

NOVUS SYSTEMS TECHNOLOGY LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 1996

Reg: 01391626



NOVUS SYSTEMS TECHNOLOGY LIMITED

DIRECTORS AND OFFICERS

M J Dillon
L M Hayden (Chairman)
J K Wilkie
D J Lewendon
P Durrey
D Andorka

SECRETARY

J K Wilkie

REGISTERED OFFICE

Southfield House
Broadford Park
Shalford
Guildford
Surrey GU4 8EN

REGISTERED NUMBER

1391626

AUDITORS

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

NOVUS SYSTEMS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of Novus Systems Technology Limited for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was computer designers, consultants, agents and suppliers of computer related products.

REVIEW OF THE BUSINESS

Turnover has increased by 55% to £4,356,307 during the year, partly due to the efforts of the sales team recruited during 1995. The directors consider that the year-end financial position remains satisfactory and expects turnover to increase during 1997.

PARENT COMPANY

Novus Systems Technology Limited is a wholly owned subsidiary of IPC-Iris Investments B.V., a company incorporated in Holland.

FUTURE DEVELOPMENTS

The directors continue to seek additional project work and actively exploit niche markets, and by controlling overheads expect to maintain and expand current levels of operations.

DONATIONS

The company made charitable donations during the year of £250 (1995 £260).

RESULTS AND DIVIDENDS

The group's trading profit for the year after taxation was £296,900 (1995 £203,500) of which £216,430 (1995 £266,057) arose in the parent company. This will be transferred to reserves.

The directors have recommended that no dividend be paid this year.

POST BALANCE SHEET EVENT

Novus Networks Limited, a subsidiary company, ceased to trade on 31 December 1996. All its assets and liabilities were transferred to Novus Systems Technology Limited on 1 January 1997. All trade previously carried on by Novus Networks Limited was taken over by Novus Systems Technology Limited from 1 January 1997.

DIRECTORS

The directors who served during the year were:

M J Dillon
L M Hayden
J K Wilkie
D J Lewendon
P Durrey (appointed 23 May 1996) (French)
D Andorka (appointed 23 May 1996)
N J Morrell (resigned 20 May 1996)

NOVUS SYSTEMS TECHNOLOGY LIMITED

DIRECTORS' REPORT

DIRECTORS' INTEREST IN SHARES

No director has any interest in the share capital of the company.

RESEARCH AND DEVELOPMENT

The company has continued to invest substantial funds in product development, which in line with the existing policy has been written off as incurred.

AUDITORS

A resolution to reappoint Baker Tilly as auditors of the company will be proposed at the forthcoming annual general meeting.

Signed on behalf of the board

A handwritten signature in black ink, appearing to read 'J Wilkie', with a large, stylized 'J' and a cursive 'Wilkie'.

J K Wilkie

Secretary

Approved by the board on 11 April 1997

NOVUS SYSTEMS TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS for the year ended 31 December 1996

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the profit or loss of the company for the year then ended. In preparing those financial statements, the directors are required to :-

- a. select suitable accounting policies and apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 requirements of 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.

NOVUS SYSTEMS TECHNOLOGY LIMITED

AUDITORS' REPORT TO THE MEMBERS OF NOVUS SYSTEMS TECHNOLOGY LIMITED

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of 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 the company's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

11 April 1997

NOVUS SYSTEMS TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1996

	Notes	1996	1995
TURNOVER	1	4,356,307	2,815,435
Cost of sales		2,413,248	1,234,299
Gross profit		<u>1,943,059</u>	<u>1,581,136</u>
Other operating expenses	2	1,648,350	1,234,585
OPERATING PROFIT		<u>294,709</u>	<u>346,551</u>
Interest receivable	3	38,859	55,816
		<u>333,568</u>	<u>402,367</u>
Interest payable and similar charges	4	2,924	3,526
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>330,644</u>	<u>398,841</u>
Tax on profit on ordinary activities	7	114,214	132,784
RETAINED PROFIT FOR THE YEAR	14	<u>£ 216,430</u>	<u>£ 266,057</u>

None of the company's activities was acquired or discontinued during the above two financial periods.

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profits and losses above.

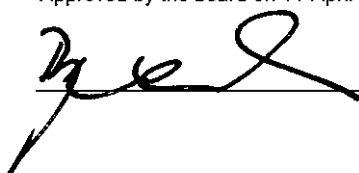
There is no difference between the profits shown above and their historical cost equivalents.

NOVUS SYSTEMS TECHNOLOGY LIMITED

BALANCE SHEET
31 December 1996

	Notes	1996	1995
FIXED ASSETS			
Intangible assets	8a	31,427	179,392
Tangible assets	8b	275,885	216,633
Investments	8c	<u>97,090</u>	<u>97,090</u>
		<u>404,402</u>	<u>493,115</u>
CURRENT ASSETS			
Debtors	9	1,912,148	1,268,442
Cash at bank and In hand		<u>469,112</u>	<u>724,707</u>
		<u>2,381,260</u>	<u>1,993,149</u>
CREDITORS:			
Amounts falling due within one year	10	827,809	740,025
NET CURRENT ASSETS		<u>1,553,451</u>	<u>1,253,124</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,957,853	1,746,239
CREDITORS:			
Amounts falling due after more than one year	11	-	4,816
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	-
NET ASSETS		<u>£ 1,957,853</u>	<u>£ 1,741,423</u>
CAPITAL AND RESERVES			
Called up share capital	13	150,000	150,000
Profit and loss account	14	1,807,853	1,591,423
SHAREHOLDERS' FUNDS	18	<u>£ 1,957,853</u>	<u>£ 1,741,423</u>

Approved by the board on 11 April 1997 and signed on its behalf.



D Lewendon - Director

NOVUS SYSTEMS TECHNOLOGY LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 1996

	Notes	1996	1995
OPERATING ACTIVITIES			
Net cash inflow from operating activities	A	<u>80,957</u>	<u>398,978</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		38,859	55,816
Interest paid		(112)	(1,096)
Interest element of finance lease rentals		<u>(2,812)</u>	<u>(2,430)</u>
Net cash inflow from returns on investments and servicing of finance		<u>35,935</u>	<u>52,290</u>
TAXATION			
Corporation tax paid		<u>(140,668)</u>	<u>(196,077)</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(210,614)	(166,374)
Development expenditure capitalised		-	(109,689)
Sale of tangible fixed assets		1,000	4,420
Loan repayment by group undertaking		-	500,000
Net cash (outflow)/inflow from investing activities		<u>(209,614)</u>	<u>228,357</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(233,390)</u>	<u>483,548</u>
FINANCING			
Capital repayments under finance leases		<u>(22,205)</u>	<u>(20,054)</u>
Net cash outflow from financing		<u>(22,205)</u>	<u>(20,054)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	B	<u>£ (255,595)</u>	<u>£ 463,494</u>

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 1996

	1996	1995	
A	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	294,709	346,551	
Depreciation of tangible fixed assets	151,362	104,126	
Amortisation of intangible fixed assets	147,965	64,176	
Profit on sale of tangible fixed assets	(1,000)	(2,059)	
Increase in debtors	(643,706)	(105,027)	
Increase/(decrease) in creditors	131,627	(8,789)	
	<u>£ 80,957</u>	<u>£ 398,978</u>	
B	ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
At 1 January	724,707	261,213	
Net cash (outflow)/inflow	(255,595)	463,494	
At 31 December	<u>£ 469,112</u>	<u>£ 724,707</u>	
C	ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET		
	1996	1995	Change in year
Cash at bank and in hand	469,112	724,707	(255,595)
	<u>£ 469,112</u>	<u>724,707</u>	<u>(255,595)</u>
D	ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR		
	1996	1995	
	Share capital	Finance lease obligations	Share capital
			Finance lease obligations
At 1 January	150,000	27,021	150,000
Cash outflows from financing	-	(22,205)	-
Inception of finance lease contracts	-	-	-
At 31 December	<u>150,000</u>	<u>4,816</u>	<u>150,000</u>

NOVUS SYSTEMS TECHNOLOGY LIMITED

Financial Statements for the year ended 31 December 1996

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

The accounts present information about the company as an individual undertaking, and not about its group, as the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

FIXED ASSETS

Fixed assets are stated at historical cost.

INTANGIBLE ASSETS

Software development expenditure is amortised in line with sales from the related product.

TANGIBLE ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Motor vehicles	at 25%-33% per annum
Computer equipment	at 25%-50% per annum
Fixtures and fittings	at 15%-30% per annum

FIXED ASSET INVESTMENTS

Investments are stated at cost less provision for permanent diminution in value.

LONG TERM WORK IN PROGRESS

Long-term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the state of completion of the contract, based on costs incurred to date and estimated costs to completion.

Where the outcome of a long-term contract can be assessed with reasonable certainty the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

DEFERRED TAXATION

Deferred taxation is provided under the liability method in respect of all material timing differences between the profits as computed for taxation purposes and the profits as stated in the financial statements, to the extent that it is probable that a liability or asset will crystallise. The rate of tax used is that which is expected to be applied when the liability or asset is expected to crystallise.

NOVUS SYSTEMS TECHNOLOGY LIMITED

Financial Statements for the year ended 31 December 1996

ACCOUNTING POLICIES

LEASED ASSETS AND OBLIGATIONS

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to the profit and loss account as they fall due.

RESEARCH AND DEVELOPMENT

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All other development costs are written off as incurred.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the year end.

Transactions during the year are recorded at the exchange rates ruling at the dates of the transactions.

All gains and losses on exchange are dealt with in the profit and loss account.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers and the value of long-term contract work done.

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

	1996	1995
1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The company's turnover and profit before taxation were all derived from its principal activity.		
Sales were made in the following geographical markets:		
United Kingdom	1,684,465	1,312,784
North and South America	921,708	455,338
Rest of Europe, Middle East and Africa	1,595,557	884,875
Australia and Far East	154,577	162,438
	<u>£ 4,356,307</u>	<u>£ 2,815,435</u>
2 OTHER OPERATING EXPENSES		
Distribution costs	501,430	316,732
Administrative expenses	1,146,920	917,853
	<u>£ 1,648,350</u>	<u>£ 1,234,585</u>
3 INTEREST RECEIVABLE		
Bank interest	32,860	20,384
Interest from group undertakings	5,999	5,078
Other	-	30,354
	<u>£ 38,859</u>	<u>£ 55,816</u>
4 INTEREST PAYABLE AND SIMILAR CHARGES		
Interest payable on bank loans, overdrafts and other loans wholly repayable within five years:		
Bank interest	112	163
On obligations under finance leases	2,812	2,430
Other interest	-	933
	<u>£ 2,924</u>	<u>£ 3,526</u>

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

	1996	1995
5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
	£	£
This is stated after charging/(crediting):		
Amortisation	147,965	64,176
Depreciation and amounts written off tangible fixed assets:		
owned assets	135,537	88,301
leased assets	15,825	15,825
Profit on disposals	(1,000)	(2,059)
Exchange losses/(gains)	44,955	(19,557)
Operating lease rentals:		
Plant and machinery	75,278	62,496
Buildings	122,045	114,495
Auditors' remuneration	19,000	16,200
6 EMPLOYEES		
	Number	Number
The average weekly number of persons employed during the year, including directors, was made up as follows:		
Office management	20	18
Professional	54	42
	<u>74</u>	<u>60</u>
Staff costs for the above persons:		
Wages and salaries	2,072,319	1,584,517
Social security costs	210,075	155,869
Other pension costs	17,193	45,000
	<u>£ 2,299,587</u>	<u>£ 1,785,386</u>
DIRECTORS' EMOLUMENTS		
Fees	30,000	-
Management remuneration (including pension contributions):	324,882	269,974
	<u>£ 354,882</u>	<u>£ 269,974</u>
Fees and management remuneration only:		
Chairman	<u>£ 77,310</u>	<u>£ 59,465</u>
Highest paid director	<u>£ 87,267</u>	<u>£ 59,465</u>
The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:	No.	No.
£0 -£5,000	2	1
£25,001-£30,000	1	-
£45,001-£50,000	-	1
£50,001-£55,000	1	-
£55,001-£60,000	-	1
£85,001-£90,000	<u>1</u>	<u>-</u>

Within consultancy fees is £30,000 paid to Societe Internationale de Telecommunications Aeronautiques relating to services provided by P Durrey.

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

1996
1995

7

TAX ON PROFIT ON ORDINARY ACTIVITIES

United Kingdom corporation tax

Adjustment in respect of prior years

£

121,174

(6,960)

114,214

145,000

(12,216)

132,784

8a.

INTANGIBLE FIXED ASSETS

Cost:

1 January 1996 and 31 December 1996

Amortisation

1 January 1996

Provision for the year

31 December 1996

Net Book Value:

31 December 1996

31 December 1995

Software development

£

265,161

85,769

147,965

233,734

31,427

179,392

8b.

TANGIBLE FIXED ASSETS

Computer equipment

Motor Vehicles

Fixtures & Fittings

Total

Cost:

1 January 1996

Additions

Disposals

31 December 1996

Depreciation:

1 January 1996

Provision for the year

Adjustment for disposals

31 December 1996

Net Book Value:

31 December 1996

31 December 1995

536,296

189,258

-

725,554

387,450

109,768

-

497,218

228,336

148,846

92,933

-

(7,743)

85,190

53,825

18,993

(7,743)

65,075

20,115

39,108

161,068

21,356

-

182,424

132,389

22,601

-

154,990

27,434

28,679

790,297

210,614

(7,743)

993,168

573,664

151,362

(7,743)

717,283

275,885

216,633

The net book value of motor vehicles includes £16,851 (1995: £32,676) relating to assets acquired under finance leases.

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £nil (1995: £12,560).

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

8c. UNLISTED INVESTMENTS

HISTORICAL COST VALUATION

Subsidiaries

Cost:

1 January 1996 and 31 December 1996

£ 97,090

NET BOOK VALUE

31 December 1996

£ 97,090

31 December 1995

£ 97,090

The company held more than 10% of the allotted share capital and no loan capital of the following companies.

Name of Company	Country of Incorporation	Class of Share held	Proportion held	Nature of Business	Capital and Reserves 31 December 1996	Results for the year
Reservation Network Systems Limited	England	Ordinary	100.0%	Dormant	£85	-
Novus Networks Limited	England	Ordinary	100.0%	Data network controllers and software development	£639,501	£80,470
Warpcrest Limited	England	Ordinary	100.0%	Dormant	£2	-
Marben Limited	England	Ordinary	100.0%	Dormant	£2	-
Novus Consulting Limited	England	Ordinary	100.0%	Dormant	£(55,026)	-

In the opinion of the Directors the aggregate value of the company's investments in its subsidiary undertakings is not less than the amount included in the balance sheet.

9 DEBTORS

Due within one year:

Trade debtors

1,136,707

747,373

Amounts due from group undertakings

638,855

277,312

Amounts recoverable under contracts

3,000

155,000

Other debtors

37,955

-

Prepayments and accrued income

95,631

88,757

£ 1,912,148

£ 1,268,442

Amounts recoverable under contracts relate to long-term contracts accounted for in accordance with Statement of Standard Accounting Practice No.9 (Long-term work-in-progress) as follows:

Cumulative turnover

1,063,000

376,000

Total payments made on account

1,060,000

221,000

£ 3,000

£ 155,000

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

	1996	1995
10 CREDITORS		
Amounts falling due within one year:		
Obligations under finance leases	4,816	22,205
Trade creditors	177,679	163,252
Amounts owed to group undertakings	16,022	1,085
Corporation Tax	114,783	141,237
Other taxation and social security	133,287	66,127
Other creditors	31,508	31,478
Accruals and deferred income	349,714	314,641
	<u>£ 827,809</u>	<u>£ 740,025</u>

11 CREDITORS		
Amounts falling due after more than one year:		
Obligations under finance leases	<u>£ -</u>	<u>£ 4,816</u>
Analysed between amounts payable:		
In the next year	4,816	22,205
In the second to fifth years	-	4,816
	<u>£ 4,816</u>	<u>£ 27,021</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the unprovided potential asset are as follows:-

	Amount provided		Unprovided (asset)	
	1996	1995	1996	1995
Accelerated capital allowances	-	-	(31,500)	(23,000)
Other timing differences	-	-	(2,500)	(2,500)
	<u>-</u>	<u>-</u>	<u>(34,000)</u>	<u>(25,500)</u>

13 SHARE CAPITAL

	1996	1995
Authorised:		
4,000,000 ordinary shares of 25p each	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
Allotted, issued and fully paid:		
600,000 ordinary shares of 25p each	<u>£ 150,000</u>	<u>£ 150,000</u>

14 RESERVES

Profit and Loss Account

1 January 1996	1,591,423	1,325,366
Profit retained for the year	216,430	266,057
31 December 1996	<u>£ 1,807,853</u>	<u>£ 1,591,423</u>

15 PENSION COMMITMENTS

During the year the company paid contributions into certain directors' personal pension plans. These are charged to the profit and loss account as disclosed in note 6 as "Other pension costs".

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1996

16	OPERATING LEASE COMMITMENTS	1996	1995
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At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:

Land and buildings			
expiring between 2 and 5 years	39,000		39,000
expiring over 5 years	83,045		75,495
	<u>£ 122,045</u>		<u>£ 114,495</u>
Plant and machinery:			
expiring within one year	10,184		9,765
expiring between 2 and 5 years	47,741		99,128
	<u>£ 57,925</u>		<u>£ 108,893</u>

17 ULTIMATE HOLDING COMPANY

The company's ultimate parent company is SITA Telecommunications Holdings N.V. registered in The Netherlands.

Copies of the parent's consolidated accounts may be obtained from Gatwickstraat 21-23, 1043 GL Amsterdam, Amsterdam, The Netherlands.

18 RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

Profit for the financial year	216,430		266,057
Opening shareholders' funds	1,741,423		1,475,366
Closing shareholders' funds	<u>£ 1,957,853</u>		<u>£ 1,741,423</u>

19 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by FRS 8 and has not disclosed transactions with other group companies as over 90% of the company's voting rights are controlled within the Group.

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996

20 EMPLOYEE SHARE AWARD PLAN

Under the terms of an agreement between SITA S.C., and SITA Telecommunications Holdings N.V, 850,000 certificates in the SITA Foundation, which is the holder of Class A common shares in SITA Telecommunications Holdings N.V, are transferred to the Employee Trust for the benefit of eligible employees of SITA S.C., SITA Globetel Company S.C., SITA Telecommunications Holdings N.V and their respective subsidiary companies. Each certificate represents an interest in one Class A common share. The independent trustees are empowered to use these certificates under the Deferred Share Award Plan (the Award Plan) for the granting of Ordinary and Discretionary awards. It is envisaged that one half of the certificates will be used for Ordinary awards and one half for Discretionary awards.

All permanent employees who work on a full-time or part-time basis are eligible to participate, subject to being employed by one of the participating employers on the eligibility date. These dates are:

Award	Grant Dates	Eligibility Dates
1	July 1996	30 November 1995
2	April 1997	30 November 1996
3	April 1998	30 November 1997
4	April 1999	30 November 1998

Eligible employees of the group were granted 42,657 certificates under Ordinary Awards and 29,662 certificates under Discretionary Awards in July 1996. No certificates were exercised or forfeited during the year.

The award of certificates to eligible employees is free of charge. The number of certificates included in Ordinary Awards to each eligible employee is calculated as a proportion of his/her annual salary to the total annual salary cost of all participating employers at each award date.

The selection of participants and the Discretionary Awards granted is discretionary. In the case of Discretionary Awards the Employee Trust retains the right to the first US \$77.78 per certificate or share of the ultimate sale proceeds of each certificate or share.

Both Ordinary and Discretionary Awards have certain conditions attached to them, but in general the vesting of these awards will be deferred until the participants have held their awards and options for at least three years, during which period they must remain as employees of the participating employers.

The above are the main provisions of the Award Plan.

The group is accounting for the Award Plan under the method prescribed by FAS 123.

An independent professional valuation was obtained by SITA Telecommunications Holdings N.V of the grant-date fair value of the Awards and Discretionary Awards granted during the year. The grant-date fair value of each Award issued in July 1996 was US\$22.50 for Ordinary Awards and US\$3.10 under Discretionary Awards.