

Tyco Thermal Controls (UK) Limited
Annual report and accounts
for the 9 months ended 30 September 2001

Registered number: 03710607



Tyco Thermal Control (UK) Ltd

Annual report and accounts for the 9 months ended 30 September 2001

Contents

Directors and advisers for the 9 months ended 30 September 2001	1
Directors' report for the 9 months ended 30 September 2001	2
Independent Auditors' report to the members of Tyco Thermal Controls (UK) Limited	4
Profit and Loss account for the 9 months ended 30 September 2001	7
Balance Sheet as at 30 September 2001	8
Cash Flow Statement.....	9
Statement of Accounting policies.....	11
Notes to the financial statements for the 9 months ended 30 September 2001	13

Tyco Thermal Controls (UK) Ltd

Directors and advisers for the 9 months ended 30 September 2001

Directors

A E Cox	(Resigned 8 March 2001)
M J Downie	(Resigned 31 January 2001)
K W Hanley	(Resigned 8 March 2001)
J Lawrenson	(Resigned 8 March 2001)
K Kantner	(Appointed 8 March 2001 , Resigned 28 June 2002)
J Kansen	(Appointed 8 March 2001)
R Stokes	(Appointed 28 June 2002)
M G Ward	(Appointed 24 January 2003)

Secretary

K W Hanley	(Resigned 8 March 2001)
T W Godfray	(Appointed 8 March 2001, Resigned 8 March 2002)
G Latham	(Appointed 8 March 2002)

Registered Office

Victoria Road
Leeds
LS11 5UG

Independent Auditors

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

Bankers

HSBC
2 Ecclestone Street
Prescot
L34 5QF

Tyco Thermal Controls (UK) Ltd

Directors' report for the 9 months ended 30 September 2001

The directors present their report and the audited financial statements of the company for the 9 months ended 30 September 2001.

Principal activities

The principal activity of the company is to manufacture and sell mineral insulated heating and wiring cables and related products under the Pyrotenax and Thermoheat brand names primarily to construction and industrial markets throughout the world.

Review of business and future developments

Following acquisition of the company by the Tyco Group, the directors have undertaken a strategic review. This has resulted in significant restructuring which is reflected in the results for the period. Further rationalisation has already taken place in 2002. In the interim, the financial position of the company is secured by the support of Tyco Group SARL.

The directors do not recommend the payment of a dividend.

The loss sustained for the period of 9 months ended September 2001 £3,117,000, (2000: full year profit £349,000) will be transferred to reserves.

Details of post balance sheet events are described in note 16.

Directors

The directors of the company are listed on page 1. There were changes in directors both during and after the period as shown below.

A E Cox	(Resigned 8 March 2001)
M J Downie	(Resigned 31 January 2001)
K W Hanley	(Resigned 8 March 2001)
J Lawrenson	(Resigned 8 March 2001)
K Kantner	(Appointed 8 March 2001 , Resigned 28 June 2002)
J Kansen	(Appointed 8 March 2001)
R Stokes	(Appointed 28 June 2002)
M G Ward	(Appointed 24 January 2003)

Directors interests in shares of the company

The company's ultimate parent undertaking is incorporated outside the United Kingdom. As permitted by statutory instrument, the register of directors' shareholdings maintained in accordance with Section 325 of the Companies Act 1985, does not include the interests of directors in the shares of the parent undertaking.

No director has a beneficial interest in the shares of the company or other subsidiaries of the ultimate parent company and no contracts exist, other than service agreements with the company or other subsidiaries of the ultimate parent company in which the directors have an interest.

Tyco Thermal Controls (UK) Ltd

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the 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. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 September 2001, 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.

The format of records maintained following a full physical stocktake at 30 September 2001 differs from the format of the book stock records and it has not been possible subsequently to reconcile these differences. Three full stock takes were undertaken during the period and a physical count at 30 September 2002 did not identify any significant discrepancy between book and physical stocks. Accordingly the directors do not believe the value of stocks reflected in the accounts at 30 September 2001 amounting to £2,615,000 is materially misstated. However, they acknowledge that an adequate audit trail does not exist at that date.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.

The company has continued its policy of employee involvement by making information available to employees through formal and informal meetings. Training remains a key part of the company's human resource programme.

Creditor payment policy

Individual operating units within the company are responsible for establishing appropriate policies with regard to the payment of their suppliers. The units agree terms and conditions under which business transactions with suppliers are conducted. It is company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms. It is company policy to ensure that suppliers know the terms on which payment will take place when business is agreed.

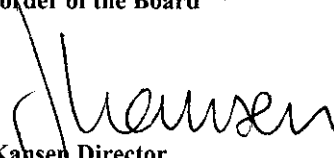
The company's average trade creditor payment period at 30 September 2001 was 65 days (2000:75 days).

Tyco Thermal Controls (UK) Ltd

Auditors

During the period the auditors, Deloitte & Touche resigned and PricewaterhouseCoopers LLP were appointed in their place and have indicated their willingness to continue in office. An elective resolution in June 2001 dispensed with requirement for the annual reappointment at the Annual General Meetings.

By order of the Board



J Kansen Director
30 June 2003

Tyco Thermal Controls (UK) Ltd

Independent auditors' report to the members of Tyco Thermal Control (UK)Limited

We have audited the financial statements on pages 7 to 20.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 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. However the evidence available to us for the audit of stocks was limited for the reasons described in the statement of directors' responsibilities and in consequence we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and value of stocks, appearing in the balance sheet at £2,615,000. Any adjustment to this figure could have a consequential effect on the loss for the period. We were not appointed auditors until 28 April 2003 and have been unable to carry out auditing procedures necessary to obtain adequate assurance to satisfy ourselves as to the truth and fairness of opening balances as at 1 January 2001.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitations in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs at 30

Tyco Thermal Controls (UK) Ltd

September 2001 or of its loss for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitations on our work relating to stocks at 30 September 2001 and opening balances at 1 January 2001 :

- we have not obtained all the information and explanations that we consider necessary for the purpose of the audit; and
- in our opinion, proper accounting records have not been kept.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
30 June 2003

Tyco Thermal Controls (UK) Ltd

Profit and loss account for the 9 months ended 30 September 2001

	Note	9 Months Ended 30 September 2001	Year Ended 31 December 2000 As restated
		£'000	£'000
Turnover	1	10848	17665
Net operating costs	2	(13628)	(16795)
Operating (Loss) / Profit		(2,780)	870
Interest Receivable		16	-
Interest payable and similar charges	3	(353)	(521)
(Loss) / Profit on ordinary activities before taxation		(3117)	349
Tax on ordinary activities	4	-	-
(Loss) / Profit for the period		(3117)	349

All of the above activities relate to continuing operations.

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

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

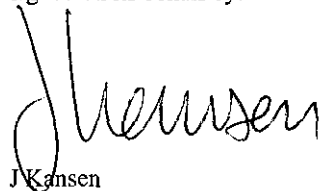
The accompanying notes are an integral part of this profit and loss account.

Tyco Thermal Controls (UK) Ltd

Balance sheet as at 30 September 2001

	Note	As at 30 September 2001 £'000	As at 31 December 2000 £'000
Fixed assets			
Tangible assets	5	1246	2479
Current assets			
Stock	6	2615	3510
Debtors:	7	3566	6660
Cash at bank and in hand		889	-
		7070	10170
Creditors - amounts falling due within one year	8	(10917)	(18106)
Net current Liabilities		(3847)	(7936)
Net Liabilities		(2601)	(5457)
Capital and reserves			
Called up share capital	9	5973	-
Profit and loss account	10	(8574)	(5457)
Equity shareholders' Deficit	11	(2601)	(5457)

The financial statements on pages 7 to 20 were approved by the board of directors on 30 June 2003 and were signed on its behalf by:



J. Kansen
Director

Tyco Thermal Controls (UK) Ltd

Cash flow statement for the 9 months ended 30 September 2001

	2001 £'000	Year ended 31 December 2000
Cash flow from operating activities	(3575)	(4102)
Returns on investment and servicing of finance		
Interest received	16	-
Interest paid	(353)	(521)
Net cash flow from returns on investment and servicing of finance	(337)	(521)
Taxation		
Taxation paid	-	-
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(444)
Net cash flow from capital expenditure and financial investment		(444)
Cash outflow before financing	(3912)	(5067)
Financing		
Issue of ordinary share capital	5973	-
New loans acquired	8951	521
Loans repaid	(7964)	-
Net cash flow from financing	6960	521
Increase/(decrease) in net cash	3048	(4546)

Tyco Thermal Controls (UK) Ltd

Cash flow statement

Reconciliation of operating (loss)/profit to net cash flow from operating activities

	2001 £'000	2000 £'000
Operating (loss)/profit	(2780)	870
Movement in reorganisation provision	-	(5437)
Depreciation	1233	645
Decrease in stocks	895	1733
Decrease/(increase) in debtors	3094	(1315)
Decrease in creditors	(6017)	(598)
Net cash outflow from operating activities	(3575)	(4102)

Reconciliation of net cash flow to movement in net debt

	2001 £'000
Net debt at 1 January 2001	10123
Increase in net cash	(3048)
Movement in borrowings	987
Net debt at 30 September 2001	8062

Analysis of net debt

	1 January 2001 £'000	Cash flow £'000	At 30 September 2001 £'000
Cash at bank and in hand	-	889	889
Overdrafts	(2159)	2159	-
	(2159)	3048	889
Debt due within 1 year	(7964)	(987)	(8951)
Total	(10123)	(2061)	(8062)

Tyco Thermal Controls (UK) Ltd

Statement of Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The accounts have been prepared on a going concern basis which assumes the support of the parent undertaking. The directors have received a letter from Tyco Group SARL confirming that support will be provided for a period at least 12 months from the date of approval of these financial statements. A summary of the more important accounting policies is set out below.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or if hedged, at the forward contract rate.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All gains and losses arising are charged directly to the profit and loss account.

Tangible fixed assets

Tangible fixed assets, other than freehold land, 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:-

Property	2.5 %
Plant, machines, moulds and tools	10% to 33 1/3 %
Motor Vehicles	33 1/3 %

Leasehold improvements are fully charged to the profit and loss account in the period in which they are incurred.

Leases

Assets held under hire purchase arrangements are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over its useful economic life. Finance costs are allocated to accounting periods to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all appropriate production overheads in bringing each product to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

Turnover

Turnover is recognised at the point of despatch and represents the invoiced amount of goods sold and services provided (stated net of value added tax and discounts).

Tyco Thermal Controls (UK) Ltd

Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Pensions

The Company participated in the General Cable Pension Scheme until 8 March 2001. The Pension Scheme was a defined benefit type with the assets held in separate Trustee Administered Funds. Since 9 March 2001, the Company has operated a Defined Contribution Benefit Scheme.

Pension contributions for the defined contribution benefit scheme are charged to profit and loss account as incurred.

Change in Presentation

Following the acquisition by the Tyco Group, the financial statements are now presented in accordance with Format 2 described in the Companies Act 1985 to be consistent with other group companies. Comparative figures have been restated accordingly.

Tyco Thermal Controls (UK) Ltd

Notes to the financial statements for the 9 months ended 30 September 2001

1 Segmental reporting

Turnover and profit before taxation are derived wholly from the company's principal activity. All turnover arises in the United Kingdom.

Turnover by customer location	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
United Kingdom	6910	10,591
Europe (excluding UK)	2327	3445
North and South America	345	147
Middle East	305	-
Asia and Australia	926	-
Africa	35	-
RoW	-	3482
	10848	17665

2 Net operating expenses

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Change in stocks of finished goods and work in progress	1503	1674
Raw materials and consumables	5399	9718
Other external charges	280	-
Staff costs	3953	6493
Depreciation and other amounts written off tangible fixed assets	1233	645
Other operating charges	1260	(1735)
	13628	16795

Figures for the year ended 31 December 2000 have been restated to conform to Format 2 of the Companies Act to be consistent with other group companies.

Tyco Thermal Controls (UK) Ltd

Net operating costs include the following:

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Operating lease rentals		
- hire of plant, equipment and vehicles	83	55
Auditors remuneration		
- for audit services	25	25

Employee information and directors' remuneration

	9 Months ended 30 September 2001	Year ended 31 December 2000
By activity		
Production	116	129
Selling, distribution and administration	61	68
	177	197

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Staff costs (for the above persons)		
Wages and salaries	3043	3892
Social security costs	249	358
Redundancy	290	1913
Other pension costs	371	330
	3953	6493

Tyco Thermal Controls (UK) Ltd

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Directors Emoluments		
Aggregate Emoluments	126	87
Pensions Contributions	5	12
	131	99

Up to 8 March 2001 retirement benefits were accruing to 2 directors (2000:3) under a defined benefit scheme.

3 Interest payable and similar charges

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
On long term loan from group company	333	-
On bank loan and overdrafts repayable within 5 years	20	521
	353	521

4 Taxation on profit on ordinary activities

No tax arises in either the current or prior year.

Tyco Thermal Controls (UK) Ltd

5 Tangible fixed assets

	Freehold land and buildings	Plant and machinery, fixture & fitting	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 January 2001	1727	964	2691
Adjustment (see below)	(807)	-	(807)
At 30 September 2001	920	964	1884
Depreciation			
At 1 January 2001	(105)	(107)	(212)
Charge for the period	(33)	(253)	(286)
Impairment charge	-	(210)	(210)
Adjustment (see below)	70	-	70
At 30 September 2001	(68)	(570)	(638)
Net book amount			
At 30 September 2001	852	394	1246
At 31 December 2000	1622	857	2479

The cost or valuation brought forward at 1 January 2001 included revaluations in periods prior to 1992. During the period, these revaluations were reversed so that fixed assets are stated at historical cost.

6 Stocks

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Raw materials and consumables	1695	1087
Work in progress	400	680
Finished goods	520	1743
	2615	3510

Tyco Thermal Controls (UK) Ltd

7 Debtors

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Trade debtors	2972	6550
Amounts owed by fellow subsidiary undertakings	287	23
Prepayments and accrued income	157	87
Other debtors	150	-
	3566	6660

8 Creditors – Amounts falling due within one year

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Bank overdraft		2159
Trade creditors	1315	1523
Amounts owed to fellow subsidiary undertakings	252	8163
Amounts owed to parent undertaking	8951	5968
Other taxation and social security	109	102
Other creditors and accruals	290	191
	10917	18106

The amounts owed to parent undertakings are unsecured, have no fixed repayment date and carry interest rates of 6.53%. The loan is revolving and renewed annually.

9 Called up share capital

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Authorised		
6,000,000 (2000: 100) ordinary Shares of £1	6000	-
Allotted and fully paid		
5,973,100 (2000: 100) ordinary Shares of £1	5973	-

Tyco Thermal Controls (UK) Ltd

During the period the authorised share capital has increased from £100 to £6,000,000, and on 8 March 2001 5,973,000 shares were issued at par in settlement of loans.

10 Reserves

	Profit and loss account
	£'000
At 1 January 2001	(5457)
Loss for the period	(3117)
At 30 September 2001	(8574)

11 Reconciliation of movements in shareholders' funds

	2001	2000
	£'000	£'000
Opening deficiency of equity shareholders' funds	(5457)	(5806)
(Loss)/profit for the period	(3117)	349
Increase in share capital	5973	-
Closing deficiency of equity shareholders' funds	(2601)	(5457)

12 Contingent liabilities

Other contingent liabilities arise in the ordinary course of business in connection with the completion of contracts. In the opinion of the directors no material loss will arise from such contingent liabilities in excess of the amounts provided in the accounts.

Tyco Thermal Controls (UK) Ltd

13 Financial commitments

Operating leases

At 30 September 2001, the company had the following annual commitments under non-cancellable operating leases:

	Land and buildings 2001 £'000	Plant and machinery 2001 £'000	Land and buildings 2000 £'000	Plant and machinery 2000 £'000
Within one year	-	34	-	55
Between two and five years, inclusive	-	9	-	35
	-	43	-	90

14 Parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Tyco Group SARL, a company registered in Luxembourg, which is the smallest group of undertakings for which group financial statements are prepared.

The ultimate parent company and controlling is Tyco International Ltd, a company incorporated in Bermuda. Copies of the group financial statements may be obtained from the Company Secretary, Tyco International Ltd, The Gibbons Building, 10 Queen Street, Hamilton HM11, Bermuda.

15 Pensions

The Company participated in the General Cable Scheme until 8 March 2001. At 9 March 2001 all contributing employees transferred to deferred members scheme. All past service costs have been retained in the General Cable Scheme and as such the Company has no on-going liabilities. Since 9 March 2001 the Company operated a Defined Contribution Pension Scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The total pension cost for the 9 months were £380,000.

16 Post Balance Sheet Events

As described in the directors report restructuring of the business has continued in 2002 consistent with implementation of the new strategy. The site in Hebburn was sold and manufacturing operations ceased. On 10 January 2003 the authorised share capital was increased to 25,000,000 and on 24 January 2003 3,951,000 ordinary shares of £1 each were issued at par for cash.

Tyco Thermal Controls (UK) Ltd

17 Related party transactions

During the period the company made the following purchases and sales from Tyco Group Companies:

	9 Months ended 30 September 2001 £'000	Year ended 31 December 2000 £'000
Purchases:		
Pyrotenax Canada Limited	621	599
Sales:	230	68
Pyrotenax Canada Limited	126	95
Raychem Belgium Limited	36	8
Raychem UK Limited	72	124
Thorin and Thorin Sweden		

Amounts owed by and to Tyco Group Companies at 30 September 2001 are as follows:

	£'000
Owed by:	
Pyrotenax Canada Limited	168
Roychem Belgium Limited	43
Raychem UK Limited	36
Thorin & Thorin	37
Owed to:	
Pyrotenax Canada Limited	231

The directors do not have details of transactions or balances with General Cable group companies prior to the company's acquisition by Tyco Group SARL.