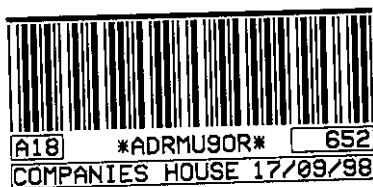


NOVUS SYSTEMS TECHNOLOGY LIMITED  
FINANCIAL STATEMENTS  
31 DECEMBER 1997

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1391626



**NOVUS SYSTEMS TECHNOLOGY LIMITED**

**DIRECTORS AND OFFICERS**

---

L M Hayden (Chairman)  
D Lewendon  
J V Kelly

**SECRETARY**

D J Lewendon

**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**

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The directors present their report and the financial statements of Novus Systems Technology Limited for the year ended 31 December 1997.

#### **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**

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.

#### **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 £380 (1996 £250).

#### **RESULTS AND DIVIDENDS**

The companies trading profit for the year after taxation was £223,169 (1996 £216,430) which will be transferred to reserves.

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

#### **DIRECTORS**

The directors who served during the year were:

M J Dillon(resigned 9 December 1997)  
L M Hayden  
J K Wilkie(resigned 30 October 1997)  
D J Lewendon  
P Durrey (resigned 1 July 1997)  
D Andorka (resigned 1 October 1997)  
J V Kelly (Approved 9 January 1998)

**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**

During the period, a substantial investment was made in the development of an airline check in product, and these costs are being amortised in line with revenues generated from the related services over a period of 36 months. All other development costs have 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 be 'D.J. Lewendon', written over a horizontal line.

D.J. Lewendon  
Secretary

Approved by the board on 29 May 1998

**NOVUS SYSTEMS TECHNOLOGY LIMITED**

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS  
for the year ended 31 December 1997**

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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**

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We have audited the financial statements on pages 6 to 17 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.

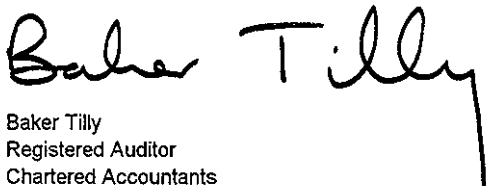
**Basis of opinion**

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 1997 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

29 May 1998

**NOVUS SYSTEMS TECHNOLOGY LIMITED**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 1997**

	Notes	1997	1996
TURNOVER	1	6,005,796	4,356,307
Cost of sales		3,509,996	2,413,248
Gross profit		<u>2,495,800</u>	<u>1,943,059</u>
Other operating expenses	2	2,379,148	1,648,350
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		<u>116,652</u>	<u>294,709</u>
Exceptional operating charges	9	454,142	0
OPERATING (LOSS)/PROFIT AFTER EXCEPTIONAL ITEMS		<u>(337,490)</u>	<u>294,709</u>
Income from Investments	3	542,579	-
Interest receivable	4	41,712	38,859
		<u>246,801</u>	<u>333,568</u>
Interest payable and similar charges	5	4,553	2,924
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>242,248</u>	<u>330,644</u>
Tax on profit on ordinary activities	10	19,079	114,214
RETAINED PROFIT FOR THE YEAR	17	£ <u>223,169</u>	£ <u>216,430</u>

On the first day of the year the company acquired the trade from its subsidiary company, Novus Networks Limited. It was not possible or practical to separate the results for each entity following the rationalisation of systems as their activities were broadly similar and, therefore, details of the acquisition cannot be disclosed.

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.

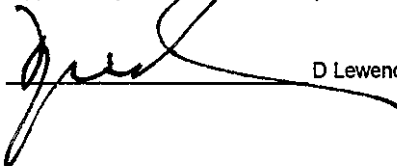
There is no difference between the profits shown above and their historical cost equivalents.

NOVUS SYSTEMS TECHNOLOGY LIMITED

**BALANCE SHEET**  
31 December 1997

	Notes	1997	1996
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible assets	11a	278,877	31,427
Tangible assets	11b	414,036	275,885
Investments	11c	1,169	97,090
		<u>694,082</u>	<u>404,402</u>
<b>CURRENT ASSETS</b>			
Debtors	12	1,708,622	1,912,148
Cash at bank and In hand		<u>755,178</u>	<u>469,112</u>
		<u>2,463,800</u>	<u>2,381,260</u>
<b>TOTAL ASSETS</b>		<b>£ <u>3,157,882</u></b>	<b>£ <u>2,785,662</u></b>
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	150,000	150,000
Profit and loss account	17	2,031,022	1,807,853
		<u>2,181,022</u>	<u>1,957,853</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	13	968,039	827,809
<b>CREDITORS:</b>			
Amounts falling due after more than one year	14	8,821	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	15	-	-
<b>TOTAL LIABILITIES</b>		<b>£ <u>3,157,882</u></b>	<b>£ <u>2,785,662</u></b>

Approved by the board on 29 May 1998 and signed on its behalf.



D Lewendon - Director



## NOVUS SYSTEMS TECHNOLOGY LIMITED

Financial Statements for the year ended 31 December 1997

### 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.

#### INTANGIBLE ASSETS

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

#### TANGIBLE ASSETS

Fixed Assets are stated at historical cost.

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 1997**

### **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 1997

	1997	1996	
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	3,167,509	1,684,465
	North and South America	1,005,857	921,708
	Rest of Europe, Middle East and Africa	1,544,527	1,595,557
	Australia and Far East	287,903	154,577
	£	<u>6,005,796</u>	£ <u>4,356,307</u>
2	OTHER OPERATING EXPENSES		
	Distribution costs	685,765	501,430
	Administrative expenses	1,693,383	1,146,920
	£	<u>2,379,148</u>	£ <u>1,648,350</u>
3	INVESTMENT INCOME		
	Dividend received from subsidiary undertaking	£ <u>542,579</u>	£ <u>-</u>
4	INTEREST RECEIVABLE		
	Bank interest	41,712	32,860
	Interest from group undertakings	-	5,999
	£	<u>41,712</u>	£ <u>38,859</u>
5	INTEREST PAYABLE AND SIMILAR CHARGES		
	Interest payable on bank loans, overdrafts and other loans wholly repayable within five years:		
	Bank interest	2,063	112
	On obligations under finance leases	2,490	2,812
	£	<u>4,553</u>	£ <u>2,924</u>

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1997

	1997	1996
6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
This is stated after charging/(crediting):		
Amortisation of intangible fixed assets	98,745	147,965
Depreciation and amounts written off tangible fixed assets:		
owned assets	199,543	135,537
leased assets	16,991	15,825
Profit on disposals	(10,126)	(1,000)
Exchange losses/(gains)	7,931	44,955
Operating lease rentals:		
Plant and machinery	53,767	75,278
Motor Vehicles	9,381	-
Buildings	206,445	122,045
Auditors' remuneration	20,000	19,000
7 EMPLOYEES	Number	Number
The average weekly number of persons employed during the year, including directors, was made up as follows:		
Office management	27	20
Professional	97	54
	124	74
Staff costs for the above persons:		
Wages and salaries	3,404,565	2,072,319
Social security costs	326,458	210,075
Other pension costs	76,819	17,193
£	£ 3,807,842	£ 2,299,587

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1997

8 DIRECTORS

Emoluments	223,775	337,689
Amounts paid to money purchase schemes.	19,467	17,193
Total emoluments	£ 243,242	£ 354,882

Directors emoluments disclosed above include the following payments

	Chairman		Highest Paid Direct	
	1997	1996	1997	1996
	£	£	£	£
Emoluments	59,936	77,311	59,936	87,267
Money Purchase pension contributions	15,000	14,693	15,000	2,500
Emoluments including pension contributions	74,936	92,004	74,936	89,767

The number of directors to whom retirement benefits are accruing under:

	1997	1996
	No.	No.
Money purchase schemes was:	3	3

Within consultancy fees is £15,000 (£30,000 1996) paid to Societe Internationale de Telecommunications Aeronautiques relating to services provided by P Durrey.

9 EXCEPTIONAL ITEMS

Exceptional items which are summarised below have been classified within the profit and loss account under the appropriate heading and arise in respect of continuing operations.

Administrative expenses:

Provision against group debtor	209,142	0
Specific provision against trade debtors	245,000	0
	£ 454,142	£ 0

10 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
United Kingdom corporation tax	18,440	121,174
Adjustment in respect of prior years	639	(6,960)
	£ 19,079	£ 114,214

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1997

11a. INTANGIBLE FIXED ASSETS

	Software development
Cost:	
1 January 1997	265,161
Additions	346,195
31 December 1997	<u>611,356</u>
Amortisation	
1 January 1997	233,738
Provision for the year	98,741
31 December 1997	<u>332,479</u>
Net Book Value:	
31 December 1997	£ <u>278,877</u>
31 December 1996	£ <u>31,427</u>

11b. TANGIBLE FIXED ASSETS

	Computer equipment	Motor Vehicles	Fixtures & Fittings	Total
Cost:				
1 January 1997	725,554	85,190	182,424	993,168
Transfers	162,538	53,712	61,521	277,771
Additions	199,034	-	55,662	254,696
Disposals	(8,647)	(62,060)	-	(70,707)
31 December 1997	<u>1,078,479</u>	<u>76,842</u>	<u>299,607</u>	<u>1,454,928</u>
Depreciation:				
1 January 1997	497,217	65,076	154,991	717,284
Transfers	107,193	39,178	22,035	168,406
Provision for the year	177,345	25,306	13,883	216,534
Adjustment for disposals	(5,475)	(55,857)	-	(61,332)
31 December 1997	<u>776,280</u>	<u>73,703</u>	<u>190,909</u>	<u>1,040,892</u>
Net Book Value:				
31 December 1997	<u>302,199</u>	<u>3,139</u>	<u>108,698</u>	£ <u>414,036</u>
31 December 1996	<u>228,336</u>	<u>20,115</u>	<u>27,434</u>	£ <u>275,885</u>

The net book value of motor vehicles includes £ 3,140 (1996: £16,851) relating to assets acquired under finance leases.

The net book value of computer equipment includes £ 18,425 (1996: £nil) 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 £37,326 (1996: £nil).

**NOVUS SYSTEMS TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1997

11c. UNLISTED INVESTMENTS

**HISTORICAL COST VALUATION**

**Subsidiaries**

Cost:	
Cost as at 1st January 1997	97,090
Less provision for diminuation in value	(95,921)
Net Book Value 31 December 1997	£ 1,169
31 December 1996	£ 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 1997	Results for the year
Reservation Network Systems Limited	England	Ordinary	100.0%	Dormant	£85	-
Novus Networks Limited	England	Ordinary	100.0%	Dormant	£1,000	-
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.

12 DEBTORS

Due within one year:

Trade debtors	940,250	1,136,707
Corporation Tax Receivable	15,000	-
Amounts due from group undertakings	565,831	638,855
Amounts recoverable under contracts	70,000	3,000
Other debtors	18,495	37,955
Prepayments and accrued income	99,046	95,631
£	1,708,622	£ 1,912,148

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	255,000	1,063,000
Total payments made on account	185,000	1,060,000
£	70,000	£ 3,000

NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1997

	1997	1996
13 CREDITORS		
Amounts falling due within one year:		
Obligations under finance leases	10,232	4,816
Trade creditors	285,137	177,679
Amounts owed to group undertakings	39,971	16,022
Corporation Tax	65,912	114,783
Other taxation and social security	147,844	133,287
Other creditors	86,478	31,508
Accruals and deferred income	332,465	349,714
	<u>£ 968,039</u>	<u>£ 827,809</u>

14 CREDITORS		
Amounts falling due after more than one year:		
Obligations under finance leases	<u>£ 8,821</u>	<u>£ -</u>
Analysed between amounts payable:		
In the next year	10,232	4,816
In the second to fifth years	8,821	-
	<u>£ 19,053</u>	<u>£ 4,816</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

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

	Amount provided		Unprovided (asset)	
	1997	1996	1997	1996
Accelerated capital allowances	-	-	(39,000)	(31,500)
Other timing differences	-	-	(9,000)	(2,500)
	<u>-</u>	<u>-</u>	<u>(48,000)</u>	<u>(34,000)</u>

16 SHARE CAPITAL

	1997	1996
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>

17 RESERVES

Profit and Loss Account

1 January 1997	1,807,853	1,591,423
Profit retained for the year	223,169	216,430
31 December 1997	<u>£ 2,031,022</u>	<u>£ 1,807,853</u>

18 PENSION COMMITMENTS

During the year the company paid contributions into certain directors' personal pension plans.

From 1st February 1997 the company provides a defined contribution pension scheme whose assets are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company and amounted to £76,819 (1996 - £17,193). Contributions totalling £28,459 (1996 - £7,500) were payable to the funds at the year end and are included in creditors.



NOVUS SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1997

19 OPERATING LEASE COMMITMENTS 1997 1996

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:

Land and buildings		
expiring within one year	9,396	-
expiring between 2 and 5 years	39,000	39,000
expiring over 5 years	75,495	83,045
	<u>£ 123,891</u>	<u>£ 122,045</u>
Plant and machinery:		
expiring within one year	14,234	10,184
expiring between 2 and 5 years	27,609	47,741
	<u>£ 41,843</u>	<u>£ 57,925</u>
Motor Vehicles		
expiring within one year	361	-
expiring between 2 and 5 years	6,717	-
	<u>£ 7,078</u>	<u>0</u>

20 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.

21 RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

Profit for the financial year	223,169	216,430
Opening shareholders' funds	1,957,853	1,741,423
Closing shareholders' funds	<u>£ 2,181,022</u>	<u>£ 1,957,853</u>

22 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.

## 23 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	January 1998	30 November 1997
4	April 1999	30 November 1998

Eligible employees of the group have been granted 80,958 certificates under Ordinary Awards and 127,298 certificates under Discretionary Awards.

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 and for each Award issued in April 1997 the grant date fair value was US\$55.25 for ordinary Awards and US\$25.50 for discretionary Awards.

## 24 CONTINGENT LIABILITY

The company has been notified of an unquantified claim for damages which may be brought by a customer. Legal advice has been sought and it is considered that the claim is unlikely to be successful due to a lack of evidence that a valid contract existed between the two parties. For this reason, no provision has been made in these accounts.