Registered in England & Wales, No 461146

ALSTOM POWER PLANTS SERVICES LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2003

CONTENTS

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS:	Mr M J Smeed Mr R Hopkin Mr S Morgan
SECRETARY:	Mr C G Tarrant
REGISTERED OFFICE:	Booths Hall Chelford Road Knutsford Cheshire WA16 8GE
BANKERS:	National Westminster Bank plc P O Box 12258 1 Princes Street London EC2R 8PA
AUDITORS:	Deloitte & Touche LLP Birmingham

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 2003.

REVIEW OF THE COMPANY AND ITS ACTIVITIES

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

Both contracts that the Company was working on have been completed during the year and are in their final settlement phases. Sales to customers outside the Company in the year ended 31 March 2003 were reduced by adjustments to amounts previously traded and hence are shown as negative £121,288 (period ended 31 March 2002 £5,354,483). The retained loss for the year was £17,203 (period ended 31 March 2002 profit £62,641). No dividend is proposed.

FUTURE PROSPECTS

The Company is well placed to take advantage of any future contracts won by ALSTOM in the Asia Pacific Region.

DIRECTORS

The Directors who held office during the year are noted on page 1.

DIRECTORS' INTERESTS

According to the register, kept by the Company in accordance with Section 325 of the Companies Act 1985, as at 31 March 2003, none of the Directors had any disclosable interests in the shares or debentures of the Company or any other group Company.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1985. A resolution to reappoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

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

CG Tarrant

C G TARRANT
SECRETARY
2 December 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period 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;
- 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 the Company's system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALSTOM POWER PLANTS SERVICES LTD

We have audited the financial statements of ALSTOM Power Plants Services Ltd for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Basis of preparation – going concern

In forming our opinion, we have considered the adequacy of the disclosures in note 1 to the accounts, concerning the continued availability of ALSTOM Group Banking and Treasury facilities and the continued support of the ultimate parent company. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

3 December 2003

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2003

	Notes	For the Year Ended 31 March 2003 £	For the 15 Months Ended 31 March 2002 £
Turnover	3	(121,288)	5,354,483
Cost of Sales		123,288	(5,203,383)
Gross Profit		2,000	151,100
Administrative Expenses		(5,330)	(6,206)
Operating (Loss)/Profit	4	(3,330)	144,894
Net Interest payable and similar charges	5	(21,246)	(72,980)
(Loss)/Profit on ordinary activities before taxation		(24,576)	71,914
Tax on (loss)/profit on ordinary activities	6	7,373	(9,273)
Retained (loss)/profit for the financial period		(17,203)	62,641
Retained loss brought forward		(363,031)	(425,672)
Retained loss carried forward		(380,234)	(363,031)

All activity has arisen from continuing operations. The Company has no recognised gains or losses other than as stated in the profit and loss account.

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

BALANCE SHEET

As at 31 March 2003

	Notes	31 March 2003 £	31 March 2002 £
Fixed Assets			
Tangible assets	7	-	388
Current Assets			
Debtors	8	4,066,867	6,539,460
Cash at bank and in hand		4,685,935	4,083,082
		8,752,802	10,622,542
Current Liabilities			
Creditors: amounts falling due within one year	9	(9,007,983)	(10,919,961)
Net Current (Liabilities)/Assets		(255,181)	(297,419)
Total assets less current liabilities		(255,181)	(297,031)
Provisions for liabilities and charges	10	(60,053)	(1,000)
Net Liabilities		(315,234)	(298,031)
Capital and reserves			
Called up share capital	11	65,000	65,000
Profit and loss account		(380,234)	(363,031)
Equity shareholders' deficit	12	(315,234)	(298,031)

These financial statements were approved by the Board of Directors on 2 December 2003.

Signed on behalf of the Board

Mr M J Smeed
Director

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

NOTES TO THE ACCOUNTS
For the year ended 31 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
TOTAL	€3200m

NOTES TO THE ACCOUNTS (continued)

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:

a) Basis of accounting. The financial statements are prepared under the historical cost convention. The financial statements have been prepared on the going concern basis which the directors consider appropriate given the ongoing support of the parent company.

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 at 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 period end are reported at the rates of exchange prevailing at the period 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.

NOTES TO THE ACCOUNTS (continued)

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)

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 set-off 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.

f) Taxation. Taxation on profit on ordinary activities is that which has become or becomes payable in respect of the profits of the period. Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

3. Turnover

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

4. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging:

	For the Year Ended 31 March 2003	For the 15 Months Ended 31 March 2002
	£	£
Depreciation	388	2,105
Auditors remuneration	4,666	8,577

NOTES TO THE ACCOUNTS (continued)

5. Net Interest payable and similar charges

	For the Year Ended 31 March 2003 £	For the 15 Months Ended 31 March 2002 £
Group Interest Payable	(67,714)	(109,306)
Group Interest Receivable	42,802	27,573
Third party interest received	3,666	8,753
	(21,246)	(72,980)

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

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

	For the Year Ended 31 March 2003 £	For the 15 Months Ended 31 March 2002 £
UK Corporation Tax based on the (loss)/profit for the period	(7,373)	21,356
Corporation Tax adjustment in respect of prior years	-	(117,000)
Overseas Taxation	-	1,698
Deferred Taxation	-	103,219
	(7,373)	9,273

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year and the previous period differs from the standard rate for reasons set out in the following reconciliation:

	For the Year Ended 31 March 2003 £	For the 15 Months Ended 31 March 2002 £
(Loss)/Profit on ordinary activities before tax	(24,576)	71,914
Tax on (loss)/profit on ordinary activities at standard rate	(7,373)	21,574
Factors affecting charge for period:		
Other timing differences		
Expenses not deductible for tax purposes	-	291
Foreign taxes expensed	-	(509)
Total actual amount of current tax	(7,373)	21,356

NOTES TO THE ACCOUNTS (continued)

7. Tangible fixed assets

	Fixtures and Fittings £	Total £
Cost		
At 1 April 2002		
And 31 March 2003	23,500	23,500
Depreciation		
At 1 April 2002	23,112	23,112
Charge for period	388	388
At 31 March 2003	23,500	23,500
Net Book Value		
At 31 March 2002	388	388
At 31 March 2003	-	-

The Company had no capital commitments at the period end (as at 31 March 2002 - £Nil).

8. Debtors

	31 Mar 2003 £	31 Mar 2002 £
Amounts falling due within one year		
Trade Debtors	2	284,392
Amounts owed by group undertakings	3,781,621	2,601,221
Group relief receivable	285,244	425,555
Other Debtors	-	3,228,292
	4,066,867	6,539,460

9. Creditors: amounts falling due within one year

	31 Mar 2003 £	31 Mar 2002 £
Bank overdraft	3,184,092	2,383,335
Amounts owed to group undertakings	1,600,667	-
Trade creditors	-	636,321
Other Creditors	4,223,224	7,900,305
	9,007,983	10,919,961

The bank overdraft is included under a group facility.

NOTES TO THE ACCOUNTS (continued)

10. Provisions for Liabilities and Charges

	31 Mar 2003 £	31 Mar 2002 £
Maintenance Provisions		
Brought forward	1,000	1,145,000
Charged to profit and loss account	582,000	-
Utilised in the year	(522,947)	(1,144,000)
Carried forward	60,053	1,000

The maintenance provision represents anticipated expenditure that will be incurred in the year until Final Acceptance Certificate is awarded. The amount has not been discounted.

11. Share Capital

	Authorised		Allotted and Fully paid	
	No	£	No	£
Ordinary shares of £1 each at 1 Apr 2002 and 31 Mar 2003	205,000	205,000	65,000	65,000

12. Reconciliation of movements in shareholders' deficit

	For the Year Ended 31 March 2003 £	For the 15 Months Ended 31 March 2002 £
Opening shareholders' deficit	(298,031)	(360,672)
(Loss)/profit for financial period	(17,203)	62,641
Closing shareholders' deficit	(315,234)	(298,031)

13. Directors and Employees

	For the Year Ended 31 March 2003 No	For the 15 Months Ended 31 March 2002 No
Employees (excluding Directors)		
Numbers	1	1
Staff costs during the period were:	£	£
Wages and Salaries	17,971	66,133
Social Security Costs	1,939	7,235
	19,910	73,368

There were no Directors' costs during the period (2002 - £Nil).

NOTES TO THE ACCOUNTS (continued)

14. 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.

15. 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.