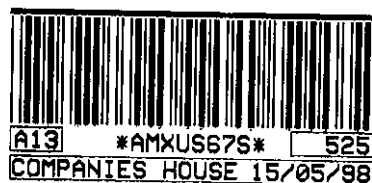


SEEBOARD International Limited

Report and Accounts

31 December 1997

Registered number 2693107



SEEBOARD International Limited

Report and Accounts

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SEEBOARD International Limited

Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

Accounting Reference Date

The Company changed its accounting reference date in 1996 from 31 March to 31 December in line with the accounting reference date of Central and South Western Corporation, the Company's ultimate holding company. Comparative information covers the nine months ended 31 December 1996.

Parent Company

On 30 January 1997 SEEBOARD plc acquired 245,000 shares in SEEBOARD International Limited from ESBI Engineering UK Limited giving SEEBOARD plc 100% ownership of the ordinary share capital of SEEBOARD International Limited.

Principal Activities

SEEBOARD International Limited has been established to offer a full range of power consultancy services primarily to overseas customers.

Business Review

SEEBOARD International Limited has established itself with a number of aid agencies, governments and utilities and has contracts in Africa, India, the Carribean and South East Asia.

Proposed Dividend and Transfer to Reserves

The directors do not recommend the payment of a dividend (nine months ended 31 December 1996: £nil). The profit for the year retained in the Company is £275,536 (nine months ended 31 December 1996: £155,213 profit).

Share Capital

Details of the authorised and issued share capital of SEEBOARD International Limited are set out in Note 8 to the accounts on page 12.

Political and Charitable Contributions

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

SEEBOARD International Limited

Report of the Directors (continued)

Directors and Directors' Interests

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

J Weight
J S Croxford
P S Hofman
A J K Goodwin
C O'Duinn (Resigned 30 January 1997)
R A Hayden (Resigned 30 January 1997)
J McSweeney (Resigned 30 January 1997)
M C Hayden (Resigned 30 January 1997)

The directors and their families have no beneficial interests in either the share capital of the Company or any company within the CSW Group of UK companies. The directors are not aware of any contract of significance, other than service contracts with SEEBOARD plc, in relation to the Company, in which any director has or has had, a material interest.

Auditor

KPMG Audit Plc is willing to continue as auditor and a resolution proposing its re-appointment, will be made at the General Meeting at which the accounts are laid .

By Order of the Board



M A Nagle
Company Secretary

Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9BH

24 April 1998

SEEBOARD International 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 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;
- 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 which 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.

SEEBOARD International Limited

Auditor's Report to the Members of SEEBOARD International Limited

We have audited the financial statements on pages 5 to 12.

Respective Responsibilities of Directors and Auditor

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London



SEEBOARD International Limited

Profit and Loss Account for the year ended 31 December 1997

		Year ended 31 December 1997	Nine months ended 31 December 1996
		£	£
	Note		
Turnover		516,699	953,220
Cost of sales		(143,730)	(587,660)
Gross profit		<u>372,969</u>	<u>365,560</u>
Administrative expenses	1	(131,171)	(220,453)
Operating profit		<u>241,798</u>	<u>145,107</u>
Net interest	4	38,911	18,477
Profit on ordinary activities before taxation		<u>280,709</u>	<u>163,584</u>
Tax on profit on ordinary activities	5	(5,173)	(8,371)
Profit for the financial period	9	<u>275,536</u>	<u>155,213</u>

The movement in the profit and loss reserve is shown in note 9.

The turnover and operating profit in the period arose entirely from continuing operations.

Recognised Gains and Losses

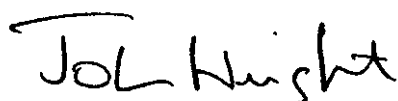
There are no recognised gains or losses other than the profit for the financial period (nine months ended 31 December 1996: £nil).

SEEBOARD International Limited

Balance Sheet as at 31 December 1997

	Note	31 December 1997 £	31 December 1996 £
Current assets			
Debtors	6	240,723	560,947
Cash at bank and in hand		627,310	669,801
		<u>868,033</u>	<u>1,230,748</u>
Creditors: amounts falling due within one year	7	440,090	1,078,366
		<u>427,943</u>	<u>152,382</u>
Net current assets			
		<u>427,943</u>	<u>152,382</u>
Net assets			
		<u>427,943</u>	<u>152,382</u>
Capital and reserves			
Called up share capital	8	500,025	500,000
Profit and loss account	9	(72,082)	(347,618)
		<u>427,943</u>	<u>152,382</u>
Shareholders' funds	9		
		<u>427,943</u>	<u>152,382</u>

The accounts on pages 5 to 12 were approved by the Board of Directors on 24 April 1998 and were signed on its behalf by :



**J Weight
Director**



**J S Croxford
Director**

SEEBOARD International Limited

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.

Change of Accounting Reference Date

During the previous period the accounting reference date was changed from 31 March to 31 December. Accordingly, the comparative information covers the nine month period ended 31 December 1996.

Basis for Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention in accordance with the Companies Act 1985.

Cash Flow Statement

Under Financial Reporting Standard No 1 (revised), the Company qualifies as a small company and is therefore exempt from the requirement to prepare a cash flow statement.

Taxation

Taxation is based on the profit for the period 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 during the period.

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis in equal annual amounts over the period of the lease.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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.

SEEBOARD International Limited

Accounting Policies (continued)

Contracts

The amount of profit attributable to the stage of completion of a contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous periods. Provision is made for any losses which are foreseen.

Contract work in progress is stated at costs incurred, less amounts transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represents turnover recognised in excess of payments on account.

Joint Ventures

Results on joint venture contracts are incorporated into the accounts on a proportional basis, where practicable.

SEEBOARD International Limited

Notes to the Accounts

1. Profit on Ordinary Activities before Taxation

	Year ended 31 December 1997 £	Nine months ended 31 December 1996 £
Administrative expenses include:		
Operating lease rentals	-	5,078
Remuneration of auditor and its associates for audit work	750	750

2. Staff Numbers and Costs

The average number of employees of the Company, including directors, during the period was three (nine months ended 31 December 1996: four). The aggregate remuneration of all employees, including the directors, comprised :

	Year ended 31 December 1997 £	Nine months ended 31 December 1996 £
Wages and salaries	43,512	121,079
Social security costs	5,178	14,207
Other pension costs	5,564	9,970
Charged to profit and loss account	54,254	145,256

SEEBOARD International Limited

Notes to the Accounts (continued)

3. Remuneration of Directors

	Year ended 31 December 1997 £	Nine months ended 31 December 1996 £
Salaries	57,666	51,775
Benefits	7,220	3,451
	<u>64,886</u>	<u>55,226</u>

The emoluments excluding pension contributions, of the Chairman were £nil (nine months ended 31 December 1996: £nil) and those of J S Croxford, the highest paid director, were £64,886 (nine months ended 31 December 1996: £55,226). None of the other directors received any emoluments during the period from the Company. A proportion of the emoluments disclosed above were recharged to a fellow Group Company for services.

4. Net Interest

	Year ended 31 December 1997 £	Nine months ended 31 December 1996 £
Exchange losses	(127)	(1,901)
Interest receivable	39,038	25,368
Interest payable on loans repayable within five years	-	(4,990)
	<u>38,911</u>	<u>18,477</u>

5. Tax on profit on ordinary activities

	Year ended 31 December 1997 £	Nine months ended 31 December 1996 £
UK corporation tax at 31.5% (nine months ended 31 December 1996 33%)	13,544	8,371
Adjustment to tax in respect of prior year's profit	(8,371)	-
	<u>5,173</u>	<u>8,371</u>

Trading profits arising during the year have been relieved against brought forward trading losses.

SEEBOARD International Limited

Notes to the Accounts (continued)

6. Debtors

	31 December 1997 £	31 December 1996 £
Trade debtors	161,927	46,657
Other debtors	54,770	387,153
Prepayments and accrued income	24,026	127,137
	<u>240,723</u>	<u>560,947</u>

7. Creditors: amounts falling due within one year

	31 December 1997 £	31 December 1996 £
Trade creditors	1,112	4,692
Other creditors	125,376	303,174
Amounts due to parent company	173,824	94,591
Amounts owed to related undertaking	-	321,106
Corporation tax	13,544	8,371
Accruals and deferred income	126,234	346,432
	<u>440,090</u>	<u>1,078,366</u>

SEEBOARD International Limited

Notes to the Accounts (continued)

8. Called up Share Capital

	31 December 1997		31 December 1996	
	Number	£	Number	£
Authorised				
Ordinary Shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Preference Shares of £0.0001	250,000	25		
Allotted, called up and fully paid				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
Preference Shares of £0.0001	250,000	25		

The Articles of Association of the Company were amended by special resolution passed on 30 January 1997 to increase the authorised share capital by the creation of 250,000 Preference Shares of £0.0001 each.

9. Reconciliation of Movements in Shareholders' funds

	Share Capital £	Profit and loss Account £	Shareholders' Funds £
At 1 January 1997	500,000	(347,618)	152,382
Retained profit for the financial period	-	275,536	275,536
Issue of Preference shares	25	-	25
At 31 December 1997	500,025	(72,082)	427,943

10. Ultimate Holding Company

From 30 January 1997, the ultimate UK holding company is CSW UK Finance Company registered in England and Wales. The ultimate holding company is Central and South West Corporation, registered in Delaware, USA.

Financial statements of Central and South West Corporation may be obtained from Central and South West Corporation, 1616 Woodall Rodgers Freeway, Dallas, Texas, 75266-0164.