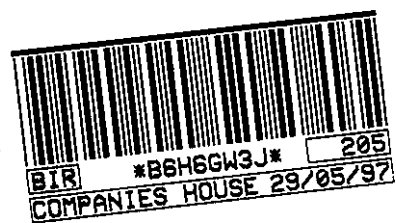


ROOF UNITS (GROUP) LIMITED
(REGISTERED NUMBER 2490139)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

3 AUGUST 1996



ROOF UNITS (GROUP) LIMITED

COMPANY INFORMATION

Directors:	GJ Ball DJ Blythe M Hampson J Norwood
Secretary:	IJ Raybould
Registered office:	765 Finchley Road London NW11 8DS
Registered number:	2490139
Auditors:	Clark Whitehill 25 New Street Square London EC4A 3LN
Bankers:	Barclays Bank PLC 313 High Street West Bromwich West Midlands B70 8LP

ROOF UNITS (GROUP) LIMITED

DIRECTORS REPORT FOR THE PERIOD ENDED 3 AUGUST 1996

The directors present their report and the audited financial statements for the period ended 3 August 1996.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of management services to fellow subsidiaries.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company acts as an administration company for certain of the group's activities and has not had a trading role during the period.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £13,611,881 (31 March 1996 - £250,254). An interim dividend of £124.64 per share has been paid, totalling £15,821,926 (31 March 1996 - £Nil).

FIXED ASSETS

The movements in fixed asset investments are set out in Note 10 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the date of this report all of whom served throughout the period, are set out on page 1.

Messrs RL Ball and DJ Price resigned on 19 April 1996. The directors have no interest in the shares of the company at the date of this report. The interests of the directors in the ultimate holding company, Air Movement (Holdings) Limited, at the beginning of the period were as follows:

	31 March 1996	
	Ordinary 10p shares No.	'A' Ordinary 10p shares No.
GJ Ball	2,918	5,836
J Norwood	200	400
D Blythe	100	200
M Hampson	500	1,000

The directors have no interests in the shares of the present ultimate holding company, Smiths Industries plc.

ROOF UNITS (GROUP) LIMITED

DIRECTORS REPORT FOR THE PERIOD ENDED 3 AUGUST 1996 (CONTINUED)

DIRECTORS (CONTINUED)

The company purchased during the period insurance against the liabilities of all the directors in relation to the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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

Clarke Whitehill have indicated that they will not be seeking re-appointment and Price Waterhouse have indicated their willingness to accept the appointment as auditors, which will be proposed at the Annual General Meeting.

On Behalf of the Board on 1 May 1997



Secretary

AUDITORS' REPORT TO THE MEMBERS OF ROOF UNITS (GROUP) LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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 mis-statement, 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 3 August 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



CLARK WHITEHILL
Chartered Accountants
and Registered Auditors
London

1 May 1997

ROOF UNITS (GROUP) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 3 AUGUST 1996

	Note	4 Months ended 3 August 1996 £	12 months ended 31 March 1996 £
Administrative expenses		(25,020)	(25,414)
OPERATING LOSS	2	(25,020)	(25,414)
Income from shares in group undertakings	3	16,221,910	408,000
Interest receivable and similar income	4	35,171	171,555
Interest payable	5	(120,180)	(342,663)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16,111,881	211,478
Tax (charge)/credit on profit on ordinary activities	8	(2,500,000)	38,776
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		13,611,881	250,254
Dividends	9	(15,821,926)	-
RETAINED (LOSS)/PROFIT FOR THE PERIOD/YEAR	16	(2,210,045)	250,254

The notes on pages 7 to 12 form part of these financial statements.

There were no recognised gains or losses during the period other than as reported above. There is no material difference between the result as disclosed on the profit and loss account and the result on an unmodified historical cost basis.

ROOF UNITS (GROUP) LIMITED

BALANCE SHEET - 3 AUGUST 1996

	<u>Note</u>	<u>3 August</u> <u>1996</u> £	<u>31 March</u> <u>1996</u> £
FIXED ASSETS			
Investments	10	<u>93,594</u>	<u>93,596</u>
CURRENT ASSETS			
Debtors	11	20,631,583	5,725,460
Cash at bank and in hand		<u>4,002,902</u>	<u>5,361,246</u>
		24,634,485	11,086,706
CREDITORS (amounts falling due within one year)	12	<u>(19,775,213)</u>	<u>(3,930,691)</u>
NET CURRENT ASSETS		<u>4,859,272</u>	<u>7,156,015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,952,866	7,249,611
CREDITORS (amounts falling due after more than one year)	13	<u>(3,606,000)</u>	<u>(3,692,700)</u>
NET ASSETS		<u>1,346,866</u>	<u>3,556,911</u>
CAPITAL AND RESERVES			
Called up share capital	15	12,694	12,694
Merger reserve	16	1,065,667	1,065,667
Profit and loss account	16	<u>268,505</u>	<u>2,478,550</u>
SHAREHOLDERS' FUNDS	17	<u>1,346,866</u>	<u>3,556,911</u>

The notes on pages 7 to 12 form part of these financial statements.

Approved by the Board on 1 May 1997
and signed on its behalf by


G J Ball
DIRECTOR

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS - 3 AUGUST 1996

1 ACCOUNTING POLICIES

(1) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

(2) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

(3) Cashflow statement

The Smiths Industries plc financial statements for the year ended 3 August 1996 contain a consolidated cashflow statement. The company has taken advantage of the exemption granted by FRS1 whereby it is not required to publish its own cashflow statement.

(4) Related party transactions

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS8 (Related Party Disclosures) as it is a wholly owned subsidiary.

2 OPERATING LOSS

Auditors remuneration is borne by Air Movement Group Limited, the principal trading subsidiary.

3 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	4 months ended 3 August 1996 £	12 months ended 31 March 1996 £
Income from shares in group undertakings	16,221,910	408,000

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS - 3 AUGUST 1996 (CONTINUED)

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	3 August 1996 £	3 March 1996 £
Bank deposit	35,171	209,735
Other interest receivable waived in the year	-	(38,180)
	<u>35,171</u>	<u>171,555</u>

5 INTEREST PAYABLE

	31 August 1996 £	31 March 1996 £
Bank loans and overdrafts repayable wholly within five years	-	36
9.19% loan stock (Notes 12 and 13)	<u>120,180</u>	<u>342,627</u>
	<u>120,180</u>	<u>342,663</u>

6 EMPLOYEES

The company had no employees other than the directors who are remunerated by other group companies.

7 DIRECTORS

Emoluments of the company's directors, all of which is charged in the accounts of subsidiary companies:

	3 August 1996 £	31 March 1996 £
Emoluments	156,631	776,715
Pension contributions	<u>26,822</u>	<u>87,320</u>
	<u>183,453</u>	<u>864,035</u>

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS - 3 AUGUST 1996 (CONTINUED)

7 DIRECTORS (CONTINUED)

Emoluments exclusive of pension contributions

The emoluments of the chairman, who was also the highest paid director were £46,907 (31 March 1996 £346,350). The emolument of the directors (the total for services to all group companies), also exclusive of pension contributions, were in the following ranges:

	4 months ended 3 August 1996	12 months ended 3 March 1996
£Nil - £5,000	1	-
£ 5,001 - £10,000	1	-
£15,001 - £20,000	-	1
£30,001 - £35,000	3	-
£45,001 - £50,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	-	2
£85,001 - £90,000	-	1
£105,001 - £110,000	-	1
£355,001 - £360,000	-	1
	<u> </u>	<u> </u>

8 TAXATION

Taxation (charge)/credit for the period/year:

	4 months ended 3 August 1996 £	12 months ended 31 March 1996 £
Tax attributable to Franked Investment Income	(2,500,000)	-
Group relief receivable	-	39,030
Amendment of previous estimates	<u>-</u>	<u>(254)</u>
	<u>(2,500,000)</u>	<u>38,776</u>

9 DIVIDENDS

	4 months ended 3 August 1996 £	12 months ended 31 March 1996 £
Interim ordinary dividend of £124.64 per share (31 March 1996 - £Nil)	15,821,926	-
	<u> </u>	<u> </u>

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS - 3 AUGUST 1996 (CONTINUED)

10 INVESTMENTS

Shares in
subsidiary
undertakings
£

Cost and net book value

At 1 April 1996	93,596
Disposal	(2)
At 3 August 1996	93,594

Principal subsidiaries which are all wholly owned either directly or via other subsidiary undertakings:

Air Movement Group Limited
Air Movement Group Services Limited (Property Management)
NCA Manufacturing Limited

Airtrust Limited, a dormant company, was disposed of in the period at its nominal value. All companies are registered and operating in England and Wales and, unless otherwise stated, are involved in the manufacture and supply of ventilation equipment.

Subsequent to the period end, the trade and assets of NCA Manufacturing Limited were transferred to Air Movement Group Limited.

11 DEBTORS (amounts due within one year)

	3 August 1996 £	31 March 1996 £
Amounts owed by subsidiary undertakings	20,631,583	5,725,460

12 CREDITORS (amounts falling due within one year)

	3 August 1996 £	31 March 1996 £
Bank loans (secured)	-	53,400
9.19% loan stock	80,000	20,000
Amounts attributable to parent and fellow subsidiary undertakings	16,855,697	1,033,771
Amounts attributable to own subsidiary undertakings	2,801,210	2,801,210
Corporation tax	21,113	21,113
Accruals and deferred income	17,193	363
Proposed dividend	-	834
	19,775,213	3,930,691

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS - 3 AUGUST 1996 (CONTINUED)

13 CREDITORS (amounts falling due after more than one year)

	3 August 1996 £	31 March 1996 £
9.19% loan stock:		
Repayable within 1 to 2 years	2,211,000	2,271,000
Repayable within 2 to 5 years	1,395,000	1,395,000
Bank loans:		
Repayable within 1 to 2 years	-	26,700
	<u>3,606,000</u>	<u>3,692,700</u>

The 9.19% loan stock was issued as part consideration for the acquisition of 26.4% of the issued share capital of Beamtone Limited and is subject to the following conditions:

- (1) The loan stock is redeemable at par at the maximum rate of £465,000 per annum on 30 April each year provided at least one month's notice in writing is given by the stockholder.
- (2) If less than £465,000 is redeemed in any one year by the stockholders this can be carried forward and added to the amounts available for redemption in future years.
- (3) The notes, unless previously repaid by the company, will be redeemed at par on 24 May 2010.

14 DEFERRED TAXATION

	3 August 1996 Deferred taxation not provided £	31 March 1996 Deferred taxation not provided £
Other short term timing differences	Nil	Nil

15 SHARE CAPITAL

	3 August 1996 £	31 March 1996 £
Authorised: 500,000,000, shares of 10p each	<u>50,000,000</u>	<u>50,000,000</u>
Allotted and fully paid: 126,941 shares of 10p each	<u>12,694</u>	<u>12,694</u>

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS - 3 AUGUST 1996 (CONTINUED)

16 RESERVES

	Merger reserve £	Profit and loss account £
At 1 April 1996	1,065,667	2,478,550
Retained loss	-	(2,210,045)
At 3 August 1996	1,065,667	268,505

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	4 months ended 3 August 1996 £	12 months ended 31 March 1996 £
Total recognised gains	13,611,881	250,254
Dividends	(15,821,926)	-
Net (reduction of)/addition to shareholders funds	(2,210,045)	250,254
Opening shareholders' funds	3,556,911	3,306,657
Closing shareholders' funds	1,346,866	3,556,911

18 PARENT UNDERTAKINGS

The ultimate parent company is Smiths Industries plc, which is registered in England and Wales. Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.