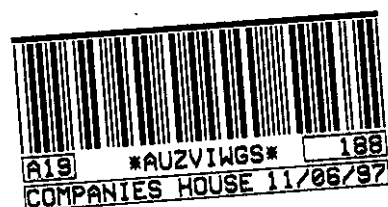


ICL GLOBAL INVESTMENTS LIMITED

Report and Financial Statements for the  
year ended 31 December 1996



Registered in England No 2866961

**ICL GLOBAL INVESTMENTS LIMITED**

at 11 March 1997

**DIRECTORS**

T K Todd  
R Christou  
W J Davison  
N P D Eadie  
J W Goasdoué  
Y Kurita  
D A Mills  
R H E Powell  
S Riesenfeld  
D J Teague  
Y Tomisawa  
T Vieth  
H Watanabe

**SECRETARY**

R F Scott

**AUDITORS**

Coopers & Lybrand

**REGISTERED  
OFFICE**

ICL House  
Putney  
London  
SW15 1SW

Registered in England No 2866961

## **ICL GLOBAL INVESTMENTS LIMITED**

### **REPORT OF THE DIRECTORS**

#### **Principal Activity and Review of the Business**

ICL Global Investments Limited is a holding company for certain ICL PLC Group companies and interests. The business of the ICL PLC Group is information technology (IT) and our principal expertise is the delivery of IT business solutions by integrating ICL's Systems and Services together with those of our business partners, with our customers' computer-based and human activity systems.

Fujitsu, the ICL group's principal shareholder, is one of the world's largest and most dynamic information technology groups. In its last financial year, Fujitsu reported sales of more than \$35 billion and operating profits of nearly \$2 billion. Its computers and information processing systems division alone had sales of more than \$23 billion.

The special relationship between Fujitsu and ICL has been one of the most productive and enduring in the IT industry. Not only does ICL enjoy the financial security guaranteed by the backing of a global giant, but we also have privileged access to the wealth of technology under continuous development in Fujitsu's R&D facilities around the world. In 1995, Fujitsu invested more than \$3 billion in R&D, providing ICL with a potentially limitless supply of state-of-the-art technology.

During the year the ICL group demerged ICL Volume Products to Fujitsu. With effect after the year end the operations in Hong Kong, Singapore and Malaysia were also demerged to Fujitsu. The ICL group retained small shareholdings in all of these operations.

For the future, the company plans to continue its present activity of a holding company.

#### **Result**

The profit for the year is £5,324,000. The directors do not recommend the payment of a dividend.

#### **Changes in fixed assets**

The movements in fixed assets during the year are set out in note 7 to the financial statements.

## **ICL GLOBAL INVESTMENTS LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **The Board**

The directors in office at the date of this report are shown at the front of the Report and Financial Statements.

On 1 January 1996 Sir Peter Bonfield and on 29 February 1996 D F Beattie left the Board. On 26 February 1996 Y Tomisawa became a director and T Minami left the Board. On 24 July and 27 September respectively, D A Mills and S Riesenfeld became directors.

Following the end of the year on 4 March 1997 R H E Powell and D J Teague joined the Board and R E Livesey-Haworth and P M Whitwam resigned. In accordance with Article 87 of the Company's Articles of Association, the appointments of Messrs Mills, Riesenfeld, Powell and Teague will be proposed for ratification at the forthcoming Annual General Meeting.

#### **Directors' interests**

The interests of directors are disclosed in note 6 to the financial statements.

#### **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 year, and of its profit or loss for that period. In preparing those financial statements, the directors are required to:

- 1) select suitable accounting policies and then apply them consistently;
- 2) make judgements and estimates that are reasonable and prudent;
- 3) follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- 4) 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. The directors confirm that the financial statements comply with the above requirements.

**ICL GLOBAL INVESTMENTS LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**Auditors**

Coopers & Lybrand have expressed their willingness to be reappointed Auditors of the company. A resolution to reappoint them and a resolution authorising the Directors to fix the remuneration of the Auditors will be proposed at the Annual General Meeting.

By order of the Board



**R F Scott**  
**Secretary**

ICL House  
Putney  
London SW15 1SW

11 March 1997

**ICL GLOBAL INVESTMENTS LIMITED**

**REPORT OF THE AUDITORS**

**To the members of ICL Global Investments Limited**

We have audited the financial statements on pages 7 to 14.

**Respective responsibilities of directors and auditors**

As described on page 4 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 these statements and to report our opinion to you.

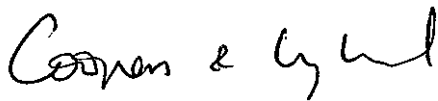
**Basis of opinion**

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 December 1996 and of its profit and total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

11 March 1997

**ICL GLOBAL INVESTMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 1996**

	Notes	1996	1995
		£000	£000
Exchange gains		3,046	1,892
<b>Operating profit/(loss)</b>	3	3,046	1,892
Net interest receivable/(payable)	4	1,372	(244)
<b>Profit on ordinary activities before taxation</b>		4,418	1,648
Taxation on profit on ordinary activities	5	906	80
<b>Retained profit for the year</b>	12	5,324	1,728

All the company's trading and results are in respect of continuing activities.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	1996	1995
	£000	£'000
Profit for the financial year	5,324	1,728
Exchange retranslation of investments (note 7)	(78,763)	48,777
Exchange gain/(loss) on hedging transactions	19,503	(16,513)
<b>Total recognised gains for the year</b>	<b>(53,936)</b>	<b>33,992</b>

The cumulative effect of the change in accounting policy described in note 2 on page 9 is a loss of £21.7 million.

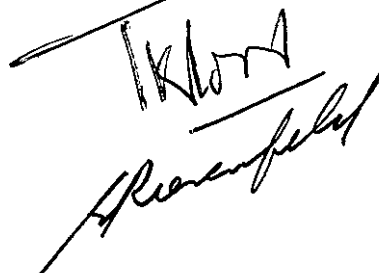
ICL GLOBAL INVESTMENTS LIMITED

BALANCE SHEET

at 31 December 1996

		1996	1995
	Notes	£000	£000
<b>Fixed assets</b>			
Investments	7	<u>398,395</u>	<u>486,316</u>
<b>Current assets</b>			
Debtors	8	888	80
Cash at bank and in hand		<u>2,261</u>	<u>3,492</u>
		3,149	3,572
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	<u>(10,733)</u>	<u>(9,931)</u>
<b>Net current liabilities</b>		<u>(7,584)</u>	<u>(6,359)</u>
<b>Total assets less current liabilities</b>		390,811	479,957
Creditors: amounts falling due after more than one year	9	-	<u>(35,210)</u>
		<u>390,811</u>	<u>444,747</u>
<b>Capital and reserves</b>			
Called up share capital	10	403,719	403,719
Profit and loss account	12	<u>(12,908)</u>	<u>41,028</u>
<b>Total equity shareholders' funds</b>	11	<u>390,811</u>	<u>444,747</u>

The accounts on pages 7 to 14 were approved by the Board on 11 March 1997 and signed on its behalf by

 )  
 ) Director  
 )



**ICL GLOBAL INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting Policies**

**Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting, modified for the exchange retranslation of investments in subsidiary undertakings referred to below and in notes 2 and 7 to the financial statements, and in accordance with applicable accounting standards which have been consistently applied except as stated in note 2 on page 9.

**Investments**

Investments in subsidiaries are carried at a value based on the underlying historic local currency cost of the investments held by the company's subsidiary. This policy has been subject to change in 1996, as referred to in note 2 on page 9.

**Foreign currency**

The company has entered into forward currency swaps to hedge the net assets of its underlying subsidiaries. All exchange differences arising on the swaps are taken to reserves to the extent that the underlying currency value of the swaps is exceeded by the corresponding value of the investments concerned. This policy has been introduced in 1996, as referred to in note 2 on page 9. Exchange differences on currency swaps which exceed the currency cost of the underlying investments are taken to profit and loss account.

**2. Change in accounting policy**

The company has formerly valued its investments in subsidiary undertakings at historic cost less any provision for permanent diminution in value. Exchange gains and losses on forward currency swaps used to hedge the net assets of the company's underlying subsidiaries have been taken to profit and loss account.

In the board's view, it is more appropriate to offset the gains and losses arising on hedging instruments against losses and gains arising on changes in the underlying foreign currency value of overseas investments. The company has therefore now adopted the following policy:

- (a) Investments in subsidiaries are now carried at a value based on the underlying currency cost of the investments as they were acquired by the company's subsidiary, ICL Holding BV. Any exchange retranslation of the investments during the year is taken to reserves. This has resulted in a charge to reserves of £78,763,000 in 1996 and a credit to reserves in the restated 1995 accounts of £48,777,000. In addition, as shown in note 11 on page 12 the shareholders' funds at 1 January 1995 have been cumulatively increased by £8,390,000. The overall effect of this change is that investments at 31 December 1996 are stated at £21,596,000 less than the historic sterling cost.

**ICL GLOBAL INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**2. Change in accounting policy (continued)**

- (b) Gains and losses on forward currency swaps used to hedge the net assets of the company's underlying subsidiaries are now taken directly to reserves to the extent that the currency value of the swaps is less than the corresponding book value of the investments to which they relate. Where the currency swaps exceed the currency cost of the underlying investments, the gains and losses on the excess are taken to profit and loss account. This has had the effect of reducing profit before tax by £19,503,000 in 1996 (1995 - an increased profit of £16,513,000).

**3. Operating profit**

The operating profit for the year consists only of exchange gains on hedging transactions.

The auditors' remuneration was borne by the company's fellow subsidiary undertaking, International Computers Limited.

The company had no employees during the year.

None of the directors received any emoluments in respect of his services to the company during the year.

**4. Net interest receivable/(payable)**

	1996	1995
	£'000	£'000
Interest payable on bank loans, overdrafts and other borrowings:		
Repayable within five years otherwise than by instalments to banks	<u>1,372</u>	<u>(244)</u>

**5. Taxation on profit on ordinary activities**

UK Corporation tax recoverable at 33%:		
Current year	888	80
Prior years	<u>18</u>	<u>-</u>
	<u>906</u>	<u>80</u>

**6. Directors' interests**

Set out below against their names are the interests of directors of the Company shown in the Register of Directors' Interests required to be kept under the Companies Act 1985. The interests of T K Todd, R E Livesey-Haworth and H Watanabe, who are also directors of the company's holding company, ICL PLC, are shown in the notes to the accounts of that company. None of the other directors has any interests entered in the Register as at 31 December 1996.

**ICL GLOBAL INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. Directors' interests (continued)**

There are no contracts in relation to the company's business in which any of the directors has a material interest.

**ICL PLC: Numbers of Ordinary Shares  
of 25p each over which options have  
been granted.**

	At 31.12.96	At 1.1.96 or on appointment
R Christou	100,000	250,000
W J Davison	25,000	176,230
N P D Eadie	55,000	280,000
J W Goasdoue	81,440	182,670
T Vieth	120,000	200,000
P M Whitwam	125,000	251,230

At the beginning and the end of the year, Y Kurita held 2,000 common shares of Yen 50 in the capital of Fujitsu Limited.

On appointment R H E Powell and D J Teague held options over 30,000 and 90,000 shares respectively in ICL PLC.

The above options over shares in ICL PLC are exercisable in the event of a stock exchange listing of the shares. The number of options held has reduced during the year because certain options have lapsed.

**7. Investments**

**£'000**

At cost at 1 January 1996 as originally reported	429,149
Change in accounting policy (note 2 on page 9)	<u>57,167</u>
At underlying currency cost at 1 January 1996	486,316
Disposals	(9,158)
Exchange retranslation (note 12)	<u>(78,763)</u>
At 31 December 1996	<u>398,395</u>

During the year the company sold its investment in ASI Computers GmbH to a fellow subsidiary company at net book value.

The company's investments now consist entirely of an investment in its subsidiary undertaking, ICL Holding BV, a company incorporated in the Netherlands. The investment consists of 1,736 shares (1995 - 1,736 shares) of NLG 1000 each, representing 100% of the issued ordinary capital.

In the opinion of the directors, the value of the investment is not less than that at which it is stated in the accounts.

ICL Holding BV acts as a holding company for investments in subsidiaries outside the United Kingdom. The major subsidiaries are listed on page 14.

**ICL GLOBAL INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£'000</b>
<b>8. Debtors</b>		
Corporation tax recoverable	<u>888</u>	<u>80</u>
<b>9. Creditors</b>		
<b>Amounts falling due within one year:</b>		
Accruals and deferred income	10,265	1,254
Amount due to fellow subsidiary undertaking	<u>468</u>	<u>8,677</u>
	<u>10,733</u>	<u>9,931</u>
<b>Amounts falling due after more than one year:</b>		
Accruals and deferred income	<u>-</u>	<u>35,210</u>
<b>10. Called up share capital</b>		
<b>Authorised</b>		
500,000,000 ordinary shares of £1	<u>500,000</u>	<u>500,000</u>
<b>Issued and fully paid</b>		
403,719,002 ordinary shares of £1	<u>403,719</u>	<u>403,719</u>
<b>11. Reconciliation of movements in shareholders' funds</b>		
Shareholders' funds at 1 January as originally reported	387,580	402,365
Change in accounting policy (note 2 on page 9)	<u>57,167</u>	<u>8,390</u>
	444,747	410,755
Retained profit for the year	5,324	1,728
Retranslation of investments (note 7)	(78,763)	48,777
Exchange gain/(loss) on hedging transactions	<u>19,503</u>	<u>(16,513)</u>
	<u>390,811</u>	<u>444,747</u>
<b>12. Profit and loss account</b>		<b>£000</b>
At 1 January 1996, as originally reported		(16,139)
Change in accounting policy (note 2 on page 9)		<u>57,167</u>
At 1 January 1996, as restated		41,028
Retained profit for the year		5,324
Retranslation of investments (note 7)		(78,763)
Exchange gain on hedging transactions		<u>19,503</u>
At 31 December 1996		<u>(12,908)</u>

**ICL GLOBAL INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**13. Consolidated financial statements**

Under Section 228 (1) of the Companies Act 1985, the company is exempt from the requirement to prepare consolidated financial statements since it is a wholly owned subsidiary of ICL PLC, a company registered in England. As a wholly owned subsidiary, the company has not produced a cash flow statement since ICL PLC has included a consolidated cash flow statement in its financial statements for the year ended 31 December 1996 which includes the cash flows of the company.

**14. Ultimate controlling entity**

The company's controlling entity and intermediate holding company is ICL PLC, a company registered in England. This is the smallest group of which the company is a member and for which consolidated financial statements are drawn up. Copies of its financial statements can be obtained from:

ICL House  
1 Putney High Street  
London SW15 1SW

The ultimate controlling party is Fujitsu Limited, a company incorporated in Japan. A copy of the financial statements can be obtained from:

6-1 Marunouchi 1-chome  
Chiyoda-ku  
Tokyo 100  
Japan

This is the largest group of which the company is a member and for which consolidated financial statements are drawn up.

**ICL GLOBAL INVESTMENTS LIMITED**

**PRINCIPAL SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND OTHER INVESTMENTS**

	<b>Country of registration or incorporation and principal place of business</b>
ICL Holding BV (non-trading holding company)	Netherlands
ICL Computadores Limitada	Portugal
ICL Data A/S	Denmark
ICL Data OY	Finland
ICL (France) International Computers SA	France
ICL Svenska AB	Sweden
ICL Technology GmbH	Germany
ICL Technology Holdings (Pty) Limited (50%)	South Africa
Softbank SA (51%)	Poland

**Notes:**

1. All subsidiaries are wholly owned except where otherwise indicated by a percentage holding after the name and all are engaged in information technology and/or related services. The shares in all of the other undertakings shown are held by ICL Global Investments Limited directly, or through its subsidiaries. All the holdings are ordinary shares.
2. The names of certain other subsidiaries, associated undertakings and investments which do not materially affect the results of the group or the amount of its assets are not shown. Details are filed with the Registrar of Companies. Additional information about capital and profits of associated undertakings is not material.