

AMS CUSTOMER SERVICES LIMITED

(formerly GEC-Marconi Naval Systems Overseas
Limited)

Report and Financial Statements

31 December 2003



AMS CUSTOMER SERVICES LIMITED
(formerly GEC-Marconi Naval Systems Overseas Limited)

REPORT AND FINANCIAL STATEMENTS 2003

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AMS CUSTOMER SERVICES LIMITED
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REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS

DIRECTORS

D M Griffiths
A J Walsh (Resigned 5th November 2003)
K A Hainsworth (Appointed 22nd September 2003)

SECRETARY

D M Griffiths

REGISTERED OFFICE

Eastwood House
Glebe Road
Chelmsford
Essex
CM1 1QW

AMS CUSTOMER SERVICES LIMITED
(formerly GEC-Marconi Naval Systems Overseas Limited)

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the Company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company is the supply, installation and commissioning of naval systems equipment overseas.

REVIEW OF THE COMPANY AND FUTURE PROSPECTS

The Company received no orders during the year (2002: £Nil). Turnover for the year was £Nil (2002: £Nil). The Company is in a position to re-commence trading when orders are received.

RESULTS

The profit for the year after taxation of £0 (2002: £5,000) has been transferred to reserves. The Directors do not recommend the payment of a dividend (2002: £Nil).

The name of the Company was changed to AMS Customer Services Limited by Special Resolution passed on the 16th June 2003 and the Certificate of Incorporation of Change of Name was issued by Companies House on 17 June 2003.

DIRECTORS

The present members of the Board are shown on page 1.

According to the Register kept by the Company in accordance with Section 325 of the Companies Act 1985 the Directors had no interests in the shares of the Company.

AUDITORS

KPMG Audit plc, the auditors for the Company, have indicated their willingness to continue in office and a resolution proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board



D M Griffiths

Secretary

10th March 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 of the Company 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 departure disclosed and explained in the financial statements;
- 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 have general responsibility for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of AMS Customer services Limited

We have audited the financial statements on pages 5 to 9.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 to you 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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 as at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

14 May 2004

AMS CUSTOMER SERVICES LIMITED
 formerly GEC-Marconi Naval Systems Overseas Limited)

PROFIT AND LOSS ACCOUNT
 For the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
TURNOVER	1,2	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	6
Tax on profit on ordinary activities	5	-	(1)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		-	5
Retained profit brought forward		2,055	2,050
Retained profit carried forward		2,055	2,055

The Company recognised all gains and losses for the current year in the profit and loss account.

The Company's turnover and expenses all relate to continuing operations.

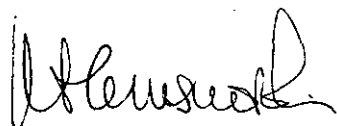
The notes on pages 7 to 9 form an integral part of these financial statements.

AMS CUSTOMER SERVICES LIMITED
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BALANCE SHEET
As at 31 December 2003

	Note	2003 £'000	2002 £'000
CURRENT ASSETS			
Debtors	6	2,055	2,091
		<u>2,055</u>	<u>2,091</u>
CREDITORS: amounts falling due within one year	7	-	(36)
		<u>-</u>	<u>(36)</u>
NET CURRENT ASSETS		<u>2,055</u>	<u>2,055</u>
NET ASSETS		<u>2,055</u>	<u>2,055</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account		2,055	2,055
		<u>2,055</u>	<u>2,055</u>
EQUITY SHAREHOLDERS' FUNDS		<u>2,055</u>	<u>2,055</u>

These financial statements were approved by the Board of Directors on 10th March 2004 and were signed on its behalf by:



K A Hainsworth
 Director

The notes on pages 7 to 9 form an integral part of these financial statements.

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

1. ACCOUNTING POLICIES

The company did not trade during the year. When trading activity does arise, the following accounting policies are applied consistently in dealing with items which are considered material in relation to the Company's financial statements. The Company is a wholly owned subsidiary of AMS Limited, consequently the Company is exempt under the terms of Financial Reporting Standard 1, (Revised 1996), from the requirement to publish its own cash flow statements.

Basis of preparation

The financial statements have been prepared on the historical cost basis in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover, excluding VAT, is included at the time of either delivery of products or the performance of services in accordance with the terms of sale.

Currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. TURNOVER

The company did not trade during the year. When the company does generate trading income, the accounting policy is to recognise amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £'000	2002 £'000
Raw materials and consumables	-	(6)
	-	(6)
Profit on ordinary activities before taxation	-	6

The audit fee is borne by the UK parent company.

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

4. DIRECTORS AND EMPLOYEES

The Company did not employ any staff during the year ended 31 December 2003 (2002: £Nil).

The Directors are full time executives of other group companies. They do not receive any remuneration for their services as Directors of the Company and it is not practicable to allocate their emoluments for other services.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
United Kingdom taxation		
Corporation tax at 20%	-	1
	<u>-</u>	<u>1</u>

The current tax charge for the year is equal to the small companies rate of corporation tax in the UK (20%).

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Amounts owed by parent company	2,055	2,091
	<u>2,055</u>	<u>2,091</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Accruals and deferred income	-	34
Corporation tax	-	2
	<u>-</u>	<u>36</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

8 DEFERRED TAXATION

There are no unprovided deferred tax assets or liabilities (2002: £Nil).

9. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. CONTINGENT LIABILITIES

Guarantees

Under a group registration the Company is jointly and severally liable for any Value Added Tax owing by other AMS Limited Group Companies as at 31 December 2003.

11. ULTIMATE PARENT UNDERTAKING

The Company's ultimate controlling parties are BAE SYSTEMS plc, incorporated in England and Wales, and Finmeccanica SpA, incorporated in Italy, who each effectively have a 50% holding in the Company.

Alenia Marconi Systems Holdings NV, incorporated in Holland, is the parent undertaking of the largest group of undertakings of which the Company is a member for which group accounts, including the results of the Company in full, are prepared. Copies of the accounts of Alenia Marconi Systems Holdings N.V. are available from its registered office at Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands.

Pursuant to the exemption granted by Financial Reporting Standard 8 'Related Party Disclosure', transactions with other undertakings within, and related parties of the Group have not been disclosed in these financial statements.