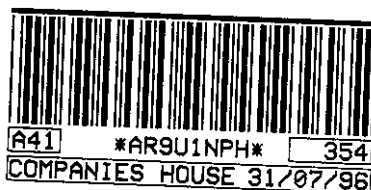


DIRECTORS' REPORT AND ACCOUNTS

AJAX ELECTRICAL LIMITED

(Registered number 778004)

31 December 1995



AJAX ELECTRICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors present the report and the accounts of the company for the year ended 31 December 1995.

REVIEW OF THE BUSINESS

The growth experienced last year continued with the addition of further automated Miniature Circuit Breaker production machinery leading to increased output and improved profitability. Demand for the company's products in export markets exceeded that in the home market where difficult trading conditions led to relatively weak growth compared to 1994.

Further investment in plant and personnel during the year were as a result of the decision to add the manufacture of Residual Current Devices to the company's product portfolio production which is planned to commence at the beginning of 1996.

The year ahead is likely to be one of consolidation in Miniature Circuit Breakers with the principal challenge being the introduction of Residual Current Devices.

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 dividend (1994 £Nil) and the retained profit for the year of £745,000 (1994 £136,000) has been transferred to reserves.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are set out in Note 9.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

NA Couter

PB Gardner

R Gringelli

P Bernard

A Goodfellow (Resigned 25 October 1995)

PR Mainwaring (Appointed 25 October 1995)

None of the other directors had any interest in the shares of the company or any other group company in the UK at the beginning or end of the year.

AJAX ELECTRICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

DIRECTORS AND THEIR SHARE INTERESTS (CONTINUED)

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

	<u>Date of Grant</u>	<u>At 31 December 1995</u>		<u>At 31 December 1994</u>	
		<u>Number</u>	<u>Price</u> FFr	<u>Number</u>	<u>Price</u> FFr
PB Gardner	30 January 1991	Nil	-	2,560	133.13
R Gringelli	30 January 1991	Nil	-	4,800	133.13
	4 April 1995	4,000	163.50	-	-
P Bernard	30 January 1991	Nil	-	1,460	133.13

These options are all exercisable during a period of five years from the date of grant. 1994 figures have been restated to reflect the 2 for 1 share conversion of Schneider SA shares at 18 July 1995.

PB Gardner exercised his option to purchase 2,560 shares on 8 November 1995, when the market price per share was 190.80 FFr.

R Gringelli exercised his option to purchase 4,800 shares on 21 December 1995, and still held these shares at 31 December 1995.

P Bernard exercised his option to purchase 1,460 shares on 25 January 1995, and still held these shares at 31 December 1995.

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

	<u>At</u> <u>31 December 1995</u>	<u>At</u> <u>31 December 1994</u>
	<u>Number</u>	<u>Number</u>
PB Gardner	Nil	Nil
R Gringelli	4,800	Nil
P Bernard	2,560	1,100

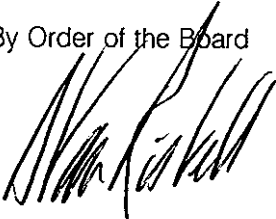
AJAX ELECTRICAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

AUDITORS

A resolution to re-appoint the auditors, Price Waterhouse, and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'D Van Ristell', written over the text 'By Order of the Board'.

D VAN RISTELL
Secretary

19 April 1996

Registered Office

Stafford Park 5
Telford
TF3 3BL

AJAX ELECTRICAL LIMITED

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:

- 1 Select suitable accounting policies and then apply them consistently.
- 2 Make judgements and estimates that are reasonable and prudent.
- 3 State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 4 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.

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
AJAX ELECTRICAL LIMITED**

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4, 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 as at 31 December 1995 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors

19 April 1996

AJAX ELECTRICAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	£'000	<u>1994</u> £'000
TURNOVER	2	9,190	6,251
Cost of sales		<u>(6,052)</u>	<u>(4,137)</u>
GROSS PROFIT		3,138	2,114
Administrative expenses		(2,094)	(1,754)
Other operating income - government grant		<u>-</u>	<u>210</u>
OPERATING PROFIT		1,044	570
Interest	3	<u>78</u>	<u>13</u>
PROFIT BEFORE TAXATION	4	1,122	583
Taxation	7	<u>(377)</u>	<u>(447)</u>
RETAINED PROFIT FOR THE YEAR	17	<u>745</u>	<u>136</u>

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

AJAX ELECTRICAL LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	Notes	£'000	1994 £'000
FIXED ASSETS			
Intangible assets	8	326	369
Tangible assets	9	<u>3,179</u>	<u>3,941</u>
		<u>3,505</u>	<u>4,310</u>
CURRENT ASSETS			
Stock	10	590	556
Debtors	11	2,557	3,284
Cash at bank and in hand		<u>2,314</u>	<u>-</u>
		5,461	3,840
CREDITORS (amounts falling due within one year)	12	<u>(2,519)</u>	<u>(2,297)</u>
NET CURRENT ASSETS		<u>2,942</u>	<u>1,543</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,447	5,853
CREDITORS (amounts falling due after more than one year)	13	(4,235)	(4,235)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(356)</u>	<u>(507)</u>
Shareholders' funds	18	1,856	1,111
		<u>1,856</u>	<u>1,111</u>
CAPITAL AND RESERVES			
Share capital	16	1,000	1,000
Profit and loss account	17	<u>856</u>	<u>111</u>
Shareholders' funds	18	1,856	1,111
		<u>1,856</u>	<u>1,111</u>


P.B. Gardner

DIRECTOR

APPROVED BY THE BOARD
ON 19 APRIL 1996

AJAX ELECTRICAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	£'000	£'000	<u>1994</u> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15(1)		2,526	166
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid		(1)	-	
Interest received		<u>79</u>	<u>13</u>	
CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			78	13
TAXATION				
Taxation paid			(192)	-
INVESTING ACTIVITIES				
Purchase of tangible assets		<u>82</u>	<u>500</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			<u>(82)</u>	<u>(500)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			2,330	(321)
NET CASH INFLOW FROM FINANCING			<u>-</u>	<u>-</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15(2)		<u>2,330</u>	<u>(321)</u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

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 bases 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

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes. The 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 benefitting from the employees' services.

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

2 TURNOVER

	<u>1995</u> £'000	<u>1994</u> £'000
The turnover attributable to each of the company's geographical markets is:		
United Kingdom	3,113	3,021
Europe	<u>6,077</u>	<u>3,230</u>
	9,190	6,251
	<u> </u>	<u> </u>

3 INTEREST

	<u>1995</u> £'000	<u>1994</u> £'000
Receivable on bank deposits	79	13
Interest payable	<u>(1)</u>	<u>-</u>
	78	13
	<u> </u>	<u> </u>

4 PROFIT BEFORE TAXATION

	<u>1995</u> £'000	<u>1994</u> £'000
Profit before taxation is arrived at after charging:		
Amortisation of intangible assets	43	43
Depreciation of tangible assets	844	789
Auditors' remuneration		
- audit	5	2
- non audit services	2	2
	<u> </u>	<u> </u>
and after crediting:		
Government grant	<u>-</u>	<u>(210)</u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5 EMPLOYEES

	<u>1995</u>	<u>1994</u>
	Number	Number
The average number of persons employed by the company, including executive directors, was	<u>79</u>	<u>69</u>
The costs incurred in respect of these employees were:		
	£'000	£'000
Wages and salaries	1,143	1,056
Social security costs	95	85
Other pension costs	<u>64</u>	<u>45</u>
	1,302	1,186
	<u><u> </u></u>	<u><u> </u></u>

6 DIRECTORS REMUNERATION

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

7 TAXATION

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Based on the profit for the year at 33%:		
UK Corporation Tax	494	161
Deferred taxation	<u>(151)</u>	<u>507</u>
	345	668
Adjustment in respect of prior year	<u>34</u>	<u>(221)</u>
	377	447
	<u><u> </u></u>	<u><u> </u></u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

8 INTANGIBLE FIXED ASSETS

	<u>Licence fee</u> £'000
<u>Cost</u>	
At 1 January 1995 and 31 December 1995	<u>429</u>
<u>Amortisation</u>	
At 1 January 1995	60
Charge for the year	<u>43</u>
At 31 December 1995	103
<u>Net book amount</u>	<u> </u>
At 31 December 1995	<u>326</u>
At 31 December 1994	<u>369</u>

9 TANGIBLE FIXED ASSETS

	<u>Plant and machinery</u> £'000
<u>Cost</u>	
At 1 January 1995	5,010
Additions	<u>82</u>
At 31 December 1995	5,092
<u>Depreciation</u>	<u> </u>
At 1 January 1995	1,069
Charge for the year	<u>844</u>
At 31 December 1995	1,913
<u>Net book amount</u>	<u> </u>
At 31 December 1995	<u>3,179</u>
At 31 December 1994	<u>3,941</u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

10 STOCKS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Raw materials and consumables	391	325
Work in progress	<u>199</u>	<u>231</u>
	590	556
	<u> </u>	<u> </u>

11 DEBTORS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Trade debtors	281	381
Amounts owed by group undertakings	1,655	2,009
Amounts owed by shareholders for consortium relief	621	621
Corporation tax recoverable	-	2
Other debtors and prepayments	<u>-</u>	<u>271</u>
	2,557	3,284
	<u> </u>	<u> </u>

12 CREDITORS (amounts due within year)

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Bank overdraft	59	75
Trade creditors	556	207
Amounts owed to group undertakings	1,031	1,640
Other taxation and social security	39	33
Other creditors and accruals	340	182
Corporation tax	<u>494</u>	<u>160</u>
	2,519	2,297
	<u> </u>	<u> </u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

13 CREDITORS (amounts due after one year)

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Loans from shareholders:		
Immediate parent company	2,160	2,160
Other shareholder	<u>2,075</u>	<u>2,075</u>
	4,235	4,235
	<u>=====</u>	<u>=====</u>

The loans do not have any fixed repayment terms and are not subject to interest.

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred <u>taxation</u> £'000
At 1 January 1995	507
Credit for the year (see note 7)	<u>(151)</u>
At 31 December 1995	<u>356</u>
	<u>=====</u>

Full provision is maintained in respect of accelerated capital allowances.

15 NOTES TO THE CASH FLOW STATEMENT

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

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Operating profit	1,044	570
Depreciation and amortisation	887	832
Increase in stock	(34)	(340)
Decrease/(increase) in debtors	725	(2,103)
(Decrease)/increase in creditors	<u>(96)</u>	<u>1,207</u>
	2,526	166
	<u>=====</u>	<u>=====</u>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

15 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(2) Analysis of changes in cash and cash equivalents during the year

	<u>1995</u> £'000	<u>1994</u> £'000
Balance at 1 January 1995	(75)	246
Net cash inflow/(outflow)	<u>2,330</u>	<u>(321)</u>
Balance at 31 December 1995	<u>2,255</u>	<u>(75)</u>

(3) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1995</u> £'000	<u>1994</u> £'000	Change in year £'000
Cash at bank and in hand	2,314	-	2,314
Bank overdraft	<u>(59)</u>	<u>(75)</u>	<u>16</u>
	<u>2,255</u>	<u>(75)</u>	<u>2,330</u>

16 SHARE CAPITAL

	<u>1995</u> £'000	<u>1994</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>

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

17 RESERVES

	Profit and loss account £'000
Balance at 1 January 1995	111
Retained profit for the year	<u>745</u>
Balance at 31 December 1995	856
	<u> </u>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
Profit for the year	745	136
Shareholders' funds at 31 December 1994	<u>1,111</u>	<u>975</u>
Shareholders' funds at 31 December 1995	1,856	1,111
	<u> </u>	<u> </u>

19 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 managed independently and funded to cover future pension liabilities (including expected future earnings and pension increases) in respect of service up to the balance sheet date. 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.

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

AJAX ELECTRICAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

20 CAPITAL COMMITMENTS

Amounts authorised, contracted but not provided for at 31 December 1995 amounted to £415,000 (1994 £Nil).

21 ULTIMATE PARENT UNDERTAKING

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

Groupe Schneider
64-70, avenue Jean-Baptiste Clément
92646 Boulogne Billancourt Cedex
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
41 Park Square
Leeds
LS1 2NS