Registered in England and Wales
Number: 2235556

POWER CENTRE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 December 1998

Report of the directors for the
year ended 31 December 1998

1. The directors present herewith the audited financial statements for the year ended 31 December 1998.

Principal activities

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

With effect from 1 October 1998, the activities of the Switchplan division of Legrand Electric Limited, a wholly owned subsidiary of Legrand UK Limited, were transferred to the company.

Review of business and future developments

3. 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 (1997 - £Nil).

Directors

5. The directors of the company until 30 December 1998 were:

Mr. B. Verspieren
Mr. E. Decoster

With effect from 31 December 1998, Mr. B. Verspieren and Mr. E. Decoster resigned as directors of the company and Mr. B. Decoster and Mr. J-P. Verspieren were appointed as directors of the company.

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 1998

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.

Research and development activities

7. Research and development activities are carried out at Wednesbury

Year 2000 and the Euro

8. A detailed plan is in place to deal with Year 2000 compliance of those systems critical to our business. Commencing with a full inventory in late 1998 of systems, equipment and product that might be affected by the Year 2000 issue, compliance testing is presently being carried out. Full year 2000 compliance is scheduled to be achieved by mid 1999. In accordance with UITF 20, the costs of the programme are being written off as incurred. These costs, which are not expected to be significant, are not separately identifiable.

Preparation for the introduction of the Euro is on-going, the external costs of which are are not expected to be significant to the company.

Auditors

9. Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which, Coopers & Lybrand resigned and the directors appointed a 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

G.A. Donnelly

G.A. DONNELLY
Secretary

24 June 1999

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. DECOSTER
Chairman

24 June 1999

Report of the auditors to the members of

POWER CENTRE LIMITED

We have audited the financial statements on pages 5 to 18, which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described on page 3, 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 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
MILTON KEYNES
28 June 1999.

Profit and loss account for
the year ended 31 December 1998

	Notes	1998	1997
		£000	£000
TURNOVER	2	7,504	6,555
Cost of Sales		(6,299)	(4,963)
Gross profit		1,205	1,592
Distribution costs		(367)	(377)
Administration expenses		(974)	(1,874)
Operating loss	5	(136)	(659)
Amounts written off investments	9	-	(214)
Interest payable and similar charges	4	(51)	(31)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(187)	(904)
TAX ON LOSS ON ORDINARY ACTIVITIES	7	(98)	708
LOSS FOR THE YEAR	17 & 18	(285)	(196)

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.

The results for the year are derived from continuing operations, which include the Switchplan division from 1 October 1998.

Balance Sheet - 31 December 1998

	Notes	1998		1997	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	8		2,506		2,029
Investments	9		268		268
CURRENT ASSETS					
Stocks	10	1,752		1,274	
Debtors	11	1,736		2,012	
Cash at bank and in hand		2		1	
		3,490		3,287	
CREDITORS - amounts falling due within one year	12	(3,574)		(2,559)	
NET CURRENT (LIABILITIES) / ASSETS			(84)		728
Total assets less current liabilities			2,690		3,025
CREDITORS – amounts falling due after one year	13		(2,754)		(2,804)
			(64)		221
CAPITAL AND RESERVES					
Called up share capital	16		1,456		1,456
Share premium account	17		1		1
Profit and loss account	17		(1,521)		(1,236)
Equity shareholders' funds	18		(64)		221

The financial statements on pages 5 to 18 were approved by the board on 24 June 1999

B. DECOSTER)
) DIRECTORS
J-P. VERSPIEREN)

Notes to the financial statements - 31 December 1998

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.

   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 21).

   (b) Fixed assets

   Fixed assets are stated at their purchase cost together with any incidental costs of acquisition.

   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 FRS1 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 1998 - continued

Turnover - continuing operations

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

	1998	1998	1997	1997
	£000	£000	£000	£000
United Kingdom		5,036		4,799
Export Middle East	129		242	
Africa	227		180	
Rest of World	153		209	
		509		631
Group Companies		1,959		1,125
		7,504		6,555

All turnover arises from the company's principal activities.

Employee information

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

	1998	1997
Production	124	117
Selling, distribution and administration	36	36
	160	153

(b) Employment costs - all employees

	1998	1997
	£000	£000
Wages and salaries	2,224	2,344
Employers' national insurance contributions	153	148
Employers' pension contributions	182	160
	2,559	2,652

Notes to the financial statements - 31 December 1998 - continued

Interest payable and similar charges

		1998	1997
		£000	£000
4.	On bank loans, overdrafts and other loans:		
	Repayable within 5 years not by instalments	51	31

Operating loss - continuing operations

		1998	1997
		£000	£000
5.	Operating loss is stated after charging:		
	Auditors' remuneration - audit services	17	6
	Auditors' remuneration - non-audit services	8	4
	Depreciation of tangible fixed assets	264	234
	Profit on sale of fixed assets	(12)	(2)
	Operating leases	108	116
	Reorganisation costs	19	335

Notes to the financial statements - 31 December 1998 - continued

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:

	1998	1997
	£000	£000
Group relief - consideration received in respect of current year	-	(708)
Group relief - consideration received in respect of prior years	98	-
	98	(708)

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 1998 - 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				
At 1 January 1998	970	1,430	866	3,266
Additions	271	163	332	766
Disposals	-	(91)	(37)	(128)
Adjustment	-	174	56	230
At 31 December 1998	1,241	1,676	1,217	4,134
Depreciation				
At 1 January 1998	38	675	524	1,237
Charge for year	17	129	118	264
Disposals	-	(79)	(24)	(103)
Adjustment	-	174	56	230
At 31 December 1998	55	899	674	1,628
Net book value				
At 31 December 1998	1,186	777	543	2,506
At 31 December 1997	932	755	342	2,029

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

Investments

	1998	1997
	£000	£000
9. Shares in subsidiary companies at cost		
At 1 January 1998	482	482
Provision for diminution in value	(214)	(214)
At 31 December 1998	268	268

The Company's wholly owned subsidiary at 31 December 1998, 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.

Notes to the financial statements - 31 December 1998 – continued

Stocks

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

	1998	1997
	£000	£000
Raw materials and consumables	588	355
Work in progress	637	567
Finished goods and goods for resale	527	352
	1,752	1,274

Debtors

11.

	1998	1997
	£000	£000
Trade debtors	1,085	988
Amounts owed by parent and fellow subsidiary undertakings	527	973
Prepayments and accrued income	124	51
	1,736	2,012

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

Creditors amounts falling due within one year

12.

	1998	1997
	£000	£000
Bank loans and overdrafts	1,777	1,324
Trade Creditors	603	571
Amounts owed to parent and fellow subsidiary undertakings	954	68
Other creditors including taxation and social security	123	92
Accruals and deferred income	117	504
	3,574	2,559

Notes to the financial statements - 31 December 1998 - continued

Creditors - amounts falling due after one year

13.

	1998	1997
	£000	£000
Amounts owing to Legrand UK Limited	2,486	2,536
Amounts owed to subsidiary undertakings	268	268
	2,754	2,804

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

14. The lease payments falling due next year to which the company was committed as at 31 December 1998 are as follows:

	1998	1997
	£000	£000
Leases in respect of plant and machinery, and motor vehicles expiring:		
Within one year	61	80
Between two and five years	5	6
	66	86

Notes to the financial statements - 31 December 1998 - continued

Provision for liabilities and charges

	1998		1997	
	Full potential liability	Amount provided	Full potential liability	Amount provided
	£000	£000	£000	£000
15. Deferred taxation:				
Accelerated capital allowances and other timing differences	-	-	108	-
Available losses	-	-	(108)	-
	-	-	-	-

Called up share capital

16.	1998	1997
	£000	£000
Authorised, issued and fully paid: 1,456,276 ordinary shares of £1 each	1,456	1,456

Reserves

17.	Share premium	Profit and loss account
	£000	£000
Balance at beginning of period	1	(1,236)
Retained (loss) for the period	-	(285)
Balance at end of period	1	(1,521)

Reconciliation of movement in shareholders' funds

18.	1998	1997
	£000	£000
Opening shareholders' funds	221	417
(Loss) for the period	(285)	(196)
Closing shareholders' funds	(64)	221

Commitments and contingent liabilities

19.	1998	1997
	£000	£000
(a) Capital commitments		
Expenditure contracted but not provided for In the financial statements	212	63

(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 1998 amounted to £1,414,000. (1997 - £887,000).

Pension and similar obligations

20. The company operates a defined benefit pension scheme for its employees, the assets of which are held in a separate trustee administered fund.

On 1 July 1998 the Power Centre Limited Pension & Life Assurance Scheme and the Tenby Industries Limited Pension Scheme were merged into the Legrand Electric 1981 Pension Plan.

Following the merger the scheme was renamed as the Legrand UK Limited Pension Scheme.

The merged scheme is due for valuation at 6 April 2000.

The pension cost of £182,000 (1997 - £160,000) 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 Power Centre Limited Pension & Life Assurance 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 14% since 1 January 1998 and reduced to 13% from 1 July 1998.

At the year-end there is a pension creditor of £24,000 (1997: £18,000 creditor).

Ultimate holding company

21. 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.