



LINDAB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

LINDAB LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 1997

Company Registration Number: 1641399

Registered Office: 45 Caswell Road
Brackmills
Northampton

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

Bankers: Skandinaviska Enskilda Banken
London

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Central Milton Keynes

LINDAB LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 1997

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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 1997.

Principal activities

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

Results

The company has had a successful year with further turnover growth and profits improvement. The directors look to the future with confidence.

The profit for the year after taxation amounted to £253,201 (1996:£227,500). The directors do not recommend payment of a dividend and the profit has therefore been retained.

Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year. A O V Grundberg was a director until his resignation on 31 December 1997.

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

C-G Sonden

G D Latimer

S Costello was appointed a director on 1 January 1998.

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

19 March 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF

LINDAB LIMITED

We have audited the financial statements on pages 4 to 15 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 1997 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

30 March 1998

LINDAB LIMITED

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared 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:

Freehold buildings	50 years
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.

LINDAB LIMITED

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 1997

	Note	1997 £'000	1996 £'000
Turnover	1	8,205.4	7,525.7
Cost of sales		(4,906.2)	(4,469.9)
Gross profit		3,299.2	3,055.8
Other operating charges and income	2	(2,805.7)	(2,563.5)
Operating profit		493.5	492.3
Net interest	3	(240.3)	(264.8)
Profit on ordinary activities before taxation	1	253.2	227.5
Tax on profit on ordinary activities	5	-	-
Profit for the financial year transferred to reserves	11	253.2	227.5

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 1997**

	Note	1997 £'000	1996 £'000
Tangible fixed assets	6	2,182.0	2,234.3
Current assets			
Stocks	7	1,583.5	1,463.2
Debtors	8	2,900.1	2,565.6
Cash at bank and in hand		3.4	2.7
		<u>4,487.0</u>	<u>4,031.5</u>
Creditors: amounts falling due within one year	9	4,630.5	4,480.5
Net current liabilities		<u>(143.5)</u>	<u>(449.0)</u>
Total assets less current liabilities		<u>2,038.5</u>	<u>1,785.3</u>
Capital and reserves			
Called up share capital	10	2,025.0	2,025.0
Profit and loss account	11	13.5	(239.7)
Shareholders' funds	12	<u>2,038.5</u>	<u>1,785.3</u>

The financial statements were approved by the Board of Directors on 19 March 1998.



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 1997

	Note	£'000	1997 £'000	£'000	1996 £'000
Net cash inflow from operating activities	13		610.2		374.4
Returns on investments and servicing of finance					
Interest received		3.3		3.2	
Interest paid		(243.6)		(268.0)	
Net cash outflow from returns on investments and servicing of finance			(240.3)		(264.8)
Taxation			-		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(238.6)		(123.7)	
Sale of tangible fixed assets		16.9		16.1	
Net cash outflow from capital expenditure and financial investment			(221.7)		(107.6)
			148.2		2.0
Financing					
Repayment of borrowing		(300.0)		(100.0)	
Net cash outflow from financing			(300.0)		(100.0)
Decrease in cash	15		(151.8)		(98.0)

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 1997****1 Turnover and profit on ordinary activities before taxation**

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

Profit on ordinary activities is stated after:

	1997 £'000	1996 £'000
Auditors' remuneration	13.5	12.8
Depreciation	266.0	245.2
Loss/(profit) on disposal of fixed assets	7.9	(1.8)
Operating leases		
- hire of plant and machinery	8.9	8.2
- other operating leases	291.2	342.9
Exchange gains	(11.2)	(7.8)
	<u> </u>	<u> </u>

2 Other operating income and charges

	1997 £'000	1996 £'000
Distribution costs	843.3	686.3
Administration expenses	2,408.5	2,261.6
Other operating income	(446.1)	(384.4)
	<u> </u>	<u> </u>
	2,805.7	2,563.5
	<u> </u>	<u> </u>

3 Net interest

	1997 £'000	1996 £'000
Interest payable:		
On bank loans, overdrafts and other loans repayable within 5 years, otherwise than by instalments	240.9	243.7
On loan from parent company	2.7	24.3
Interest receivable	(3.3)	(3.2)
	<u> </u>	<u> </u>
	240.3	264.8
	<u> </u>	<u> </u>

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

FOR THE YEAR ENDED 31 DECEMBER 1997

4 Directors and employees

Staff costs during the year

	1997 £'000	1996 £'000
Wages and salaries	1,159.3	988.6
Social security	104.1	89.7
Pension costs	7.2	5.1
	<u>1,270.6</u>	<u>1,083.4</u>

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

	1997 Number	1996 Number
Administration	31	29
Warehouse	16	15
Production	38	40
	<u>85</u>	<u>84</u>

Directors emoluments were as follows:-

	1997 £'000	1996 £'000
Emoluments	65.8	57.6
Pension contributions to money purchase pension schemes	6.0	5.0
	<u>71.8</u>	<u>62.6</u>

1 director (1996: 1) participated in a money purchase pension scheme.

5 Tax on profit on ordinary activities

No tax arises on the profit for the year and there are tax losses of approximately £380,000 (1996:£750,000) carried forward for use against future trading profits. These are subject to agreement with the Inland Revenue. The company is currently in disagreement with the Inland Revenue over the taxable status of certain income. If the company were to lose the argument then a tax liability of approximately £80,000 would be payable, with an increase in losses of £240,000 carried forward.

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1997
6 Tangible fixed assets

	Total £000	Freehold land and buildings £000	Short leasehold improvements £000	Plant machinery, fixtures & equipment £000	Motor vehicles £000
Cost					
At 1 January 1997	3,936.6	1,796.7	60.7	1,906.0	173.2
Transfer between categories	-	(11.3)	4.2	5.6	1.5
Additions	238.6	14.0	14.0	145.5	65.1
Disposals	(61.4)	-	-	-	(61.4)
At 31 December 1997	4,113.8	1,799.4	78.9	2,057.1	178.4
Depreciation					
At 1 January 1997	1,702.3	204.6	42.1	1,387.8	67.8
Transfer between categories	-	(1.7)	3.5	(2.0)	0.2
Provided in the year	266.0	26.4	6.3	191.0	42.3
Disposals	(36.5)	-	-	-	(36.5)
At 31 December 1997	1,931.8	229.3	51.9	1,576.8	73.8
Net book amount					
At 31 December 1997	2,182.0	1,570.1	27.0	480.3	104.6
Net book amount					
At 31 December 1996	2,234.3	1,592.1	18.6	518.2	105.4

7 Stocks

	1997 £'000	1996 £'000
Raw materials	226.5	169.1
Finished goods and goods for resale	1,357.0	1,294.1
	<u>1,583.5</u>	<u>1,463.2</u>

8 Debtors
Amounts falling due within one year:

	1997 £'000	1996 £'000
Trade debtors	2,685.5	2,353.2
Amount owed by group undertakings	32.4	45.5
Other debtors	9.1	6.6
Prepayments and accrued income	173.1	160.3
	<u>2,900.1</u>	<u>2,565.6</u>

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

FOR THE YEAR ENDED 31 DECEMBER 1997

9 Creditors:- amounts falling due within one year

	1997 £'000	1996 £'000
Bank overdraft	212.9	60.4
Trade creditors	771.0	514.2
Bill of exchange payable	3,200.0	3,500.0
Amounts owed to group undertakings		
- parent undertaking	194.6	105.8
- fellow subsidiary undertakings	37.5	46.8
Social security and other taxes	146.3	194.8
Other creditors	1.2	0.8
Accruals and deferred income	67.0	57.7
	<u>4,630.5</u>	<u>4,480.5</u>

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

10 Share capital

	1997 £'000	1996 £'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>

11 Profit and loss account

	£'000
At 1 January 1997	(239.7)
Retained profit for the year	<u>253.2</u>
At 31 December 1997	<u>13.5</u>

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

FOR THE YEAR ENDED 31 DECEMBER 1997

12 Reconciliation of movement in shareholders' funds

	1997 £'000	1996 £'000
Profit for the year	253.2	227.5
Shareholders' funds at 1 January 1997	1,785.3	1,557.8
Shareholders' funds at 31 December 1997	2,038.5	1,785.3

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

	1997 £'000	1996 £'000
Operating profit/(loss)	493.5	492.3
Depreciation	266.0	245.2
Loss/(profit) on disposal of fixed assets	7.9	(1.8)
(Increase) in stock	(120.3)	(42.5)
(Increase)/decrease in debtors	(334.5)	503.3
Increase/(decrease) in creditors		
Group undertakings	79.5	(460.8)
Other	218.1	(361.3)
Net cash inflow from operating activities	610.2	374.4

14 Reconciliation of net cashflow to movement in net debt

	1997 £'000	1996 £'000
Decrease in cash in the year	(151.8)	(98.0)
Cash outflow from financing	300.0	100.0
Movement in net debt in the year	148.2	2.0
Net debt at 1 January 1997	(3,557.7)	(3,559.7)
Net debt at 31 December 1997	(3,409.5)	(3,557.7)

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

FOR THE YEAR ENDED 31 DECEMBER 1997

15 Analysis of changes in net debt

	At 1 January 1997 £'000	Cashflow £'000	At 31 December 1997 £'000
Cash in hand and at bank	2.7	0.7	3.4
Overdrafts	(60.4)	(152.5)	(212.9)
	(57.7)	(151.8)	(209.5)
Bill of exchange	(3,500.0)	300.0	(3,200.0)
	(3,557.7)	148.2	(3,409.5)

16 Capital commitments

There were no capital commitments at 31 December 1997 or 31 December 1996.

17 Contingent liabilities

There were no contingent liabilities at 31 December 1997 or 31 December 1996 except in respect of taxation as described in Note 5.

18 Pensions

Defined contribution scheme

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

19 Leasing commitments

At 31 December 1997, the company had lease commitments payable during the next year as follows:

	1997		1996	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
On leases terminating:				
Within one year	123.0	3.0	109.0	4.9
Between one and five years	-	-	40.0	26.3
In five years or more	261.0	-	120.0	-
	<u>384.0</u>	<u>3.0</u>	<u>269.0</u>	<u>31.2</u>

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1997

20 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.