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Company Registration No. 713656 (England and Wales)

PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

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PULSE HOME PRODUCTS LIMITED

COMPANY INFORMATION

Directors

D W Allen
D S Gough
J M Smethurst
M A Weems
D B Harris
J E Harris
A D Rose

Secretary

J E Malin

Company number

713656

Registered office

Harvard House
14-16 Thames Road
Barking
Essex
IG11 0HX

Auditors

UHY Hacker Young
St Alphage House
2 Fore Street
London
EC2Y 5DH

PULSE HOME PRODUCTS LIMITED

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PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report and financial statements for the year ended 31 March 2004.

Principal activities and review of the business

The principal activity of the company is the sale of small domestic appliances. The Dreamland Electric Blankets division of the company, responsible for the manufacture and sale of electric blankets was sold during the prior year.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 April 2003:

D W Allen
D S Gough
J M Smethurst
M A Weems
D B Harris
J E Harris
A D Rose

The directors had no interests in the shares of the company at the beginning or the end of the year.

The interests of J E Harris, D B Harris and A D Rose in the shares of the parent undertaking are shown in the directors' report of that company.

The interests of the other directors in the shares of the parent undertaking were as follows:

	1 April 2003	Granted	Executive share options			31 March 2004
			Exercised	Lapsed		
D W Allen	10,000	-	-	-		10,000
D S Gough	5,000	-	-	-		5,000
J M Smethurst	5,000	-	-	-		5,000
M A Weems	5,000	-	-	-		5,000

	1 April 2003	Granted	SAYE share options			31 March 2004
			Exercised	Lapsed		
D W Allen	1,877	-	-	-		1,877
D S Gough	5,071	-	-	-		5,071
J M Smethurst	5,071	-	-	-		5,071
M A Weems	5,071	-	-	-		5,071

PULSE HOME PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The Alba plc ESOP Trust which was established during 1998 holds 241,518 Ordinary shares in Alba plc. The Trust holds the shares for beneficiaries who include, inter alia, directors and employees of Pulse Home Products Limited. The directors, being members of a class of potential beneficiaries of the ESOP are, to that extent, interested in all Alba plc's shares acquired by the ESOP and not allocated.

Awards under the Alba plc Long-Term Incentive Plan

The interests of J E Harris, D B Harris and A D Rose in the shares of the holding company granted under the Alba plc Long-Term Incentive Plan are shown in the directors' report of that company.

The other directors have not been granted any shares under the scheme during the year.

Creditor payment policy

The company is part of the Alba plc group which operates a centralised purchasing function. It is the group's policy to pay suppliers on a net monthly basis unless otherwise agreed. As at 31 March 2004 the average number of creditor days for the group was 23 (2003: 18).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements on a going concern basis, and that applicable accounting standards have been followed.

By order of the board



J E Malin
Secretary
19 July 2004

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PULSE HOME PRODUCTS LIMITED

We have audited the financial statements of Pulse Home Products Limited on pages 4 to 16 for the year ended 31 March 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

UHY Hacker Young
UHY Hacker Young
Chartered Accountants
Registered Auditors

19 July 2004

PULSE HOME PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £ 000	2003 £ 000
Turnover	2		
Continuing operations		61,930	48,775
Discontinued activities		-	1,199
		<u>61,930</u>	<u>49,974</u>
Cost of sales		(46,725)	(37,510)
Gross profit		<u>15,205</u>	<u>12,464</u>
Distribution costs		(2,523)	(1,897)
Administrative expenses		(8,530)	(7,404)
Operating profit	4		
Continuing operations		4,152	2,902
Discontinued activities		-	261
		<u>4,152</u>	<u>3,163</u>
Profit on sale of discontinued activities	4	-	1,701
		<u>-</u>	<u>1,701</u>
Profit on ordinary activities before interest		<u>4,152</u>	<u>4,864</u>
Interest payable and similar charges	5	(11)	(31)
Profit on ordinary activities before taxation		<u>4,141</u>	<u>4,833</u>
Tax on profit on ordinary activities	6	(495)	(813)
Profit on ordinary activities after taxation	15	<u><u>3,646</u></u>	<u><u>4,020</u></u>

There are no recognised gains and losses other than those passing through the profit and loss account.

PULSE HOME PRODUCTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £ 000	2003 £ 000
Fixed assets			
Tangible assets	7	263	332
Investments	8	363	363
		<u>626</u>	<u>695</u>
Current assets			
Stocks	9	5,832	6,645
Debtors	10	19,378	13,690
Cash at bank and in hand		1,274	1,208
		<u>26,484</u>	<u>21,543</u>
Creditors: amounts falling due within one year	11	<u>(6,853)</u>	<u>(5,866)</u>
Net current assets		<u>19,631</u>	<u>15,677</u>
Total assets less current liabilities		<u>20,257</u>	<u>16,372</u>
Provisions for liabilities and charges	12	<u>(1,801)</u>	<u>(1,562)</u>
		<u>18,456</u>	<u>14,810</u>
Capital and reserves			
Called up share capital	14	10,722	10,722
Profit and loss account	15	7,734	4,088
Shareholders' funds - equity interests	16	<u>18,456</u>	<u>14,810</u>

The financial statements were approved by the Board on 19 July 2004


D Rose
Director


D B Harris
Director

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

1 Accounting policies

1.1 Basis of preparation

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

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of a group which itself prepares a consolidated cash flow.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over the period of the lease
Plant and machinery	10% - 50%

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

Payments to the company's defined contribution pension scheme are charged to the profit and loss account as they become payable.

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

1 Accounting policies

(continued)

1.9 Deferred taxation

Full provision is recognised in respect of all timing differences that have originated but have not reversed at the balance sheet date. Deferred taxation is not recognised on permanent timing differences. Deferred taxation assets are only recognised when that asset is regarded as recoverable.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Alba Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

1.12 Warranty provision

A provision is made in the period of sale to cover the estimated future liability for warranty returns and the associated costs. Credit notes issued in respect of warranty claims by customers are charged against this provision.

2 Turnover

Geographical market

	Turnover	
	2004	2003
	£ 000	£ 000
UK	60,417	48,461
European Union	1,406	1,501
Rest of World	107	12
	<u>61,930</u>	<u>49,974</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

3 Cost of sales and net operating expenses

	2004			2003		
	Continuing £ 000	Discontinued £ 000	Total £ 000	Continuing £ 000	Discontinued £ 000	Total £ 000
Cost of sales	46,725	-	46,725	37,045	465	37,510
Distribution costs	2,523	-	2,523	1,850	47	1,897
Administrative expenses	8,530	-	8,530	6,978	426	7,404
	<u>57,778</u>	<u>-</u>	<u>57,778</u>	<u>45,873</u>	<u>938</u>	<u>46,811</u>

4 Operating profit

	2004 £ 000	2003 £ 000
Operating profit is stated after charging:		
Depreciation of tangible assets	266	325
Research and development	605	393
Operating lease rentals		
- Plant and machinery	54	84
- Other assets	79	69
Auditors' remuneration	25	24
	<u> </u>	<u> </u>

On 13 June 2002 the company disposed of its Dreamland Electric Blankets division. The consideration received was £2,250,000 which resulted in a profit on disposal of £1,701,000 in the comparative period.

5 Interest payable

	2004 £ 000	2003 £ 000
On bank loans and overdrafts	11	30
Lease finance charges	-	1
	<u>11</u>	<u>31</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

6	Taxation	2004 £ 000	2003 £ 000
	Domestic current year tax		
	U.K. corporation tax	1,292	887
	Adjustment for prior years	(742)	-
	Current tax charge	<u>550</u>	<u>887</u>
	Deferred tax		
	Deferred tax charge/credit current year	(55)	(79)
	Deferred tax adjustment previous year	-	5
		<u>(55)</u>	<u>(74)</u>
		<u>495</u>	<u>813</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>4,141</u>	<u>4,833</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2003 : 30.00 %)	<u>1,242</u>	<u>1,450</u>
	Effects of:		
	Non deductible expenses	20	13
	Depreciation add back	80	132
	Capital allowances	-	(53)
	Tax losses utilised	-	(655)
	Adjustments to previous periods	(742)	-
	Other tax adjustments	(50)	-
		<u>(692)</u>	<u>(563)</u>
	Current tax charge	<u>550</u>	<u>887</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

7 Tangible fixed assets

	Land and buildings Leasehold £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 April 2003	293	1,233	1,526
Additions	67	130	197
At 31 March 2004	360	1,363	1,723
Depreciation			
At 1 April 2003	262	932	1,194
Charge for the year	50	216	266
At 31 March 2004	312	1,148	1,460
Net book value			
At 31 March 2004	48	215	263
At 31 March 2003	31	301	332

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

8 Fixed asset investments

	Shares in subsidiary undertakings
	£ 000
Cost	
At 1 April 2003 & at 31 March 2004	1,160
Provisions for diminution in value	
At 1 April 2003 & at 31 March 2004	797
Net book value	
At 31 March 2004	363
At 31 March 2003	363

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Viva (Consumer Products) Limited	England	Ordinary	100
Dreamland Appliances Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	2004	2004
	£ 000	£ 000
Viva (Consumer Products) Limited	482	119
Dreamland Appliances Limited	1	-

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

9 Stocks	2004	2003
	£ 000	£ 000
Raw materials and consumables	277	340
Finished goods and goods for resale	5,555	6,305
	<u>5,832</u>	<u>6,645</u>
10 Debtors	2004	2003
	£ 000	£ 000
Trade debtors	5,709	4,754
Amounts owed by parent and fellow subsidiary undertakings	12,492	7,257
Other debtors	716	1,053
Prepayments and accrued income	293	513
Deferred tax asset	168	113
	<u>19,378</u>	<u>13,690</u>
Deferred tax	2004	
	£ 000	
Balance at 1 April 2003	113	
Profit and loss account	55	
	<u>168</u>	
Balance at 31 March 2004	<u>168</u>	
	2004	2003
	£ 000	£ 000
Accelerated capital allowances	142	113
Other timing differences	26	-
	<u>168</u>	<u>113</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

11 Creditors: amounts falling due within one year	2004 £ 000	2003 £ 000
Trade creditors	1,289	371
Amounts owed to subsidiary undertakings	114	363
Corporation tax	1,423	887
Other taxes and social security costs	614	779
Other creditors	-	957
Accruals and deferred income	3,413	2,509
	<u>6,853</u>	<u>5,866</u>

12 Provisions for liabilities and charges

	Warranty provision £ 000
Balance at 1 April 2003	1,562
Profit and loss account	3,908
Utilised in the year	(3,669)
Balance at 31 March 2004	<u>1,801</u>

The provision relates to the estimated future liability for warranty returns and the associated costs on products sold in the financial year. The amount utilised in the year of £3,669,000 (2003: £3,362,000) represents the value of credit notes issued in respect of warranty claims by customers.

13 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2004 £ 000	2003 £ 000
Contributions payable by the company for the year	<u>130</u>	<u>127</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

14 Share capital	2004 £ 000	2003 £ 000
Authorised		
11,500,000 Ordinary shares of £1 each	11,500	11,500
Allotted, called up and fully paid		
10,722,002 Ordinary shares of £1 each	10,722	10,722

15 Statement of movements on profit and loss account

	Profit and loss account £ 000
Balance at 1 April 2003	4,088
Retained profit for the year	3,646
Balance at 31 March 2004	7,734

16 Reconciliation of movements in shareholders' funds	2004 £ 000	2003 £ 000
Profit for the financial year	3,646	4,020
Opening shareholders' funds	14,810	10,790
Closing shareholders' funds	18,456	14,810

17 Financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £ 000	2003 £ 000	2004 £ 000	2003 £ 000
Expiry date:				
Within one year	-	79	10	6
Between two and five years	-	-	59	52
In over five years	80	-	-	-
	80	79	69	58

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

18 Directors' emoluments	2004 £ 000	2003 £ 000
Emoluments for qualifying services	482	337
Company pension contributions to money purchase schemes	36	39
	<u>518</u>	<u>376</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2003 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>195</u>	<u>119</u>
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J E Harris, D B Harris, and A D Rose are not included in the above disclosures. Directors' emoluments and disclosures are reflected in the financial statements of the group company in which they are paid as it is not practicable to allocate this between their services as executives of Alba plc and their services as directors of Pulse Home Products Limited and other group companies.

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Production	19	82
Selling and distribution	30	24
Administration	83	55
	<u>132</u>	<u>161</u>

Employment costs

	£ 000	£ 000
Wages and salaries	2,869	2,596
Social security costs	282	235
Other pension costs	130	127
	<u>3,281</u>	<u>2,958</u>

PULSE HOME PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

20 Control

The company's ultimate holding company is Alba plc which is incorporated in England. A copy of the audited accounts of Alba plc consolidated accounts may be obtained from the company secretary, Alba plc, Harvard House, 14-16 Thames Road, Barking, Essex, IG11 0HX.

21 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 whereby transactions with entities within the Alba plc group need not be disclosed.