
DESQUENNE ET GIRAL UK LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ 31 December 1997 ◆



COMPTANY NO : 2805908

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DESQUENNE ET GIRAL UK LIMITED

COMPANY INFORMATION

Directors	J.L.P.A. Giral J.C. Guédé
Secretary	R. Brocard
Registered office	Walgate House 25 Church Street Basingstoke Hampshire RG21 1QQ
Registered number	2805908
Auditors	Robson Rhodes Chartered Accountants

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 12 month period ended 31 December 1997.

Principal activities

The principal activities of the company are that of an investment holding company.

Business review and future developments

The prospection of Railways activities, started last year in agreement with the British Company Amey, has resulted in the creation of a joint venture between DG UK Ltd and Amey Railways Ltd, called Amey Seco Joint Venture, in order to perform an important contract acted in January 1998.

This contract holds that DG UK Ltd will provide a part of the necessary means of production.

Dividends and transfers to reserves

No dividends were proposed or paid in the period under review. Reserve movements are set out in note 8 to the financial statements.

Directors interests

The interests of the directors in the shares of Desquenne et Giral S.A., the ultimate parent company, at 31 December 1997 together with their interests at 1 January 1997 were as follows:

	Shares	
	1 January 1997	31 December 1997
J.L P.A Giral	469,200	471,238
J.C Guédé	-	-

No director had any interest in the share capital of the company at any time during the period.

The directors shown on page 1 were the only directors of the company during the period and the list constitutes part of this report.

REPORT OF THE DIRECTORS
(Continued)

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 at the end of the financial period, and of the profit or loss of the company for that period. In preparing these 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;
- 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 keeping 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Robson Rhodes has been reappointed as auditors at the last Annual General Meeting.

The report of the directors was approved by the Board on 17 April 1998 and signed on its behalf by:


R. Brocard
Company Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
DESQUENNE ET GIRAL UK LIMITED**

We have audited the financial statements on pages 5 to 10 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

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

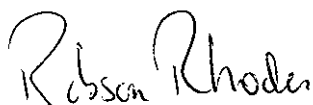
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board.

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 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 affairs of the company as at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

London, 21 December 1998

DESQUENNE ET GIRAL UK LIMITED

PROFIT AND LOSS ACCOUNT

for the 12 month period ended 31 December 1997

	Note	12 month period to 31 December 1997	12 month period to 31 December 1996
Administrative expenses		(3,242)	(6,173)
Operating loss		<u>(3,242)</u>	<u>(6,173)</u>
Exceptional gain/loss: Continuing operations	9	-	390,290
Profit/(Loss) on ordinary activities before taxation	3	<u>(3,242)</u>	<u>384,117</u>
Tax on loss on ordinary activities	4	-	-
Profit/(Loss) for the financial period	7,8	<u>(3,242)</u>	<u>384,117</u>

The company had no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents.

DESQUENNE ET GIRAL UK LIMITED

**BALANCE SHEET
at 31 December 1997**

	Note	31 December 1997	31 December 1996
Current assets			
Other debtors		1,190	-
Cash at bank and in hand		310	-
Creditors: Amounts falling due within one year	5	(13,378)	(8,636)
Net current liabilities		<u>(11,878)</u>	<u>(8,636)</u>
Total assets less current liabilities		<u>(11,878)</u>	<u>(8,636)</u>
Capital and reserves			
Called up share capital	6	100	100
Profit and loss account	7	(11,978)	(8,736)
Net deficit of equity shareholder's funds	8	<u>(11,878)</u>	<u>(8,636)</u>

The financial statements were approved by the board of directors on 17 April 1998 and signed on its behalf by:

J.L Giral)
)
J.C Guédé)

Directors



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 1997**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost basis of accounting. The accounts have been prepared on a going concern basis by reason of a letter of support given by the ultimate parent company.

Foreign currencies

Profit and loss account items are translated into sterling using the previous month-end exchange rate or where the transaction is covered by a matching forward contract, at the rate of exchange specified in that contract.

Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date or where appropriate, by reference to the rate of exchange fixed under a matching forward contract.

Fixed asset investments

Investments are held at cost less provision for permanent diminution in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 1997
(Continued)****2. EMPLOYEES AND DIRECTORS' EMOLUMENTS**

The company had no employees other than the directors during the period, and the directors received no emoluments for their services during the period.

Investments are stated at cost less provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	12 month period to 31 December 1997 £	12 month period to 31 December 1996 £
Auditors' remuneration (including £1,405 for non-audit services 1996: £Nil)	3,000	
Other non-audit services	1,405	
	<hr/> 4,405	5,000

4. TAX ON LOSS ON ORDINARY ACTIVITIES

No tax charge arises on the loss for the period (12 month period to 31 December 1996: £Nil).

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 1997 £	31 December 1996 £
Bank overdraft	0	32
Amounts due to ultimate parent company	8,973	-
Other creditors and accruals	4,405	8,604
	<hr/> 13,378	<hr/> 8,636

DESQUENNE ET GIRAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 1997
(Continued)****6. CALLED UP SHARE CAPITAL**

	31 December 1997	31 December 1996
	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

7. RESERVES

	Profit and loss account 1997	Profit and loss account 1996
	£	£
At 1 January 1997	(8,736)	(392,853)
Result for the period	(3,242)	384,117
	<hr/>	<hr/>
At 31 December 1997	(11,978)	(8,736)
	<hr/>	<hr/>

8. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	12 month period to 31 December 1997	12 month period to 31 December 1996
	£	£
Result for the period	(3,242)	384,117
	<hr/>	<hr/>
Net increase/(reduction) in equity shareholders' fund	(3,242)	384,117
Opening equity shareholders' funds	(8,736)	(392,853)
	<hr/>	<hr/>
Closing equity shareholders' funds	(11,978)	(8,736)
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 1997
(Continued)**

9. FINANCIAL COMMITMENTS

In 1996, DG UK received the amount of £390,290 corresponding to a cancellation of Debt from DG FINANCE (formerly DG CONSTRUCTION).

10. ULTIMATE PARENT COMPANY

The directors consider the ultimate parent company to be Desquenne et Giral S.A., a company incorporated in France.

Copies of the ultimate parent company's consolidated financial statements may be obtained from:

Desquenne et Giral S.A., Le Secrétaire Général, 13 Rue Le Sueur, B.P. 321-16, 75767 Paris Cedex 16.

11. RELATED PARTIES

The company has taken advantage of the exemptions under Financial Reporting Standard 8 (Related Party Disclosures) and is not required to disclose transactions occurring within the group.