

ALSTOM

Registered in England and Wales, No. 4112012

**ALSTOM T&D TRADING LTD  
(FORMERLY ALSTOM INFRASTRUCTURE LTD)**

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

21 MARCH 2003



**ALSTOM**

**ALSTOM T&D TRADING LTD**  
**(Formerly ALSTOM Infrastructure Ltd)**

**(Registered in England and Wales, No. 4112012)**

**DIRECTORS:**

AD Cledwyn-Davies

ID Kellitt

D Thomas

JM Blenkinsop

SJ Gardner

KE Wanless

NPJ Hawke

(appointed 21 March 2003)

(appointed 21 March 2003)

(appointed 26 March 2003)

(appointed 30 June 2003)

(appointed 10 December 2002, resigned 30 June 2003)

(resigned 10 December 2002)

**SECRETARY:**

AD Cledwyn-Davies

**REGISTERED OFFICE:**

Newbold Road

Rugby

Warwickshire CV21 2NH

## **DIRECTORS' REPORT**

### **Period Ended 21 March 2003**

The Directors present their report and the Financial Statements for the period from 31 March 2002 to 21 March 2003.

### **ACTIVITY**

The Company has not traded during the period ended 21 March 2003 and consequently there is no profit or loss.

On 21 March 2003 the share capital of the Company was converted from 2 shares of £1 each to 200 shares of 1p each and the existing authorised share capital was converted from 1,000 shares of £1 each to 100,000 shares of 1p each.

On 21 March 2003 the authorised share capital of the Company was increased by £9,000 to £10,000, representing an additional 900,000 1p Ordinary shares.

### **POST BALANCE SHEET EVENTS**

On 26 March 2003 the Company allotted 119,000 Ordinary shares of 1p each for £106,600,000.

On 26 March 2003 the Company acquired an option for £106,600,000 consideration which would enable the Company to have an interest free loan of £250,000,000 for seven years. This loan would fund the acquisition of certain trade and assets of the Transmission & Distribution business from ALSTOM Ltd.

On 31 March 2003 the Company decided to exercise the option.

On 12 September 2003 the Company drew down the interest free loan of £250,000,000 and placed the funds on deposit, pending negotiations with the purchaser of the Transmission & Distribution business.

**DIRECTORS' REPORT**

**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 period.

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



AD Cledwyn-Davies  
**Secretary**

28 November 2003

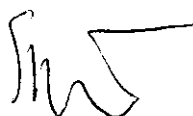
**BALANCE SHEET**  
**21 March 2003**

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
<b>CURRENT ASSETS</b>		
Amount due from Group undertakings	<u>2</u>	<u>2</u>
<b>NET ASSETS</b>	<u>2</u>	<u>2</u>
<b>CAPITAL AND RESERVES</b>		
Authorised share capital of 1,000,000 (2002: 1,000) shares (of £0.01 (2002: £1.00) each.		
200 (2002: 2) shares of £0.01 (2002: £1.00) each, issued and fully paid	<u>2</u>	<u>2</u>
<b>TOTAL EQUITY</b>		
<b>SHAREHOLDERS' FUNDS</b>	<u>2</u>	<u>2</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 or 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 28 November 2003



S J Gardner  
Director

**NOTES TO THE ACCOUNTS**  
**Period Ended 21 March 2003****1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financing of the ALSTOM 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. ALSTOM has incurred significant operating losses and an increasing level of indebtedness as a result of which ALSTOM's ability to meet its financial needs depends on the successful execution of its action plans.

On 12 March 2003 the Chairman of ALSTOM announced a new action plan to address the indebtedness, financing and asset disposal program for the ALSTOM Group. This included the announcement that the Group's Transmission & Distribution Business was part of an extended disposals program. Full details of the plan are given in the financial statements of ALSTOM.

In preparing ALSTOM's consolidated financial statements for the year ended 31 March 2003, ALSTOM's directors used the following main assumptions:

- The shareholders prior to 31 July 2003 would approve at shareholders meetings the principles of a capital increase;
- The financial covenants will be met, renewed or renegotiated as required; and
- Maturing debt will be reimbursed or refinanced as required.

At the Annual General Meeting of ALSTOM held on 2 July 2003 the members approved the principle of a capital increase.

As part of its action plans, ALSTOM has concluded a financing package ("the Financing Package") with its bankers and the French State, the successful implementation of which depends on certain future events. The Financing Package, which was announced on 22 September 2003, and certain other transactions are under investigation by the European Commission. This will enable the Group to repay the existing debt facilities maturing in the first half of 2004, while providing adequate short and medium term liquidity. It will substantially increase the Group's equity and ensure it has adequate contract bonding capacity to support its ongoing business activity level. This agreement includes commitments from the French State. The main features 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	1200m
<b>TOTAL</b>	<b>3200m</b>

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. In addition, a syndicate of banks is providing a contract bonding and guarantee facility of 3.5 Billion Euro, counter-guaranteed in part (65%) by the French State, to allow the Group to cover its normal business activity. The Group will have to return to the market for bonding in the fourth quarter of calendar year 2004, when its balance sheet structure will reflect the benefit of the implementation of the Financing Package thereby facilitating access to the bonding market. The Financing Package was approved at an Extraordinary General Meeting held on 18 November 2003. The European Commission has announced it will not object to the implementation of the Financing Package. It has at the same time and as is usual in such circumstances announced that it has opened a formal investigation to determine whether the Financing Package and certain other transactions with entities controlled by the French State are compatible with laws of the European common market.

In relation to 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 accounts; and on this basis the directors consider it appropriate to prepare the accounts on a going concern basis.

The accounts 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 period and has made neither profit nor loss, nor any other recognised gain or loss.

**4. 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 Kléber, 75116 Paris, France, or via the ALSTOM website at [www.alstom.com](http://www.alstom.com).

**5. 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.