

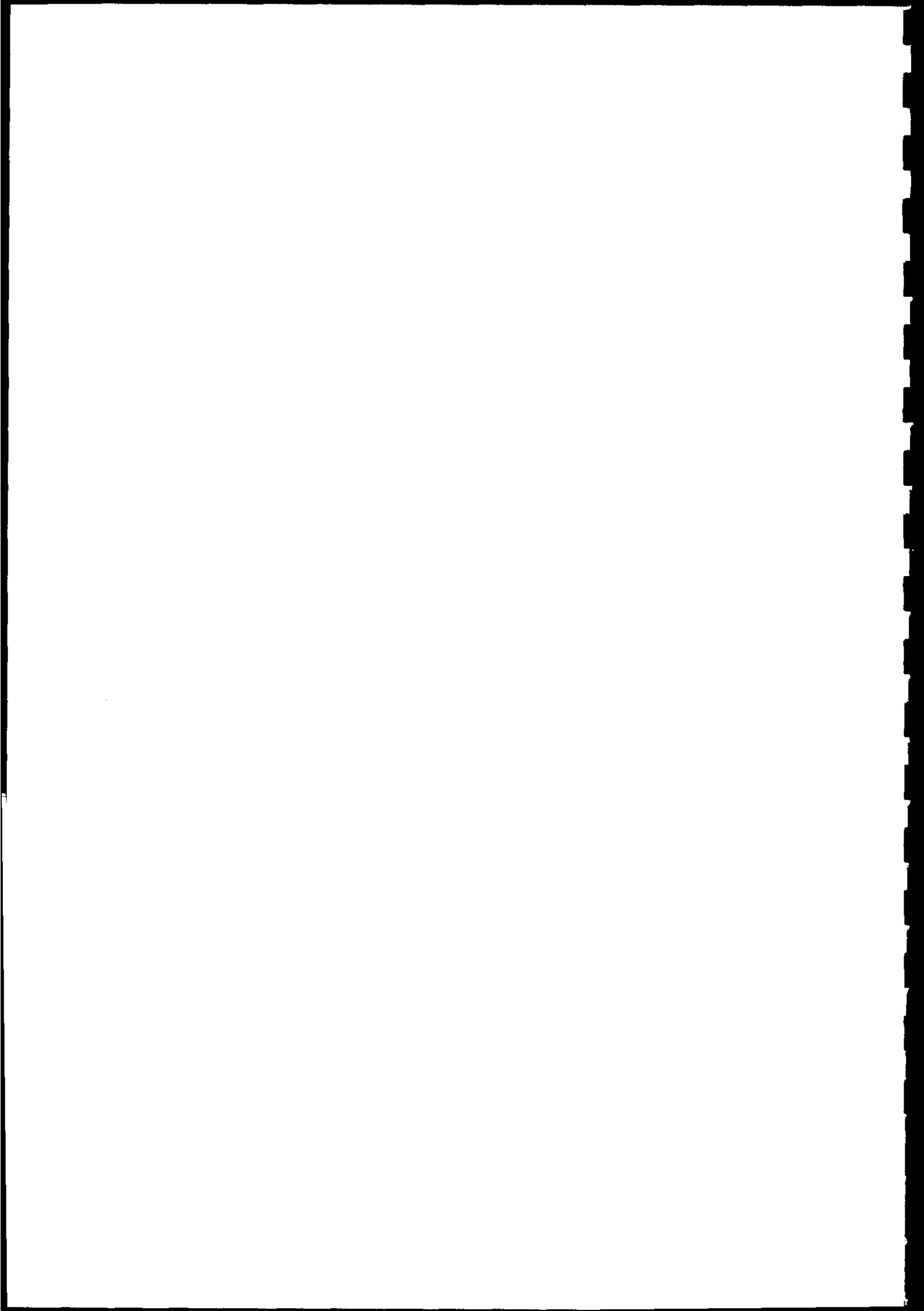
Tyco Thermal Controls (UK) Limited
Annual report and accounts
for the year ended 30 September 2002

Registered number: 03710607



Tyco Thermal Control (UK) Limited
Annual report and accounts
for the year ended 30 September 2002
Contents

<i>Directors and advisers for the year ended 30 September 2002</i>	1
<i>Directors' report for the year ended 30 September 2002</i>	2
<i>Independent auditors' report to the members of Tyco Thermal Control (UK) Limited</i>	4
<i>Profit and loss account for the year ended 30 September 2002</i>	6
<i>Balance sheet as at 30 September 2002</i>	7
<i>Cash flow statement for the year ended 30 September 2002</i>	8
<i>Statement of accounting policies</i>	10
<i>Notes to the financial statements for the year ended 30 September 2002</i>	12



Tyco Thermal Controls (UK) Limited

Directors and advisers for the year ended 30 September 2002

Directors

K Kantner	(Resigned 28 June 2002)
J Kansen	
R Stokes	(Appointed 28 June 2002, resigned 4 July 2003)
M G Ward	(Appointed 24 January 2003)
S Lemmens	(Appointed 4 July 2003)

Secretary

T W Godfray	(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) Limited

Directors' report for the year ended 30 September 2002

The directors present their report and the audited financial statements of the company for the year ended 30 September 2002.

Principal activities

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

Review of business and future developments

Following the rationalisation during 2001, further changes have taken place. The facilities in Hebburn were sold during 2002 and the company moved to new facilities in Washington. In order to create new synergies, the existing business of Raychem HTS Limited, part of the Tyco Thermal Controls reporting group, was co-located into the Washington site from 1 October 2003. This expands the Washington product range to include heat tracing cables and components, enhancing Tyco Thermal Controls UK Limited's position to service its customers and markets.

The directors do not recommend the payment of a dividend (2001: £Nil).

The loss sustained for the year ended September 2002 £721,000, (2001: 9 months loss £3,117,000) 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.

K Kantner	(Resigned 28 June 2002)
J Kansen	
R Stokes	(Appointed 28 June 2002, resigned 4 July 2003)
M G Ward	(Appointed 24 January 2003)
S Lemmens	(Appointed 4 July 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) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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.

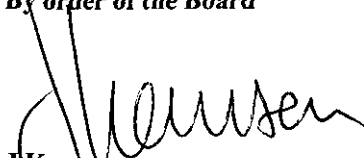
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained in the statement of accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 September 2002, and 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditor to the company will be proposed at the Annual General Meeting.

By order of the Board



J. Kansen

Director

28 April 2004

Tyco Thermal Controls (UK) Limited

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, statement of accounting policies and the related notes.

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, except that the scope of our work was limited as explained below. 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 was limited because, as stated in our report on the financial statements for the preceding financial period, we were unable to satisfy ourselves as to the quantity and value of the stocks at 30 September 2001, included in the balance sheet at £2,615,000. Any error in the amount at which stocks were stated in the balance sheet at that date would affect the profit for the year ended 30 September 2002. In addition, the evidence available to us was limited in respect of the corresponding amounts in the current year's financial statements which are derived from the financial statements for the period ended 30 September 2001. In our report on those financial statements we stated that we were unable to express an opinion on the profit for the period ended on that date because we were unable to substantiate the opening balances at 1 January 2001.

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

Tyco Thermal Controls (UK) Limited

Qualified opinion arising from limitation on audit scope

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2002 and except for any adjustments that we might have found to be necessary had we been able to satisfy ourselves as to the matters referred to above, of its loss and cash flows for the year then ended and 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

- we have not obtained all the information and explanations that we consider necessary for the purpose of the audit; and
- we were unable to determine whether proper accounting records had been kept.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
28 April 2004

Tyco Thermal Controls (UK) Limited

Profit and loss account for the year ended 30 September 2002

	Note	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Turnover	1	12,751	10,848
Net operating costs	2	(13,154)	(13,628)
Operating loss		(403)	(2,780)
Profit on sale of fixed assets		139	-
Interest Receivable		20	16
Interest payable and similar charges	3	(477)	(353)
Loss on ordinary activities before taxation		(721)	(3,117)
Tax on loss on ordinary activities	4	-	-
Loss for the period		(721)	(3,117)

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.

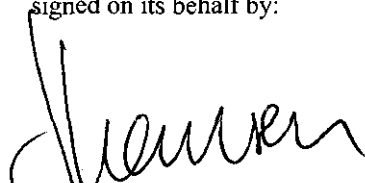
There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

Tyco Thermal Controls (UK) Limited

Balance sheet as at 30 September 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	5	161	1,246
Current assets			
Stock	6	2,222	2,615
Debtors	7	3,655	3,566
Cash at bank and in hand		1,903	889
		7,780	7,070
Creditors - Amounts falling due within one year	8	(11,263)	(10,917)
Net current liabilities		(3,483)	(3,847)
Net liabilities		(3,322)	(2,601)
Capital and reserves			
Called up share capital	10	5,973	5,973
Profit and loss account	11	(9,295)	(8,574)
Equity shareholders' deficit	12	(3,322)	(2,601)

The financial statements on pages 6 to 19 were approved by the board of directors on 28 April 2004 and were signed on its behalf by:



J Kansen
Director

Tyco Thermal Controls (UK) Limited

Cash flow statement for the year ended 30 September 2002

	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Cash flow from operating activities	456	(3,575)
Returns on investment and servicing of finance		
Interest received	20	16
Interest paid	(477)	(353)
Net cash flow from returns on investment and servicing of finance	(457)	(337)
Taxation		
Taxation paid	-	-
Capital expenditure and financial investment		
Sale of tangible fixed assets	1,015	-
Net cash flow from capital expenditure and financial investment	1,015	
Cash outflow before financing	1,014	(3,912)
Financing		
Issue of ordinary share capital	-	5,973
New loans acquired	-	8,951
Loans repaid	-	(7,964)
Net cash flow from financing	-	6,960
Increase in net cash	1,014	3,048

Tyco Thermal Controls (UK) Limited

Reconciliation of operating loss to net cash flow from operating activities

	2002	2001
	£'000	£'000
Operating loss	(403)	(2,780)
Depreciation	209	1,233
Decrease in stocks	393	895
(Increase)/decrease in debtors	(89)	3,094
Increase/(decrease) in creditors	346	(6,017)
Net cash inflow/(outflow) from operating activities	456	(3,575)

Reconciliation of net cash flow to movement in net debt

	£'000
Net debt at 1 October 2001	8,062
Increase in net cash	(1,014)
Net debt at 30 September 2002	7,048

Analysis of net debt

	At 1 October 2001 £'000	Cash flow £'000	At 30 September 2002 £'000
Cash at bank and in hand	889	1,014	1,903
Debt due within 1 year	(8,951)	-	(8,951)
Total	(8,062)	1,014	(7,048)

Tyco Thermal Controls (UK) Limited

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) Limited

Deferred taxation

Deferred tax is provided using the full provision method following the company's adoption of FRS19 "Deferred Tax". Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

Previously, deferred tax was provided on the liability method to the extent that it was likely that such tax would crystallise in the foreseeable future.

There is no material impact on the prior year numbers following the introduction of FRS19 and therefore no prior year adjustment has been made.

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.

Tyco Thermal Controls (UK) Limited

Notes to the financial statements for the year ended 30 September 2002

1 Segmental reporting

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

Turnover by customer location	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
United Kingdom	7,452	6,910
Europe (excluding UK)	2,838	2,327
North and South America	855	345
Middle East	799	305
Asia and Australia	768	926
Africa	39	35
	12,751	10,848

2 Net operating expenses

	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Change in stocks of finished goods and work in progress	(1,130)	1,503
Raw materials and consumables	7,657	5,399
Other external charges	481	280
Staff costs	4,045	3,953
Depreciation and other amounts written off tangible fixed assets	209	1,233
Other operating charges	1,892	1,260
	13,154	13,628

Tyco Thermal Controls (UK) Limited

Net operating costs include the following:

	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Operating lease rentals		
- plant and machinery	114	83
- other	135	-
Auditors remuneration		
- for audit services	30	25

Employee information and directors' remuneration

The average monthly number of persons (including executive directors) employed by the company during the period was:

By activity	Year ended 30 September 2002	9 months ended 30 September 2001
Production	83	116
Selling, distribution and administration	57	61
	140	177

Staff costs (for the above persons)	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Wages and salaries	3,006	3,043
Social security costs	253	249
Redundancy	668	290
Other pension costs	118	371
	4,045	3,953

Directors Emoluments	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Aggregate Emoluments	-	126
Pensions Contributions	-	5
	-	131

Tyco Thermal Controls (UK) Limited

3 Interest payable and similar charges

	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
On long term loan from group company	471	333
On bank loan and overdrafts repayable within 5 years	6	20
	477	353

4 Tax on loss on ordinary activities

(a) Analysis of charge in the period

	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
<i>Current tax:</i>		
UK corporation tax on losses of the period	-	-
Total current tax (Note 4 (b))	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Tax on profits on ordinary activities	-	-

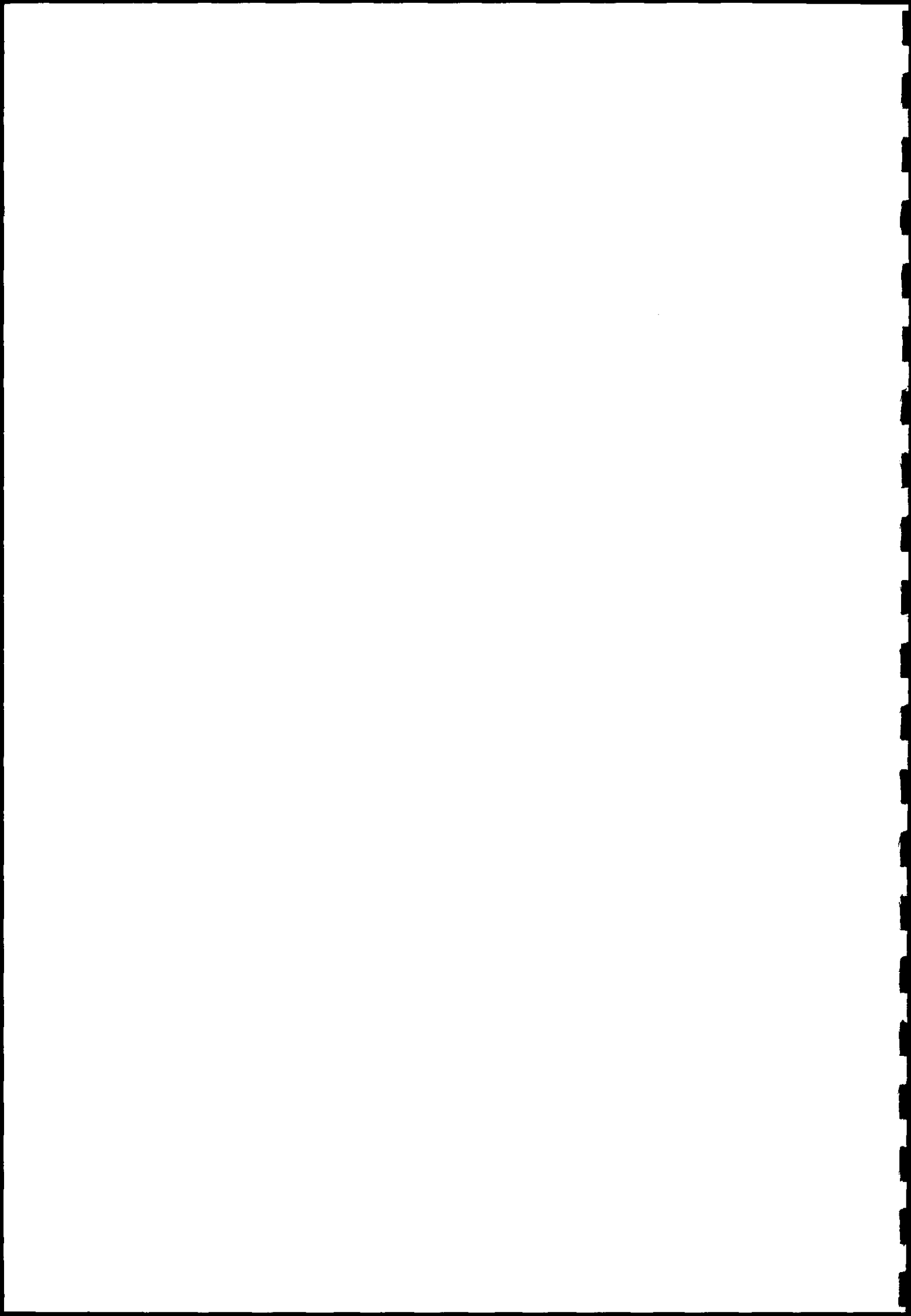
(b) Factors affecting tax charge for the period

The tax assessed for the period is different to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Loss on ordinary activities before tax	(721)	(3,117)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(216)	(935)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	140	106
Accelerated capital allowances / other timing differences	65	829
Capital transactions	11	-
Current tax charge for the period (note 4 (a))	-	-

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax asset, see note 10, on the basis that all of the losses may not be utilised in future years.



Tyco Thermal Controls (UK) Limited

5 Tangible fixed assets

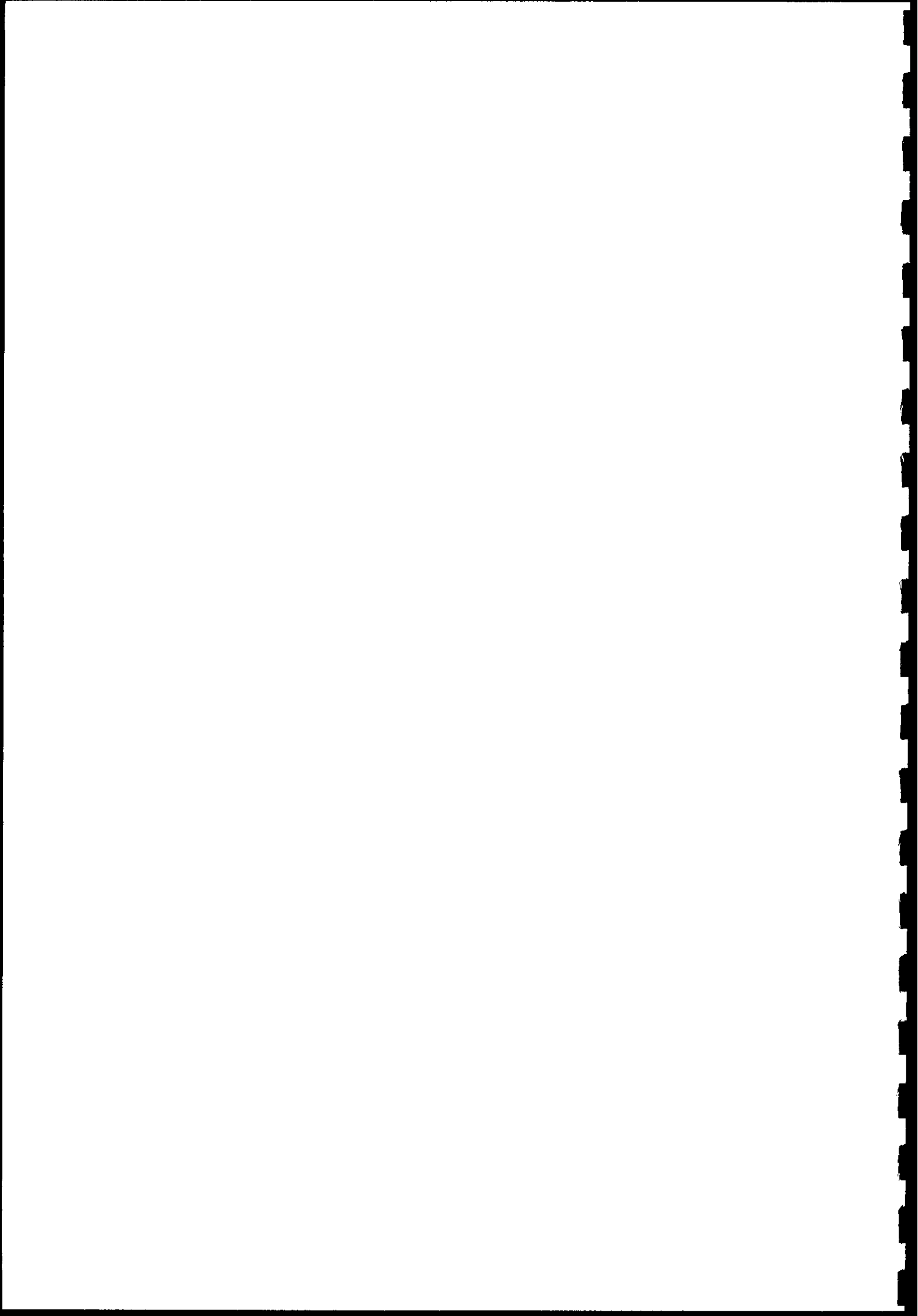
	Freehold land and buildings	Plant and machinery, fixtures & fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 October 2001	920	964	1,884
Disposals	(920)	(692)	(1,612)
At 30 September 2002	-	272	272
Depreciation			
At 1 October 2001	(68)	(570)	(638)
Charge for the period	(22)	(187)	(209)
Disposals	90	646	736
At 30 September 2002	-	(111)	(111)
Net book amount			
At 30 September 2002	-	161	161
At 30 September 2001	852	394	1,246

6 Stocks

	2002 £'000	2001 £'000
Raw materials and consumables	172	1,695
Work in progress	167	400
Finished goods	1,883	520
	2,222	2,615

7 Debtors

	2002 £'000	2001 £'000
Trade debtors	3,352	2,972
Amounts owed by fellow subsidiary undertakings	183	287
Prepayments and accrued income	85	157
Other debtors	35	150
	3,655	3,566



Tyco Thermal Controls (UK) Limited

8 Creditors – Amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	1,278	1,315
Amounts owed to fellow subsidiary undertakings	635	252
Amounts owed to parent undertaking	8,951	8,951
Other taxation and social security	58	109
Other creditors and accruals	341	290
	11,263	10,917

The amounts owed to parent undertakings are unsecured, have no fixed repayment date and carry interest rates of 3 month GBP LIBOR + 1.0%. The loan is revolving and renewed every 11 months.

9 Deferred taxation

The potential deferred tax asset not provided in the accounts comprises:

	2002 £'000	2001 £'000
Depreciation in excess of capital allowances	199	28
Short term timing differences	10	-
Losses	1,723	1,738
	1,932	1,766

10 Called up share capital

	2002 £'000	2001 £'000
Authorised		
6,000,000 (2001: 6,000,000) ordinary shares of £1	6,000	6,000
Allotted and fully paid		
5,973,100 (2001: 5,973,100) ordinary shares of £1	5,973	5,973

Tyco Thermal Controls (UK) Limited

11 Reserves

	Profit and loss account
	£'000
At 1 October 2001	(8,574)
Loss for the period	(721)
At 30 September 2002	(9,295)

12 Reconciliation of movements in shareholders' funds

	2002	2001
	£'000	£'000
Opening deficiency of equity shareholders' funds	(2,601)	(5,457)
Loss for the period	(721)	(3,117)
Increase in share capital	-	5,973
Closing deficiency of equity shareholders' funds	(3,322)	(2,601)

13 Financial commitments

Operating leases

At 30 September 2002, the company had the following annual commitments under non-cancellable operating leases expiring as follows:

	2002		2001	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Within one year	-	52	-	34
Between two and five years, inclusive	-	10	-	9
After five years	180	-	-	-
	180	62	-	43

Tyco Thermal Controls (UK) Limited

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 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 total pension cost for the year were £118,000 (2001: £371,000).

16 Post Balance Sheet Events

As described in the directors report restructuring of the business has continued in 2003 consistent with implementation of the new strategy. 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.

On 1 October 2003 the company acquired the trade and assets of Raychem HTS Limited, another group company. The consideration paid for the trade and assets was not significant.

Tyco Thermal Controls (UK) Limited

17 Related party transactions

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

	Year ended 30 September 2002 £'000	9 months ended 30 September 2001 £'000
Purchases:		
Pyrotenax Canada Limited	2,090	621
Sales:		
Pyrotenax Canada Limited	256	230
Raychem Belgium Limited	71	126
Raychem HTS UK Limited	15	36
Thorin and Thorin Sweden	243	72
Isopad Germany	74	-
Raychem HTS France	9	-
TTC Holland	3	-
Raychem International Ireland	4	-
TTC Norway	19	-

Amounts owed by and to Tyco Group Companies are as follows:

	2002 £'000	2001 £'000
Owed by:		
Pyrotenax Canada Limited	36	168
TTC Belgium	41	43
Raychem HTS Limited	17	36
Thorin & Thorin Sweden	74	37
Isopad Germany	6	3
Raychem BV	1	-
Raychem France	6	-
Raychem Ireland	2	-
Owed to:		
Pyrotenax Canada Limited	635	231
Tyco Group SARL	8,951	8,951