

Registered in England & Wales No. 704176

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1997



GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts of the Company for the year ended 31st March 1997.

Business Review

With effect from 1st April 1992 the only activity of the Company is to act as an agent of GEC ALSTHOM Limited upon terms which provide that GEC ALSTHOM Limited receive all income and pay all expenditure of the Company.

Dividends

The Directors do not propose a dividend this year (1996 £-Nil).

Directors' and their interests

The members of the Board during the year were:

J.M. Paterson

K. Lloyd

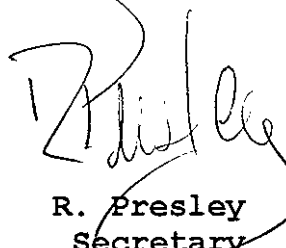
R. Presley

C. Darmon - resigned 27.11.1996

A. Navarri - appointed 27.11.1996

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 the debentures of the Company or its ultimate parent company.

By order of the Board



R. Presley
Secretary

2nd September 1997

Registered Office:

Westinghouse Road,
Trafford Park,
MANCHESTER
M17 1PR

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

STATEMENT OF DIRECTOR'S 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 the affairs of the Company and the profit or loss of the Company for that period. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

ARTHUR ANDERSEN

Auditors' report

Manchester

To the Shareholders of GEC ALSTHOM Transportation Projects Limited:

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

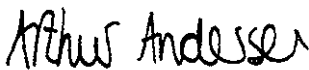
Basis of opinion

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 circumstances of the company 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 affairs of the company at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

2 September 1997

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

PROFIT AND LOSS ACCOUNT - FOR THE YEAR ENDED 31ST MARCH 1997

	NOTES	1997 <u>£000</u>	1996 <u>£000</u>
Taxation on profit on ordinary activities	2	(20) -----	- -----
Retained profit for the financial year		20	-
Retained profit brought forward		262 -----	262 -----
Retained profit carried forward		282 -----	262 -----

There were no recognised gains or losses other than the profit for the financial year

The notes on pages 6 - 8 form part of these accounts.


GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

BALANCE SHEET AS AT 31ST MARCH 1997

	NOTES	1997 £000	1997 £000	1996 £000	1996 £000
FIXED ASSETS					
Investment	3		1		1
CURRENT ASSETS					
Debtors	4	874		1045	
		----		----	
		874		1045	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(593)		(784)	
		----		----	
NET CURRENT ASSETS			281		261
			----		----
TOTAL ASSETS LESS CURRENT LIABILITIES			282		262
			----		----
NET ASSETS			282		262
			----		----
CAPITAL AND RESERVES					
Called-up share capital	6		-		-
Profit and loss account			282		262
			----		----
EQUITY SHAREHOLDERS' FUNDS			282		262
			----		----

The financial statements were approved by the Board of Directors on the 2nd September 1997.

The notes on pages 6 - 8 form part of these accounts.

.....  Director

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST MARCH 1997

1 - ACCOUNTING POLICIES

The following is a summary of the more important accounting policies of GEC ALSTHOM Transportation Projects Limited.

- a - The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As permitted by section 228 of the Companies Act 1985, the Company has not presented consolidated accounts.

- b - Investment in associated undertakings are shown at cost less amounts written off. Provisions are made for permanent reductions in value.

2 - PROFIT AND LOSS ACCOUNT

The retained profit during the year is the result of releasing the excess on the taxation provision. The Company had no employees during the year (1996 - NIL) and the Directors received no emoluments during the year (1996 - £NIL). In addition there were no charges for Auditors remuneration or depreciation during the year (1996 - £NIL).

3 - INVESTMENTS

In 1992, the Company acquired an investment in Greater Manchester Metro Limited, a company incorporated in Great Britain and carrying on the business of operating a light rail system in Manchester.

Description of share/investment	Proportion of total held
2510 Voting Preference Shares @ £0.10 each	25.100%
2864 Non Voting Ordinary Shares @ £0.10 each	28.637%

4 - DEBTORS

	1997 £000	1996 £000
Amounts owed by Group Undertakings	874	1045
	----	----

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST MARCH 1997 (CONTINUED)

5 - CREDITORS: Amounts falling due
within one year

Amounts owed to Group Undertakings	593	564
Taxation	-	220
	----	----
	593	784
	----	----

6 - CALLED-UP SHARE CAPITAL

The authorised, allotted, called-up and fully paid share capital is £100 divided into 100 ordinary shares of £1 each.

7 - RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' S FUNDS

	1997 £000	1996 £000
At beginning of year	262	262
Profit for the financial year	20	-
	----	----
At end of year	282	262
	=====	=====

8 - CONTINGENT LIABILITIES

Under a Group registration, the Company is jointly and severally liable for any Value Added Tax owing by other GEC ALSTHOM companies. It is not practicable to quantify the amount of the liability at 31st March 1997 or 31st March 1996.

9 - CAPITAL COMMITMENTS

The aggregate amount of capital commitments not provided for and capital expenditure authorised but not contracted for was £ nil at both the 31st March 1997 and 1996.

10 - CASH FLOW STATEMENT

Under the provision of Financial Reporting Standard No. 1 (Revised), the accounts of the Company do not include a cash flow statement as the information is contained in the consolidated accounts of GEC ALSTHOM Limited.

11 - ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The Company's ultimate parent company is GEC ALSTHOM N.V., a company incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by GEC ALSTHOM N.V. The smallest group in which they are consolidated is that headed by GEC ALSTHOM Limited, a company registered in England and Wales. A copy of the GEC ALSTHOM Ltd accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff.

Pursuant to the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures", transactions with other undertakings within the GEC ALSTHOM Group have not been disclosed in these financial statements.