

ALSTOM POWER PLANTS SERVICES LTD
(formerly ALSTOM Turbine Generators Services Ltd)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1999



DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 1999.

1. **Activities**

The principal activity of the Company is to provide local contracting services in Asia for power station projects.

The Company is currently trading the erection element of the Sual Contract in the Philippines (2 X 609MW coal fired units with flue gas desulphurisation), and has been awarded the Technical Services Contract of the HO-PING contract in Taiwan (2 X 660MW coal fired units with flue gas desulphurisation). The Sual Contract is due to enter the warranty phase by 31 December 1999, and thereafter a small team will be retained at site.

The Company changed its name on 22 June 1998 to ALSTOM Turbine Generators Services Ltd from GEC ALSTHOM Turbine Generators Services Ltd, and subsequently changed its name again on 25 September 1998 to ALSTOM Power Plants Services Ltd.

2. **Results and dividends**

Results and recommended transfers to reserves are as follows:

	£
Retained profit at 1 April 1998	622,254
Loss for the year after taxation	<u>(388,178)</u>
Retained profit at 31 March 1999	234,076

The Directors do not recommend the payment of a dividend (1998 - £nil).

3. **Directors**

The Directors who served during the year were:

J. L. Foster
R. H. Rogers
M. G. Magness

4. **Directors' Interest**

According to the register kept by the Company in accordance with Section 325 of the Companies Act 1985, as at 31 March 1999, none of the directors had any disclosable interests in the shares or debentures of the Company or its ultimate holding company.

Directors' Report (continued)

5. Year 2000

The Company is a wholly owned subsidiary of ALSTOM UK Ltd and details of plans to address Year 2000 computer issues are given in the directors' report of that company.

6. Auditors

The Directors will place a resolution before the Annual General Meeting to reappoint Deloitte & Touche as Auditors for the ensuing year.

Approved by the Board of Directors
and signed on behalf of the Board.

M. G. Scott

Margaret G. Scott
Secretary

Booths Hall
Chelford Road
Knutsford
Cheshire
WA16 8GE

Date: *24/08/99*

Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which gave 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 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; and
- 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.

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of Directors and Auditors

As described on page 3 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.

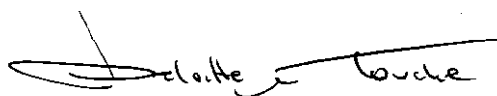
Basis of opinion

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 state of affairs of the Company at 31 March 1999 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors

Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

Date: 26 August 1999

Profit and Loss Account

for the year ended 31 March 1999

	Notes	1999 £	1998 £
Turnover	2	17,716,000	4,758,000
Cost of Sales		<u>(17,716,000)</u>	<u>(4,758,000)</u>
Gross Profit		-	-
Administrative expenses		<u>(111,058)</u>	<u>(34,174)</u>
Operating Loss		(111,058)	(34,174)
Interest payable		(164,120)	-
Interest receivable and other income		<u>-</u>	<u>93,185</u>
(Loss)/profit on ordinary activities before taxation	3	(275,178)	59,011
Tax on (loss)/profit on ordinary activities	4	<u>(113,000)</u>	<u>(19,455)</u>
Retained (loss)/profit for the year		(388,178)	39,556
Retained profit brought forward		<u>622,254</u>	<u>582,698</u>
Retained profit carried forward		<u>234,076</u>	<u>622,254</u>

All activity has arisen from continuing operations. The Company has no recognised gains or losses other than the loss for the financial year.

The accompanying Notes are an integral part of this profit and loss account.

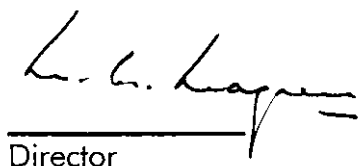
Balance Sheet

as at 31 March 1999

	Notes	1999 £	1998 £
Fixed Assets			
Tangible assets	5	<u>7,458</u>	<u>18,966</u>
Current assets			
Stocks and contracts in progress	6	1,556,352	-
Debtors	7	9,613,575	8,975,542
Cash at bank and in hand		<u>3,402,222</u>	<u>4,102,025</u>
		14,572,149	13,077,567
Current liabilities			
Creditors: amounts falling due within one year	8	<u>(14,172,931)</u>	<u>(12,377,279)</u>
Net current assets		<u>399,218</u>	<u>700,288</u>
Total assets less current liabilities		406,676	719,254
Provisions for liabilities and charges	9	<u>(107,600)</u>	<u>(32,000)</u>
Net assets		<u>299,076</u>	<u>687,254</u>
Capital and reserves			
Called up share capital	10	65,000	65,000
Profit and loss account		<u>234,076</u>	<u>622,254</u>
Equity shareholders' funds	11	<u>299,076</u>	<u>687,254</u>

These financial statements were approved by the Board of Directors on 24/08/99

Signed on behalf of the Board


Director

The accompanying Notes are an integral part of this balance sheet.

Notes to the Accounts

for the year ended 31 March 1999

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies are described below:

a) Basis of accounting

The accounts are prepared under the historical cost convention.

b) Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business. Profit is accounted for in line with the stage of completion when the outcome of the contract can be determined with reasonable certainty. All known or anticipated losses are provided for as soon as they are foreseen.

c) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.

d) Tangible fixed assets

Tangible fixed assets are shown at historical cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Fixtures & Fittings	5 years (20% per annum)
Motor Vehicles	4 years (25% per annum)

e) Stocks and contracts in progress

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Provisions are made for any losses incurred or expected to be incurred on uncompleted contracts. Profit on long-term contracts is taken when a sale is recorded on part delivery or part-performance of services, provided that the outcome of the contract can be assessed with reasonable certainty.

Advance payments received from customers are shown as payments on account of contracts until there is a right of off-set against the value of work undertaken. Progress payments received are deducted from the value of work carried out, any excess being included within payments received on account.

Notes to the Accounts (continued)

f) Taxation

Taxation on profit/(loss) on ordinary activities is that which has become or becomes payable/(due) in respect of the profits of the year. Deferred taxation is provided at the rate of corporation tax expected to rise in the year of assessment on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

2. Turnover

Turnover arises entirely from the Company's principal activity in respect of customers in Asia.

3. (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities is stated after charging/(crediting):

	1999 £	1998 £
Staff Costs	2,488,469	899,333
Depreciation	3,170	7,920
Auditors' remuneration	2,933	1,875
Interest Payable /(Receivable)	164,120	(93,185)

4. Tax on (loss)/profit on ordinary activities

The tax charge/(credit) is based on the (loss)/profit for the year and comprises:

	1999 £	1998 £
Group relief (receivable) payable at 31% (1998 - 31%)	(166,000)	15,000
Corporation tax adjustment in respect of prior years	(1,000)	-
Overseas taxation	287,000	7,455
Deferred taxation	(8,000)	(3,000)
Deferred tax adjustment in respect of prior years	<u>1,000</u>	<u>-</u>
	<u>113,000</u>	<u>19,455</u>

The tax charge for the year is disproportionate to the result for the year, due to the effect of overseas taxation.

5. Tangible fixed assets

The movement in the year was as follows:	Fixtures and Fittings £	Motor Vehicles £	Total £
<u>Cost</u>			
Beginning of year	27,050	6,759	33,809
Disposals	<u>(3,550)</u>	<u>(6,759)</u>	<u>(10,309)</u>
End of year	<u>23,500</u>	<u>-</u>	<u>23,500</u>
<u>Depreciation</u>			
Beginning of year	13,294	1,549	14,843
Charge for year	2,748	422	3,170
Disposals	<u>-</u>	<u>(1,971)</u>	<u>(1,971)</u>
End of year	<u>16,042</u>	<u>-</u>	<u>16,042</u>
<u>Net book value</u>			
Beginning of year	<u>13,756</u>	<u>5,210</u>	<u>18,966</u>
End of year	<u>7,458</u>	<u>-</u>	<u>7,458</u>

The Company had no capital commitments at the year end (1998 - £nil)

6. Stocks and long term contracts

	1999 £	1998 £
Work in progress	15,545,281	5,591,587
Payments on account	<u>(13,988,929)</u>	<u>(5,591,587)</u>
	<u>1,556,352</u>	<u>-</u>

Notes to the Accounts (continued)

7. Debtors	1999	1998
	£	£
Amounts falling due within one year		
Amounts owed by group undertakings	6,352,450	6,780,425
Group relief receivable	167,221	2,732
Deferred Tax	9,000	2,000
Amounts owed by parent Company	65,000	65,000
Other Debtors	<u>3,019,904</u>	<u>2,125,385</u>
	<u>9,613,575</u>	<u>8,975,542</u>

The amounts provided for deferred taxation and the full potential asset at 30% (1998 – 31%) are set out below:

	1999	1998
	£	£
Accelerated capital allowances	1,000	1,000
Short term timing differences	(10,000)	(3,000)
	<u>(9,000)</u>	<u>(2,000)</u>

8. Creditors: amounts falling due within one year

	1999	1998
	£	£
Bank overdraft	8,981,544	8,416,858
Amounts owed to group undertakings	1,519,119	3,542,101
Payments received on account	374,088	286,153
Trade creditors	79,798	104,764
Overseas taxation payable	27,403	27,403
Other creditors	<u>3,190,979</u>	<u>-</u>
	<u>14,172,931</u>	<u>12,377,279</u>

The bank overdraft is included under an ALSTOM group facility.

9. Provisions for liabilities and charges

	1999	1998
	£	£
Maintenance and Complaints Provision		
As at 1 April 1998	32,000	-
Charged to P & L Account	75,600	32,000
As at 31 March 1999	<u>107,600</u>	<u>32,000</u>

The maintenance provision represents anticipated expenditure that will be incurred during the warranty period on equipment delivered on the Sual contract as at the balance sheet date. It is anticipated that expenditure will be incurred during the two years following the issue of the station criteria certificate expected in the year ending 31 March 2000. The amount has not been discounted.

10. Share Capital

	Authorised £	Allotted and fully paid £
Ordinary shares of £1 each at 1 April 1998 and 31 March 1999	<u>205,000</u>	<u>65,000</u>

11. Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Opening shareholders' funds	687,254	647,698
(Loss)/profit for the financial year	<u>(388,178)</u>	<u>39,556</u>
Closing shareholders' funds	<u>299,076</u>	<u>687,254</u>

12. Directors and Employees

	1999 No.	1998 No.
<u>Employees</u>		
Numbers as at 31 March	54	30
Staff costs during the year were:	£	£
Wages and Salaries	2,237,696	832,333
Social Security Costs	<u>250,773</u>	<u>67,000</u>
	<u>2,488,469</u>	<u>899,333</u>

There were no Directors' costs during the year (1998 - £Nil)

13. Ultimate Parent Company

The Company's ultimate parent company, as at 31 March 1999, was ALSTOM, a company incorporated in France.

The largest group in which the results of the Company are consolidated is that headed by ALSTOM. The smallest group in which they are consolidated is that headed by ALSTOM.

A copy of the ALSTOM accounts can be obtained from 25 Avenue Kléber, Paris 75795, Cedex 16, France.

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 in these financial statements.

14. Post Balance Sheet Event

On 30 June 1999, ALSTOM merged its power generation activities with those of ABB, and the Company is now a wholly owned subsidiary of the joint company, ABB ALSTOM POWER NV, a company incorporated in the Netherlands.