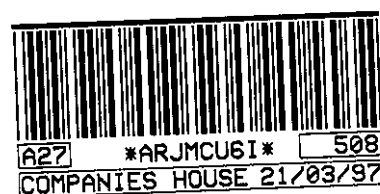


Company No 1641399



LINDAB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

LINDAB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

Company Registration Number: 1641399

Registered Office: 45 Caswell Road
Brackmills
Northampton

Directors: C-G Sonden - Chairman
G D Latimer - Managing Director
A O V Grundberg

Secretary: Connectas Corporate Services Limited

Bankers: Skandinaviska Enskilda Banken
London

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Central Milton Keynes

LINDAB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

INDEX

PAGE

Report of the directors	1 - 2
Report of the auditors	3
Accounting policies	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 14

LINDAB LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1996.

Principal activities

The company is engaged in the manufacture and distribution of steel ducting and associated fittings.

Results

The year brought a return to significant profitability with a slightly increased share of a growing market. Operational effectiveness was improved by a greater control exercised over sales and purchasing activities whilst manufacturing was rationalised. A large reduction in working capital requirements was achieved, significantly reducing finance costs. 1997 is expected to continue the trend of recent years with modest market expansion, improved operational performance and reduction in borrowings.

The profit for the year after taxation amounted to £227,500. The directors do not recommend payment of a dividend and the profit has therefore been retained. This result is a significant improvement on the previous year and current trends are encouraging.

Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year.

The interests of the directors in the shares of the company at 31 December 1996 and 31 December 1995, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	1996 and 1995
C-G Sonden - director of parent company	-
G D Latimer	-
A O V Grundberg	-

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- i select suitable accounting policies and then apply them consistently;
- ii make judgements and estimates that are reasonable and prudent;
- iii 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LINDAB LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Auditors

In accordance with section 385 of the Companies Act ("the Act") the Auditors, Grant Thornton will be deemed to be reappointed (unless notified to the contrary) pursuant to the elective resolution introduced under section 379 and 391A of the Act and passed during 1991.

ON BEHALF OF THE BOARD



G D Latimer
Director

26 February 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF

LINDAB LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

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



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Central Milton Keynes

13 March 1997

LINDAB LIMITED

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the company are set out below and have remained unchanged from the previous year.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Freehold buildings	50 years
Short leasehold	period of lease
Plant, machinery, fixtures and equipment	5 to 10 years
Motor vehicles	5 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse, and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or the rates of exchange fixed under the terms of the relevant transactions. Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Exchange differences arising from subsequent settlement of the transactions are dealt with through the profit and loss account.

Contributions to pension funds

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

LINDAB LIMITED**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 £'000	1995 £'000
Turnover	1	7,525.7	6,793.6
Cost of sales		(4,469.9)	(4,126.0)
Gross profit		3,055.8	2,667.6
Other operating charges and income	1	(2,563.5)	(2,343.2)
Operating profit		492.3	324.4
Net interest	2	(264.8)	(322.5)
Profit on ordinary activities before taxation	1	227.5	1.9
Tax on profit on ordinary activities	4	-	-
Profit per the financial year transferred to reserves	10	227.5	1.9

There were no recognised gains or losses other than the result for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

LINDAB LIMITED**BALANCE SHEET AT 31 DECEMBER 1996**

	Note	£'000	1996 £'000	£'000	1995 £'000
Tangible fixed assets	5		2,234.3		2,370.1
Current assets					
Stocks	6	1,463.2		1,420.7	
Debtors	7	2,565.6		3,068.9	
Cash at bank and in hand		2.7		40.3	
		4,031.5		4,529.9	
Creditors: amounts falling due within one year	8	4,480.5		5,342.2	
Net current liabilities			(449.0)		(812.3)
Total assets less current liabilities			1,785.3		1,557.8
Capital and reserves					
Called up share capital	9		2,025.0		2,025.0
Profit and loss account	10		(239.7)		(467.2)
Shareholders' funds	10		1,785.3		1,557.8

The financial statements were approved by the Board of Directors on 26 Feb 1997



G D Latimer

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

LINDAB LIMITED**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	£'000	1996 £'000	£'000	1995 £'000
Net cash inflow from operating activities	12		374.4		248.5
Returns on investments and servicing of finance					
Interest received		3.2		7.6	
Interest paid		(268)		(330.1)	
Net cash outflow from returns on investments and servicing of finance			(264.8)		(322.5)
Taxation					
UK corporation tax received			-		13.1
Investing activities					
Purchase of tangible fixed assets		(123.7)		(126.0)	
Sale of tangible fixed assets		16.1		4.2	
Net cash outflow from investing activities			(107.6)		(121.8)
Net cash inflow/(outflow) before financing			2.0		(182.7)
Financing					
Net cash inflow/(outflow) from financing	12		-		-
Increase/(decrease) in cash and cash equivalents	14		2.0		(182.7)

The accompanying accounting policies and notes form an integral part of these financial statements.

LINDAB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 1996****1 Turnover and profit on ordinary activities before taxation**

The turnover and loss before taxation is attributable to the manufacture and distribution of steel ducting and associated fittings within the UK.

Loss on ordinary activities is stated after:

	1996 £'000	1995 £'000
Distribution costs	686.3	627.7
Administration expenses	2,261.6	1,967.8
	<u>2,947.9</u>	<u>2,595.5</u>
Other operating income	(384.4)	(252.3)
	<u>2,563.5</u>	<u>2,343.2</u>

Included in the above amounts are:

	1996 £'000	1995 £'000
Auditors' remuneration		
- audit	12.8	12.0
- other	5.3	6.0
Depreciation	245.2	248.6
Profit on disposal of fixed assets	(1.8)	(2.3)
Operating leases		
- hire of plant and machinery	8.2	8.3
- other operating leases	342.9	351.4
Exchange losses/(gains)	(7.8)	9.0

2 Net interest

	1996 £'000	1995 £'000
Interest payable:		
On bank loans, overdrafts and other loans repayable within 5 years, otherwise than by instalments	243.7	273.5
On loan from parent company	24.3	56.6
Interest receivable	(3.2)	(7.6)
	<u>264.8</u>	<u>322.5</u>

LINDAB LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 1996****3 Directors and employees**

Staff costs during the year

	1996	1995
	£'000	£'000
Wages and salaries	988.6	980.6
Social security	89.7	90.0
Pension costs	5.1	6.5
	<u>1,083.4</u>	<u>1,077.1</u>

The average number of employees of the company during the year was 84 (1995:82).

	1996	1995
	Number	Number
Administration	29	28
Warehouse	15	17
Production	40	37
	<u>84</u>	<u>82</u>

Directors emoluments were as follows:-

	1996	1995
	£'000	£'000
Fees	1.0	1.0
Management remuneration	61.3	55.1
	<u>62.3</u>	<u>56.1</u>

Emoluments of the directors, excluding pension contributions were as follows:

	1996	1995
	£'000	£'000
The highest paid director	<u>56.3</u>	<u>48.6</u>

The emoluments of the directors, excluding pension contributions, fell within the following ranges:

	1996	1995
	£'000	£'000
£0 to £5,000	2	3
£45,001 to £50,000	-	1
£55,001 to £60,000	1	-
	<u>3</u>	<u>4</u>

LINDAB LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 1996

4 Tax on profit on ordinary activities

No tax arises on the profit for the year and there are tax losses of approximately £0.5 million (1995:£1.1 million) carried forward for use against future trading profits.

5 Tangible fixed assets

	Total £	Freehold land and buildings £	Short leasehold improvements £	Plant machinery, fixtures & equipment £	Motor vehicles £
Cost					
At 1 January 1996	3,868.9	1,771.0	54.6	1,874.2	169.1
Additions	123.7	25.7	6.1	31.8	60.1
Disposals	(56)	-	-	-	(56)
At 31 December 1996	3,936.6	1,796.7	60.7	1,906.0	173.2
Depreciation					
At 1 January 1996	1,498.9	178.1	35.3	1,209.0	76.5
Provided	245.2	26.5	6.8	178.8	33.1
Disposals	(41.8)	-	-	-	(41.8)
At 31 December 1996	1,702.3	204.6	42.1	1,387.8	67.8
Net book amount					
At 31 December 1996	2,234.3	1,592.1	18.6	518.2	105.4
Net book amount					
At 31 December 1995	2,370.1	1,593.0	19.3	665.2	92.6

6 Stocks

	1996 £'000	1995 £'000
Raw materials	169.1	142.1
Finished goods and goods for resale	1,294.1	1,278.6
	<u>1,463.2</u>	<u>1,420.7</u>

7 Debtors

Amounts falling due within one year:

	1996 £'000	1995 £'000
Trade debtors	2,353.2	2,835.4
Amount owed by group undertakings	45.5	-
Corporation tax	-	-
Other debtors	6.6	-
Prepayments and accrued income	160.3	233.5
	<u>2,565.6</u>	<u>3,068.9</u>

LINDAB LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 1996

8 Creditors:- amounts falling due within one year

	1996 £'000	1995 £'000
Bank overdraft	60.4	-
Trade creditors	514.2	888.2
Bills of exchange payable	3,500.0	3,600.0
Amounts owed to group undertakings		
- parent undertaking	105.8	404.2
- fellow subsidiary undertakings	46.8	209.2
Social security and other taxes	194.8	184.5
Other creditors	0.8	7.3
Accruals and deferred income	57.7	48.8
	<u>4,480.5</u>	<u>5,342.2</u>

The bill of exchange is secured by a fixed and floating charge over the assets of the company.

9 Share capital

	1996 £'000	1995 £'000
Authorised		
3,000,000 Ordinary shares of £1 each	<u>3,000.0</u>	<u>3,000.0</u>
Allotted, called up and fully paid		
2,025,000 Ordinary shares of £1 each	<u>2,025.0</u>	<u>2,025.0</u>

10 Reserves

	Profit and loss account £'000
At 1 January 1996	(467.2)
Retained profit for the year	<u>227.5</u>
	<u>(239.7)</u>

LINDAB LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 1996

11 Reconciliation of movement in shareholders' funds

	1996 £'000	1995 £'000
Profit for the year	227.5	1.9
Shareholders' funds at 1 January 1996	1,557.8	1,555.9
Shareholders' funds at 31 December 1996	1,785.3	1,557.8

12 Reconciliation of operating loss to net cash /inflow from operating activities

	1996 £'000	1995 £'000
Operating profit/(loss)	492.3	324.4
Depreciation	245.2	248.6
Profit on disposal of fixed assets	(1.8)	(2.3)
(Increase)/decrease in stock	(42.5)	265.7
Decrease/(increase) in debtors	503.3	(758.3)
Decrease in creditors		
Group undertakings	(460.8)	(27.3)
Other	(361.3)	197.7
Net cash inflow from operating activities	374.4	248.5

13 Analysis of cash and cash equivalents

	1996 £'000	1995 £'000	1994 £'000	Change 1996 £'000	Change 1995 £'000
Cash at bank and in hand	2.7	40.3	323.0	(37.6)	(282.7)
Bank overdraft	(60.4)	-	-	(60.4)	-
Bills of exchange payable	(3,500.0)	(3,600.0)	(3,700.0)	100.0	100.0
	(3,557.7)	(3,559.7)	(3,377.0)	2.0	(182.7)

14 Pensions**Defined contribution scheme**

The company operates a defined contribution pension scheme to the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1996

15 Leasing commitments

At 31 December 1995, the company had lease commitments payable during the next year as follows:

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
On leases terminating:				
Within one year	109.0	4.9	84.0	3.0
Between one and five years	40.0	26.3	155.0	29.0
In five years or more	120.0	-	120.0	-
	<u>269.0</u>	<u>31.2</u>	<u>359.0</u>	<u>32.0</u>

16 Controlling related parties

The ultimate holding company of this company is its parent company Lindab AB which is incorporated in Sweden.

The only group of undertakings for which group accounts have been drawn up is that headed by Lindab AB and copies of the group accounts may be obtained from Lindab AB, Grevie, Sweden.