

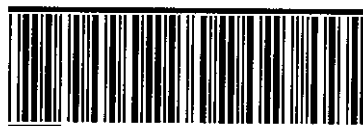
ARTHUR ANDERSEN

Registered in England & Wales No. 704176

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996



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COMPANIES HOUSE 09/12/96

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 1996.

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 (1995 £-Nil).


Directors' and their interests

The members of the Board during the year were:

J.M. Paterson
K. Lloyd
R. Presley
C. Darmon

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

1996

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.

Auditors' report

Manchester

To the Shareholders of GEC ALSTHOM Transportation Projects Limited:

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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 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 company's state of affairs at 31 March 1996 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

28 November 1996

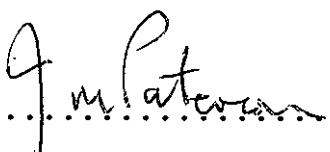
GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

BALANCE SHEET AS AT 31ST MARCH 1996

	NOTES	1996 £000	1996 £000	1995 £000	1995 £000
FIXED ASSETS					
Investments	3		1	1	
CURRENT ASSETS					
Debtors	4	1045		1045	
		----		----	
		1045		1045	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(784)		(784)	
		----		----	
NET CURRENT ASSETS			261		261
			----		----
TOTAL ASSETS LESS CURRENT LIABILITIES			262		262
			----		----
NET ASSETS			262		262
			----		----
CAPITAL AND RESERVES					
Called-up share capital	6		-		-
Profit and loss account			262		262
			----		----
TOTAL CAPITAL EMPLOYED			262		262
			----		----

The financial statements were approved by the Board of Directors on the 1996.

The notes on pages 5 - 6 form part of these accounts.

.....  Director

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST MARCH 1996

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

No profit and loss account has been presented since there were no revenue transactions during the year. The Company had no employees during the year (1995 - NIL) and the Directors received no emoluments during the year (1995 - NIL). In addition there were no charges for Auditors remuneration or depreciation during the year.

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 Not Voting Ordinary Shares @ £0.10 each	28.637%

4 - DEBTORS

	1996 £000	1995 £000
Amounts owed by Group Undertakings	1045 ----	1045 ----

GEC ALSTHOM TRANSPORTATION PROJECTS LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST MARCH 1996 (CONTINUED)

5 - CREDITORS: Amounts falling due
within one year

Amounts owed to Group Undertakings	564	-
Taxation	220	784
	----	----
	784	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 - CONTINGENT LIABILITIES

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

8 - 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 1996 and 1995.

9 - CASH FLOW STATEMENT

Under the provision of Financial Reporting Standard No. 1, 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.

10 - ULTIMATE PARENT COMPANY

The Company's ultimate 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.