

HAL Investments (UK) Limited
(Registered Number 2624605)

Annual Report

For the Year Ended 31 December 1999



HAL Investments (UK) Limited

Annual Report For the Year Ended 31 December 1999

Contents

| | Pages |
|-----------------------------------|--------------|
| Report of the directors | 1 |
| Report of the auditors | 3 |
| Profit and loss account | 4 |
| Balance sheet | 5 |
| Notes to the financial statements | 6 |

HAL Investments (UK) Limited

Directors' Report for the Year Ended 31 December 1999

The directors submit their report and the audited financial statements for the year ended 31 December 1999.

Principal activities and business review

The principal activity of the company is that of an investment holding company.

Results and dividends

The loss for the financial year amounted to £4,640 (1998 loss: £6,352) and this has been added to the accumulated deficit. The directors do not recommend the payment of a dividend.

Directors

The following served as directors of the company during the year:

P M Manheim
M Van der Vorm

The directors have no interest in the shares of the company.

Year 2000

The company's systems both hardware and software performed normally over the New Year.

The company participated in the HAL Holding NV group programme designed to address the impact of the year 2000 on all the group's business. As a result of this group exercise considerable effort was made to test systems and modernise the company's systems in the last two years, and this ensured that no problems were encountered. The company is not aware of any problems in respect of the supply of goods and services to its business.

The total cost to the company as a stand alone entity to complete modifications to our computer hardware and software was minimal and any such costs have been expensed as incurred.

Statement of Directors' Responsibilities

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company 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;
- state whether applicable accounting standards have been followed, subject to any material departures 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 record, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

HAL Investments (UK) Limited

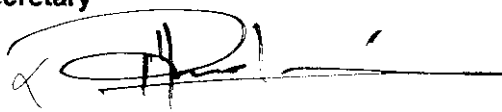
Directors' Report for the Year Ended 31 December 1999 (Continued)

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Secretary

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and some smaller, less distinct markings.

Report of the Auditors to the Members of HAL Investments (UK) Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 1, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

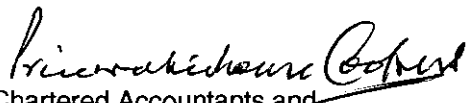
Basis of audit opinion

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 affairs of the company as at 31 December 1999 and of its loss for the year and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and
Registered Auditors
London

30 October, 2000

HAL Investments (UK) Limited

Profit and Loss Account for the Year Ended 31 December 1999

| | <i>Note</i> | 1999 £ | 1998 £ |
|--|-------------|----------------|-----------|
| Investment income | 2 | 700 | 641 |
| Administrative expenses | | (5,340) | (6,678) |
| Bank interest paid | | - | (93) |
| Amounts written off fixed asset investments | | - | (222) |
| Loss on ordinary activities before taxation | 3 | (4,640) | (6,352) |
| Taxation | 4 | - | - |
| Deficit for the financial year | 9 | (4,640) | (6,352) |

The profit and loss account relates solely to continuing operations, as defined in Financial Reporting Standard No 3.

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the deficit for the year stated above and their historical cost equivalents.

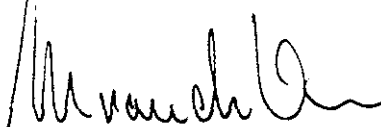
HAL Investments (UK) Limited

Balance Sheet as at 31 December 1999

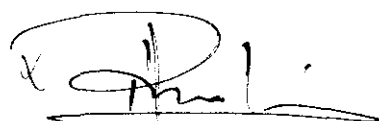
| | <i>Note</i> | 1999 £ | 1998 £ |
|---|-------------|-------------|-------------|
| Fixed assets | | | |
| Investments | 5 | 10,000 | 10,000 |
| Current assets | | | |
| Debtors | 6 | 918,946 | 928,368 |
| Cash at bank and in hand | | 1,278 | 63 |
| | | 920,224 | 928,431 |
| Creditors - amounts falling due within one year | 7 | (6,791) | (10,358) |
| Net current assets | | 913,433 | 918,073 |
| Total assets less current liabilities | | 923,433 | 928,073 |
| Creditors - amounts falling due after more than one year | | (3,000,000) | (3,000,000) |
| Net liabilities | | (2,076,567) | (2,071,927) |
| Capital and reserves | | | |
| Called up share capital | 8 | 100 | 100 |
| Profit and loss account | 9 | (2,076,667) | (2,072,027) |
| Equity shareholders' deficit | 10 | (2,076,567) | (2,071,927) |

The financial statements on pages 4 to 9 were approved by the Board of Directors on ~~17 October 2000~~ and were signed on its behalf by:

Director

X 

Director

X 

HAL Investments (UK) Limited

Notes to the Financial Statements – 31 December 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

(1) Basis of accounting

These financial statements are prepared in accordance with the historical cost convention.

(2) Cash flow statement

The company is not required to prepare a cash flow statement in accordance with FRS 1 as it qualifies as a small company within the definition of Section 249 of the Companies Act 1985.

(3) Going concern

The financial statements have been prepared on a going concern basis which assumes the continued financial support of the ultimate holding company.

HAL Holding NV has confirmed in a letter dated 23 July 1996 that it will, until further notice, continue to provide the company with sufficient funds to meet all of its obligations as and when they fall due.

If the financial statements were not prepared on a going concern basis it is unlikely that this would result in any material adjustments.

(4) Investment income

Dividend and interest income is included, together with any related tax credit, in the profit and loss account on a received basis.

(5) Fixed asset investments

Fixed asset investments are carried at original cost, less any provisions for permanent impairment in value. Any premium arising on acquisition is written off in full in the year of purchase.

HAL Investments (UK) Limited

Notes to the Financial Statements – 31 December 1999

1 Principal accounting policies (Continued)

(6) Foreign currencies

Balances in foreign currencies are translated into sterling at rates prevailing at the balance sheet date.

Revenue and expense items are translated at the rates at the time of the transactions.

(7) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

2 Investment income

| | 1999 £ | 1998 £ |
|---------------------------|-----------|-----------|
| Interest – Treasury stock | 700 | 641 |

3 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging the following remuneration paid to the auditors:

| | 1999 £ | 1998 £ |
|--------------------|-----------|-----------|
| For audit services | 2,291 | 2,291 |
| For other services | 4,500 | 4,102 |
| | 6,791 | 6,393 |

The company has no employees and no remuneration was paid to the directors.

HAL Investments (UK) Limited

Notes to the Financial Statements – 31 December 1999

4 Taxation

| | 1999 £ | 1998 £ |
|---|-----------|-----------|
| Tax attributable to Treasury stock income | - | 73 |
| Income tax recoverable | - | (73) |
| | - | - |

As at 31 December 1999 the company had accumulated tax losses (both trading and capital losses) estimated at £2,280,000 (1998: £2,276,000) which are available for offset as appropriate against future taxable trading profits and chargeable gains.

5 Fixed asset investments

| | £ |
|--|--------|
| Cost | |
| At 1 January 1999 and 31 December 1999 | 10,000 |

Investments comprise of £10,000 7% Treasury 1993/2001 stock.

6 Debtors

| | 1999 £ | 1998 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Due from the ultimate holding company | 918,946 | 927,607 |
| Income tax recoverable | - | 761 |
| | 918,946 | 928,368 |

7 Creditors

| | 1999 £ | 1998 £ |
|--|-----------|-----------|
| Amounts falling due within one year: | | |
| Accruals | 6,791 | 10,358 |
| Amounts falling due after more than one year: | | |
| Loan from the ultimate parent company | 3,000,000 | 3,000,000 |

There are no repayment terms, security or interest in respect of the loan from the ultimate parent company.

HAL Investments (UK) Limited

Notes to the Financial Statements – 31 December 1999

8 Called up share capital

| | 1999 £ | 1998 £ |
|--|-----------|-----------|
| Authorised | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| Allotted, issued and fully paid | | |
| 100 ordinary shares of £1 each | 100 | 100 |

9 Profit and loss account

| | Accumulated deficit £ |
|--------------------------------|-----------------------------|
| At 1 January 1999 | 2,072,027 |
| Deficit for the financial year | 4,640 |
| At 31 December 1999 | 2,076,667 |

10 Reconciliation of movements in equity shareholders' deficit

| | 1999 £ | 1998 £ |
|--------------------------------------|------------------|------------------|
| Opening shareholders' deficit | 2,071,927 | 2,065,575 |
| Deficit for the financial year | 4,640 | 6,352 |
| Closing shareholders' deficit | 2,076,567 | 2,071,927 |

11 Ultimate holding company

The ultimate holding company is HAL Holding NV, a company incorporated in the Netherlands Antilles and the ultimate controlling party is HAL Trust.

12 Related party transactions

The company has taken advantage of the exemption provided by Financial Reporting Standard 8 "Related Party Disclosures" as 90 per cent or more of its voting rights are controlled by HAL Holding NV, which itself prepares publicly available consolidated financial statements that include HAL Investments (UK) Limited. Copies of these consolidated accounts can be obtained from the office of HAL Holding NV at 5 Avenue Des Citronniers, MC 98000, Monaco.