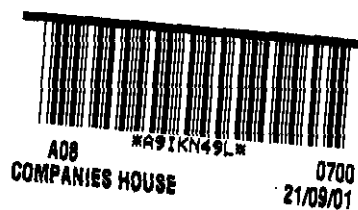


DIRECTORS' REPORT AND ACCOUNTS

AJAX ELECTRICAL LIMITED

(Registered number 778004)

31 December 2000



AJAX ELECTRICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present the report and the accounts of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The company is engaged in the manufacture and sale of electrical devices.

REVIEW OF BUSINESS

The annual turnover for 2000 was below the 1999 level as a result of lower prices and a higher volume rebate to the major customer. Output was increased. The output for 2001 is expected to remain stable.

Overhead costs were controlled tightly, generating efficiencies, and also reflect a reduced depreciation charge as a consequence of start up assets becoming fully depreciated. Continued improvements in customer liaison and production planning allowed improved labour efficiency.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a final dividend. A dividend of £2,500,000 (1999: £1,000,000) was paid during the year. The date of declaration of the interim dividend was 30 November 2000. Interim accounts at that date detailed sufficient distributable reserves and at that date the Directors were of the opinion that distributable reserves at 31 December 2000 would be in excess of £2,500,000. Distributable reserves at 31 December 2000 were actually £2,376,000 and the Directors are of the opinion that profits in 2001 will be sufficient to eliminate the deficit on reserves of £124,000. The retained loss for the year of £1,915,000 (1999: £397,000 loss) has been withdrawn from reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

MA Southgate

T McCarthy

P Labas

(resigned 1 January 2001)

I M Barnes

R Stein

AJAX ELECTRICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

The directors had the following interests in share options of the ultimate parent undertaking, Schneider Electric SA, at the beginning and end of the year:

	Date of grant	At 31 December 2000		At 31 December 1999	
		Number	Price	Number	Price
R Stein	10 June 1997	2,300	44.52	2,300	44.52
	28 January 1998	3,000	50.76	3,000	50.76
	1 April 1999	4,000	50.73	4,000	50.73
	1 April 1999	3,500	50.73	3,500	50.73
	24 March 2000	3,000	65.88	-	-
T McCarthy	28 January 1998	2,000	50.76	2,000	50.76
P Labas	1 April 1999	3,000	50.73	3,000	50.73
	1 April 1999	1,200	50.73	1,200	50.73
	24 March 2000	2,500	65.88	-	-

These options are all exercisable during a period of five years from the date of grant.

The directors had the following interest in ordinary shares of Schneider Electric SA, at the beginning and end of the year:

	At 31 December 2000 Number	At 31 December 1999 Number
MA Southgate	-	-
T McCarthy	1,800	1,800
P Labas	-	-
I M Barnes	-	-
R Stein	-	-

AJAX ELECTRICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

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:

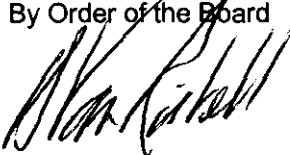
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare 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 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

PricewaterhouseCoopers are willing to continue in office and a resolution for their re-appointment as auditors will be proposed at the annual general meeting.

By Order of the Board



D VAN RISTELL
Secretary

13 July 2001

Registered Office:

Stafford Park 5
Telford
TF3 3BL

PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds LS1 4JP
Telephone +44 (0) 113 289 4000
Facsimile +44 (0) 113 289 4460

AUDITORS' REPORT TO THE MEMBERS OF AJAX ELECTRICAL LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. 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 United Kingdom 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 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 as at 31 December 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants
and Registered Auditors

13 July 2001

AJAX ELECTRICAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
TURNOVER	2	6,742	7,630
Cost of sales		<u>(4,576)</u>	<u>(4,799)</u>
GROSS PROFIT		2,166	2,831
Administrative expenses		<u>(1,478)</u>	<u>(1,899)</u>
OPERATING PROFIT		688	932
Interest	3	<u>113</u>	<u>77</u>
PROFIT BEFORE TAXATION	4	801	1,009
Taxation	7	<u>(216)</u>	<u>(406)</u>
PROFIT AFTER TAXATION		585	603
Dividend	8	<u>(2,500)</u>	<u>(1,000)</u>
RETAINED LOSS FOR THE YEAR	16	<u>(1,915)</u>	<u>(397)</u>

There are no gains or losses other than those recognised in the profit and loss account.

AJAX ELECTRICAL LIMITED

BALANCE SHEET - 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
FIXED ASSETS			
Intangible assets	9	111	154
Tangible assets	10	<u>734</u>	<u>783</u>
		<u>845</u>	<u>937</u>
CURRENT ASSETS			
Stocks	11	294	334
Debtors	12	2,079	2,455
Cash at bank and in hand		<u>349</u>	<u>970</u>
		2,722	3,759
CREDITORS (amounts falling due within one year)	13	<u>(2,691)</u>	<u>(1,905)</u>
NET CURRENT ASSETS		<u>31</u>	<u>1,854</u>
		<u>876</u>	<u>2,791</u>
CAPITAL AND RESERVES			
Share capital	15	1,000	1,000
Profit and loss account	16	<u>(124)</u>	<u>1,791</u>
Equity shareholders' funds	17	<u>876</u>	<u>2,791</u>

R STEIN
DIRECTOR



APPROVED BY THE BOARD
ON 13 JULY 2001

AJAX ELECTRICAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	14(1)	2,157	1,148
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		-	(1)
Interest received		113	78
		113	77
TAXATION		(369)	(619)
CAPITAL EXPENDITURE			
Purchase of tangible assets		(119)	(274)
EQUITY DIVIDENDS PAID		(2,500)	(1,000)
DECREASE IN CASH	14(2)	(718)	(668)
RECONCILIATION OF NET CASH FLOW MOVEMENT IN NET DEBT			
			£'000
DECREASE IN CASH IN THE PERIOD AND CHANGE IN NET DEBT			(718)
NET CASH AT 1 JANUARY 2000			970
NET CASH AT 31 DECEMBER 2000			252

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

1 ACCOUNTING POLICIES

(1) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover is the amount derived from invoiced sales excluding rebates and VAT.

(3) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost, which comprises prime costs of direct labour and materials together with related overheads, and net realisable value.

(4) Intangible assets

Intangible assets are amortised over 10 years from the time the company commenced manufacture of patented products.

(5) Tangible assets

Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives which are considered to be:

Plant and machinery - 4 to 6 years from acquisition

(6) Deferred taxation

No provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes unless there is a reasonable probability of payment in the foreseeable future. Any provision is established at the corporation tax rates anticipated to be in force at the time each deferred liability will ultimately crystallise. Losses available to reduce corporation tax on future profits are deducted from the provision.

(7) Pension costs

The cost of providing pension benefits is charged to the profit and loss account as a consistent percentage of earnings over the period benefiting from the employees' services.

2 TURNOVER

	2000 £'000	1999 £'000
The turnover attributable to each of the company's geographical markets is:		
United Kingdom	3,335	3,653
Europe	3,407	3,977
	6,742	7,630

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

3 INTEREST

	2000	1999
	£'000	£'000
Payable on bank overdraft	-	(1)
Receivable on bank deposits	113	78
	<u>113</u>	<u>77</u>

4 PROFIT BEFORE TAXATION

	2000	1999
	£'000	£'000
Profit before taxation is arrived at after charging:		
Amortisation of intangible assets	43	43
Depreciation of tangible assets	168	652
Auditors' remuneration - audit	12	12
	<u></u>	<u></u>

5 EMPLOYEES

	2000	1999
	Number	Number
The average number of persons employed by the company, including executive directors, was	<u>59</u>	<u>73</u>
The costs incurred in respect of these employees were:		
	£'000	£'000
Wages and salaries	1,087	1,191
Social security costs	78	82
Other pension costs	<u>77</u>	<u>74</u>
	<u>1,242</u>	<u>1,347</u>

6 DIRECTORS REMUNERATION

None of the directors received any emoluments in respect of their services to the company during the year.

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

7 TAXATION

	2000 £'000	1999 £'000
Based on the profit for the year at 30% (1999: 30.25%)		
UK Corporation tax	216	406
Deferred taxation	-	-
	216	406
Adjustment in respect of prior year		
- Corporation tax	-	-
- Deferred tax	-	-
	216	406

The current year tax charge is less than expected due primarily to the non recognition of deferred tax assets.

The unrecognised deferred tax asset at 31 December 2000 is analysed below:

	2000 £'000
Accelerated capital allowance	66
Short term timing differences	50
	117

8 DIVIDENDS

	2000 £'000	1999 £'000
Dividend on ordinary shares		
- interim paid	2,500	1,000
- final proposed	-	-
	2,500	1,000

The date of declaration of the interim dividend was 30 November 2000. Interim accounts at that date detailed sufficient distributable reserves and at that date the Directors were of the opinion that distributable reserves at 31 December 2000 would be in excess of £2,500,000. Distributable reserves at 31 December 2000 were actually £2,376,000 and the Directors are of the opinion that profits in 2001 will be sufficient to eliminate the deficit on reserves of £124,000.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

AJAX ELECTRICAL LIMITED

9 INTANGIBLE FIXED ASSETS

	<u>Licence fee</u> £'000
<u>Cost</u>	
At 1 January 2000 and 31 December 2000	<u>429</u>
<u>Amortisation</u>	
At 1 January 2000	275
Charge for the year	<u>43</u>
At 31 December 2000	318
<u>Net book amount</u>	
At 31 December 2000	<u>111</u>
At 31 December 1999	<u>154</u>

10 TANGIBLE FIXED ASSETS

	<u>Plant and Machinery</u> £'000
<u>Cost</u>	
At 1 January 2000	5,992
Additions	119
Disposals	<u>-</u>
At 31 December 2000	<u>6,111</u>
<u>Depreciation</u>	
At 1 January 2000	5,209
Charge for the year	168
Disposals	<u>-</u>
At 31 December 2000	<u>5,377</u>
<u>Net book amount</u>	
At 31 December 2000	<u>734</u>
At 31 December 1999	<u>783</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

AJAX ELECTRICAL LIMITED

11 STOCKS

	2000	1999
	£'000	£'000
Raw materials and consumables	163	189
Work in progress	131	145
	294	334

12 DEBTORS

	2000	1999
	£'000	£'000
Trade debtors	379	317
Amounts owed by group undertakings	1,700	2,135
Other debtors and prepayments	-	3
	2,079	2,455

13 CREDITORS (amounts falling due within one year)

	2000	1999
	£'000	£'000
Bank overdraft	97	-
Trade creditors	602	243
Amounts owed to group undertakings	1,784	466
Other taxation and social security	56	61
Other creditors and accruals	91	921
Corporation tax	61	214
	2,691	1,905

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

14 NOTES TO THE CASH FLOW STATEMENT

(1) Reconciliation of operating profit to net cash inflow from operating activities

	<u>2000</u> £'000	<u>1999</u> £'000
Operating profit	688	932
Depreciation and amortisation	211	695
Decrease in stock	40	10
Decrease/(increase) in debtors	376	(495)
Increase in creditors	842	3
Loss on disposal of tangible fixed assets	-	3
	<u>2,157</u>	<u>1,148</u>

(2) Analysis of changes in net debt

	<u>At</u> <u>1 January 2000</u> £'000	<u>Cash flows</u> £'000	<u>At</u> <u>31 December 2000</u> £'000
Cash at bank and in hand	970	(621)	349
Debt due within one year	<u>-</u>	<u>(97)</u>	<u>(97)</u>
	<u>970</u>	<u>(718)</u>	<u>252</u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

15 SHARE CAPITAL

	<u>2000</u> £'000	<u>1999</u> £'000
Ordinary shares of £1 each:		
Authorised	<u>5,000</u>	<u>5,000</u>
Called-up, allotted and fully paid	<u>1,000</u>	<u>1,000</u>

16 RESERVES

	Profit and <u>loss account</u> £'000
Balance at 1 January 2000	1,791
Retained loss for the year	(1,915)
Balance at 31 December 2000	<u>(124)</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u> £'000	<u>1999</u> £'000
Profit for the financial year	585	603
Dividends	<u>(2,500)</u>	<u>(1,000)</u>
Net reduction in shareholders' funds	(1,915)	(397)
Opening shareholders' funds	<u>2,791</u>	<u>3,188</u>
Closing shareholders' funds	<u>876</u>	<u>2,791</u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

18 PENSION COMMITMENTS

The company is a participating member of the Schneider Pension Plan. This scheme is of the defined benefit, final salary type and is open to the majority of the company's employees.

The scheme is funded to cover future pension liabilities (including expected future earnings and pension increases) in respect of service up to the balance sheet date. The assets of the scheme are held under trust and are managed by outside investment managers. It is subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rates of the employer's contributions. These contributions, together with proceeds from the scheme's assets are sufficient to fund the benefits payable under the scheme.

The pension cost in respect of this scheme was £77,000 (1999: £74,000).

There is no material difference between the pension expense incurred by the company over the year and the contributions actually paid.

Further information in relation to the pension scheme is given in the accounts of Schneider Electric (UK) Limited.

19 CAPITAL COMMITMENTS

Amounts authorised, but not contracted at 31 December 2000 amounted to £nil (1999: £nil).

20 ULTIMATE PARENT UNDERTAKING

The largest group in which the accounts of the company are consolidated is that headed by the ultimate parent undertaking and ultimate controlling party, Schneider Electric SA, a company incorporated in France. Copies of the group accounts of Schneider Electric SA can be obtained from:

Schneider Electric SA
43/45 Boulevard Franklin Roosevelt
F - 92500 RUEIL MALMAISON
France

The smallest group in which the accounts of the company are consolidated is headed by Schneider Electric (UK) Limited, a company registered in England. Copies of the group accounts of Schneider Electric (UK) Limited can be obtained from:

Schneider Electric (UK) Limited
1 Park Row
Leeds
LS1 5AB

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000 (CONTINUED)

21 RELATED PARTY DISCLOSURE

During the year the company was involved in the following related party transactions:

- Sales of £6,573,604, recharges of £135,581 and purchases of £2,412,990 were made with parties that are part of the Schneider Electric SA group of companies, which owns 51% of the share capital of Ajax Electrical Limited. At the balance sheet date the amount due from these group undertakings is £1,699,882 and amount owed is £898,650.
- Sales of £1,516,891 were made to Caradon MK Electric Limited, which owns 49% of the share capital of Ajax Electrical Limited. At the balance sheet date the amount due from Caradon MK Electric Limited is £376,607.