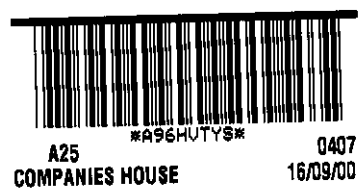


INVERTEC LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2000



Company no 2072273

INVERTEC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2000

Company registration number: 2072273

Registered office: The Quadrangle
Imperial Square
Cheltenham
Gloucestershire
GL50 1PZ

Directors: C G H Valentine
R J Read
A C H Valentine
J W H Valentine
D J Valentine
I King

Secretary: K Harris

Bankers: NatWest Bank plc
32 Market Place
Cirencester
Gloucestershire
GL7 2NU

Solicitors: Davey Son and Jones
10-12 Dollar Street
Cirencester
Gloucestershire
GL7 2AL

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
The Quadrangle
Imperial Square
Cheltenham
GL50 1PZ

INVERTEC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2000

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INVERTEC LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 2000.

Principal activities

The company is principally engaged in the assembly and wholesale of lighting products.

Business review

During the year, the entire share capital of the company was acquired by Invertec Holdings Limited.

On 11 May 1999 the company repurchased 5,260 ordinary £1 shares from Mr C H Meader and his family for the price of £48 per share. The premium on the redemption of these shares has been deducted from the company's distributable reserves.

There was a profit for the year after taxation amounting to £106,761. The directors recommend payment of dividends of £360,000 (1999: Nil).

Post balance sheet events

On 17 April 2000 the company moved into new premises.

Directors

The present membership of the Board is set out below. All directors served throughout the year apart from C H Meader, who resigned from the Board on 11 May 1999.

The interests of the directors and their families in the shares of the company as at 31 March 2000 and 1 April 1999, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	31 March 2000	1 April 1999
C G H Valentine	-	32,000
R J Read	-	4,000
C H Meader	-	5,500
A C H Valentine	-	3,500
J W H Valentine	-	2,250
D J Valentine	-	2,250

The holdings of the directors in the shares of the new parent company are disclosed in that company's financial statements.

INVERTEC LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors


Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

J W H Valentine

Director

Date


13/9/00

REPORT OF THE AUDITORS TO THE MEMBERS OF INVERTEC LIMITED

We have audited the financial statements on pages 4 to 19 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

CHEL TENHAM

Date *14 September 2000*

INVERTEC LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a medium-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

ASSOCIATED UNDERTAKINGS

Undertakings other than subsidiary undertakings and joint ventures in which the company has an investment representing at least 20% of the voting rights and over which it exerts influence are treated as associated undertakings.

The balance sheet shows the investment in associated undertakings at cost less amounts written off.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Short leasehold improvements	Over the period of the lease
Plant and machinery, fixtures and fittings	4 years
Motor vehicles	4 years

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred.

INVESTMENTS

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

INVERTEC LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 2000

	Note	2000 £	1999 £
Turnover	1	4,890,004	4,584,693
Cost of sales		(3,024,842)	(2,906,053)
Gross profit		1,865,162	1,678,640
Administrative expenses		(1,649,226)	(1,346,538)
Operating profit		215,936	332,102
Amounts written off investments	7	(6,230)	(10,000)
Net interest	2	(57,042)	(66,117)
Profit on ordinary activities before taxation	1	152,664	255,985
Tax on profit on ordinary activities	4	(45,903)	(87,040)
Profit for the financial year	16	106,761	168,945
Dividends	5		
Equity		(360,000)	-
Loss transferred from reserves		(253,239)	168,945

STATEMENT OF RETAINED EARNINGS

	2000 £	1999 £
At 1 April 1999	727,766	558,821
Retained loss for the year	(253,239)	168,945
At 31 March 2000	474,527	727,766

There were no recognised gains or losses other than the profit for the financial year.

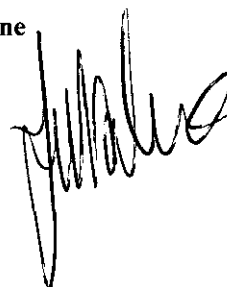
The accompanying accounting policies and notes form an integral part of these financial statements.

INVERTEC LIMITED
BALANCE SHEET AT 31 MARCH 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	6	278,480	311,467
Investments	7	16,667	100,897
		<u>295,147</u>	<u>412,364</u>
Current assets			
Stocks	8	428,494	319,389
Debtors	9	1,335,451	1,426,210
Cash at bank and in hand		50,135	1,151
		<u>1,814,080</u>	<u>1,746,750</u>
Creditors: amounts falling due within one year	10	(1,680,727)	(1,361,911)
Net current assets		<u>133,353</u>	<u>384,839</u>
Total assets less current liabilities		<u>428,500</u>	<u>797,203</u>
Creditors: amounts falling due after more than one year	11	(25,453)	(19,437)
Provisions for liabilities and charges	12	(131,000)	-
		<u>272,047</u>	<u>777,766</u>
Capital and reserves			
Called up share capital	14	44,740	50,000
Other reserves	15	5,260	-
Profit and loss account		222,047	727,766
Shareholders' funds	16	<u>272,047</u>	<u>777,766</u>

The financial statements were approved by the Board of Directors on 13/9/00

J W H Valentine
Director



The accompanying accounting policies and notes form an integral part of these financial statements.

INVERTEC LIMITED**CASH FLOW STATEMENT**

For the year ended 31 March 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	17	461,990	374,700
Returns on investments and servicing of finance			
Interest received		3,463	2,535
Interest paid		(52,037)	(61,306)
Hire purchase interest paid		(8,468)	(7,346)
Net cash outflow from returns on investments and servicing of finance		(57,042)	(66,117)
Taxation		(77,903)	(43,040)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(43,912)	(112,996)
Sale of tangible fixed assets		1,499	-
Loans repaid by other entities		51,335	-
Net cash inflow from capital expenditure and financial investment		8,922	(112,996)
Acquisitions and disposals			
Purchase of shares in subsidiary undertaking		-	(16,667)
Disposal of share in other fixed asset investment		23,291	39,056
Net cash inflow from acquisitions and disposals		23,291	22,389
Financing			
Purchase of own shares		(252,480)	-
Capital element of finance lease rentals		(57,794)	(58,105)
Net cash outflow from financing		(310,274)	(58,105)
Increase in cash	18	48,984	116,831

The accompanying accounting policies and notes form an integral part of these financial statements.

INVERTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation are attributable to the assembly and wholesale of lighting products.

An analysis of turnover by geographical market is given below:

	2000 £	1999 £
United Kingdom	3,673,138	3,461,801
Rest of Europe	1,055,166	932,998
Rest of World	161,700	189,894
	<u>4,890,004</u>	<u>4,584,693</u>

The profit on ordinary activities is stated after:

	2000 £	1999 £
Auditors' remuneration	7,000	6,500
Depreciation and amortisation:		
Tangible fixed assets, owned	103,394	99,945
Tangible fixed assets, held under finance leases and hire purchase contracts	53,853	34,026
Write-downs of fixed asset investments	6,230	10,000
Hire of plant and machinery	10,855	10,320
Other operating lease rentals	209,006	76,792

2 NET INTEREST

	2000 £	1999 £
On bank loans and overdrafts	7	5,648
Finance charges in respect of hire purchase agreements	8,468	7,346
Other interest payable and similar charges	52,030	55,658
	<u>60,505</u>	<u>68,652</u>
Other interest receivable and similar income	(3,463)	(2,535)
	<u>57,042</u>	<u>66,117</u>

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2000 £	1999 £
Wages and salaries	1,058,608	1,070,175
Social security costs	102,164	97,727
Other pension costs	167,260	88,125
	<u>1,328,032</u>	<u>1,256,027</u>

The average number of employees of the company during the year were as follows:

	2000 Number	1999 Number
Production	48	56
Administration	20	17
Management	7	7
	<u>75</u>	<u>80</u>

Remuneration in respect of directors was as follows:

	2000 £	1999 £
Emoluments	231,226	285,283
Pension contributions to money purchase pension schemes	160,657	82,669
	<u>391,883</u>	<u>367,952</u>

During the year 5 directors (1999:4) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid directors as follows:

	2000 £	1999 £
Emoluments	63,042	67,521
Pension contributions	36,920	37,750

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	1999 £
UK Corporation tax at 27% (1999: 31%)	57,000	89,000
Adjustments in respect of prior periods: Corporation tax	(11,097)	(1,960)
	<u>45,903</u>	<u>87,040</u>

5 DIVIDENDS

	2000 £	1999 £
Ordinary shares - final dividend of £8.05 per share	<u>360,000</u>	<u>-</u>

6 TANGIBLE FIXED ASSETS

	Short leasehold Improvements £	Plant and machinery, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 1999	83,976	572,783	247,170	903,929
Additions	1,260	42,652	99,600	143,512
Disposals	-	-	(94,166)	(94,166)
At 31 March 2000	<u>85,236</u>	<u>615,435</u>	<u>252,604</u>	<u>953,275</u>
Depreciation				
At 1 April 1999	60,253	403,526	128,683	592,462
Provided in the year	24,983	75,223	57,041	157,247
Eliminated on disposals	-	-	(74,914)	(74,914)
At 31 March 2000	<u>85,236</u>	<u>478,749</u>	<u>110,810</u>	<u>674,795</u>
Net book amount at 31 March 2000	<u>-</u>	<u>136,686</u>	<u>141,794</u>	<u>278,480</u>
Net book amount at 31 March 1999	<u>23,723</u>	<u>169,257</u>	<u>118,487</u>	<u>311,467</u>

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

The figures stated above include assets held under hire purchase contracts, as follows:

	Plant and machinery £	Motor vehicles £
Net book amount at 31 March 2000	3,082	137,908
Net book amount at 31 March 1999	11,736	95,764
Depreciation provided during year	2,465	51,388

7 FIXED ASSETS INVESTMENTS

	Loans to group undertaking £	Shares in group undertaking £	Total £
Cost or valuation			
At 1 April 1999	58,335	55,562	113,897
Disposals	(58,335)	(32,665)	(91,000)
At 31 March 2000	-	22,897	22,897
Amounts written off			
At 1 April 1999	7,000	6,000	13,000
Provided during the year	-	6,230	6,230
Eliminated on disposals	(7,000)	(6,000)	(13,000)
At 31 March 2000	-	6,230	6,230
Net book amount at 31 March 2000	-	16,667	16,667
Net book amount at 31 March 1999	51,335	49,562	100,897

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

At 31 March 2000 the company held more than 20% of the allotted share capital of the following undertakings:

	Country of incorporation	Class of share capital held	Proportion held	Nature of business	Capital and reserves £	Profit for the financial year £
Subsidiaries						
Invertec France SARL	France	Ordinary	95%	Sale of lighting products	-	-
Inverter Technologies (Asia) SDN, BHD	Malaysia	Ordinary	100%	Sale of lighting products	152,058	149,891

The information shown in each case is for the financial years ending with that of the parent undertaking.

8 STOCKS

	2000 £	1999 £
Raw materials	230,898	182,031
Short-term work in progress	115,668	82,615
Finished goods and goods for resale	81,928	54,743
	<u>428,494</u>	<u>319,389</u>

9 DEBTORS

	2000 £	1999 £
Trade debtors	1,185,780	1,240,332
Amounts owed by group undertakings	34,314	162,414
Other debtors	3,095	11,548
Loans to directors	105,128	-
Prepayments and accrued income	7,134	11,916
	<u>1,335,451</u>	<u>1,426,210</u>

Trade debtors include amounts of £1,136,028 (1999: £1,183,309) which are subject to factoring agreements.

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	394,298	519,263
Amounts owed to group undertakings	58,896	-
Corporation tax	57,000	89,000
Social security and other taxes	60,933	116,029
Proposed dividends	360,000	-
Other creditors	703,792	532,066
Accruals and deferred income	11,265	70,700
Amounts due under hire purchase agreements	34,543	34,853
	<u>1,680,727</u>	<u>1,361,911</u>

Other creditors of £703,792 (1999: £531,441) are secured on the book debts of the company.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Amounts due under hire purchase agreements	<u>25,453</u>	<u>19,437</u>
Borrowings are repayable as follows:	2000 £	1999 £
Within one year		
Hire purchase agreements	34,543	34,853
After one and within two years		
Hire purchase agreements	21,478	18,794
After two and within five years		
Hire purchase agreements	3,975	643
	<u>59,996</u>	<u>54,290</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Excess property provision £
Provided during the year	131,000
At 31 March 2000	<u>131,000</u>

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

13 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30%.

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Accelerated capital allowances	-	-	-	15,000
	-	-	-	15,000

14 SHARE CAPITAL

	2000	1999
	£	£
Authorised 100,000 ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid 44,740 (1999: 50,000) ordinary shares of £1 each	44,740	50,000

15 RESERVES

	Capital Redemption Reserve £
At 1 April 1999	-
Share capital redeemed	5,260
At 31 March 2000	5,260

The balance on share premium account and revaluation reserve may not be distributed legally under section 263 and 264 of the Companies Act 1985.

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	106,761	168,945
Dividends	(360,000)	-
	(253,239)	168,945
Purchase of shares	(252,480)	-
Net decrease in shareholders' funds	(505,719)	168,945
Shareholders' funds at 1 April 1999	772,506	608,821
Shareholders' funds at 31 March 2000	266,787	777,766

17 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	215,936	332,102
Depreciation	157,247	133,971
Profit on sale of tangible fixed assets	(18,347)	3,070
Loss on sale of investments	3,374	(29,056)
Increase in stocks	(109,105)	212,150
Decrease in debtors	90,759	(231,018)
Increase in creditors	122,126	(46,519)
Net cash inflow from continuing operating activities	461,990	374,700

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Increase in cash in the year	48,984	116,831
Cash outflow from finance leases in the year	57,794	58,105
Change in net debt resulting from cashflows	106,778	174,936
Inception of hire purchase agreements	(63,500)	(32,931)
Movement in net debt in the year	43,278	142,005
Net debt at 1 April 1999	(53,139)	(195,144)
Net debt at 31 March 2000	(9,861)	(53,139)

INVERTEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1999	Cash flow	Non - cash items	At 31 March 2000
	£	£	£	£
Cash in hand and at bank	1,151	48,984	-	50,135
Finance leases	(54,290)	57,794	(63,500)	(59,996)
	<u>(53,139)</u>	<u>106,778</u>	<u>(63,500)</u>	<u>(9,861)</u>

20 MAJOR NON-CASH TRANSACTIONS

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £63,500 (1999 £32,931).

21 CAPITAL COMMITMENTS

	2000	1999
	£	£
Contracted for but not provided in these statements	<u>13,985</u>	<u>-</u>

22 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2000 or 31 March 1999.

23 PENSIONS**Defined Contribution Scheme**

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

INVERTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

24 LEASING COMMITMENTS

Operating lease payments amounting to £62,880 (1999: £67,595) are due within one year. The leases to which these amounts relate expire as follows:

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	-	-	3,797
Between one and five years	58,500	4,380	58,500	5,298
	<u>58,500</u>	<u>4,380</u>	<u>58,500</u>	<u>9,095</u>

25 TRANSACTIONS RELATED PARTIES

	2000	1999
	£	£
Subsidiary undertakings		
FOREST ASSEMBLIES		
Amounts owed to Forest Assemblies Limited	-	3,000
INVERTEC FRANCE SARL		
Sales to Invertec France SARL	92,989	229,420
Management fees charged to Invertec France SARL	-	4,800
Commission paid to Invertec France SARL	-	1,249
Amounts recharged from Invertec France SARL	713	4,826
Amounts due from Invertec France SARL	48,129	143,584
ITA		
Sales to ITA	70,959	73,587
Purchases from ITA	479,170	113,235
Amounts owed by ITA	12,964	30,078
Amounts due to ITA	58,896	-
SCI LA BOISSERIE		
Amounts recharged to SCI La Boisserie	-	3,850
Amounts owed by SCI La Boisserie	-	-
Long term loans due from SCI La Boisserie	-	51,335
Parent Undertaking		
INVERTEC HOLDINGS LIMITED		
Management fees charged to Invertec Holdings Limited	60,117	-
Professional fees paid on behalf of Invertec Holdings Limited	12,617	-
Amounts due to Invertec Holdings Ltd	360,000	-

INVERTEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

26 TRANSACTIONS WITH DIRECTORS

2000
£

Directors

C G H Valentine

Balance outstanding at 1 April 1999

-

Balance outstanding at 30 March 2000

60,128

Maximum balance outstanding during the year

63,476

D J Valentine

Balance outstanding at 1 April 1999

-

Balance outstanding at 30 March 2000

45,000

Maximum balance outstanding during the year

45,094

27 ULTIMATE PARENT UNDERTAKING AND CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking and controlling related party of this company is its parent company Invertec Holdings Limited incorporated in Great Britain.