Registered in England and Wales
Number: 2235556

POWER CENTRE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 December 1997

Report of the directors for the
year ended 31 December 1997

1. The directors present herewith the audited financial statements for the year ended 31 December 1997.

Principal activities

2. The principal activities of the company are the manufacture and sale of electrical installation equipment and industrial plugs and sockets.

Review of business and future developments

3. On the 1 January 1997 the business, assets and liabilities of Rolfe King Limited, a wholly owned subsidiary, were acquired at net book value by the company.

Details of the net assets acquired and consideration paid are set out in note 10 to the financial statements.

Both the level of business and the year end financial position were satisfactory.
The directors expect the present level of activity to continue for the foreseeable future.

Results and Dividends

4. The profit and loss account for the year is set out on page 5.

The directors do not recommend the payment of a dividend.

Directors

5. The directors of the company during the year were:

Mr. B. Verspieren (Chairman)
Mr. E. Decoster

In accordance with the Articles of Association the directors are not required to retire by rotation.

Report of the directors for the
year ended 31 December 1997

Directors' interests in shares of the company

6. The company is a wholly owned subsidiary of Legrand UK Limited, which in turn is a wholly owned subsidiary of Legrand S.A., a company incorporated in France. As permitted by Statutory Instrument, the directors are not required to notify the company of details of any interests in shares, debentures, or options in any company in the group.

7. Research and development activities

Research and development activities are carried out at Wednesbury

8. Auditors

A resolution to reappoint Coopers & Lybrand as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

G.A. DONNELLY
Secretary

31st July 1998

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

B. VERSPIEREN
Chairman

31st July 1998

Report of the auditors to the members of
POWER CENTRE LIMITED

We have audited the financial statements on pages 5 to 19.

Respective responsibilities of directors and auditors

As described on page 3 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 its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand.

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
MILTON KEYNES

15 August 1998

Profit and loss account for
the year ended 31 December 1997

	Notes	1997	1996
		£000	£000
TURNOVER - continuing operations	2	5,812	5,838
- acquisitions		743	-
Cost of Sales - continuing operations		(4,451)	(4,554)
- acquisitions		(512)	-
Gross profit - continuing operations		1,361	1,284
- acquisitions		231	-
Distribution costs - continuing operations		(357)	(338)
- acquisitions		(20)	-
Administration expenses - continuing operations		(1,653)	(1,301)
- acquisitions		(221)	-
Operating loss - continuing operations	5	(649)	(355)
- acquisitions		(10)	-
Amounts written off investments	10	(214)	-
Interest payable and similar charges	4	(31)	(14)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(904)	(369)
TAX ON LOSS ON ORDINARY ACTIVITIES	7	708	615
(LOSS)/PROFIT FOR THE YEAR	18 & 19	(196)	246

The company has no recognised gains and losses other than those detailed 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 loss for the year stated above, and their historical cost equivalents.

Balance Sheet - 31 December 1997

	Notes	1997		1996	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	8		2,029		1,895
Investments	9		268		482
CURRENT ASSETS					
Stocks	11	1,274		868	
Debtors	12	2,012		1,681	
Cash at bank and in hand		1		1	
		3,287		2,550	
CREDITORS - amounts falling due within one year	13	(2,559)		(2,510)	
NET CURRENT LIABILITIES			728		40
Total assets less current liabilities			3,025		2,417
CREDITORS - amounts falling due after one year	14		(2,804)		(2,000)
			221		417
CAPITAL AND RESERVES					
Called up share capital	17		1,456		1,456
Share premium account	18		1		1
Profit and loss account	18		(1,236)		(962)
Other reserves - goodwill write off reserve	18		-		(78)
Equity shareholders' funds	19		221		417

The financial statements on pages 5 to 19 were approved by the board on 31st July 1998.

E. DECOSTER)
) DIRECTORS
B. VERSPIEREN)

Notes to the financial statements - 31 December 1997

Principal accounting policies

1. 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.

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of land and buildings.

The company is exempt from preparing consolidated financial statements because it is included in the consolidated financial statements of its ultimate parent company, which is established in an EC member state (see note 22).

(b) Fixed assets

Fixed assets are stated at their purchase cost together with any incidental costs of acquisition, modified by the revaluation of the land and buildings.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2.5%
Leasehold premises	Over the period of the lease
Plant and machinery:	
Tooling	20%
Computer hardware	20%
Other	10% & 12½%
Motor Vehicles	25%
Fixtures and Fittings	10% - 20%

Gains and losses on disposal are credited or charged to the profit and loss account when they occur and the relevant gross value and accumulated depreciation eliminated from the financial statements.

(c) Grants

Grants receivable on capital expenditure are deducted from the cost of the relevant assets.

(d) Goodwill

Any excess of the purchase consideration over the fair value of the net tangible assets of an acquired business is written off to reserves in the year of acquisition. The net assets of companies acquired are incorporated into the consolidated financial statements at the fair value to the group.

(e) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stock.

(f) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date, except where forward contract rates are used. Differences on exchange are included in operating profit.

(g) Turnover

Turnover represents sales in the ordinary course of business to external customers after deducting value added tax, trade discounts and turnover rebates

(h) Taxation

The charge for taxation is based on the profit for the year after adjusting for disallowable items, and after excluding timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expenditure in a different accounting period from that in which they are recognised in the accounts. The tax effect of timing differences which are likely to result in an actual tax liability in the foreseeable future, reduced by the tax benefit of any accumulated losses, is treated as a deferred tax liability.

(i) Operating leases

Costs in respect of operating leases are charged in arriving at operating profit.

(j) Pension scheme arrangements

The company operates a defined benefit scheme which is contracted out of the state scheme.

A valuation of the scheme is undertaken by qualified actuaries at least every three years and the annual contributions to the scheme are paid in accordance with their recommendations. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employee's service. The effects of variations from regular cost are spread over the expected average service lives of members of the scheme.

(k) Research and development expenditure

All expenditure on pure and applied research and development is written off as incurred.

(l) Cash flow statement

The company has taken advantage of the exemption given in Financial Reporting Standard No.1 to wholly owned subsidiary undertakings and accordingly, a separate cashflow statement is not presented for the company.

(m) Related party disclosure

The company makes use of the exemption under FRS 8 for 90% owned subsidiaries not to disclose intra group transactions where these transactions have been consolidated within the group financial statements.

Notes to the financial statements - 31 December 1997 - continued

Turnover - continuing operations

2. The analysis of turnover by geographical market is as follows:

	1997	1997	1996 (restated)	1996 (restated)
	£000	£000	£000	£000
United Kingdom		4,799		4,335
Export Middle East	242		423	
Africa	180		182	
Rest of World	209		148	
		631		753
Group Companies		1,125		750
		6,555		5,838

All turnover arises from the company's principal activities.

Prior year sales have been restated following a reclassification of sales to export buying houses.

Employee information

3.(a) The average number of persons employed by the company during the period is analysed below:

	1997	1996
	£000	£000
Production	117	106
Selling, distribution and administration	36	39
	153	145

(b) Employment costs - all employees

	1997	1996
	£000	£000
Wages and salaries	2,344	1,949
Employers' national insurance contributions	148	146
Employers' pension contributions	160	137
	2,652	2,232

Notes to the financial statements - 31 December 1997 - continued

Interest payable and similar charges

		1997	1996
		£000	£000
4.	Bank loans and overdrafts	31	14
	Other loans not wholly repayable within five years	-	-
		31	14

Operating loss - continuing operations

		1997	1996
		£000	£000
5.	Operating loss is stated after charging:		
	Auditors' remuneration - audit services	6	8
	Auditors' remuneration - non-audit services	4	4
	Depreciation of tangible fixed assets	234	179
	Profit/(loss) on sale of fixed assets	(2)	4
	Operating leases	116	146
	Reorganisation costs	335	46

Reorganisation costs (which are included in Administration expenses) relate to changes in the senior management structure of the company which were announced before year end and will be effected in early 1998.

Directors' emoluments

6. The directors, including the chairman, are employed and remunerated as directors of Legrand S.A., the ultimate parent company, in respect of their services to the group as a whole. No charge has been made to the company for their services.

Tax on profit on ordinary activities

7. The credit for taxation is made up as follows:

	1997	1996
	£000	£000
Group relief - consideration received in respect of current year	(708)	(513)
Group relief - consideration received in respect of prior years	-	(102)
	(708)	(615)

The company has unutilised tax losses of approximately £916,000 available for carry forward subject to agreement with the Inland Revenue.

Notes to the financial statements - 31 December 1997 - continued

Tangible fixed assets

	Freehold land and buildings	Plant and Machinery	Motor vehicles, fixtures, fitting, Tools and Equipment	Total
	£000	£000	£000	£000
8. Cost or valuation				
At 1 January 1997	970	1,231	733	2,934
Additions	-	179	239	418
Disposals	-	-	(136)	(136)
Transfer from Rolfe King Ltd	-	20	30	50
At 31 December 1997	970	1,430	866	3,266
Depreciation				
At 1 January 1997	(25)	(550)	(464)	(1,039)
Charge for year	(13)	(125)	(96)	(234)
Disposals	-	-	36	36
At 31 December 1997	(38)	(675)	(524)	(1,237)
Net book value				
At 31 December 1997	932	755	342	2,029
At 31 December 1996	945	681	269	1,895

The amortisation of Government grants in previous years has resulted in a reduction in the depreciation charge for the year of £4,000.

Investments

	1997	1996
	£000	£000
9. Shares in subsidiary companies at cost		
At 1 January	482	482
Provision for diminution in value.	(214)	-
	268	482

The Company's wholly owned subsidiary at 31 December 1997, which is incorporated and operates in Great Britain, is Rolfe King Limited. It has been dormant since the assets were sold to the Company in January 1997.

Acquisitions

10. On 1 January 1997 the business, assets and liabilities of Rolfe King Limited, a wholly owned subsidiary, were acquired by the company at net book value.

The business, assets and liabilities were acquired at the start of the financial year, thus no summarised profit and loss account is presented for the period to the date of acquisition.

The profit on ordinary activities after taxation for the year ended 31 December 1996 was £103,000. There were no other recognised gains or losses.

The assets and liabilities acquired are set out below:

	£000
Tangible Fixed Assets	50
Current Assets	
Stocks	134
Debtors	226
Cash	-
Total Assets	410
Liabilities	
Creditors – within one year	100
Bank Overdraft	42
Net Assets	268
Satisfied by:	
Inter-company payable	268

The directors consider there to be no material difference between the book value and the fair value of the assets acquired.

The investment in Rolfe King Limited has been written down to the book value of the remaining assets (Note 9.).

Notes to the financial statements - 31 December 1997 - continued

Stocks

11. The amounts attributable to the different categories are as follows:

	1997	1996
	£000	£000
Raw materials and consumables	355	215
Work in progress	567	429
Finished goods and goods for resale	352	224
	1,274	868

Debtors

12.

	1997	1996
	£000	£000
Trade debtors	988	762
Amounts owed by parent and fellow subsidiary undertakings	973	807
Prepayments and accrued income	51	112
	2,012	1,681

All the above amounts are due within one year of the balance sheet date.

Creditors amounts falling due within one year

13.

	1997	1996
	£000	£000
Bank loans and overdrafts	1,324	1,609
Trade Creditors	571	698
Amounts owed to parent and fellow subsidiary undertakings	68	43
Amounts owed to subsidiary undertakings	-	23
Other taxes and social security	92	73
Other creditors	-	(4)
Accruals and deferred income	504	68
	2,559	2,510

Notes to the financial statements - 31 December 1997 - continued

Creditors - amounts falling due after one year

14.

	1997	1996
	£000	£000
Amounts owing to Legrand UK Limited	2,536	2,000
Amounts owed to subsidiary undertakings	268	-
	2,804	2,000

The amount owing to Legrand UK Limited is a non-interest bearing loan with no fixed date for repayment. The Directors of Legrand UK Limited have confirmed that no repayments are due within the next twelve months.

Operating lease commitments

15. The lease payments falling due next year to which the company was committed as at 31 December 1997 are as follows:

	1997	1996
	£000	£000
Leases in respect of plant and machinery, and motor vehicles expiring:		
Within one year	80	16
Between two and five years	6	81
	86	97

Notes to the financial statements - 31 December 1997 - continued

Provision for liabilities and charges

	1997		1996	
	Full potential liability £000	Amount provided £000	Full potential liability £000	Amount provided £000
16. Deferred taxation:				
Accelerated capital allowances and other timing differences	108	-	102	-
Available losses	(108)	-	(102)	-
	-	-	-	-

No provision has been made for any taxation which may arise in the event of any assets which are included in the financial statements at a figure in excess of their original cost being realised at that higher figure; these assets are held for the purpose of the company's business.

It is not considered that any notional liability will arise on the disposal of these assets due to indexation.

Notes to the financial statements - 31 December 1997 - continued

Called up share capital

		1997	1996
17.		£000	£000
	Authorised, issued and fully paid:		
	1,456,276 ordinary shares of £1 each	1,456	1,456

Reserves

		Share premium £000	Profit and loss account £000	Goodwill Write-off Reserve £000
18.	Balance at beginning of period	1	(962)	(78)
	Retained (loss) for the period	-	(196)	-
	Amortisation of goodwill	-	(78)	78
	Balance at end of period	1	(1,236)	-

Reconciliation of movement in shareholders' funds

		1997	1996
		£000	£000
19.	Opening shareholders' funds	417	171
	(Loss)/profit for the period	(196)	246
	Closing shareholders' funds	221	417

Commitments and contingent liabilities

		1997	1996
		£000	£000
20.(a)	Capital commitments		
	Expenditure contracted but not provided for In the financial statements	63	17

(b) Guarantees:

Under a group banking arrangement the company has entered into a cross guarantee with Legrand UK Limited, Legrand Electric Limited, Tenby Industries Limited and Rolfe King Limited.

The net aggregate bank overdraft of the companies included in the cross guarantee at 31 December 1997 amounted to £887,000. (1996 - £1,093,000).

Pension and similar obligations

21. The company operates a defined benefit pension scheme, the Power Centre Holdings Limited Pension & Life Assurance Scheme, for its employees, the assets of which are held in a separate trustee administered fund.

The pension cost of £160,000 (1996 - £137,000) is assessed in accordance with the advice of a qualified actuary using the Defined Accrued Benefit method. The valuation is carried out triennially. The latest actuarial valuation of the scheme was at 6 April 1997 when the market value of the scheme's assets was £4,416,000. The major actuarial assumptions were that the investment returns would be 9% and that salary increases would average 6.5%. At 6 April 1997 the funding level was 101% and the actuary recommended a long term rate of 14.5% The company's contribution rate has been 11% since 1 January 1997 and will be increased to 14% from 1 January 1998.

An amount of £18,000 (1996: £Nil) is included in other creditors, which represents the excess of the accumulated pension cost over the payment of contributions to the pension fund.

Ultimate holding company

22. The immediate holding company is Legrand UK Limited.

The ultimate holding company and controlling party is Legrand S.A. which is incorporated in France. Copies of the ultimate holding company's consolidated financial statements are available from Legrand S.A., 128 Avenue du Lattre de Tassigny, 87045 - Limoges Cedex, France.