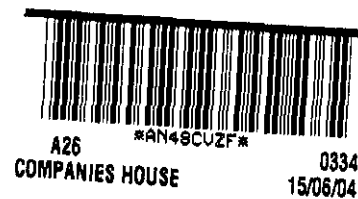


**Railcare LTD**

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2004



**DIRECTORS**

D F Flynn  
I H Robertson  
E Hedley

**SECRETARY**

E Hedley

**REGISTERED OFFICE**

Leigh Road  
Washwood Heath  
Birmingham  
B8 2YJ

## **DIRECTORS' REPORT**

### **Year Ended 31 March 2004**

The Directors present their report and the Financial Statements for the year ended 31 March 2004.

## **ACTIVITY**

The Company has not traded during the year ended 31 March 2004 and consequently there is no profit or loss.

## **DIRECTORS AND THEIR INTERESTS**

The membership of the Board is shown 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 in accordance with Section 325 of the Companies Act 1985, no Director of the Company had any disclosable interests in the shares or debentures of the Company or its ultimate parent company.

By Order of the Board

E Hedley

**Director**

June 16<sup>th</sup> 2004



**BALANCE SHEET****31 March 2004**

|  | Notes | 2004<br>£000  | 2003<br>£000  |
|--|-------|---------------|---------------|
| <b>Current assets</b>                                |       |               |               |
| Debtors  | 4     | 11,326        | 11,326        |
| <b>Net current assets</b>                            |       | <u>11,326</u> | <u>11,326</u> |
| <b>Total assets less current liabilities</b>         |       | <u>11,326</u> | <u>11,326</u> |
| <b>Creditors: amounts falling due after one year</b> |       | -             | -             |
| <b>Net assets</b>                                    |       | <u>11,326</u> | <u>11,326</u> |
| <b>Capital and reserves</b>                          |       |               |               |
| Called up share capital                              | 5     | 3,154         | 3,154         |
| Share Premium  | 6     | 9,996         | 9,996         |
| Profit and loss account                              | 6     | (1,824)       | (1,824)       |
| <b>Total equity shareholders' funds</b>              |       | <u>11,326</u> | <u>11,326</u> |

The annual accounts have not been audited because the company is entitled to the exemption provided by section 249AA(1) of the Companies Act 1985 relating to dormant companies and its members have not required the company to obtain an audit of these accounts in accordance with S249B(2).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for the financial year in accordance with Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on June 16<sup>th</sup> 2004.



E Hedley  
Director

## NOTES TO THE ACCOUNTS

**Year Ended 31 March 2004**

### 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financing of the ALSTOM Group (the Group) is co-ordinated through centrally held Group banking and treasury facilities held by the Company's ultimate parent company, ALSTOM. Accordingly, the Company is dependent on the continuing financial support and funding from ALSTOM.

In preparing ALSTOM's consolidated financial statements for the year ended 31 March 2004, the Group has taken into account the matter set out hereafter:

1) The Financing Package concluded by ALSTOM with its bankers and the French State in September 2003, the main features of which are:

Strengthening of the Group's equity through :

|   |               |
|---|---------------|
| Share Capital Increase with preferential rights                                 | €300m         |
| Issue of Bonds Mandatorily Reimbursable with Shares (ORA) with 5 year maturity: | €900m         |
| Long-Term Instruments   |               |
| Subordinated Bond (French State) with 20 year maturity                          | €300m         |
| Subordinated Bond (French State) with 15 year maturity                          | €200m         |
| Medium-Term Loans   |               |
| Subordinated Loan (French State) with 5 year maturity                           | €300m         |
| Subordinated Loans (Banks) with 5 year maturity                                 | <u>€1200m</u> |
| TOTAL   | €3200m        |

The Financing Package also provides for short-term facilities being made available in an amount of 1.5 billion Euro, of which the share of the French State is 1.2 billion Euro, until the long-term part of the Financing Package is fully implemented. The Financing Package was approved at an Extraordinary General Meeting held on 18 November 2003.

As at 31 March 2004 the Group would have failed to comply with those covenants related to "consolidated net worth" and "EBITDA". Accordingly the Group obtained agreement from its lenders to suspend the covenants it had previously negotiated until 30 September 2004.

2) The Group obtained bonding and guarantee facilities as a result of the Financing Package agreed in September 2003 of 3500 million Euro, of which 65% was guaranteed by the Republic of France. This facility was sufficient to meet approximately one year of orders and is now expected to be used by the end of the second quarter of the new financial year. The Group

has entered into discussions with certain of its main banks to secure access to contract bonding and guarantee facilities.

3) The approval of the European Commission for the Financing Package announced on 22 September 2003 remains outstanding. The investigation will determine whether the Financing Package and certain other transactions with entities controlled by the French State are compatible with the laws of the European common market.

Having considered the matters set out above, the Group has concluded that the going concern principle is the appropriate basis of preparation for the ALSTOM Group consolidated financial statements on the assumption it will be able to:

- Secure contract bonding and guarantee facilities to meet its normal business activity,
- Successfully negotiate new covenants with its lenders,
- Obtain all necessary approvals from the European Commission,
- Generate operating income and cash flow sufficient to respect covenants or waivers being granted, thus ensuring continued availability of debt financing.

Further details on the matters outlined above can be obtained from the ALSTOM Group financial statements.

In relation to the matters outlined above and the continued availability of financial support from ALSTOM the directors of the Company have obtained written confirmation from ALSTOM of ALSTOM's continued financial support for a period of not less than 12 months from the date of approval of these financial statements; and on this basis the directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result from the non-availability of either the continued financial support from ALSTOM and/or the Group banking and treasury facilities currently utilised by the Company.

## 2. **ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below: -

### (i) **Accounting Convention**

The financial statements are prepared under the historical cost convention.

## 3. **PROFIT AND LOSS**

The Company did not trade during the current or preceding period and has made neither profit nor loss, nor any other recognised gain or loss.

|                                 | 2004          | 2003          |
|---------------------------------|---------------|---------------|
| 4. <b>DEBTORS</b>               | £000          | £000          |
| Amounts owed by group companies | <u>11,326</u> | <u>11,326</u> |

5. **CALLED UP SHARE CAPITAL**

|   | 2004       | 2003       |
|---|------------|------------|
|   | Number     | Number     |
| Authorised and A Ordinary shares of £1 each | 10,000,020 | 10,000,020 |
| <u>Called Up</u>                            |            |            |
| Ordinary Share of £1 each                   | 3,154,200  | 3,154,200  |
| A Ordinary Share of £1 each                 | 20         | 20         |

6. **MOVEMENT IN RESERVES**

|                              | Share<br>Premium | Profit &<br>Loss<br>Account |
|------------------------------|------------------|-----------------------------|
|                              | £000             | £000                        |
| At 1 April 2003              | 9,996            | (1,824)                     |
| Retained Profit for the year | -                | -                           |
| At 31 March 2004             | <u>9,996</u>     | <u>(1,824)</u>              |

7. **ULTIMATE PARENT COMPANY**

The Company's ultimate parent company and ultimate controlling party is ALSTOM a company incorporated in France. The largest and smallest group in which the results of the Company are consolidated is that headed by ALSTOM. A copy of ALSTOM's accounts can be obtained from 25, avenue Kleber, 75116 Paris, France, or via the ALSTOM website [www.alstom.com](http://www.alstom.com)

## 8. RELATED PARTY TRANSACTIONS

Pursuant to the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures" transactions with other undertakings within the ALSTOM Group have not been disclosed within these accounts.