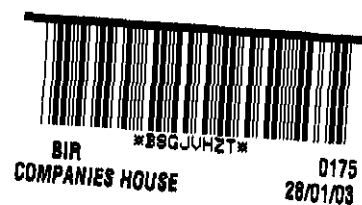


Electrium (UK) Limited
Annual Report
for the year ended 31 March 2002

Registered number: 167171



Electrium (UK) Limited

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Electrium (UK) Limited

Directors and advisors

Executive Directors

C J Thomas (Chairman)
A Kitchen
N M Turnbull

Secretary

N M Turnbull

Registered auditors

PricewaterhouseCoopers
Temple Court
35 Bull Street
Birmingham
B4 6JT

Bankers

Royal Bank of Scotland
5-10 Great Tower Street
London
EC3P 3HX

Solicitors

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

Registered Office

Lichfield Road
Brownhills
West Midlands
WS8 6JZ

Electrium (UK) Limited

Directors' report for the year ended 31 March 2002

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

Principal activities and review of business

The company is a divisional holding company within the Electrium Limited group of companies.

The results for the year are shown in the profit and loss account on page 4.

The directors consider the future prospects of the company to be satisfactory.

The directors do not propose the payment of any dividends this year. (2001: £33,996,000)

Directors and their interests

The directors who held office during the year are listed on page 1.

None of the directors had any interest in the shares of the company at the beginning or end of the period.

Messrs C J Thomas, A Kitchen and N M Turnbull are directors of Electrium Limited, the ultimate holding company, in whose accounts their interests in the share capital of Electrium Limited are shown.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the company and of the profit or loss for that period. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

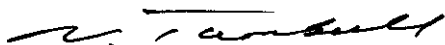
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in the preparing the financial statements for the year ended 31 March 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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

The auditors, PricewaterhouseCoopers, have expressed a willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



N M Turnbull
Company Secretary
10 October 2002

Electrium (UK) Limited

Independent auditors' report to the members of Electrium (UK) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

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.

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 the directors' report.

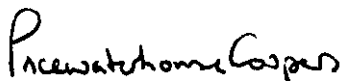
Basis of audit opinion

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 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
10 October 2002

Electrium (UK) Limited

Profit and loss account for the year ended 31 March 2002

	Notes	31 March 2002 £'000	31 March 2001 £'000
Other operating income		188	-
Exceptional operating costs	3	1,307	(1,418)
Operating profit/(loss)		1,495	(1,418)
Dividends receivable from group companies		-	7
Profit/(loss) on ordinary activities before interest	5	1,495	(1,411)
Exceptional items	3	(6,595)	-
Interest receivable and similar income	6	-	23
Interest payable and similar charges	7	(3)	-
Loss on ordinary activities before taxation		(5,103)	(1,388)
Tax on loss on ordinary activities	8	(56)	(45)
Loss on ordinary activities after taxation		(5,159)	(1,433)
Dividends		-	(33,996)
Loss for the financial year		(5,159)	(35,429)

All the above amounts are in relation to continuing operations.

There is no difference between the loss shown above and the historical cost loss.

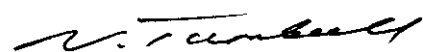
The company has no recognised gains and losses other than the loss above and therefore no separate statement of recognised gains and losses has been presented.

Electrium (UK) Limited

Balance sheet at 31 March 2002

	Notes	31 March 2002 £'000	31 March 2001 £'000
Fixed assets			
Investments	9	17,294	17,294
Current assets			
Debtors	10	180,167	190,829
		180,167	190,829
Creditors			
Amounts due within one year	11	(176,969)	(181,217)
Net current assets		3,198	9,612
Total assets less current liabilities		20,492	26,906
Provisions for liabilities and charges	12	(52)	(1,307)
Net assets		20,440	25,599
Capital and reserves			
Called up share capital	13	17,030	17,030
Share premium account	14	9,006	9,006
Profit and loss account	14	(5,596)	(437)
Total Shareholders' funds	15	20,440	25,599
Shareholders' funds – equity interest		20,240	25,399
Shareholders' funds – non equity interest		200	200
Total Shareholders' funds		20,440	25,599

The financial statements on pages 4 to 13 were approved by the board of directors on 10 October 2002 and were signed on its behalf by:



N M Turnbull
Director

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

1 Accounting policies

These financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidated accounts

Under Section 228(1) of the Companies Act 1985 the company is exempt from the requirement to prepare group accounts, therefore consolidated accounts have not been prepared and these financial statements only present information about the company as an individual undertaking.

Taxation

The company has applied FRS 19: "Deferred Taxation" in the year. The impact on prior year and current year results is immaterial. Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided on all timing differences arising from transactions that have occurred at the balance sheet date and give rise to an obligation to pay more tax in future or a right to pay less tax in future, at the rates of tax likely to be in force at the time of reversal.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward contract. Differences on exchange arising from the retranslation of the opening net investments in subsidiary companies, and from the translation of the results of those companies at average rate are taken to reserves and are reported in the statement of total recognised gains and losses. All the foreign exchange differences are taken to the profit and loss account in the year in which they arise.

2 Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Electrium Limited and is included in the consolidated financial statements of Electrium Limited, which are publicly available at Companies House. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Electrium group.

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

3 Exceptional items

	31 March 2002	31 March 2001
	£'000	£'000
Business restructuring	(1,307)	1,307
Profit on disposal of investment in Havells Dorman Smith pvt Limited	-	(176)
Other		287
Operating exceptional items	(1,307)	1,418
Waiver of intercompany loan	6,519	-
Other	76	-
Non-operating exceptional items	6,595	-
	5,288	1,418

The exceptional costs above include the waiver of a loan with Marbo Limited, another group company, following its cessation of trade and the release of a provision for costs relating to the groups fundamental reorganisation.

4 Employee information and directors' emoluments

The directors of the company are also directors of the ultimate parent company, Electrium Limited. Emoluments are paid by and disclosed in the accounts of the parent company for the services to the group as a whole.

The company has nil employees (2001: nil).

5 Operating loss

The audit fee for the company is borne by a fellow group company.

6 Interest receivable and similar income

	31 March 2002	31 March 2001
	£'000	£'000
Exchange gains on foreign loans	-	23

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

7 Interest payable and similar charges

	31 March 2002	31 March 2001
	£'000	£'000
Exchange loss on foreign loans	(3)	-

8 Tax on loss on ordinary activities

	31 March 2002	31 March 2001
	£'000	£'000
UK corporation tax at 30% (payable in respect of group relief) (2001: 30%)	14	3
Overseas withholding tax	72	-
Adjustment in relation to prior year	(14)	-
	72	3
Deferred taxation	(16)	42
	56	45

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

8 Tax on loss on ordinary activities (continued)

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

	£'000	£'000
Loss before tax on ordinary activities	(5,103)	(1,388)
Expected tax charge on profit on ordinary activities	(1,531)	(416)
Non-deductible/(non-taxable) items	1,587	476
Utilisation of tax losses	-	(15)
Adjustment to tax charge in respect of previous periods	(14)	-
Origination/reversal of timing differences	(42)	(42)
Overseas withholding taxes	72	-
Current tax rate on profit on ordinary activities	72	3

9 Investments

	Total £'000
Cost & Net book value	
At 1 April 2001	17,294
At 31 March 2002	17,294

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

9 Investments (continued)

	Country of Incorporation	Percentage of ownership %	Cost 31 March 2002 £'000	Cost 31 March 2001 £'000	Net book value 31 March 2002 £'000	Net book value 31 March 2001 £'000
Electrium Sales Limited	England	100%	17,294	17,294	17,294	17,294
Electrium (Ireland) Limited	Eire	100%	-	-	-	-
			17,294	17,294	17,294	17,294

In the opinion of the directors, the underlying net assets and income generation potential of those assets, are sufficient to support the carrying value of the investments in each subsidiary.

10 Debtors

	31 March 2002 £'000	31 March 2001 £'000
Amounts owed by group companies	180,151	190,501
Deferred tax	16	-
Other debtors	-	328
	180,167	190,829

Amounts owed by group companies are unsecured, interest free and have no fixed repayment date.

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

10 Debtors (continued)

	31 March 2002 £'000	31 March 2001 £'000
The elements of deferred tax are as follows:		
Other timing differences	(16)	-
Deferred asset	(16)	-
The movement in the deferred tax balance was as follows:		
Amount charged / (credited) to profit and loss	(16)	-
Provision at end of year	(16)	-
The closing balance is made up of:		
Deferred tax asset	(16)	-
	(16)	-

11 Creditors: amount falling due within one year

	31 March 2002 £'000	31 March 2001 £'000
Amounts owed to group companies	176,787	181,214
Other creditors	182	3
	176,969	181,217

Amounts owed to group companies are unsecured, interest free and have no fixed repayment date.

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

12 Provisions

	Reorganisation £'000
01 April 2001	1,307
Released to the profit and loss account	(1,307)
Additional provision made	52
31 March 2002	52

As part of the ongoing costs of reorganisation the company has created a provision of £52,000 which is expected to be fully utilised by 31 March 2003.

13 Called up share capital

	31 March 2002 £'000	31 March 2001 £'000
Authorised		
75,200,000 ordinary shares of 25p	18,800	18,800
200,000 7% preference shares of £1 each	200	200
	19,000	19,000
Allotted and fully paid		
67,319,704 ordinary 25p shares	16,830	16,830
200,000 7% preference shares of £1 each	200	200
	17,030	17,030

The cumulative preference shares carry a dividend of 7% per annum payable out of the profits of the company available for dividend each year. The dividend rights are cumulative. All dividends for the current year and prior years have been waived.

Electrium (UK) Limited

Notes to the financial statements for the year ended 31 March 2002

14 Reserves

	Share premium	Profit and loss account	Total
	£'000	£'000	£'000
As at 1 April 2001	9,006	(437)	8,569
Loss for the year	-	(5,159)	(5,159)
As at 31 March 2002	9,006	(5,596)	3,410

15 Reconciliation of movements in shareholders' funds

	2002	2001
	£'000	£'000
Loss for the financial year	(5,159)	(35,429)
Net movement in shareholders' funds	(5,159)	(35,429)
Shareholders' funds at 1 April	25,599	61,028
Shareholders' funds at 31 March	20,440	25,599

16 Ultimate parent company

The ultimate parent and controlling company is Electrium Limited, a company registered in England and Wales.