

**Company Registration No. 2901064**

**Registered in England and Wales**

**ALSTOM TRANSPORT HONG KONG LTD**

**Report and Financial Statements**

**For the Year Ended**

**31 March 2010**

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**REPORT AND FINANCIAL STATEMENTS 2010**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J M Brownsword

E Hedley

A D Cledwyn-Davies (deceased 12 April 2010)

**SECRETARY**

E Hedley

**REGISTERED OFFICE**

Newbold Road

Rugby

Warwickshire

CV21 2NH

**AUDITORS**

Mazars LLP

The Lexicon

Mount Street

Manchester

M2 5NT

**DIRECTORS' REPORT**  
**Year ended 31 March 2010**

The Directors present their report and the financial statements for the year ended 31 March 2010

**REVIEW OF THE COMPANY AND ITS ACTIVITIES**

The Company's principal activity is the refurbishment and repair of railway vehicles and rapid transit systems in Hong Kong

As shown in the Company's profit and loss account, sales have increased by 30.67% to £1,591,270 (2009: £1,217,686). Profit on ordinary activities before taxation was £110,071 (2009: £269,426).

The Directors have decided that the Company will not seek further orders. The Company will trade current orders through to completion.

The Alstom Group manages its operations on a Sector basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Sectors of Alstom, which includes the Company, is discussed in the Group's Annual Report which does not form part of this report.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company manages competitive trading risk by providing added value services to its customers, having fast response times not only in supplying products but also in handling all customer queries, and by maintaining strong relationships with customers.

Credit risk is managed by, where possible, agreeing payment terms that include advance and progress payments. Appropriate credit control procedures are followed at all operations where credit risk is perceived. Where credit risk is considered to be high, contracts must provide for payments to be secured by irrevocable letter of credit, payment before despatch or credit insurance.

The Company is exposed to the movement in foreign exchange rates as its main activity is in Hong Kong. The Group's treasury function takes out currency contracts to manage this risk at a Group level.

The Company is effectively financed by either loans or equity from ALSTOM and has no third party debt. It therefore has little interest rate exposure. Group risks are discussed in the Group's Annual Report which does not form part of this report.

**DIVIDENDS**

The Directors do not recommend the payment of a dividend (2009: £nil).

**DIRECTORS AND THEIR INTERESTS**

The Directors who held office during the year are noted on page 1.

None of the Directors had a beneficial interest, other than in the normal course of business, in any contract to which the Company was a party during the year.

According to the register kept by the Company, as at 31 March 2010 none of the Directors had any disclosable interests in the shares or debentures of the Company or its ultimate parent Company at any time during the year.

During the year the Company has maintained the grant of an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

**DIRECTORS' REPORT**

**Year ended 31 March 2010**

**EMPLOYEES**

The Company has no employees but pays for the services of employees of other Group companies, principally in Hong Kong. An element of administration and project control is carried out by personnel employed by ALSTOM Ltd, a fellow Group undertaking.

**AUDITORS**

During the year, following a process initiated by the Group, Ernst & Young LLP resigned as auditors and Mazars LLP were appointed in their place.

The Directors believe that they have taken reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Further, they believe that they have taken appropriate steps to ensure that there is no relevant audit information of which the Company's auditors are unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors  
and signed by order of the Board

E Hedley  
Secretary

A handwritten signature in black ink, appearing to be 'E Hedley', with a long horizontal flourish extending to the right.

28 April 2010

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 year. 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 2006. 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ALSTOM TRANSPORT HONG KONG LTD**

We have audited the financial statements of ALSTOM Transport Hong Kong Ltd for the year ended 31 March 2010, which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web site at <http://www.frc.org.uk/apb/scope/UKNP>.

**Opinion on the financial statements**

In our opinion, the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mazars LLP, Chartered Accountants (Statutory Auditor)  
Timothy Hudson (Senior Statutory Auditor)  
Manchester, UK  
28 April 2010

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2010**

	<b>Note</b>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>TURNOVER</b>	2	1,591,270	1,217,686
Cost of sales		(1,481,684)	(946,224)
<b>GROSS PROFIT</b>		109,586	271,462
Net operating income/(expense)		81	(10,178)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		109,667	261,284
Interest receivable on amounts due from group undertakings		404	8,142
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	110,071	269,426
Tax charge on profit on ordinary activities	5	(27,419)	(96,007)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		82,652	173,419
Profit and loss deficit brought forward		(1,147,112)	(1,320,531)
<b>PROFIT AND LOSS DEFICIT CARRIED FORWARD</b>		(1,064,460)	(1,147,112)

All results derive from continuing operations. There are no recognised gains or losses or movements in Shareholders' Funds in the current year or the preceding year other than those shown in the Profit and Loss Account.

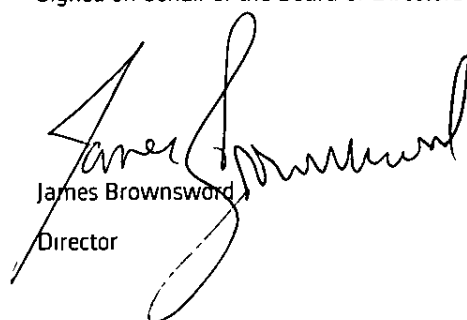


**BALANCE SHEET**  
**31 March 2010**

	<b>Note</b>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>CURRENT ASSETS</b>			
Stocks	6	-	225,623
Debtors	7	3,098,864	2,425,018
Cash at bank and in hand		2,891	13,176
		<u>3,101,755</u>	<u>2,663,817</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(3,594,679)</u>	<u>(2,964,049)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(492,924)</u>	<u>(300,232)</u>
<b>PROVISIONS FOR LIABILITIES</b>	9	<u>(571,534)</u>	<u>(846,878)</u>
<b>NET LIABILITIES</b>		<u>(1,064,458)</u>	<u>(1,147,110)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	2	2
Profit and loss account		<u>(1,064,460)</u>	<u>(1,147,112)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<u>(1,064,458)</u>	<u>(1,147,110)</u>

These financial statements were approved by the Board of Directors and issued to the shareholders on 28 April 2010

Signed on behalf of the Board of Directors

  
James Brownsword  
Director

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2010****1. ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies have been applied consistently throughout the year.

**Basis of preparation**

The Company is dependent on the continuing financial support and funding from ALSTOM UK Holdings Ltd, which has been obtained. As such, the directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

**Turnover**

Turnover represents the invoiced value of deliveries. Taxes on sales are excluded.

**Stocks and work in progress**

The major part of the activities of the Company comprises contracts that extend over several years, many of which by their nature are complex. Discrete deliveries within a contract are separately invoiced as work progresses. Work in progress relates to the uninvoiced portion of a contract and is consistently valued at the beginning and end of year at the lower of cost and estimated net realisable value.

Contracts are subject to regular detailed financial and technical reviews to determine their progress and likely outcome. Costs to complete are assessed throughout the progress of work including commissioning and maintenance costs and appropriate contingencies dependent on the nature of the work being undertaken and the stage of completion reached. Where contract assessments indicate with reasonable certainty that profits will be earned, a proportion of such profit is credited in the accounts by reference to the deliveries invoiced. If the assessment indicates that the contract will be completed at a loss, the loss is recognised immediately.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2010****1. ACCOUNTING POLICIES (CONTINUED)****Contract Related Provisions**

Provisions for liabilities are recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for liabilities are charged against profits. These mainly comprise expected cost of maintenance under guarantees and losses on contract work in progress. The effect of the time value of money is not material and therefore the provisions are not discounted.

**Currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date or at the rate at which the transaction is contracted to be settled in the future. The differences arising from changes in exchange rates on revenue transactions are dealt with through the profit and loss account.

**Cash flow statement**

The Directors have taken advantage of the exemption contained in Financial Reporting Standard No 1 from preparing a cash flow statement on the grounds that the Company is a wholly owned subsidiary of ALSTOM which itself has prepared a consolidated cash flow statement incorporating the Company.

**2. TURNOVER**

The Company's turnover is generated from its principal activity being the repair and refurbishment of railway vehicles and rapid transit systems in Hong Kong.

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration – audit of financial statements	5,000	5,000

**4. STAFF COSTS AND DIRECTORS REMUNERATION**

The Directors received no remuneration in relation to services provided to the Company (2009: £nil). There were no staff costs in either year. The Company has no employees but pays for the services of employees of other Group companies, principally in Hong Kong. An element of administration and project control is carried out by personnel employed by ALSTOM Ltd, a fellow Group undertaking.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2010****5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 28%)

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
United Kingdom Corporation Tax	30,820	19,439
Corporation Tax adjustment in respect of prior years	(3,401)	76,568
	<u>27,419</u>	<u>96,007</u>

The actual tax for the current year differs from the standard rate for the reasons set out in the following reconciliation

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>110,071</u>	<u>269,426</u>
Tax on profit at the standard rate	30,820	75,439
Utilisation of tax losses not recognised	-	(56,000)
Adjustment to tax in respect of prior year	(3,401)	76,568
Current taxation charge	<u>27,419</u>	<u>96,007</u>

There is no unprovided deferred tax at either 31 March 2009 or 31 March 2010

**6. STOCK**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Work in progress	<u>-</u>	<u>225,623</u>

**7. DEBTORS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade debtors	356,845	944,427
Amounts owed by Group undertakings	2,742,019	1,279,241
Group relief receivable	-	201,350
	<u>3,098,864</u>	<u>2,425,018</u>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2010****8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts owed to Group undertakings	2,775,561	2,955,293
Accruals and deferred income	772,270	8,756
Group relief payable	46,848	-
	<u>3,594,679</u>	<u>2,964,049</u>

**9. PROVISIONS FOR LIABILITIES**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 1 April 2009	846,878	682,810
(Released)/added during the year	(234,715)	547,028
Utilised during the year	(40,629)	(382,960)
	<u>571,534</u>	<u>846,878</u>

The Provision for liabilities relates to known and expected claims against delivered products or services within the contractual guarantee period for such sales and provisions for losses on contracts. The expenditure is expected to be mainly incurred and therefore the provision utilised within 12 to 30 months of the balance sheet date.

**10. CALLED UP SHARE CAPITAL**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Authorised, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

**11. PARENT UNDERTAKINGS**

The Company's immediate parent undertaking is ALSTOM UK Holdings Ltd

The Company's ultimate parent undertaking and ultimate controlling party is ALSTOM, a company incorporated in France. The only Group in which the results of the Company are consolidated is that headed by ALSTOM. A copy of the ALSTOM financial statements can be obtained from 3 avenue André Malraux, 92309 Levallois-Perret Cedex, France, or via the Alstom website at [www.alstom.com](http://www.alstom.com)

**12. RELATED PARTY TRANSACTIONS**

Pursuant to the exemption granted by Financial Reporting Standard No 8 "Related Party Disclosures" transactions with other undertakings within the Alstom Group have not been disclosed within these financial statements