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**EF PHILLIPS & SONS LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2002**



**EF PHILLIPS & SONS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	IA Sexton M Gordon
<b>SECRETARIES</b>	J Knight
<b>COMPANY NUMBER</b>	366927
<b>REGISTERED OFFICE</b>	SITA House Grenfell Road Maidenhead Berkshire SL6 1ES

EF PHILLIPS & SONS LIMITED

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CONTENTS

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	Page
Directors' Report	1
Balance Sheet	2
Notes to the Financial Statements	3 - 4

**DIRECTORS' REPORT**  
**For the year ended 31 December 2002**

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The directors present their report and the financial statements for the year ended 31 December 2002.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The company did not trade during the year or prior year, and is not expected to do so in the foreseeable future.

**DIRECTORS**

The directors who served during the year (except as noted) were as follows:

IF Goodfellow (resigned 31 May 2003)

IA Sexton

M Gordon (appointed 31 May 2003)

No director who held office on 31 December 2002 had an interest in the company's shares either during the financial year or at 31 December 2002.

The interests of the directors who held office on 31 December 2002 in the shares of the ultimate parent company, Suez SA, are reported in the Directors' Report and Financial Statements of the company's UK holding company, SITA Holdings UK Limited, for the year ended 31 December 2002.

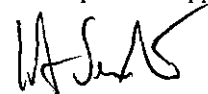
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 departures disclosed and explained in the financial statements; and
- 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 are also responsible for the system of internal controls, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board on 13 October 2003 and signed on its behalf by:



**IA Sexton**  
Director

**EF PHILLIPS & SONS LIMITED**

**BALANCE SHEET**  
As at 31 December 2002

	Note	£000	2002 £000	£000	2001 £000
<b>CURRENT ASSETS</b>					
Debtors	3	2,719		2,719	
<b>CREDITORS: amounts falling due within one year</b>	4	<b>(503)</b>		<b>(503)</b>	
<b>NET CURRENT ASSETS</b>			<b>2,216</b>		<b>2,216</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,216</b>		<b>2,216</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	5		240		240
Profit and loss account			1,976		1,976
<b>SHAREHOLDERS' FUNDS</b>			<b>2,216</b>		<b>2,216</b>
<b>Analysis of shareholders' funds</b>					
Non-equity interest			160		160
Equity interest			2,056		2,056
			<b>2,216</b>		<b>2,216</b>

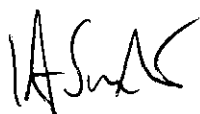
For the year ended 31 December 2002 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (i) ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the board on 13 October 2003 and signed on its behalf.



**IA Sexton**  
Director

The notes on pages 3 - 4 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2002

1. ACCOUNTING POLICIES

The principal accounting policies which are summarised below have been applied consistently throughout the current and preceding year.

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of a parent undertaking which has produced a group cash flow statement.

2. OPERATING PROFIT

During the current year, no director received any emoluments in respect of their services as director of the company (2001 - £nil).

3. DEBTORS

	2002 £000	2001 £000
<b>Due within one year</b>		
Amounts owed by group undertakings	2,719	2,719
	<u>          </u>	<u>          </u>

4. CREDITORS:  
Amounts falling due within one year

	2002 £000	2001 £000
Amounts owed to group undertakings	503	503
	<u>          </u>	<u>          </u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2002

5. SHARE CAPITAL

	2002	2001
	£000	£000
<b>Authorised, allotted, called up and fully paid</b>		
40,000 Ordinary shares of £1 each	40	40
40,000 Deferred ordinary shares shares of £1 each	40	40
160,000 3.5% cumulative redeemable preference shares shares of £1 each	160	160
	<u>240</u>	<u>240</u>

The preference shares, which were issued at par, are redeemable at par at the option of the company at any time. They carry a dividend of 3.5% per annum, the rights to which have been waived by the holder.

The deferred ordinary shares carry no right to a dividend.

The preference shares and deferred ordinary shares carry no rights to vote at or attend meetings. The ordinary shareholders have the right to attend and vote at meetings of the company.

On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share. The ordinary shareholders have a right to receive the sum of £1,000 per share in preference to any payments to the deferred ordinary shareholders. After payment to the deferred shareholders the amount of £1 per share, any surplus is returned to the ordinary shareholders.

6. RELATED PARTY TRANSACTIONS

In accordance with the exemption under Financial Reporting Standard No. 8 the company does not disclose transactions with companies which are at least 90% controlled within the group because copies for the group financial statements are publicly available.

7. CONTROLLING PARTY

In the opinion of the directors, SITA Holdings UK Limited, the intermediate holding company, controls EF Phillips & Sons Limited as a result of controlling 100% of the issued share capital. Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

8. PARENT COMPANY

The ultimate parent undertaking is Suez SA, a company incorporated in France.

The largest group of which EF Phillips & Sons Limited is a member and for which group financial statements are drawn up is that headed by Suez SA, whose consolidated financial statements are available from 1 Rue d'Astorg, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England and Wales. The consolidated financial statements of SITA Holdings UK Limited may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.