

**ALLIANCE EUROPE N.V.**  
**Zuiderring 56 - 3600 GENK**

FC18169.

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 1996**

|  | <u>Notes</u> | <u>1995</u><br><u>1.000 BEF.</u> | <u>1996</u><br><u>1.000 BEF.</u> |
|--|--------------|----------------------------------|----------------------------------|
| <b>TURNOVER</b>  |              | 812.032                          | 808.900                          |
| Change in stocks of finished goods and in work in progress | 2            | 19.238                           | (11.124)                         |
|  |              | <u>831.270</u>                   | <u>797.776</u>                   |
| Other operating income                                     |              | 63.085                           | 12.464                           |
|  |              | <u>894.355</u>                   | <u>810.240</u>                   |
| <br>Raw materials and consumables                          |              | 345.625                          | 316.438                          |
| Other external charges                                     |              | 145.432                          | 124.062                          |
|  |              | <u>491.057</u>                   | <u>440.500</u>                   |
| <br>Staff costs  | 6            | 299.155                          | 291.151                          |
| Depreciation and amortisation                              |              | 68.008                           | 22.973                           |
| Other operating charges                                    |              | 6.297                            | 17.782                           |
|  |              | <u>373.460</u>                   | <u>331.906</u>                   |
| <br><b>OPERATING PROFIT</b>                                | 3            | <b>29.838</b>                    | <b>37.834</b>                    |
| Exceptional items :  |              |                                  |                                  |
| (loss)/profit on disposal of tangible fixed assets         | 4            | 0                                | 0                                |
| profit on disposal of investments                          |              | 0                                | 0                                |
|  |              | <u>0</u>                         | <u>0</u>                         |
| <br>Income from investments                                | 7            | 13.889                           | 28.583                           |
| Bank interest receivable                                   |              | 648                              | 865                              |
| Interest payable   | 8            | (35.354)                         | (26.330)                         |
|  |              | <u>(20.817)</u>                  | <u>3.118</u>                     |
| <br><b>Profit on ordinary activities before taxation</b>   |              | 9.021                            | 40.952                           |
| Tax on profit on ordinary activities                       | 9            | (2.689)                          | (13.784)                         |
| <b>Profit/(Loss) on ordinary activities after taxation</b> |              | <u>6.332</u>                     | <u>27.168</u>                    |
| Dividends  | 10           | 0                                | 0                                |
| <b>Profit retained for the financial year</b>              |              | <u>6.332</u>                     | <u>27.168</u>                    |

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**ALLIANCE EUROPE N.V.**

**Zuiderring 56 - 3600 GENK**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 1996**

|   |    | <b>1995</b><br><b><u>1.000 BEF.</u></b> | <b>1996</b><br><b><u>1.000 BEF.</u></b> |
|---|----|---|---|
| Profit on ordinary activities after taxation                        |    | 6.332                                   | 27.168                                  |
| Unrealised surplus on revaluation of freehold land<br>and buildings | 12 | <u>0</u>                                | <u>0</u>                                |
| Total recognised gains and losses related to the year               |    | <b>6.332</b>                            | <b>27.168</b>                           |

**ALLIANCE EUROPE N.V.**  
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**BALANCE SHEET**  
**for the year ended 31 December 1996**

|  | <u>Notes</u> | <u>1995</u><br><u>1.000 BEF.</u> | <u>1996</u><br><u>1.000 BEF.</u> |
|--|--------------|----------------------------------|----------------------------------|
| <b>FIXED ASSETS</b>  |              |                                  |                                  |
| Intangible assets  | 11           | 857                              | 477                              |
| Tangible assets  | 12           | 71.737                           | 60.441                           |
| Investments  | 13           | 188.690                          | 193.683                          |
|  |              | <u>261.284</u>                   | <u>254.601</u>                   |
| <b>CURRENT ASSETS</b>  |              |                                  |                                  |
| Stocks   | 14           | 101.129                          | 85.676                           |
| Debtors  | 15           | 189.228                          | 194.697                          |
| Cash at bank and in hand                                     | 16           | 5.579                            | 49.187                           |
|  |              | <u>295.936</u>                   | <u>329.560</u>                   |
| <b>CREDITORS :</b>   |              |                                  |                                  |
| Amounts falling due within one year                          | 17           | 250.690                          | 259.207                          |
| <b>NET CURRENT ASSETS</b>                                    |              |                                  |                                  |
|  |              | 45.246                           | 70.353                           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                 |              |                                  |                                  |
|  |              | 306.530                          | 324.954                          |
| <b>CREDITORS :</b>   |              |                                  |                                  |
| Amounts falling due after more than one year                 |              |                                  |                                  |
| Bank loans   | 18           | 180.078                          | 160.792                          |
| Obligations under finance leases and hire purchase contracts | 19           | 4.937                            | 5.226                            |
| Government loan  |              | 11.246                           | 11.225                           |
|  |              | <u>196.261</u>                   | <u>177.243</u>                   |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                |              |                                  |                                  |
|  | 20           | 6.437                            | 9.434                            |
| <b>ACCRUALS AND DEFERRED INCOME</b>                          |              |                                  |                                  |
| Deferred government grants                                   | 21           | 452                              | 2.368                            |
|  |              | 103.380                          | 135.909                          |
| <b>CAPITAL AND RESERVES</b>                                  |              |                                  |                                  |
| Called up share capital                                      | 22           | 68.000                           | 68.000                           |
| Share premium account  | 23           |                                  |                                  |
| Revaluation reserve  | 23           | 92.640                           | 98.002                           |
| Profit and loss account                                      | 23           | (57.260)                         | (30.093)                         |
|  |              | <u>103.380</u>                   | <u>135.909</u>                   |



**ALLIANCE EUROPE N.V.**  
**Zuiderring 56 - 3600 GENK**

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

**1. ACCOUNTING POLICIES**

***Accounting convention***

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

***Goodwill***

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is being written off in equal annual instalments over its estimated economic life.

***Fixed Assets***

All fixed assets are initially recorded at cost. Freehold land and buildings have subsequently been revalued as at 31 December 1995.

***Depreciation***

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows :

|                              |   |                     |
|------------------------------|---|---------------------|
| Freehold buildings           | - | over 50 years       |
| Leasehold land and buildings | - | over the lease term |
| Plant and machinery          | - | over 5 to 15 years  |

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

***Deferred government grants***

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income in the period to which they relate.

**ALLIANCE EUROPE N.V.**  
**Zuiderring 56 - 3600 GENK**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

**1. ACCOUNTING POLICIES (Continued)**

***Stocks***

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows :

|   |  |
|---|--|
| Raw materials, consumables and goods for resale | - purchase cost on a first-in, first-out basis.  |
| Work in progress and finished goods             | - cost of direct materials and labour plus attributable overheads based on a normal level of activity. |

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

***Long-term contracts***

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

***Deferred taxation***

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominate in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

**ALLIANCE EUROPE N.V.**  
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**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

**1. ACCOUNTING POLICIES (Continued)**

***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

***Pensions***

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2. TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respects of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Turnover is attributable to one continuing activity, the manufacture and installation of fire-prevention equipment.

**ALLIANCE EUROPE N.V.**  
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**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

|  | <b><u>1995</u></b><br><b><u>1.000 BEF.</u></b> | <b><u>1996</u></b><br><b><u>1.000 BEF.</u></b> |
|--|--|--|
| <b>3. OPERATING PROFIT</b>   |  |  |
| (a) This is stated after charging / (crediting) :                            |  |  |
| Auditors' remuneration   | 4.020  | 5.300  |
| Depreciation of owned fixed assets   | 21.134   | 17.478   |
| Depreciation of assets held under finance leases and hire purchase contracts | 2.996  | 4.611  |
| Amortisation of intangible assets  | 43.878   | 884  |
| Operating lease rentals - plant and machinery<br>- land and buildings        |  |  |
| Government grants released   | 407  | 0  |
| <b>4. EXCEPTIONAL ITEMS</b>  |  |  |
| Profit on disposal of tangible fixed assets                                  | 0  | 0  |
| <b>5. DIRECTORS' EMOLUMENTS</b>  |  |  |
| not applicable   | 0  | 0  |
| <b>6. STAFF COSTS</b>  |  |  |
| Wages and salaries   | 197.675  | 191.766  |
| Social security costs  | 61.560   | 60.295   |
| Other pension costs  | 9.280  | 9.139  |
| Other personnel costs  | 30.640   | 29.951   |
|  | <b><u>299.155</u></b>                          | <b><u>291.151</u></b>                          |

The average weekly number of employees during the year was as follows :

|                |            |            |
|----------------|------------|------------|
| Administration | 71         | 62         |
| Manufacturing  | 72         | 66         |
|                | <u>143</u> | <u>128</u> |



**ALLIANCE EUROPE N.V.****Zuiderring 56 - 3600 GENK****NOTES TO THE ACCOUNTS****for the year ended 31 December 1996**

|  | <b><u>1995</u></b><br><b><u>1.000 BEF.</u></b> | <b><u>1996</u></b><br><b><u>1.000 BEF.</u></b> |
|--|--|--|
| <b>7. INCOME FROM INVESTMENTS</b>  | <b>13.889</b>                                  | <b>28.583</b>                                  |
| <br><b>8. INTEREST PAYABLE</b>   |  |  |
| Bank loans and overdrafts  | 35.354   | 26.330   |
| Other loans not wholly repayable within five years                       | 0  | 0  |
| Finance charges payable under finance leases and hire purchase contracts | 0  | 0  |
|  | <u>35.354</u>                                  | <u>26.330</u>                                  |
| <br><b>9. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>                       |  |  |
| Based on the profit for the year :                                       |  |  |
| Corporation tax  | (2.949)  | (15.100)                                       |
| Tax credits attributable to dividends received                           |  |  |
| Deferred taxation  | 260  | 1.316  |
|  | <u>(2.689)</u>                                 | <u>(13.784)</u>                                |
| Corporation tax overprovided in previous years                           | 0  | 0  |
|  | <u>(2.689)</u>                                 | <u>(13.784)</u>                                |
| <br><b>10. DIVIDENDS</b>   |  |  |
| Not applicable   | 0  | 0  |

**ALLIANCE EUROPE N.V.**  
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**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

| <b>11. INTANGIBLE FIXED ASSETS</b> | <b>1995</b><br><b><u>1.000 BEF.</u></b> | <b>1996</b><br><b><u>1.000 BEF.</u></b> |
|------------------------------------|---|---|
| Cost or valuation :                |   |   |
| At 31 December                     | 262.917                                 | 263.423                                 |
| Amortisation :                     |   |   |
| At 1 January                       | 218.183                                 | 262.062                                 |
| Provided during the year           | 43.877                                  | 884                                     |
| At 31 December                     | <u>262.060</u>                          | <u>262.946</u>                          |
| Net book value :                   |   |   |
| At 31 December                     | 857                                     | 477                                     |

Goodwill is being written off in equal annual instalments over its estimated economic life of 5 years.

| <b>12. TANGIBLE FIXED ASSETS</b> | <b>1995</b><br><b><u>1.000 BEF.</u></b> | <b>1996</b><br><b><u>1.000 BEF.</u></b> |
|----------------------------------|---|---|
| Cost or valuation :              |   |   |
| At 1 January                     | 306.307                                 | 348.812                                 |
| Additions during the year        | 42.505                                  | 10.792                                  |
| Surplus on revaluation           | 0                                       | 0                                       |
| Disposals                        | 0                                       | (966)                                   |
| At 31 December                   | <u>348.812</u>                          | <u>358.638</u>                          |
| Depreciation :                   |   |   |
| At 1 January                     | 252.943                                 | 277.074                                 |
| Provided during the year         | 24.132                                  | 22.089                                  |
| Surplus on revaluation           | 0                                       | 0                                       |
| Disposals                        | 0                                       | (966)                                   |
| At 31 December                   | <u>277.075</u>                          | <u>298.197</u>                          |
| Net book value :                 |   |   |
| At 31 December                   | 71.737                                  | 60.441                                  |

**ALLIANCE EUROPE N.V.**  
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**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

|  | <b>1995</b><br><b><u>1.000 BEF.</u></b> | <b>1996</b><br><b><u>1.000 BEF.</u></b> |
|--|---|---|
| <b>13. INVESTMENTS</b>                     |   |   |
| Cost :                                     |   |   |
| At 1 January                               | 188.771                                 | 188.690                                 |
| Additions                                  | 3.332                                   | 11.024                                  |
| Disposals                                  | (3.413)                                 | (6.031)                                 |
| At 31 December                             | <u>188.690</u>                          | <u>193.683</u>                          |
| <b>14. STOCKS</b>                          |   |   |
| Raw materials and consumables              | 24.449                                  | 25.404                                  |
| Work in progress                           | 0                                       | 0                                       |
| Finished goods and goods for resale        | 76.680                                  | 60.272                                  |
| Long-term contract balances                | 0                                       | 0                                       |
|  | <u>101.129</u>                          | <u>85.676</u>                           |
| <b>15. DEBTORS</b>                         |   |   |
| Trade debtors                              | 161.918                                 | 166.664                                 |
| Other debtors (note 28)                    | 24.971                                  | 25.408                                  |
| Prepayments and accrued income             | 2.339                                   | 2.625                                   |
| Amounts recoverable on long-term contracts | <u>189.228</u>                          | <u>194.697</u>                          |
| <b>16. CASH AND CASH EQUIVALENTS</b>       | <b>5.579</b>                            | <b>49.187</b>                           |

**ALLIANCE EUROPE N.V.**  
**Zuiderring 56 - 3600 GENK**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

|   | <b><u>1995</u></b><br><b><u>1.000 BEF.</u></b> | <b><u>1996</u></b><br><b><u>1.000 BEF.</u></b> |
|---|--|--|
| <b>17. CREDITORS :</b>                        |  |  |
| Amounts falling due within one year           |  |  |
| Current instalment due on bank loan (note 18) | 52.442   | 44.292   |
| Trade creditors                               | 118.015  | 131.219  |
| Current corporation tax                       | 8.608  | 158  |
| Other taxes and social security costs         | 57.753   | 60.139   |
| Accruals                                      | 10.453   | 19.161   |
| Leases and hire purchase contracts            | 3.419  | 4.238  |
|   | <b><u>250.690</u></b>                          | <b><u>259.207</u></b>                          |

**18. LOANS**

|  |                       |                       |
|--|-----------------------|-----------------------|
| Wholly repayable within five years :       |                       |                       |
| Bank loan                                  | 180.078               | 160.792               |
| Government advance repayable after 5 years | 0                     | 0                     |
|  | <b><u>180.078</u></b> | <b><u>160.792</u></b> |

**19. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

The maturity of these amounts is as follows :

|  |                     |                     |
|--|---------------------|---------------------|
| Amounts payable :                                  |                     |                     |
| within one year (note 17)                          | 3.419               | 4.238               |
| within two to five years                           | 4.937               | 5.226               |
| Less : finance charges allocated to future periods | 0                   | 0                   |
|  | <b><u>8.356</u></b> | <b><u>9.464</u></b> |

**20. PROVISIONS FOR LIABILITIES AND CHARGES**

|                  |                     |                     |
|------------------|---------------------|---------------------|
| Risk and charges | 6.148               | 7.844               |
| Deferred taxes   | 289                 | 1.590               |
|                  | <b><u>6.437</u></b> | <b><u>9.434</u></b> |

**ALLIANCE EUROPE N.V.**  
**Zuiderring 56 - 3600 GENK**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

|   | <b>1995</b><br><b><u>1.000 BEF.</u></b> | <b>1996</b><br><b><u>1.000 BEF.</u></b> |
|---|---|---|
| <b>21. ACCRUALS AND DEFERRED INCOME</b> |   |   |
| Balance as at 1 January                 | 859                                     | 452                                     |
| Received during the year                | 0                                       | 1.916                                   |
| Released during the year                | <u>(407)</u>                            | <u>0</u>                                |
| Balance as at 31 December               | <b>452</b>                              | <b>2.368</b>                            |

**22. SHARE CAPITAL**

|                   |               |               |
|-------------------|---------------|---------------|
| Ordinary shares   | 60.000        | 60.000        |
| Preference shares | <u>8.000</u>  | <u>8.000</u>  |
|                   | <b>68.000</b> | <b>68.000</b> |

**23. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**  
(in 1.000 BEF.)

|                     | Share<br>Capital | Revaluation<br>Reserve | Profit & (Loss)<br>Account |
|---------------------|------------------|------------------------|----------------------------|
| At 1 January 1996   | 68.000           | 92.640                 | (57.260)                   |
| Profit for the year | 0                | 5.362                  | 27.167                     |
| Dividend            | 0                | 0                      | 0                          |
| At 31 December 1996 | <u>68.000</u>    | <u>98.002</u>          | <u>(30.093)</u>            |

**24. POST BALANCE SHEET EVENTS**

Not applicable

**25. CAPITAL COMMITMENTS**

Not applicable

**ALLIANCE EUROPE N.V.**  
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**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1996**

**26. PENSION COMMITMENTS**

not applicable

The pension scheme for management and senior employees is managed by a private insurance company.

**27. OTHER FINANCIAL COMMITMENTS**

not applicable

**28. TRANSACTIONS WITH DIRECTORS**

not applicable

**29. CONTINGENT LIABILITY**

not applicable

**30. ULTIMATE PARENT COMPANY**

The ultimate parent company is ALLIANCE INTERNATIONAL GROUP,  
a company incorporated in the USA.

Genk, March 19, 1998 - EV/rj-127/98