared the accounts on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors have a general responsibility to act in good faith in the interests of the Company and, accordingly, ensure that reasonable financial and other controls are adopted to safeguard the assets of the Company and to detect and reduce the risk of fraud and other irregularities.

By order of the Board



A M Comba
Director
6 March 2000

Astral House
Imperial Way
Watford
Hertfordshire
WD2 4YX

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAPPER ENGINEERING SERVICES

We have audited the accounts on pages 5 to 10 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of Directors and auditors

As described on pages 2 and 3 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud or by other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31st December 1999 and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditors

Manchester
6 March 2000

CAPPER ENGINEERING SERVICES

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £	1998 £
Turnover: continuing operations	1	-	19,629,318
Cost of sales		-	(19,679,723)
Gross loss		-	(50,405)
Administrative expenses		-	(2,618,879)
Operating loss: continuing operations	2	-	(2,669,284)
Net interest payable	4	-	(480,716)
Loss on ordinary activities before taxation		-	(3,150,000)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year		-	(3,150,000)
Dividends		-	(1,393,745)
Loss transferred from reserves		-	(4,543,745)

A Statement of Total Recognised Gains and Losses has not been prepared as the Company has no recognised gains or losses other than those reported above.

A note of Historical Cost Profits and Losses for the year has not been prepared on the basis that there is no difference between the result as disclosed in the Profit and Loss Account and the result on an unmodified historical cost basis.

CAPPER ENGINEERING SERVICES

BALANCE SHEET
AT 31ST DECEMBER 1999

		1999 £	1998 £
Cash at bank and in hand	Notes	10	10
Net assets		10	10
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account		10	10
Total equity shareholders' funds		10	10



A M Comba
Director

Approved by the Directors on 6 March 2000

Accounting convention

The accounts have been prepared under the historical cost convention. The accounting policies adopted comply with UK Financial Reporting Standards and Statements of Standard Accounting Practice and are consistent with those of the previous period.

Cash flow statement

The Company has taken advantage of the exemption not to prepare a cash flow statement on the basis that it is a wholly owned subsidiary of a company incorporated in Great Britain.

Turnover

Turnover is the total amount receivable by the Company in the ordinary course of business with outside customers for goods supplied and services provided excluding VAT and trade discounts. On certain long term contracts the estimated sales value of work performed in the year is included.

Long term contracts

Long term contracts are those extending in excess of 12 months and of any shorter duration which are material to the activity of the period.

Amounts recoverable on contracts are included in debtors and are valued, inclusive of profit, at work executed at contract prices plus variations less payments on account. Profit on long term contracts is recognised once the outcome can be assessed with reasonable certainty. The margin on each contract is the lower of the margin earned to date and forecast at completion. Full provision is made for anticipated future losses and such losses are included in creditors. Where contract payments received exceed amounts recoverable these amounts are included in creditors.

Amounts recoverable normally include claims only when there is a firm agreement with the client, but when assessing anticipated losses on major contracts a prudent and reasonable estimate of claims is taken into account.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated net realisable value.

Pension contributions

The Company is a member of a Group Pension Scheme, an externally managed and funded defined benefit scheme, details of which are included in the accounts of the parent company. Most monthly paid employees are eligible for pension and related benefits, the costs of which are calculated in accordance with actuarial advice and are paid into the defined benefit scheme. These costs are charged to the profit and loss account on a straight line basis over the anticipated service life of the employees concerned.

Leased assets

Where assets are financed by leasing agreements which give risk and rewards approximating to ownership ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the normal accounting policy. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease terms.

Depreciation

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. The principal anticipated useful lives on a straight line basis are:

Leasehold building	- the shorter of twenty five years or the remaining life of the lease
Plant and machinery	- from two to five years
Fixtures and fittings	- from three to ten years

Taxation

The charge or credit for taxation is based on the result for the year and takes into account taxation deferred or accelerated due to timing differences between the treatment of certain items for accounting and taxation purposes.

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts. Provision is made for deferred taxation, under the liability method, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future.

CAPPER ENGINEERING SERVICES

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1999

1. Turnover

The principal activity of the Company is pipework services. The Directors regard the whole of the activities of the Company as a single class of business. The Company did not trade during the year.

2. Operating loss: continuing operations

This is stated after charging:

	1999 £	1998 £
Operating leases - plant and machinery	-	1,441,623
Operating leases - other	-	260,228
Depreciation of tangible assets	-	76,875
Auditors' remuneration	-	21,000

3. Employees

(i) Staff costs during the year amounted to:

	1999 £	1998 £
Wages and salaries	-	10,260,054
Social security costs	-	843,725
Other pension costs (Note (ii))	-	199,360
	<hr/>	<hr/>
	-	11,303,099

The average monthly number of employees during the year was nil (1998 - 396).

(iii) Directors' remuneration

	1999 £	1998 £
Emoluments	-	238,242
Compensation for loss of office	-	163,527
Pension costs - defined benefits scheme	-	26,391
	<hr/>	<hr/>
	-	428,160

Directors' emoluments disclosed above include the following:

Highest paid Director	-	133,809
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CAPPER ENGINEERING SERVICES

NOTES TO THE ACCOUNTS (continued) AT 31ST DECEMBER 1999

4. Net interest payable

	1999 £	1998 £
Interest payable		
Bank interest	-	480,716

5. Tax on loss on ordinary activities

Taxation profits and losses are surrendered for the purpose of group relief for no consideration. Hence no tax charge or credit arose last year.

6. Share capital

Authorised, allotted and fully paid

	1999 No.	1998 No.	1999 £	1998 £
Ordinary shares of 10p each	-	-	-	-
Ordinary shares of 1p each	2	2	-	-

On 14th December 1998 the Company re-registered with unlimited liability as part of a scheme to simplify the Group's corporate structure, and immediately reduced its issued share capital from £4,368,695 to £10.

The remaining 100 ordinary shares of 10p each were repurchased on 22nd December 1998 at a premium of £9.90 per share and cancelled.

On 22 December 1998, 2 ordinary 'B' shares of 1p each were allotted for cash at a premium of £5 per share.

7. Capital commitments

The company had no capital commitments at 31st December 1999 or 31st December 1998.

8. Ultimate parent undertaking

At 31st December 1999, the ultimate parent undertaking was Vivendi SA, a company incorporated in France. Copies of the accounts of the above company can be obtained from the Company Secretary, Vivendi SA, 42 avenue de Friedland, 75380 Paris. The parent undertaking of the smallest group of which the company is a member and for which group accounts are prepared is Norwest Holst Group PLC, which is registered in England. Copies of the above accounts may be obtained from the Company Secretary, Norwest Holst Group PLC, Astral House, Imperial Way, Watford, Hertfordshire, WD2 4YX.