

BB Investments

Report and Accounts

30 September 2004



Registered Number: 02534721

BB Investments

Registered No. 02534721

DIRECTORS

Steven C. Barre

Jeffrey B. Park

SECRETARY

Trusec Limited

AUDITORS

Ernst & Young LLP

P.O. Box 61

Cloth Hall Court

14 King Street

Leeds LS1 2JN

REGISTERED OFFICE

2 Lambs Passage

London EC1Y 8BB

BB Investments

Directors' Report

The directors presented their report and the audited accounts of BB Investments (the "Company") for the year ended 30 September 2004.

Principal Activity

The principal activity of the Company is that of a group investment company.

Results and Dividends

The profit for the year, after taxation, amounted to \$1,097,243 and is dealt with as shown in the profit and loss account.

The directors do not recommend payment of a dividend.

Directors and their Interests

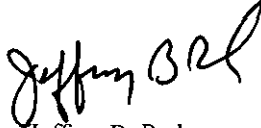
The directors currently in office and who served during the year are listed on page 1.

There are no director interests requiring disclosure under the Companies Act 1985.

Auditors

Resolutions excluding the Company from the obligation to hold annual general meetings and to re-elect auditors annually have been passed by the Company.

On behalf of the Board



Jeffrey B. Park
Director

28 March 2005

BB Investments

Statement of Directors' Responsibilities in Respect of the Accounts

Company law requires the directors to prepare accounts 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 year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a 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 accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BB Investments

Report of the Auditors

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF BB INVESTMENTS

We have audited the Company's financial statements for the year ended 30 September 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 6. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 director's remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 director 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.

BB Investments

Report of the Auditors

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds
28 March 2005
30

BB Investments

Profit and Loss Account
for the year ended 30 September 2004

| | <i>Notes</i> | <i>2004</i> | <i>2003</i> |
|----------------------------------------------------------------------|--------------|---------------------|-------------------|
| Administrative Expenses | | <u>\$ 14,047</u> | <u>\$ —</u> |
| Operating loss | | (14,047) | — |
| Interest receivable from group undertakings | | 1,128,934 | 737,385 |
| Interest payable to group undertakings | | <u>(17,644)</u> | <u>(17,640)</u> |
| Profit on ordinary activities before taxation | 2 | 1,097,243 | 719,745 |
| Taxation | 3 | <u>—</u> | <u>—</u> |
| Profit on ordinary activities after taxation transferred to reserves | | <u>\$ 1,097,243</u> | <u>\$ 719,745</u> |

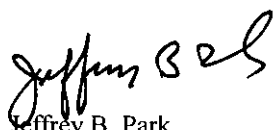
There are no recognised gains or losses other than the profit for the year ended 30 September 2004 of \$1,097,243 (2003 - \$719,745).

BB Investments

Balance Sheet
at 30 September 2004

| | <i>Notes</i> | <i>2004</i> | <i>2003</i> |
|------------------------------------------------|--------------|----------------------|----------------------|
| Fixed Assets: | | | |
| Investment – loans to group undertakings | | \$ 32,168,509 | \$ 14,968,191 |
| Current Assets: | | | |
| Amounts due from group undertakings | | 4,015,232 | 2,886,298 |
| Corporation tax debtor | | <u>168,184</u> | <u>168,184</u> |
| | | 4,183,416 | 3,054,482 |
| Creditors: amounts falling due within one year | | | |
| Amounts due to group undertakings | | 1,378,106 | 1,346,415 |
| Net current assets | | <u>2,805,310</u> | <u>1,708,067</u> |
| Total assets less current liabilities | | 34,973,819 | 16,676,258 |
| Creditors: amounts falling due after one year | | | |
| Amounts due to group undertakings | | <u>336,071</u> | <u>336,071</u> |
| Total assets less liabilities | | <u>\$ 34,637,748</u> | <u>\$ 16,340,187</u> |
| Capital and reserves | | | |
| Called-up share capital | 4 | \$ 17,925,718 | \$ 725,400 |
| Share premium account | 5 | 9,594,965 | 9,594,965 |
| Profit and loss account | 5 | <u>7,117,065</u> | <u>6,019,822</u> |
| Equity shareholder's funds | | <u>\$ 34,637,748</u> | <u>\$ 16,340,187</u> |

Approved by the Board of Directors 28 March 2005



Jeffrey B. Park
Director

BB Investments

Notes to the Accounts
at 30 September 2004

1. Accounting policies

Accounting convention

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

The analysis of certain prior year comparatives has been amended to conform with the current years presentation.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enabled or subsequently enacted at the balance sheet date.

Related party transactions

The Company has taken advantage of the exemption under FRS 8 available to wholly-owned subsidiaries not to disclose transactions with group undertakings.

Cash flow statement

The Company has taken advantage of the exemptions under FRS 1 (Revised) available to wholly-owned subsidiaries not to prepare a cash flow statement.

BB Investments

Notes to the Accounts
at 30 September 2004

2. Profit on ordinary activities before taxation

This is stated after charging:

| | 2004 | 2003 |
|-------------------------|----------|------|
| Auditors' remuneration | \$14,047 | \$ — |
| Directors' remuneration | — | — |

In prior years, fees for audit services provided by Ernst & Young LLP to the Company were borne by the ultimate parent undertaking. It is not practicable to ascertain what proportion of such fees relates to the Company.

3. Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30.00% (2003: 30.00%). The differences are reconciled below:

| | 2004 | 2003 |
|-----------------------------------------------------------------------------------------------------------------|--------------|------------|
| Profit on ordinary activities before tax | \$ 1,097,243 | \$ 719,745 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.00% (2003: 30.00%) | 329,173 | 215,924 |
| Group relief | (329,173) | (215,924) |
| Current tax charge | \$ — | \$ — |

4. Called-up Share Capital

| | 2004 | 2003 |
|-------------------------------------------------------|---------------|------------|
| Authorised, Allotted and fully paid: | | |
| 10,096,575 "C" Ordinary shares of £1 each in 2004 and | | |
| 450,000 "C" Ordinary shares of £1 each in 2003 | \$ 17,925,718 | \$ 725,400 |

During the year, the authorised share capital was increased by \$17,200,318 by the creation of 9,646,575 "C" ordinary shares. These shares were issued fully paid for cash at par.

The authorised share capital of the Company also includes 1,000,000 "A" ordinary and "B" ordinary shares, which have not been allotted.

BB Investments

Notes to the Accounts
at 30 September 2004

5. Reconciliation of shareholder's funds and movements in reserves

| | <i>Called-up Share Capital</i> | <i>Share Premium Account</i> | <i>Profit and Loss Account</i> | <i>Total Shareholder's Funds</i> |
|----------------------|------------------------------------|--------------------------------------|----------------------------------------|------------------------------------------|
| At 1 October 2002 | \$ 725,400 | \$ 9,594,965 | \$ 5,300,077 | \$ 15,620,442 |
| Profit for the year | — | — | 719,745 | 719,745 |
| At 1 October 2003 | 725,400 | 9,594,965 | 6,019,822 | 16,340,187 |
| Share issuance | 17,200,318 | — | — | 17,200,318 |
| Profit for the year | — | — | 1,097,243 | 1,097,243 |
| At 30 September 2004 | <u>\$ 17,925,718</u> | <u>\$ 9,594,965</u> | <u>\$ 7,117,065</u> | <u>\$ 34,637,748</u> |

6. Parent undertaking and ultimate controlling party

The ultimate parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Jacuzzi Brands, Inc. ("JBI"), a U.S. corporation. The parent undertaking of the smallest group for which group accounts are prepared is USI Mayfair Ltd., registered in England and Wales. Copies of JBI's accounts and USI Mayfair Ltd.'s accounts can be obtained from JBI at 777 South Flagler Drive; West Tower; Suite 1100; West Palm Beach, FL 33401, USA.