

BEST MATIC INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS
(Registration Number: 1918664)

31 DECEMBER 1996



BEST MATIC INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 December 1996.

REVIEW OF THE BUSINESS

The company has not traded during 1996.

RESULTS AND DIVIDENDS

The company's loss for the financial year is £2,591 (1995 - £8,364). The directors do not recommend the payment of a dividend and the loss will be transferred from reserves.

DIRECTORS

The directors at the year end, all of whom have been directors throughout the year, and their interests in the shares of the company at the beginning and end of the year are given below:

	Ordinary shares £1 each of Best Matic International Limited	
	<u>31 December</u>	<u>31 December</u>
	<u>1996</u>	<u>1995</u>
H G Bagner	1	1
L Nilsson	-	-
L Van Den Bergh (resigned 11 April 1996)	-	-
I S Hogg (appointed 31 October 1997)	-	-

None of the directors had any beneficial interests in any contract or arrangement of significance to which the company was a party during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 to enable them to ensure that the accounts 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.

BEST MATIC INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

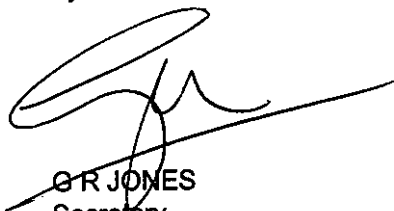
FUTURE DEVELOPMENTS

The company is not expected to trade during the forthcoming year.

AUDITORS

Messrs Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By order of the Board



G R JONES
Secretary
31 October 1997

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF BEST MATIC INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 affairs of the company as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Manchester
Chartered Accountants
and Registered Auditors

31 October 1997

BEST MATIC INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>1996</u> £	<u>1995</u> £
TURNOVER	-	-
Cost of sales	<u>-</u>	<u>-</u>
GROSS LOSS	-	-
Administrative expenses	(2,610)	(8,420)
Other operating income	<u>-</u>	<u>-</u>
OPERATING LOSS	(2,610)	(8,420)
Interest receivable (Note 4)	<u>28</u>	<u>68</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	(2,582)	(8,352)
Taxation on loss on ordinary activities (Note 5)	<u>(9)</u>	<u>(12)</u>
LOSS FOR THE FINANCIAL YEAR (Note 9)	<u>(2,591)</u>	<u>(8,364)</u>

All recognised gains and losses are dealt with in the profit and loss account. The loss for the year is the only movement in shareholders' funds.

The notes on pages 6 to 8 form an integral part of these accounts.

BEST MATIC INTERNATIONAL LIMITED

BALANCE SHEET - 31 DECEMBER 1996

	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS		
Investments (Note 6)	17,358	17,358
CURRENT ASSETS		
Debtors	-	-
Cash at bank and in hand	<u>23,805</u>	<u>24,672</u>
	23,805	24,672
CREDITORS - Amounts falling due within one year (Note 7)	<u>(6,199)</u>	<u>(4,475)</u>
NET CURRENT ASSETS	<u>17,606</u>	<u>20,197</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>34,964</u> =====	<u>37,555</u> =====
CAPITAL AND RESERVES		
Share capital (Note 8)	30,000	30,000
Profit and loss account (Note 9)	<u>4,964</u>	<u>7,555</u>
	<u>34,964</u> =====	<u>37,555</u> =====

APPROVED BY THE BOARD ON
31 October 1997



I S Hogg
DIRECTOR

The notes on pages 6 to 8 form an integral part of these accounts.

BEST MATIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention. In accordance with Section 248(3) of the Companies Act 1985, consolidated financial statements have not been prepared as this company is entitled to the small company exemption. These financial statements present information regarding the company as an individual undertaking, and not about its group.

Investments

Investments are valued at cost which the directors have determined to be a prudent basis.

Cash flow statement

As permitted by FRS 1, the company has not presented a cash flow statement as it falls within the Companies Act 1985 definition as being a small company.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging the following:

	<u>1996</u>	<u>1995</u>
	£	£
Auditors' remuneration	1,763	2,362
Non-audit fees paid to auditors in the UK	587	5,639
	<u> </u>	<u> </u>

3 EMPLOYEES

Staff costs:

The company had no employees during the year (1995 - Nil) and therefore incurred no staff costs (1995 - £Nil).

Directors' remuneration:

None of the directors received any emoluments from the company during the year (1995 - £Nil).

BEST MATIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

4 INTEREST RECEIVABLE

	<u>1996</u>	<u>1995</u>
	£	£
Bank interest receivable	28	68
	<u> </u>	<u> </u>

5 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
	£	£
UK corporation tax at 33% (1995 - 33%)	9	22
- current year		
- prior year	<u>—</u>	<u>(10)</u>
	9	12
	<u> </u>	<u> </u>

6 FIXED ASSET INVESTMENTS

	£	£
Investment in shares in subsidiary undertaking	17,358	17,358
	<u> </u>	<u> </u>

In the opinion of the directors the value of investments in subsidiary undertakings is not less than the amount shown in the balance sheet.

The company owns 100% of the issued ordinary share capital of Ingersoll-Rand Wasserstrahl-Schneidetch GmbH, a company incorporated in Germany. The subsidiary's principal activity is contract cutting and distribution of spares and system service.

7 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u>	<u>1995</u>
	£	£
Other creditors and accruals	6,168	4,453
Taxation and social security	<u>31</u>	<u>22</u>
	6,199	4,475
	<u> </u>	<u> </u>

8 CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised, issued and fully paid		
Ordinary shares of £1 each	30,000	30,000
	<u> </u>	<u> </u>

BEST MATIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

9 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1996	7,555
Loss for the year	<u>(2,591)</u>
At 31 December 1996	<u>4,964</u>

10 CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 1996 (1995 - £Nil).

11 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Ingersoll Rand Company, a company incorporated in the United States of America. Consolidated accounts are prepared by AB Best Matic, copies of which are available from the registered office, Box 525, S-37225 Ronneby, Sweden.