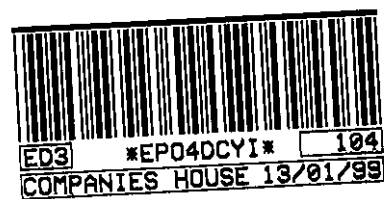


HAL Investments (UK) Limited

**Report and Accounts
for the 12 months ended 31 December 1997**

Registered Number: 2624605



HAL Investments (UK) Limited

Report and Accounts for the 12 months ended 31 December 1997

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Report of the directors

The directors present their report and the audited financial statements for the 12 months ended 31 December 1997.

Principal activity

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

Change of accounting reference date

The company changed its accounting reference date in 1997 from 30 November to 31 December. This change was made so that the year end of the company would coincide with that of its parent company. As a consequence of this change, the accounts for 1997 relate to 12 months whereas the comparative amounts relate to 13 months.

Results and dividends

The loss for the financial period amounted to £6,600 (1996 loss: £4,254) 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 period:

P M Manheim

M Van der Vorm

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

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;

HAL Investments (UK) Limited

Report of the directors (continued)

Statement of directors' responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

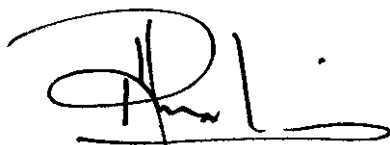
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

Auditors

Our auditors, Coopers & Lybrand merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm PricewaterhouseCoopers, as auditors.

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'P M Manheim', written over a horizontal line.

P M Manheim
Secretary

HAL Investments (UK) Limited

Report of the auditors to the members of HAL Investments (UK) Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 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.

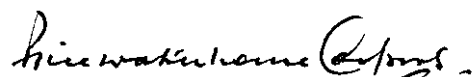
Basis of opinion

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 the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

8 January, 1999

HAL Investments (UK) Limited

Profit and loss account for the 12 months ended 31 December 1997

	Notes	1997 (12 months) £	1996 (13 months) £
Investment income	2	725	730
Administrative expenses	3	(7,251)	(4,984)
Bank interest paid		(74)	-
		<u>(6,600)</u>	<u>(4,254)</u>
Loss on ordinary activities before taxation			
Taxation	4	-	-
Loss for the financial period	9	<u><u>£(6,600)</u></u>	<u><u>£(4,254)</u></u>

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

There are no recognised gains or losses in 1997 or 1996 other than the result for those periods as shown above, and accordingly, a statement of total recognised gains and losses is not presented.

HAL Investments (UK) Limited

Balance sheet at 31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Investments	5	10,000	10,000
Current assets			
Debtors	6	935,462	935,947
Cash at bank and in hand		-	659
		935,462	936,606
Creditors: amounts falling due within one year	7	(11,037)	(5,581)
Net current assets		924,425	931,025
Total assets less current liabilities		934,425	941,025
Creditors: amounts falling due after more than one year	7	(3,000,000)	(3,000,000)
Net liabilities		<u>£(2,065,575)</u>	<u>£(2,058,975)</u>
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	(2,065,675)	(2,059,075)
Equity shareholders' deficit	10	<u>£(2,065,575)</u>	<u>£(2,058,975)</u>

The financial statements on pages 4 to 10 were approved by the board of directors on 22 December 1998 and were signed on its behalf by:

M Van der Vorm

P M Manheim

)
) Directors
)

HAL Investments (UK) Limited

Notes to the financial statements for the 12 months ended 31 December 1997

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.

Basis of accounting

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

The company changed its accounting reference date in 1997 from 30 November to 31 December and as a consequence the accounts for 1997 relate to 12 months whereas the comparative amounts relate to 12 months.

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.

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 have confirmed in a letter dated 23 July 1996 that they 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.

Investment income

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

Fixed asset investments

Fixed asset investments are carried at original cost, less any provision for permanent impairment in value.

HAL Investments (UK) Limited

Notes to the financial statements for the 12 months ended 31 December 1997 (continued)

1 Principal accounting policies (continued)

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 transaction.

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

	1997 (12 months) £	1996 (13 months) £
Interest:		
- treasury stock	725	725
- bank	-	5
	<u>£725</u>	<u>£730</u>

3 Administrative expenses

Administrative expenses include the following remuneration paid to the auditors:

	1997 (12 months) £	1996 (13 months) £
For audit services	2,175	2,056
For other services	3,525	2,691
	<u>£5,700</u>	<u>£4,747</u>

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

HAL Investments (UK) Limited

Notes to the financial statements for the 12 months ended 31 December 1997 (continued)

4 Taxation

	1997 (12 months) £	1996 (13 months) £
Tax attributable to treasury stock income	145	181
Income tax recoverable	(145)	(181)
	<u>£-</u>	<u>£-</u>

5 Fixed asset investments

Cost at 1 January 1997 and 31 December 1997	<u>£10,000</u>
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Investments comprise of £10,000 7¼% Treasury 1992/98 stock.

6 Debtors

	1997 £	1996 £
Amounts falling due within one year:		
Due from ultimate holding company	934,774	935,404
Income tax recoverable	688	543
	<u>£935,462</u>	<u>£935,947</u>

HAL Investments (UK) Limited

Notes to the financial statements for the 12 months ended 31 December 1997 (continued)

7 Creditors

	1997 £	1996 £
Amounts falling due within one year:		
Bank overdraft	991	-
Accruals	10,046	5,581
	<u>£11,037</u>	<u>£5,581</u>
Amounts falling due after more than one year:		
Loan from ultimate parent company	<u>£3,000,000</u>	<u>£3,000,000</u>

8 Called up share capital

	1997 £	1996 £
Authorised		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, called up and full paid		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>

9 Profit and loss account

	Accumulated deficit £
At 1 January 1997	2,059,075
Loss for the financial period	6,600
At 31 December 1997	<u>£2,065,675</u>

HAL Investments (UK) Limited

Notes to the financial statements for the 12 months ended 31 December 1997 (continued)

10 Reconciliation of movements in equity shareholders' deficit

	1997 (12 months) £	1996 (13 months) £
Opening shareholders' deficit	2,058,975	2,054,721
Loss for the financial period	6,600	4,254
Closing shareholders' deficit	<u>£2,065,575</u>	<u>£2,058,975</u>

11 Ultimate holding company

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

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 Investment (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.