



LINDAB LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 1999**

LINDAB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

Company Registration Number: 1641399

Registered Office: Longman Court
Sketty Close
Brackmills
Northampton

Directors: C-G Sonden - Chairman
G D Latimer - Managing Director
S Costello

Secretary: Goodwille 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 1999

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LINDAB LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1999.

Principal activities

The company is engaged in the manufacture and distribution of steel ducting, associated fittings and other sheet metal products.

Results

The profit for the year after taxation amounted to £40,000 (1998:£344,000). The directors do not recommend payment of a dividend and the profit has therefore been retained.

The acquisition of Fans & Grilles Limited and Excelsior Air Conditioning Limited on 21 May 1999 provided the company with strategic market penetration, product range and production facilities.

Directors

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

No director had any interest in the shares of the company during the year.

C-G Sonden
G D Latimer
S Costello

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)

Year 2000 compliance

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

Auditors

In accordance with section 386 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

A handwritten signature in black ink, appearing to be 'S Costello', with a horizontal line extending to the right.

S Costello
Director

25 February 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

LINDAB LIMITED

We have audited the financial statements on pages 4 to 16 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 in accordance with applicable United Kingdom law and accounting standards. 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 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 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 1999 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

25 February 2000

LINDAB LIMITED

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. 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 except freehold land by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Short leasehold improvements	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 1999

	Note	1999 £'000	1998 £'000
Turnover	1	8,910	9,101
Cost of sales		(5,430)	(5,408)
Gross profit		3,480	3,693
Other operating charges and income	2	(3,220)	(3,000)
Operating profit		260	693
Net interest	3	(160)	(233)
Profit on ordinary activities before taxation	1	100	460
Tax on profit on ordinary activities	5	(60)	(116)
Profit for the financial year transferred to reserves	13	40	344

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

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

LINDAB LIMITED**BALANCE SHEET AT 31 DECEMBER 1999**

	Note	£'000	1999 £'000	£'000	1998 £'000
Fixed assets					
Tangible assets	6		1,222		756
Investments	7		242		-
			<u>1,464</u>		<u>756</u>
Current assets					
Stocks	8	1,907		1,704	
Debtors	9	5,639		3,004	
Cash at bank and in hand		3		585	
		<u>7,549</u>		<u>5,293</u>	
Creditors: amounts falling due within one year	10	<u>6,530</u>		<u>3,666</u>	
Net current assets			<u>1,019</u>		<u>1,627</u>
Total assets less current liabilities			<u>2,483</u>		<u>2,383</u>
Provision for liabilities and charges	11		<u>60</u>		<u>-</u>
			<u>2,423</u>		<u>2,383</u>
Capital and reserves					
Called up share capital	12		2,025		2,025
Profit and loss account	13		398		358
Shareholders' funds	14		<u>2,423</u>		<u>2,383</u>

The financial statements were approved by the Board of Directors on 25 February 2000.



S Costello

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 1999

	Note	1999	1998
		£'000	£'000
Net cash (outflow)/inflow from operating activities	15	(963)	743
Returns on investments and servicing of finance			
Interest received	2	7	
Interest paid	(162)	(240)	
Net cash outflow from returns on investments and servicing of finance		(160)	(233)
Taxation		(35)	(80)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(740)	(385)
Sale of tangible fixed assets	22	1,750	
Net cash (outflow)/inflow from capital expenditure and financial investment		(718)	1,365
Acquisitions and disposals			
Purchase of subsidiary undertakings		(242)	-
		(2,118)	1,795
Financing			
Receipts from borrowings	600	-	
Repayment of borrowing	-	(1,000)	
Net cash inflow/(outflow) from financing		600	(1,000)
(Decrease)/increase in cash	17	(1,518)	795

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 1999****1 Turnover and profit on ordinary activities before taxation**

The turnover and profit before taxation are attributable to the manufacture and distribution of steel ducting and associated fittings and other sheet metal products within the UK.

Profit on ordinary activities is stated after:

	1999	1998
	£'000	£'000
Auditors' remuneration		
- audit	16	14
- other services	20	13
Depreciation	244	244
Loss on disposal of fixed assets	8	5
Exceptional profit on disposal of property	-	(188)
Operating leases		
- hire of plant and machinery	25	10
- other operating leases	350	294
Exchange loss	2	-
	<u> </u>	<u> </u>
Other operating income:		
Management charges	359	-
	<u> </u>	<u> </u>

2 Other operating charges and income

	1999	1998
	£'000	£'000
Distribution costs	1,019	953
Administration expenses	2,553	2,413
Other operating income	(352)	(366)
	<u> </u>	<u> </u>
	3,220	3,000
	<u> </u>	<u> </u>

3 Net interest

	1999	1998
	£'000	£'000
Interest payable:		
On bank loans, overdrafts		
and other loans repayable within 5 years,		
otherwise than by instalments	139	237
On loan from parent company	21	-
Interest receivable	(2)	(7)
Other interest payable and similar charges	2	3
	<u> </u>	<u> </u>
	160	233
	<u> </u>	<u> </u>

LINDAB LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 1999****4 Directors and employees**

Staff costs during the year were as follows:

	1999	1998
	£'000	£'000
Wages and salaries	1,484	1,249
Social security	128	117
Pension costs	7	7
	1,619	1,373

The average number of employees of the company during the year was:

	1999	1998
	Number	Number
Administration	42	32
Warehouse	21	19
Production	38	40
	101	91

Remuneration in respect of directors was as follows:

	1999	1998
	£'000	£'000
Emoluments	127	125
Pension contributions to money purchase pension schemes	7	7
	134	132

During the year 1 director (1998: 1) participated in a money purchase pension scheme.

5 Tax on profit on ordinary activities

The tax charge represents:

	1999	1998
	£'000	£'000
Corporation tax @ 31%	-	35
Deferred tax	60	-
Adjustments in respect of prior years	-	81
Corporation tax	60	116

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

FOR THE YEAR ENDED 31 DECEMBER 1999

6 Tangible fixed assets

	Total £'000	Short leasehold improvements £'000	Plant machinery, fixtures & equipment £'000	Motor vehicles £'000
Cost				
At 1 January 1999	2,647	140	2,259	248
Additions	740	90	559	91
Disposals	(49)	-	-	(49)
At 31 December 1999	3,338	230	2,818	290
Depreciation				
At 1 January 1999	1,891	64	1,755	72
Provided in the year	244	26	168	50
Disposals	(19)	-	-	(19)
At 31 December 1999	2,116	90	1,923	103
Net book amount At 31 December 1999	1,222	140	895	187
Net book amount At 31 December 1998	756	76	504	176

7 Fixed asset investments

	Shares in group undertakings £'000
Cost	
Additions	242
At 31 December 1999	242
Amounts written off Provided in the year	-
At 31 December 1999	-
Net book amount at 31 December 1999	242

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

FOR THE YEAR ENDED 31 DECEMBER 1999

7 Fixed asset investments (continued)

At 31 December 1999 the company held 20% or more of the allotted share capital of the following:

	Class of share capital held	Proportion held	Nature of business
Fans and Grilles Limited	Ordinary	100%	Sale of ventilation equipment
Excelsior Air Conditioning Limited	Ordinary	100%	Manufacture of air conditioning equipment

As a wholly owned subsidiary of Lindab AB, incorporated in Sweden, the company is exempt from preparing consolidated financial statements under s228 of the Companies Act 1985.

8 Stocks

	1999 £'000	1998 £'000
Raw materials	269	228
Finished goods and goods for resale	1,638	1,476
	1,907	1,704

9 Debtors

Amounts falling due within one year:

	1999 £'000	1998 £'000
Trade debtors	2,818	2,862
Amount owed by group undertakings	2,650	14
Other debtors	7	5
Prepayments and accrued income	164	123
	5,639	3,004

10 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank overdraft	936	-
Trade creditors	799	687
Bill of exchange payable	2,800	2,200
Amounts owed to group undertakings		
- parent undertaking	1,554	394
- fellow subsidiary undertakings	155	132
Corporation tax	-	35
Social security and other taxes	120	143
Other creditors	34	4
Accruals and deferred income	132	71
	6,530	3,666

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

FOR THE YEAR ENDED 31 DECEMBER 1999

10 Creditors: amounts falling due within one year (continued)

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

11 Provision for liabilities and charges

**Deferred
taxation
£'000**

At 1 January 1999	-
Provided during the year	60
	<hr/>
At 31 December 1999	60
	<hr/> <hr/>

Deferred taxation provided for and not provided for is set out below. The amounts unprovided represent contingent liabilities at the balance sheet date.

	Amount provided		Amount unprovided	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Accelerated capital allowances	60	-	-	34
	<hr/>	<hr/>	<hr/>	<hr/>

12 Share capital

	1999	1998
	£'000	£'000
Authorised 3,000,000 Ordinary shares of £1 each	3,000	3,000
	<hr/>	<hr/>
Allotted, called up and fully paid 2,025,000 Ordinary shares of £1 each	2,025	2,025
	<hr/>	<hr/>

13 Profit and loss account

	£'000
At 1 January 1999	358
Retained profit for the year	40
	<hr/>
At 31 December 1999	398
	<hr/> <hr/>

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

FOR THE YEAR ENDED 31 DECEMBER 1999

14 Reconciliation of movement in shareholders' funds

	1999	1998
	£'000	£'000
Profit for the year	40	344
Shareholders' funds at 1 January 1999	2,383	2,039
Shareholders' funds at 31 December 1999	2,423	2,383

15 Reconciliation of operating profit to net cash inflow from operating activities

	1999	1998
	£'000	£'000
Operating profit	260	693
Depreciation	244	244
Loss/(profit) on disposal of fixed assets	8	(183)
(Increase) in stock	(203)	(120)
(Increase)/decrease in debtors		
Group undertakings	(2,636)	18
Other	1	(122)
Increase/(decrease) in creditors		
Group undertakings	1,183	294
Other	180	(81)
Net cash (outflow)/inflow from operating activities	(963)	743

16 Reconciliation of net cashflow to movement in net debt

	1999	1998
	£'000	£'000
(Decrease)/increase in cash in the year	(1,518)	795
Cash outflow from financing	(600)	1,000
Movement in net debt in the year	(2,118)	1,795
Net debt at 1 January 1999	(1,615)	(3,410)
Net debt at 31 December 1999	(3,733)	(1,615)

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

FOR THE YEAR ENDED 31 DECEMBER 1999

17 Analysis of changes in net debt

	At 1 January 1999 £'000	Cashflow £'000	At 31 December 1999 £'000
Cash in hand and at bank	585	(582)	3
Overdraft	-	(936)	(936)
	585	(1,518)	(933)
Bill of exchange	(2,200)	(600)	(2,800)
	(1,615)	(2,118)	(3,733)

18 Capital commitments

	1999 £'000	1998 £'000
Contracted for but not provided	-	44

19 Contingent liabilities

There were no contingent liabilities at 31 December 1999 or 31 December 1998, except in respect of deferred taxation (see note 11).

20 Pensions

Defined contribution scheme

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

21 Leasing commitments

At 31 December 1999, the company had lease commitments payable during the next year as follows:

	1999		1998	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
On leases terminating:				
Within one year	16	-	31	-
Between one and five years	287	34	15	15
In five years or more	195	-	268	-
	498	34	314	15

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1999

22 Controlling related parties

The ultimate holding company of this company and its controlling related party 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.

As a wholly owned subsidiary of Lindab AB, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by Lindab AB.