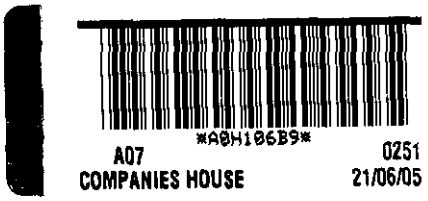
Axalto Terminals Limited

(Formerly Schlumberger Industries Limited)

(Registered Number: 534821)

Directors' Report And Financial Statements

Year Ended 31 December 2003



Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Report Of The Directors
For The Year Ended 31 December 2003

The directors have pleasure in submitting their annual report together with the financial statements of Axalto Terminals Limited ("the Company") for the year ended 31 December 2003.

Review Of The Business

Effective 15 January 2004, the Company changed its name from Schlumberger Industries Limited to Axalto Terminals Limited.

Following the announcement by Schlumberger to concentrate on the core activities of Oilfield Services, the Company sold both the eCity Parking and Ticketing business and the Verification Systems business to third parties, netting the Company a £3,187,000 profit on disposal of operations.

The sole remaining business is that of Point of Sale Terminals and the Company in its current form will continue as part of the Axalto Group.

Prior Year Comparatives

During the year it was discovered a deferred tax asset relating to the to the assets disposed of during 2002 in the sale of the Network Solutions business to an associated Schlumberger company, Sema UK Limited, was not included in the calculation of the gain on sale of Network Solutions business. As a result of the Company has recognised a prior year adjustment reducing the 2002 profit by £3,624,000 and a reduction in the amounts owed by subsidiaries and fellow subsidiary undertakings by the same amount. All comparatives have been restated.

Subsequent Events

The entire share capital of the Company was sold to Axalto UK Limited on 10 February 2004.

The entire share capital of Axalto UK Limited was sold by Schlumberger plc to Schlumberger BV, a company incorporated and registered in the Netherlands to become part of the Axalto Group, on 19 February 2004.

The Axalto Group made an initial public offering of 34,821,739 ordinary shares on the Paris Euronext Stock Exchange on 18 May 2004.

Principal Activities

The Company's principal activities during the year were the supply of equipment and services in respect of Point of Sale terminals, parking systems and ticket vending machines.

Results And Dividends

The profit after taxation on the year's trading was £3,707,000 (2002 restated: £1,460,000). Amounts transferred to reserves and the financial position of the Company are shown in the annexed financial statements. The Directors do not propose a dividend (2002: nil).

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Report Of The Directors
For The Year Ended 31 December 2003 (Continued)

Directors

The following were Directors of the Company during the year and at the date of this report:

A B Bruce	Appointed 10 June 2004
A Goldby	Resigned 11 June 2004
A J Hancock	Appointed 10 June 2004
M Mannering	Resigned 10 July 2003
J Neath	Resigned 10 July 2003
N Ray	Resigned 11 June 2004
M Younger	Resigned 10 June 2004

No director had an interest in the shares of the Company or any other group company such as requires notification to the Company under Section 324 of the Companies Act 1985.

Political Contributions And Charitable Donations

No political contributions were made during the year (2002: nil). No charitable donations were made during the year (2002: £361).

Policy For Employment Of Disabled Persons

It is the Company's policy to give full and fair consideration to suitable applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions in the Company.

Research And Development

The research and development activities of the Company continue to be aimed at developing new products and processes.

Payment To Suppliers

The Company agrees terms and conditions for its business transactions with suppliers. Payment is made on these terms providing the supplier meets its obligations. The Company had 36 days of purchases outstanding as at 31 December 2003 based on the average daily amount invoiced by suppliers during the year (2002: 6 days).

Employee Participation

Employees are regularly provided with information on matters of concern to them as employees. They are further encouraged to be involved in the Group's performance by being eligible to purchase stock of the ultimate parent company, Schlumberger Limited, at a discounted rate through an annual savings scheme.

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Report Of The Directors
For The Year Ended 31 December 2003 (Continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report including, as described below, the financial statements.

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the Annual General Meeting.

By order of the Board

A J Hancock
Director
23 May 2005

Auditors' Report To The Members Of Axalto Terminals Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only of the directors' report.

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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)
Profit And Loss Account
For The Year Ended 31 December 2003

	Note	2003 £'000	2002 £'000 * restated
Turnover			
Continuing operations	2	**5,828**	5,583
Discontinued operations	2	**7,670**	42,389
	2	**13,498**	47,972
Cost of sales	4	**(10,578)**	(40,609)
Gross profit		**2,920**	7,363
Other operating expenses (including exceptional operating items of £Nil, (2002: £16,783,000))	4	**(3,219)**	(26,412)
Operating profit /(loss)			
Continuing operations	4	**(575)**	(16,072)
Discontinued operations	4	**276**	(2,977)
	4	**(299)**	(19,049)
Profit on disposal of fixed assets		**892**	-
Profit / (loss) on disposal of subsidiary undertaking			
Continuing operations (note 11)		**1,176**	(118)
Profit on disposal of operations			
Continuing operations		**-**	499
Discontinued operations*	21	**3,187**	24,126
Profit on ordinary activities before interest and taxation		**4,956**	5,458
Interest receivable	5a	**-**	8
Interest payable	5b	**(19)**	(6,105)
Income from fixed asset investments	5c	**-**	281
Profit/(loss) on ordinary activities before taxation	6	**4,937**	(358)
Tax (charge)/credit on ordinary activities	8	**(1,230)**	1,818
Profit on ordinary activities after taxation and retained profit for the year	20	**3,707**	1,460

The notes on pages 8 to 25 form part of these financial statements.

The historical result does not differ from that disclosed in the profit and loss account.

(*) The prior year profit and loss account has been restated to reflect assets incorrectly excluded in the calculation of the gain on disposal of the Network Solutions business. This resulted in the profit on disposal of discontinued operations during 2002 being reduced from £27,750,000 by £3,624,000 to £24,126,000. See note 22 for further details.

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)
Balance Sheet
As At 31 December 2003

	Note	2003 £'000	2002 £'000 * restated
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	**754**	4,276
Investments	11	-	21,605
		754	25,881
Current assets			
Stocks	12	**24**	457
Debtors	13	**5,448**	44,388
Cash and short term investments		**3,538**	-
		9,010	44,845
Creditors: Amounts falling due within one year	14	**(7,060)**	(28,114)
Net current assets		**1,950**	16,731
Total assets less current liabilities		**2,704**	42,612
Creditors: Amounts falling due after more than one year	15	-	(43,615)
Net assets / (liabilities)		**2,704**	(1,003)
Capital and reserves			
Called up share capital	17	**27,718**	27,718
Share premium account	18	**36**	36
Other reserves	19	-	4,604
Profit and loss account – (deficit)	19	**(25,050)**	(33,361)
Equity Shareholders' Funds / (deficit)	20	**2,704**	(1,003)

(*) The prior year debtors amount has been restated to reflect a reduction in amounts owed by subsidiaries and fellow subsidiary undertakings and the profit and loss reserve carried forward of £3,624,000. See note 22 for further details.

Approved by the directors on 23 May 2005

A B Bruce
Director

The notes on pages 8 to 25 form part of these financial statements.

Axalto Terminals Limited
(formerly Schlumberger Industries Limited)

Statement of Recognised Gains and Losses
For the year ended 31 December 2003

	Note	2003 £'000	2002 £'000 * restated
Gain for the financial year		3,707	1,460
Other recognised gains and losses:			
Release of balance held in other reserves to the profit and loss account on disposal of subsidiary undertakings previously gifted to the Company	11/19	4,604	-
Total recognised gains and losses relating to the year		**8,311**	**1,460**
Prior year adjustment (as explained in note 22)	22	(3,624)	
Total gains and losses recognised since the last annual report		**4,687**	

The notes on pages 8 to 25 form part of these accounts.

Notes To The Financial Statements At 31 December 2003 (Continued)

1 Accounting Policies

a) Accounting Policies

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

b) Basis Of Accounting

The Company is exempt from preparing and delivering group financial statements under section 228 of the Companies Act 1985.

c) Turnover

Turnover represents the sales value of goods and services supplied to external customers and affiliated companies, excluding value added tax.

Revenue recognition for the different business streams occurred as follows:

Parking Terminals (Ecity) revenue is recognised when the title is transferred on the delivery of the goods to the clients' site or on completion of installation if contracted. Point of sales revenue is recognised on full installation and acceptance of Point of Sales related software and applications on the clients' site. Verification Systems revenue is recognised on completion of maintenance and engineering services as contractually arranged.

d) Research And Development

Research and development expenditure is written off in the year in which it is incurred.

e) *Leases*

Finance and operating leases

Where the Company is a lessee under finance leases (including hire purchase contracts), the leased assets are capitalised and included in tangible fixed assets and the corresponding liability to the lessor is included in creditors. Finance charges payable are recognised over the periods of the leases, based on the interest rates implicit in the leases.

All other leases are classified as operating leases. Rentals payable under operating leases are accounted for on the straight line basis over the periods of the leases and are included in 'expenses'.

Property Leases

The rents payable under the property leases are spread on a straight-line basis over the lease term or, if shorter than the full lease term, over the period to the first review date.

f) Stocks And Work In Progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs.

Notes To The Financial Statements At 31 December 2003 (Continued)

1 Accounting Policies (Continued)

g) Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis over the expected useful lives of each category of tangible fixed assets at the following rates:

Freehold buildings	10-50 years
Leasehold buildings	50 years or the life of the lease if shorter
Plant and machinery	3-5 years
Fixtures, fittings, tools and equipment	2-10 years

Freehold land is not depreciated.

Investments in subsidiary undertakings are valued at cost, less any provisions for impairment.

h) Intangible Fixed Assets

Goodwill, representing the excess of the purchase consideration over the fair value of the net separable assets acquired, is capitalised and amortised through the profit and loss account over 20 years which is the period over which the Directors estimate that the value of the underlying businesses are expected to exceed the value of underlying assets.

i) Impairment Review

The carrying values of investments, tangible fixed assets and goodwill are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets and goodwill below depreciated historical cost is charged to the profit and loss account.

j) Taxation including Deferred Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet dates where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis.

k) Pensions

The charge against profits is the amount of defined contributions payable to the pension scheme in respect of the accounting period.

Notes To The Financial Statements At 31 December 2003 *(Continued)*

1 Accounting Policies *(Continued)*

k) Pensions (continued)

The Schlumberger plc group scheme is run on a basis that does not enable individual companies within the group to identify their share of the underlying net assets and liabilities. As permitted by FRS 17, the Company accounts for the scheme as a defined contribution scheme.

l) Foreign Currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the transaction date. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates in operation at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

m) Related Party Disclosures

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 (FRS 8) "Related Party Disclosures" paragraph 3(c).

n) Cash Flow Statement

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard No. 1 (Revised 1996) "Cash Flow Statements" and accordingly has not prepared a cash flow statement.

Notes To The Financial Statements At 31 December 2003 (Continued)

2 Segmental Reporting

All turnover originated in the United Kingdom.

Turnover by destination was as follows:

	2003 £'000	2002 £'000
United Kingdom	**13,498**	34,855
Rest of Europe	**-**	8,194
Americas	**-**	4,721
Africa/Asia/Australia	**-**	202
	13,498	47,972

In the opinion of the directors there is only one class of business.

	2003 £'000	2002 £'000 * restated
Turnover		
Continuing operations	**5,828**	5,583
Discontinued operations	**7,670**	42,389
	13,498	47,972
Profit/(loss) on ordinary activities before taxation		
Continuing operations	**1,493**	(15,691)
Discontinued operations	**3,463**	21,149
Net interest payable	**(19)**	(6,097)
Income from fixed asset investments	**-**	281
	4,937	(358)

Notes To The Financial Statements At 31 December 2003 (Continued)

3 Staff Numbers And Costs

The average number of persons employed by the Company during the year was as follows:

	2003 Number	2002 Number
Direct labour	35	242
Indirect production	-	44
Selling, marketing and distribution	13	55
Research and development	15	41
Administration	5	40
	68	422

The aggregate payroll costs were as follows:

	2003 £'000	2002 £'000
Wages and salaries	1,707	10,553
Social security costs	188	1,196
Other pension costs	136	791
	2,031	12,540

Notes To The Financial Statements At 31 December 2003 (Continued)

4 Analysis Of Operating Loss

	2003			2002		
	Continuing Operations	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	**5,828**	**7,670**	**13,498**	5,583	42,389	47,972
Cost of sales	**(4,370)**	**(6,208)**	**(10,578)**	(4,516)	(36,093)	(40,609)
Gross profit	**1,458**	**1,462**	**2,920**	1,067	6,296	7,363
Other operating expenses:						
Research and development	**(733)**	**(73)**	**(806)**	(1,772)	(18)	(1,790)
Other administrative expenses	**(1,577)**	**(393)**	**(1,970)**	(378)	(5,033)	(5,411)
Exceptional operating items:						
Impairment of goodwill	-	-	-	-	(1,623)	(1,623)
Impairment of investment in subsidiaries	-	-	-	(15,160)	-	(15,160)
Total administrative expenses	**(2,310)**	**(466)**	**(2,776)**	(17,310)	(6,674)	(23,984)
Selling, Marketing and distribution costs	**(13)**	**(725)**	**(738)**	(391)	(2,478)	(2,869)
	(2,323)	**(1,191)**	**(3,514)**	(17,701)	(9,152)	(26,853)
Other operating income/(expense)	**290**	**5**	**295**	562	(121)	441
Operating loss	**(575)**	**276**	**(299)**	(16,072)	(2,977)	(19,049)

Notes To The Financial Statements At 31 December 2003 (Continued)

5(a) Interest Receivable

	2003 £'000	2002 £'000
Interest on bank balances and short term investments	-	8
	-	8

5(b) Interest Payable

	2003 £'000	2002 £'000
Interest on bank overdrafts and loans repayable within 5 years	2	360
Interest on loan notes	17	284
Interest on long term loan from parent company (Note 15)	-	5,461
	19	6,105

5(c) Income From Fixed Asset Investments

	2003 £'000	2002 £'000
Dividends payable from subsidiary undertakings	-	281
	-	281

6 Profit On Ordinary Activities Before Taxation

Profit before taxation is stated after charging the following items:

		2003 £'000	2002 £'000
Staff costs (Note 3)		2,031	12,540
Amortisation of goodwill (Note 9)		-	108
Impairment of goodwill (Note 9)		-	1,623
Depreciation of owned assets		270	1,552
Impairment of investment in subsidiary (Note 11)		-	15,160
Auditors' remuneration	- Audit	8	11
Operating lease rentals:	- Plant and machinery	6	209
	- Other assets	432	487
Loss on foreign exchange		31	194

Notes To The Financial Statements At 31 December 2003 (Continued)

7 Directors' Emoluments

Of the six directors in office during the period, none (2002: Two) were remunerated by the Company in their capacity as directors.

The total emoluments of the directors, excluding pension contributions, amounted to £Nil (2002: £210,867). The emoluments of the highest paid director, excluding pension contributions, amounted to £Nil (2002: £153,307).

The total pension contributions of the directors amounted to £Nil (2002: £10,357). The pension contributions of the highest paid director amounted to £Nil (2002: £9,807).

8 Taxation

The taxation credit based on the profit for the year as adjusted for taxation purposes may be analysed as follows:

	2003	2002
	£'000	£'000
Current year		
United Kingdom corporation tax at 30% (2002: 30%)	**402**	2,596
Prior year adjustments	**259**	142
	661	2,738
Deferred tax (Note 16)		
Current year	**(1,891)**	(920)
	(1,230)	1,818

The current year tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	2003	2002
	£'000	£'000
Profit/(loss) on ordinary activities before tax	**4,937**	(358)
Tax (charge)/credit on loss before tax at standard rate of 30% (2002-30%)	**(1,481)**	107
(Non) deductible items	**(10)**	15
Goodwill amortisation not subject to corporation tax	**-**	(520)
Capital items not subject to corporation tax	**1,676**	2,907
Deferred tax transferred to group undertaking	**-**	(807)
Short term timing differences	**217**	894
Prior period adjustment	**259**	142
	661	2,738

Notes To The Financial Statements At 31 December 2003 (Continued)

9 Intangible Fixed Assets

	Goodwill £'000	Patents £'000	Total £'000
Cost			
Balance at 1 January 2003	2,189	902	3,091
Disposals	(2,189)	(902)	(3,091)
Balance at 31 December 2003	-	-	-
Amortisation			
Balance at 1 January 2003	2,189	902	3,091
Disposals	(2,189)	(902)	(3,091)
Balance at 31 December 2003	-	-	-
Net book amount at 31 December 2003	-	-	-
Net book amount at 31 December 2002	-	-	-

The goodwill related to the acquisition of the Schlumberger Cards business, which was fully amortised during the year ended 31 December 2002. The business was transferred to Axalto UK Limited during 2002, an associated company.

Notes To The Financial Statements At 31 December 2003 *(Continued)*

10 Tangible Fixed Assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures fittings tools and equipment £'000	Total £'000
Cost				
Balance at 1 January 2003	16,131	1,763	5,814	23,708
Disposals	*(11,517)*	*(1,604)*	*(5,786)*	*(18,907)*
Balance at 31 December 2003	**4,614**	**159**	**28**	**4,801**
Depreciation				
Balance at 1 January 2003	12,702	1,624	5,106	19,432
Charge for the year	145	6	119	270
Disposals	(8,982)	(1,471)	(5,202)	(15,655)
Balance at 31 December 2003	**3,865**	**159**	**23**	**4,047**
Net book amount at 31 December 2003	**749**	**-**	**5**	**754**
Net book amount at 31 December 2002	3,429	139	708	4,276

Notes To The Financial Statements At 31 December 2003 (Continued)

10 Tangible Fixed Assets (Continued)

Land and buildings may be further analysed as follows:

	Freehold land £'000	Freehold buildings £'000	Leasehold (short) £'000	Total £'000
Cost				
Balance at 1 January 2003	983	11,533	3,615	16,131
Disposals	(983)	(10,534)	(3,615)	(15,132)
Balance at 31 December 2003	**-**	**999**	**-**	**999**
Depreciation				
Balance at 1 January 2003	-	9,087	3,615	12,702
Charge for the year	-	145	-	145
Disposals	-	(8,982)	(3,615)	(12,597)
Balance at 31 December 2003	**-**	**250**	**-**	**250**
Net book amount at 31 December 2003	**-**	**749**	**-**	**749**
Net book amount at 31 December 2002	983	2,446	-	3,429

Notes To The Financial Statements At 31 December 2003 (Continued)

11 Investments

	Cost £'000	Provision £'000	Net book amount £'000
Balance at 1 January 2003	40,767	(19,162)	21,605
Disposal of investment in Sangamo Western Limited	(604)	-	(604)
Disposal of investment in Schlumberger Technologies Limited	(1,500)	1,500	-
Disposal of investment in Langtone Limited	(1)	-	(1)
Disposal of investment in Axalto UK Limited (formerly *SchlumbergerSema Cards Limited)*	*(36,162)*	*15,162*	*(21,000)*
Balance at 31 December 2003	**2,500**	**(2,500)**	**-**

On 4 June 2003, the Company disposed of its subsidiary Sangamo Western Limited to an associated company for a cash consideration of £1,680,000, realising a profit on disposal of £1,076,000.

On 4 June 2003, the Company disposed of its subsidiary Schlumberger Technologies Limited to an associated group company for a cash consideration of £2, realising a £2 profit on disposal.

On 4 June 2003, the Company disposed of its subsidiary Langtone Limited to an associated group company for a cash consideration of £1,000 realising neither a profit nor a loss on disposal.

On 10 July 2003, the Company disposed of its subsidiary Axalto UK Limited (formerly SchlumbergerSema Cards Limited) to an associated group company for a cash consideration of £21,100,000 realising a profit on disposal of £100,000.

On 31 December 2003, the Company owned the entire share capital of the following:

	Country of incorporation	Nature of business
Schlumberger Cards Limited	England	Dormant

Notes To The Financial Statements At 31 December 2003 (Continued)

12 Stocks And Work In Progress

Stocks and work in progress at the end of the year may be analysed as follows:

	2003 £'000	2002 £'000
Work in progress	-	276
Finished goods	24	181
	24	457

13 Debtors – Amounts Due Within One Year

	2003 £'000	2002 £'000 * restated
Trade debtors	2,276	4,032
Amounts owed by subsidiaries and fellow subsidiary undertakings	2,425	30,697
Amounts owed by other Schlumberger companies	-	1,273
Deferred taxation (Note 16)	-	1,891
Corporation taxation	628	2,738
Other debtors	83	3,249
Prepayments and accrued income	36	508
	5,448	44,388

Included within deferred taxation above is an asset of £Nil (2002: £1,354,000) which relates to amounts falling due in more than one year.

(*) The prior year debtors amount has been restated to reflect a reduction in amounts owed by subsidiaries and fellow subsidiary undertakings of £3,624,000 in relation to the disposal of the Network Solutions business during 2002. See note 22 for further details.

14 Creditors – Amounts Falling Due Within One Year

	2003 £'000	2002 £'000
Bank overdrafts	-	7,169
Trade creditors	1,057	112
Amounts owed to parent undertaking	5,335	10,747
Amounts owed to subsidiaries and fellow subsidiary undertakings	-	4,589
Amounts owed to other Schlumberger companies	-	1,097
Taxation and social security	3	173
Other creditors	603	675
Accruals and deferred income	62	3,552
	7,060	28,114

Notes To The Financial Statements At 31 December 2003 (Continued)

15 Creditors – Amounts Falling Due After More Than One Year

	2003 £'000	2002 £'000
Deferred Income	-	615
Long term loan from parent company, Schlumberger plc	-	43,000
	-	43,615

During the year, the loan from Schlumberger plc was repaid in cash.

16 Deferred Taxation

	£'000
Balance at 1 January 2003	1,891
Amount debited to the profit and loss account (Note 8)	(1,891)
Balance at 31 December 2003	-

17 Called Up Share Capital

	2003 £'000	2002 £'000
Authorised ordinary shares of 50p each (Number of shares 100,000,000)	50,000	50,000
Allotted and fully paid ordinary shares of 50p each at 31 December (Number of shares 55,436,508)	27,718	27,718

18 Share Premium

	2003 £'000	2002 £'000
Balance at 31 December	36	36

Notes To The Financial Statements At 31 December 2003 (Continued)

19 Reserves

	Profit and loss account £'000	Other reserves £'000
As at 1 January 2003 as previously reported	(29,737)	
Effect of prior year adjustment (note 22)	(3,624)	
As at 1 January 2003 as restated	(33,361)	4,604
Retained profit for the financial year	3,707	-
Transfer from other reserves	4,604	(4,604)
At 31 December 2003	(25,050)	-

During 2003 the balance held in other reserves was released to the profit and loss account as a result of the disposal of subsidiary undertakings previously gifted to the Company.

20 *Reconciliation Of Movements In Shareholder's Funds*

	2003 £'000	2002 £'000 * restated
Profit for the financial year	3,707	1,460
Opening shareholder's funds as previously stated	2,621	(2,463)
Prior year adjustment (see note 22)	(3,624)	-
Opening shareholder's funds as restated	(1,003)	(2,463)
Closing shareholders' funds	2,704	(1,003)

21(a) Disposal Of Verification Systems Business to Soluris UK Limited

Net assets sold on the disposal of the Verification Systems business effective 29 August 2003.

	£'000
Debtors	221
Net assets	221
Satisfied by:	
Cash	-
Loss on disposal of operations	(221)

Notes To The Financial Statements At 31 December 2003 (Continued)

21(b) Disposal Of eCity Parking and Ticketing Business to Parcopole UK Limited

Net assets sold on the disposal of the eCity division effective 31 October 2003.

	£'000
Tangible fixed assets	199
Stocks	341
Debtors	2,163
Creditors	(2,144)
Net assets	559
Satisfied by:	
Cash (€5,800,000)	3,967
Gain on disposal of operations	3,408

22 Prior year adjustment in relation to the disposal of the Network Solutions Business

During the year it was discovered that a deferred tax asset relating to the assets disposed of during 2002 in the sale of the Network Solutions business to an associated Schlumberger company, Sema UK Limited, was not included in the calculation of the gain on sale of Network Solutions business. The asset had been incorrectly transferred at book value via the amounts owed by subsidiary undertakings. As a result the Company has recognised a prior year adjustment reducing the 2002 profit by £3,624,000 and a reduction in the amounts owed by subsidiaries and fellow subsidiary undertakings by the same amount.

23 Pension Costs

The Company participates in a Group pension scheme which provides defined benefits based on final pensionable pay and benefits derived from defined contributions. The contributions are determined by a qualified actuary on the basis of valuations using the projected unit method.

Particulars of the Group pension scheme are contained in the financial statements of Schlumberger plc.

The pension charge for the Company for the year was £135,557 (2002: £791,221).

Notes To The Financial Statements At 31 December 2003 (Continued)

24 Leasing Commitments

	Land and buildings £'000	Other leases £'000	2003 Total £'000	2002 Total £'000
Operating leases				
Amounts payable in the next year	-	203	**203**	692
Representing commitments expiring:				
Within one year	-	15	**15**	26
Between two and five years	-	188	**188**	188
In more than five years	-	-	**-**	478
	-	203	**203**	692

25 Capital Commitments

Capital expenditure contracted for, at 31 December, for which no provisions have been made in these financial statements, was as follows:

	2003 £'000	2002 £'000
Contracted	-	109

26 Contingent Liabilities

Contingent liabilities not provided for in these financial statements are as follows:

	2003 £'000	2002 £'000
Bank and VAT/duty deferment guarantees	-	160
	-	160

27 Subsequent Events and Financial Position

Effective 10 February 2004, the entire share capital of the Company was sold to Axalto UK Limited.

Effective 19 February 2004, Axalto UK Limited was sold by Schlumberger plc to Schlumberger BV, a company incorporated and registered in the Netherlands to become part of the Axalto Holdings NV Group.

Effective 18 May 2004, the Axalto Group made an initial public offering of 34,821,739 ordinary shares on the Paris Euronext Stock Exchange.

Notes To The Financial Statements At 31 December 2003 (Continued)

28 Ultimate Parent Company

Schlumberger plc, a company registered in England, is the parent undertaking of the smallest group of undertakings of which Axalto Terminals Limited is a member and for which group financial statements are drawn up.

Schlumberger Limited, a company incorporated in the Netherlands Antilles, is the ultimate parent company for which group financial statements are prepared.

Copies of the financial statements of Schlumberger plc can be obtained from 8th Floor, South Quay Plaza 2, 183 Marsh Wall, London, E14 9SH and Schlumberger Limited from 153 East 53rd Street, New York, NY 10022-4624, U.S.A.