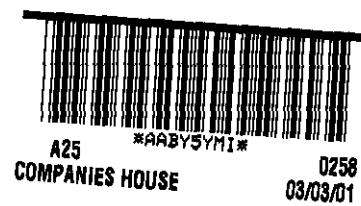


**TRANSPORTATION CONSULTANTS INTERNATIONAL
LIMITED**

Report and Financial Statements

For The Year Ended 31 March 2000



TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2000

CONTENTS	Page
Officers and Professional Advisers	1
Directors' Report	2-3
Statement of Directors' Responsibilities	4
Auditors' Report	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8-15

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Russell
R Proctor

SECRETARY

K Russell

REGISTERED OFFICE

329 Harwell
Didcot
Oxfordshire OX11 0QJ

BANKERS

Midland Bank plc
89 Buckingham Palace Road
London SW1W 0QL

SOLICITORS

Eversheds
Cloth Hall Court
Infirmary Street
Leeds LS1 2JB

AUDITORS

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6NN

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2000.

ACTIVITIES

The company became dormant on 1 April 1999 and has not traded since.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

On 1 April 1999 the trade and assets of the company were hived up into the parent company AEA Technology plc at net book value.

RESULTS AND DIVIDENDS

The result for the year is set out in the Profit and Loss Account on page 6. The directors do not recommend the payment of a dividend for the period.

Preference share dividends for the nine months ended 31 March 1999 were waived. No further dividends are payable.

YEAR 2000 COMPLIANCE

The company did not experience any problems with Year 2000 compliance.

DIRECTORS AND DIRECTORS' INTERESTS

The current directors of the company are shown on page 1.

The interests of the directors holding office at the end of the year in the ordinary shares of AEA Technology plc are given below:

	Ordinary shares of 10 pence each	
	At 31 March 2000 No.	At 1 April 1999 No.
R Proctor	4,010	4,010
K Russell	3,681	2,948

The interests of the directors in options to subscribe for ordinary shares in AEA Technology plc are all from options granted under the SAYE share option plan and are set out below:

	Number of options				Exercise price	Date from which exercisable	Expiry date
	At 1 April 1999	Granted in the year	Exercised in the year	At 31 March 2000			
R Proctor	6,696	-	-	6,696	224p	1 November 2001	30 April 2002
K Russell	4,017	2,742	(4,017)	2,742	320p	1 March 2005	31 August 2005

K Russell exercised options for 4,017 shares in November 1999 at an option price of £2.24 resulting in a gain on exercise of £7,371.

None of the directors had any beneficial interest in the share capital of the company or other group companies at 1 April 1999 and 31 March 2000.

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

DIRECTORS' REPORT

AUDITORS

In accordance with section 250 of the Companies' Act 1985, the company has passed an elective resolution to dispense with the need for annual general meetings and with the annual reappointment of the auditors.

On behalf of the Board



K Russell

Director

3 January 2001

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

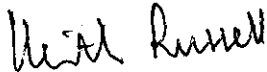
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements for each financial year 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 the profit or loss of the company for that period. In preparing the financial statements the directors confirm that they have:

- selected suitable accounting policies and have used and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards;
- prepared the financial statements on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



K Russell

Director

3 January 2001

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS OF TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED Year ended 31 March 2000

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 March 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

3 January 2001

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2000

	Note	Year ended 31 March 2000 £'000	Nine Months Ended 31 March 1999 £'000
TURNOVER	2	-	4,911
Cost of sales		-	(3,020)
GROSS PROFIT		-	1,891
Administrative expenses	3	(1,165)	(1,420)
OPERATING (LOSS)/PROFIT	3-4	(1,165)	471
Interest payable and similar charges	5	-	(235)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,165)	236
Tax on profit on ordinary activities	6	-	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,165)	236
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD	13	(1,165)	236

All turnover and operating profit is derived from discontinued operations.

A reconciliation of the movement in shareholders' funds is shown in note 15 to the financial statements.

There were no recognised gains or losses in the current period other than those in the profit and loss account.

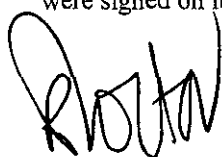
There is no difference between the (loss)/profit before taxation and the retained (loss)/profit for the period stated above and their historical cost equivalent.

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

BALANCE SHEET AT 31 March

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	7	-	436
Investments	8	3,382	3,290
		<u>3,382</u>	<u>3,726</u>
CURRENT ASSETS			
Debtors	9	-	8,502
		<u>-</u>	<u>8,502</u>
CREDITORS: amounts falling due within one year	10	-	(8,939)
		<u>-</u>	<u>(437)</u>
NET CURRENT LAIBILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		3,382	3,289
CREDITORS: amounts falling due after more than one year - finance lease creditor	14	-	(1)
- amounts owed to parent company		(1,259)	-
		<u>-</u>	<u>-</u>
NET ASSETS		<u>2,123</u>	<u>3,288</u>
CAPITAL AND RESERVES			
Called up share capital	12	453	453
Share premium	13	957	957
Capital reserve	13	2,514	2,514
Reserve for redemption of non equity shares	13	129	129
Profit and loss account	13	(1,930)	(765)
		<u>2,123</u>	<u>3,288</u>
SHAREHOLDERS' FUNDS	15		
Attributable to equity shareholders		1,037	2,202
Attributable to non-equity shareholders		1,086	1,086
		<u>2,123</u>	<u>3,288</u>

These financial statements on pages 6 to 15 were approved by the Board of Directors on 3 January 2001 and were signed on its behalf by:



R Proctor

Director

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The company is exempt under section 228 of the Companies Act 1985 from the preparation of consolidated accounts since it is included in the consolidated accounts of the ultimate holding company AEA Technology plc, a company registered in England and Wales. Accordingly the financial statements present information about the company as an individual entity and not about its Group.

Cash flow and related party disclosure

The company has taken advantage of the exemption granted in FRS1 (Revised) to wholly owned subsidiary companies and has not prepared a cash flow statement. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the AEA Technology plc group.

Turnover

Turnover comprises the value of work executed during the period and income arising from the settlement of claims from previous years. It is exclusive of value added tax. See note 2.

Tangible fixed assets

Fixed assets are stated at cost to the company and reduced by depreciation which is provided on a straight line basis to write off assets to their estimated residual value over their expected useful lives from the date they are brought into use. The average depreciation rates for each major asset category are:

Computer equipment	Between 15% and 33% per annum
Plant and machinery	25% per annum
Fixtures and fittings	Between 20% and 25% per annum

Investments

Investments in the company's subsidiary undertakings are stated at cost less any provision for impairment.

Long-term contracts

Long-term contracts are accounted for in accordance with SSAP9 with turnover being recognised on a percentage complete basis when a profitable outcome can be ascertained with reasonable certainty. Losses are recognised in full as soon as they are anticipated. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on contracts. Payments in excess of turnover and long-term contract balances are recorded in creditors as payments received on account. The amount by which provisions or accruals for foreseeable losses exceed costs incurred after transfers to cost of sales is included within either provisions for liabilities and charges or other creditors as appropriate.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences only to the extent that it is probable that liabilities will crystallise in the foreseeable future.

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

Pensions

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. The costs of providing pensions to members of the defined contribution scheme are charged to the profit and loss account as they are incurred.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. Turnover, all of which originates in the United Kingdom and arises from the provision of consulting services, can be analysed by geographical destination as follows:

	Year ended 31 March 2000 £'000	Nine months ended 31 March 1999 £'000
United Kingdom	-	4,335
EEC Member States	-	206
Far East	-	370
	<u>-</u>	<u>4,911</u>

3. OPERATING (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 March 2000 £'000	Nine months ended 31 March 1999 £'000
Operating (loss)/profit is stated after charging the following:		
Write down of pension scheme surplus	1,173	-
Write off investments in subsidiaries struck off in the period	57	-
Write back debtor provision no longer required	(65)	-
Auditors' remuneration including expenses		
- audit services	-	30
- other services	-	10
Rentals under operating leases		
- hire of equipment	-	42
- other operating leases	-	343
Depreciation of tangible fixed assets - owned	-	18

The audit fee for the year ended 31 March 2000 has been borne by the ultimate parent company.

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

4. STAFF NUMBERS AND COSTS AND DIRECTORS' REMUNERATION

The average number of persons employed by the company during the period (including directors) was as follows:

	Year ended 31 March 2000 No.	Nine months ended 31 March 1999 No.
Management, administration and operational	-	116

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	-	2,302
Social security costs	-	182
Pension costs	-	123
	-	2,607

The directors of the company are remunerated by AEA Technology plc. The directors' services to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly the directors receive no emoluments for services provided to the company. Details of directors emoluments for those directors who are also directors of AEA Technology plc are disclosed in the consolidated financial statements. In the nine months ended 31 March 1999 aggregate emoluments were £90,000 and the remuneration of the highest paid director was £15,000.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 March 2000 £'000	Nine months ended 31 March 1999 £'000
Bank loans and overdrafts	-	166
Finance leases and hire purchase contracts	-	5
Loans from parent company	-	217
Recharged to other group companies	-	(153)
	-	235

6. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 March 2000 £'000	Nine months ended 31 March 1999 £'000
UK corporation tax charge at 30% (1999 - 30%)	-	-

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 March 2000

7. TANGIBLE FIXED ASSETS

	Computer equipment £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 1999	145	37	311	493
Disposals	(145)	(37)	(311)	(493)
At 31 March 2000	-	-	-	-
Depreciation				
At 1 April 1999	25	27	5	57
Disposals	(25)	(27)	(5)	(57)
At 31 March 2000	-	-	-	-
Net book value				
At 31 March 2000	-	-	-	-
At 31 March 1999	120	10	306	436

8. INVESTMENTS

	Shares £'000	Loans £'000	Total £'000
Investment in subsidiaries			
Cost and net book value			
At 1 April 1999	856	2,434	3,290
Disposal of companies dissolved	(55)	-	(55)
Transfer of Rail Operational Research Limited	147	-	147
At 31 March 2000	948	2,434	3,382

On 1 April 1999 the assets and trade of TCI Operational Research Limited were hived up to the parent company. As part of this hive up the investment in Rail Operational Research Limited was transferred to Transportation Consultants International Limited.

The company's subsidiary undertakings are as follows:

Subsidiary	Activity	Portion of ordinary shares held % at 31 March 2000
TCI Signalling Limited	Dormant	100
TCI Operational Research Limited	Dormant	100
Rail Operational Research Limited	Dormant	100
Addspice Limited	Dormant	100
Transportation Consultants International (Hong Kong) Limited**	Dormant	100

All subsidiaries are incorporated and operate in Great Britain except those denoted by **.

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

9. DEBTORS

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade debtors	-	1,256
Amounts recoverable on contracts	-	542
Amounts owed by ultimate parent company	-	100
Amounts owed by group undertakings	-	3,802
Prepayments and accrued income	-	288
	<u>-</u>	<u>5,988</u>
Amounts falling due after more than one year:		
Pension prepayment	-	2,514
	<u>-</u>	<u>2,514</u>
Total debtors	<u>-</u>	<u>8,502</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Bank loans and overdrafts	-	610
Obligations under finance leases (note 14)	-	1
Trade creditors	-	650
Amounts owed to subsidiary undertakings	-	1,136
Amounts owed to parent company	-	5,568
Other taxes and social security	-	150
Other creditors	-	56
Accruals and deferred income	-	768
	<u>-</u>	<u>8,939</u>

The overdraft was secured by means of a parent company guarantee.

11. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred taxation unprovided in the accounts are as follows:

	2000 £'000	1999 £'000
Capital allowances in excess of depreciation	-	16
Short term timing differences	-	(30)
Other timing differences	-	(124)
	<u>-</u>	<u>(138)</u>

There are no provisions for deferred taxation in both the current and previous financial period.

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

12. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised:		
3,567,446 (1999: 3,567,446) Ordinary shares of 10p each	357	357
956,521 (1999: 956,521) Cumulative redeemable preference shares of 10p each	96	96
	<u>453</u>	<u>453</u>
Allotted, called up and fully paid:		
3,567,446 (1999: 3,567,446) Ordinary shares of 10p each	357	357
956,521 (1999: 956,521) Cumulative redeemable preference shares of 10p each	96	96
	<u>453</u>	<u>453</u>

As provided by the Articles of Association the cumulative redeemable preference shares are redeemable in two equal instalments of £318,840 and thereafter one instalment of £318,841 (or such lesser figure as will redeem the balance of all the redeemable preference shares in issue) on 30 June in each year commencing on 30 June 1999, together with the premium payable on redemption. On redemption the holder of each cumulative redeemable preference share shall receive the issue price, a premium of 30 per cent of the issue price and all arrears of preference dividends up to the date of payment. The company may between 1 April and 30 June in any year, within one month of having obtained the written consent of the holders of the cumulative redeemable preference shares, serve a redemption notice and at the expiration of such redemption notice redeem, in tranches of not less than £50,000, such total number of cumulative redeemable preference shares as specified in such notice.

The cumulative redeemable preference shares yield fixed cumulative preference dividends at the rate of 10 per cent per annum, or, in the event of (i) a failure to pay a preference dividend on the due date or (ii) a failure to redeem any preference shares on the due date, at a rate of 15 per cent per annum, which shall be paid in four equal instalments on 31 March, 30 June, 30 September and 31 December in each year, save that the first payment should be on 31 December 1996 in respect of the period from the date of issue to 31 December 1996.

Cumulative redeemable preference shareholders have priority over the holders of ordinary shares in a winding up of the company, or other return of capital of the company. Cumulative redeemable preference shareholders have the right to receive notice of all general meetings of the company but do not have the right to attend or vote at any general meeting.

On 23 March 1999, AEA Technology plc, the sole shareholder of the 10% cumulative redeemable preference shares signed a deed acknowledging that from 18 August 1998 it had agreed to waive any rights to dividend and interest payments in respect of the 10% cumulative redeemable preference shares.

TRANSPORTATION CONSULTANTS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

13. RESERVES

	Share premium £'000	Capital reserve £'000	Reserve for redemption of non- equity shares £'000	Profit and loss account £'000
At 1 April 1999	957	2,514	129	(765)
Retained loss for the period	-	-	-	(1,165)
At 31 March 2000	<u>957</u>	<u>2,514</u>	<u>129</u>	<u>(1,930)</u>

14. FINANCIAL COMMITMENTS

	2000 £'000	1999 £'000
Obligations under finance leases and hire purchase contracts due:		
Within one year	-	1
Within two to five years	-	1
	<u>-</u>	<u>2</u>

	2000 Land and Buildings £'000	2000 Other £'000	1999 Land and buildings £'000	1999 Other £'000
Operating lease commitments				
Leases which expire:				
Within one year	-	-	11	6
Within two to five years	-	-	335	47
	<u>-</u>	<u>-</u>	<u>346</u>	<u>53</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Opening shareholders' funds	3,288	3,042
Retained (loss)/profit for the financial period	(1,165)	236
New shares subscribed	-	10
Closing shareholders' funds	<u>2,123</u>	<u>3,288</u>

16. PENSIONS

All permanent employees of the group were encouraged to become members of an occupational pension scheme. At present employees of the group are members of the TCI (formerly BR Projects) Section (the TCI Section) of the Railways Pension Scheme, the majority belonging to the defined benefit pension scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2000

Other employees have the option of joining a defined contribution scheme. On the hive up of the assets to AEA Technology plc, the operations of these schemes were transferred to AEA Technology plc.

(a) Defined contribution scheme

The company operates a funded defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. As the contributions are now paid by AEA Technology plc the pension cost charge amounted to nil (1999: £17,000). Contributions totalling nil (1999: £3,000) were payable to the fund at the year end and are included in creditors.

(b) Defined benefit scheme

The defined benefit scheme, whose assets are held separately from the company, is contributory and provides pensions related to pay at retirement. Contributions are determined in accordance with advice received from the Scheme's independent actuary.

The assets and liabilities of the British Rail Pension Scheme were transferred to the Railways Pension Scheme on 1 October 1994. Liabilities in respect of the company's employees were transferred from the British Rail Section to the TCI Section on 26 June 1996.

A formal valuation of the TCI Section as at 31 December 1998 has been carried out by Watson Wyatt Partners, Actuaries and Consultants. The valuation was based on the projected unit method and showed that the market value of the scheme's assets was £16,299,000 and that the actuarial value of those assets and the actuarial value of future government support represented 109% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The valuation disclosed a surplus of assets over the accrued pension liability attributable to the Group of £1,341,000. The principal assumptions used were the following:

Rate of interest	6.75%
Rate of salary escalation	4.50%
Rate of pension increases	3.00%
Rate of dividend growth	3.75%

The pension surplus was recognised as an asset following the acquisition of BR Projects Ltd on 26 June 1996 in accordance with FRS 7.

Following the 1998 valuation the directors reviewed the basis of the valuation of the pension surplus of the merged scheme and the surplus was written down to £1,341,000 at 31 March 2000.

As the contributions are now paid by AEA Technology plc the pension cost during the period was nil (1999: £181,000). Contributions totalling nil (1999: £19,000) were payable to the fund at the year end and are included in creditors.

17. TRANSACTIONS WITH RELATED PARTIES

The directors regard AEA Technology plc as the ultimate controlling party.

In accordance with the exemption extended in FRS8 "Related Party Disclosures", the company has not disclosed transactions or balances between itself and AEA Technology plc and its subsidiary undertakings on the basis that 90 per cent or more of the voting rights are controlled by the group. The consolidated financial statements in which the company is included are publicly available at the address given below.

18. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of AEA Technology plc, the ultimate parent company.

Copies of the ultimate parent's consolidated financial statements may be obtained from the Secretary of AEA Technology plc, 329 Harwell, Didcot, Oxon, OX11 0QJ.