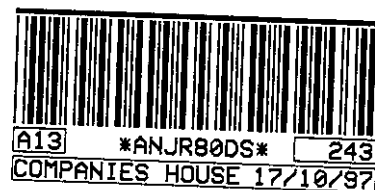


1036288

THERMOFROST CRYO PLC AND SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997



THERMOFROST CRYO PLC AND SUBSIDIARIES

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THERMOFROST CRYO PLC AND SUBSIDIARIES

COMPANY INFORMATION

COMPANY NUMBER: 1036288

DIRECTORS:

V A D'CRUZ
A D BARWICK
P J SLOPER
M A CROUCHER

SECRETARY:

J E COPPING

REGISTERED OFFICE:

ERNEST AVENUE
WEST NORWOOD
LONDON
SE27 0DA

AUDITORS:

NEVILLE RUSSELL
NEVILLE RUSSELL HOUSE
1 TELFORD WAY
LUTON
BEDFORDSHIRE
LU1 1HT

BANKERS:

NATIONAL WESTMINSTER BANK PLC
BARCLAYS BANK PLC
ALLIANCE & LEICESTER PLC

THERMOFROST CRYO PLC AND SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 March 1997.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- 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.

REVIEW OF THE BUSINESS

The principal activity of the group continued to be dealing in refrigeration and air conditioning components and related equipment. The directors were encouraged by the increases both in turnover and operating profit, these being achieved in a difficult trading environment. Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

QUALITY ASSURANCE

The company's continued commitment to a high standard of customer service has resulted in retaining Registered Firm status under BS.EN.ISO9002:1994.

PAYMENT OF CREDITORS

The group does not have a written policy on the payment of trade creditors. However, the group intends to pay all trade creditors promptly within the payment terms agreed with them.

PROFIT RELATED PAY SCHEME

The company operates an Inland Revenue approved Profit Related Pay Scheme, and a Fidelity Bonus Scheme to reward long term employees.

THERMOFROST CRYO PLC AND SUBSIDIARIES

REPORT OF THE DIRECTORS (continued)

RESULTS AND DIVIDENDS

The results of the company and group for the year ended 31 March 1997 are set out in the financial statements on pages 5 to 20. In particular, the operating profit has increased from £945,000 to £1,011,000, being an increase of 7%. An interim dividend of £0.795 (1996 £2.51) per share on the issued ordinary share capital amounting to £500,000 (1996 £1,600,000) was paid during the year. The directors do not recommend the payment of any final dividend.

During the year, the company acquired 4,000 of its own shares (see note 17).

During the previous year, the group received £602,000 of compensation in connection with the termination of Unitec Limited's agency agreement. This was disclosed in the profit and loss account for the year ended 31 March 1996 as an exceptional item.

DIRECTORS

The directors set out below have held office during the whole of the period from 1 April 1996 to the date of this report. The interests of the directors holding office on 31 March 1997 in the shares of the company according to the Register of Directors' Interests were:

	Ordinary Shares of 25p each At 31 March 1997	Ordinary Shares of 25p each At 1 April 1996
V A D'Cruz (Chairperson) (In trust)	501,654	518,334
A D Barwick	64,680	102,000
P J Sloper	54,000	4,000
M A Croucher	-	-

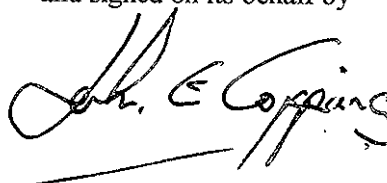
TAXATION STATUS OF THE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Neville Russell, have signified their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming annual general meeting.

Approved by the Board on 23 June 1997
and signed on its behalf by


Secretary

NEVILLE RUSSELL

Chartered Accountants



AUDITORS' REPORT TO THE SHAREHOLDERS OF THERMOFROST CRYO PLC AND SUBSIDIARIES

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 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 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 and the group as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read "Neville Russell", written in a cursive style.

NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors

Date 23 June 1997



INVESTOR IN PEOPLE

Neville Russell House 1 Telford Way Luton Bedfordshire LU1 1HT Tel 01582 700700 Fax 01582 700701

MEDIUM SIZED ACCOUNTING FIRM OF THE YEAR 1994 AND 1995.

Neville Russell is a member of Nexia International, a worldwide network of independent accounting firms.

A list of partners is available at each Neville Russell office: Bedford, Birmingham, Blandford, Brighton, Bristol, Dudley, Glasgow, Ilford, Leeds, Lincoln, London, Luton, Milton Keynes, Nottingham, Oxford, Poole, Stockport, Sutton and Wakefield.

Registered to conduct audit work and authorised to conduct investment business by 'The Institute of Chartered Accountants in England and Wales'.

THERMOFROST CRYO PLC AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
Turnover	2	10,115,768	10,075,141
Cost of sales		(6,990,611)	(7,009,280)
		<hr/>	<hr/>
Gross Profit		3,125,157	3,065,861
Distribution and selling costs		(517,935)	(505,638)
Administrative expenses		(1,634,264)	(1,659,320)
Other operating income		38,344	44,429
		<hr/>	<hr/>
Operating Profit		1,011,302	945,332
Costs in relation to fundamental reorganisation		-	(69,000)
Exceptional income in respect of termination of agency agreement		-	601,985
		<hr/>	<hr/>
Profit on Ordinary Activities Before Interest		1,011,302	1,478,317
Interest receivable and similar income		9,405	12,024
Interest payable and similar charges		(154,823)	(70,085)
		<hr/>	<hr/>
Profit on Ordinary Activities Before Taxation	3	865,884	1,420,256
Taxation on profit on ordinary activities	6	(308,380)	(304,674)
		<hr/>	<hr/>
Profit For the Financial Year After Taxation		557,504	1,115,582
Dividends paid	8	(500,000)	(1,600,000)
		<hr/>	<hr/>
Retained Profit (Accumulated Loss) For The Year	7,18	57,504	(484,418)
		<hr/>	<hr/>

The group's turnover and expenses all relate to continuing operations.


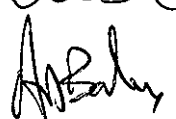
The group has no recognised gains or losses during the period other than the profit (loss) for the year. The profit (loss) for the year has been calculated on the historical cost basis.

THERMOFROST CRYO PLC AND SUBSIDIARIES

BALANCE SHEETS AT 31 MARCH 1997

		GROUP		COMPANY	
	Notes	1997	1996	1997	1996
		£	£	£	£
Fixed Assets					
Tangible assets	9	1,118,621	1,159,759	1,118,621	1,159,759
Investments:					
group companies	10	-	-	105	105
trade investment	11	650	650	650	650
		<hr/>	<hr/>	<hr/>	<hr/>
		1,119,271	1,160,409	1,119,376	1,160,514
		<hr/>	<hr/>	<hr/>	<hr/>
Current Assets					
Stocks	12	1,904,909	2,153,336	1,904,909	2,153,336
Debtors	13	2,393,878	2,332,931	2,393,878	2,332,931
Cash at bank and in hand		22,572	13,498	22,138	13,479
		<hr/>	<hr/>	<hr/>	<hr/>
		4,321,359	4,499,765	4,320,925	4,499,746
Creditors: Amounts Falling Due Within One Year	14	(3,735,671)	(4,041,751)	(4,050,136)	(4,358,716)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Current Assets		585,688	458,014	270,789	141,030
		<hr/>	<hr/>	<hr/>	<hr/>
Total Assets Less Current Liabilities		1,704,959	1,618,423	1,390,165	1,301,544
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: Amounts Falling Due After More Than One Year	15	(28,085)	-	(28,085)	-
		<hr/>	<hr/>	<hr/>	<hr/>
Provisions For Liabilities And Charges	16	(10,206)	(6,184)	(10,206)	(6,184)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Assets		1,666,668	1,612,239	1,351,874	1,295,360
		<hr/>	<hr/>	<hr/>	<hr/>
Capital And Reserves					
Called up share capital	17	157,534	157,784	157,534	157,784
Profit & loss reserve	18	1,386,279	1,336,575	1,071,485	1,019,696
Capital redemption reserve	18	100,529	99,529	100,529	99,529
Share premium account	18	22,326	18,351	22,326	18,351
		<hr/>	<hr/>	<hr/>	<hr/>
Equity Shareholders' Funds	19	1,666,668	1,612,239	1,351,874	1,295,360
		<hr/>	<hr/>	<hr/>	<hr/>

Approved by the Board on 23 June 1997
and signed on its behalf

)
) Directors
)

THERMOFROST CRYO PLC AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
Cash flow from operating activities	20a	947,586	2,570,798
Returns on investments and servicing of finance	20b	(145,418)	(58,061)
Taxation		(382,296)	(339,430)
Capital expenditure and financial investment	20b	(18,321)	(20,449)
Equity dividends paid		(500,000)	(1,600,000)
		<hr/>	<hr/>
Cash (outflow) inflow before use of liquid resources and financing		(98,449)	552,858
Financing			
Issue of shares		4,725	6,704
Purchase of own shares		(7,800)	(1,212,578)
Increase in debt		(46,142)	(53,716)
		<hr/>	<hr/>
Decrease in cash in the period		(147,666)	(706,732)
		<hr/>	<hr/>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the period		(147,666)	(706,732)
Cash inflow from increase in debt and lease financing		46,142	53,716
		<hr/>	<hr/>
Change in net debt resulting from cash flows	20c	(101,524)	(653,016)
New finance leases	20c	(54,772)	(35,815)
		<hr/>	<hr/>
Movement in net debt in the period		(156,296)	(688,831)
Net debt at 1 April 1996	20c	(1,656,054)	(967,223)
		<hr/>	<hr/>
Net debt at 31 March 1997	20c	(1,812,350)	(1,656,054)
		<hr/>	<hr/>

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

- a) Basis of preparation of group financial statements.

The consolidated financial statements, which are prepared under the historical cost convention, include the financial statements of the company and its subsidiaries, made up to 31 March 1997. No profit and loss account is presented for Thermofrost Cryo Plc as provided by S230 of the Companies Act 1985.

The profits and losses of the subsidiary companies are consolidated from the date of acquisition. The difference between the cost of acquisition of shares in the subsidiaries and the amount attributed to their net tangible assets at the effective date of purchase is included as goodwill arising on consolidation.

- b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers outside the group.

- c) Depreciation

Depreciation is calculated to write off the cost of fixed assets other than leasehold properties and certain fixtures and fittings on a reducing balance basis over their effective useful lives. Leasehold property is written off on a straight line basis over the term of the lease. Certain fixtures and fittings are written off on a straight line basis over their estimated useful lives.

- d) Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost is determined on an average cost basis. Provision is made for slow moving, defective and obsolete stocks.

- e) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

- f) Intangible fixed assets

Goodwill arising on consolidation has been amortised through the profit and loss account over its estimated useful life.

- g) Foreign currencies

Assets, liabilities, revenue and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which the transaction occurs, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date.

In the case of forward contracts in respect of trading transactions, the rates of exchange specified in those contracts are used.

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES (continued)

h) Warranty liability

An accrual is made for the estimated liability on all products which are still the subject of warranty and service agreements.

i) Finance leases and hire purchase contracts

Assets held under finance leases, and similar hire purchase contracts, are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable. Hire purchase interest is charged to the profit and loss account on a straight line basis.

2. TURNOVER

The turnover and pre-tax profit is attributable to the principal activity, the sale of refrigeration and air conditioning components and related equipment.

The geographical analysis of turnover is given below:

	1997 £	1996 £
United Kingdom	9,847,324	9,902,921
Overseas	268,444	172,220
	<hr/>	<hr/>
	10,115,768	10,075,141
	<hr/>	<hr/>

The group has only common costs and all the turnover is supported by all the net assets of the group irrespective of sales destination.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated:

	1997 £	1996 £
after crediting:		
Interest receivable	9,405	718
Interest receivable from subsidiary company	-	11,306
Profit on sale of fixed assets	2,473	-
	<hr/>	<hr/>

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

	1997 £	1996 £
after charging:		
Depreciation	116,704	138,630
Loss on sale of fixed assets	-	702
Auditors' remuneration	13,000	12,500
Emoluments of directors (note 4)	230,954	224,641
Interest payable:		
Bank overdrafts and other loans	151,132	65,673
Hire purchase	3,691	4,412

4. DIRECTORS

	1997 £	1996 £
EMOLUMENTS		
Management services	223,208	216,931
Pension scheme contributions	7,746	7,710
Total emoluments	230,954	224,641
The emoluments of directors described above (excluding contributions to the pension scheme) included amounts paid to:		
The highest paid director	91,653	86,673

5. STAFF COSTS

	1997 £	1996 £
Wages and salaries	976,647	955,683
Social security costs	108,899	107,916
Other pension costs (see note 21)	80,683	84,827
	1,166,229	1,148,426

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

5. STAFF COSTS (continued)

The average number of persons employed by the group (including directors) during the year was as follows:

	Number	Number
Management	5	5
Administration	20	20
Sales	18	18
	<hr/>	<hr/>
TOTAL EMPLOYEES	43	43
	<hr/>	<hr/>

6. TAXATION

	1997 £	1996 £
Corporation tax	303,726	316,357
Deferred taxation	4,022	(7,876)
Under/overprovision in respect of prior years	632	(3,807)
	<hr/>	<hr/>
	308,380	304,674
	<hr/>	<hr/>

7. PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The group profit for the financial year after taxation was £57,504 (1996 loss of £484,418) of which a profit of £59,589 (1996 loss of £409,420) has been dealt with in the financial statements of the parent company.

8. DIVIDENDS

	1997 £	1996 £
Ordinary dividends:		
Interim dividend paid of £0.795 (1996 £2.51) per share	500,000	1,600,000
	<hr/>	<hr/>

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

9. TANGIBLE FIXED ASSETS

GROUP AND COMPANY

	Freehold Land & Buildings Leasehold Properties Long Term £	Fixtures Fittings and Equipment £	Motor Vehicles £	Plant and Machinery £	Total £
COST					
At 1 April 1996	1,060,240	334,081	267,324	54,192	1,715,837
Additions	-	33,515	60,269	709	94,493
Disposals	-	(25,064)	(48,623)	-	(73,687)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	1,060,240	342,532	278,970	54,901	1,736,643
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
ACCUMULATED DEPRECIATION					
At 1 April 1996	175,333	223,302	110,756	46,687	556,078
Charge for the year	25,582	38,468	51,142	1,512	116,704
Eliminated on disposals	-	(24,839)	(29,921)	-	(54,760)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	200,915	236,931	131,977	48,199	618,022
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUES					
At 31 March 1997	859,325	105,601	146,993	6,702	1,118,621
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1996	884,907	110,779	156,568	7,505	1,159,759
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation Rates	2% & 4%	20% & 25%	30%	20%	

Included in motor vehicles is an amount of £63,106 (1996: £47,731) relating to assets under hire purchase contracts.

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

10. FIXED ASSET INVESTMENTS - GROUP COMPANIES

	£
COST	
At 1 April 1996 and 31 March 1997	3,036
	<hr/>
PROVISIONS FOR DIMINUTION IN VALUE	
At 1 April 1996 and 31 March 1997	2,931
	<hr/>
NET BOOK VALUES	
At 31 March 1996 and 31 March 1997	105
	<hr/>

Details of the company's subsidiaries at 31 March 1997 are:

Name	Class of shares held	Percentage held by the company
Cryo Limited	Ordinary	100%
RSM Products Limited	Ordinary	100%
The Specialists Limited	Ordinary	100%
Unitec Limited	Ordinary	100%
United Termofrost Limited	Ordinary	100%

All of the companies shown above were incorporated in the United Kingdom and have ceased to trade.

11. FIXED ASSET INVESTMENTS - TRADE INVESTMENTS

	GROUP		COMPANY	
	1997 £	1996 £	1997 £	1996 £
Interest in trade investments at cost	650	650	650	650
	<hr/>	<hr/>	<hr/>	<hr/>

Details of the company's trade investments at 31 March 1997 were:

Name	Class of shares held	Percentage held by the company
Madics Systems Limited	Ordinary	33.3%

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

12. STOCKS

	GROUP		COMPANY	
	1997	1996	1997	1996
	£	£	£	£
Finished goods and goods for resale	1,786,066	2,110,199	1,786,066	2,110,199
Goods in transit	118,843	43,137	118,843	43,137
	<hr/>	<hr/>	<hr/>	<hr/>
	1,904,909	2,153,336	1,904,909	2,153,336
	<hr/>	<hr/>	<hr/>	<hr/>

13. DEBTORS

	GROUP		COMPANY	
	1997	1996	1997	1996
	£	£	£	£
DUE WITHIN ONE YEAR				
Trade debtors	2,239,229	2,092,695	2,239,229	2,092,695
Other debtors	23,290	42,885	23,290	42,885
Prepayments and accrued income	17,700	103,575	17,700	103,575
Corporation tax recoverable	88,484	61,601	88,484	61,601
	<hr/>	<hr/>	<hr/>	<hr/>
	2,368,703	2,300,756	2,368,703	2,300,756
DUE AFTER MORE THAN ONE YEAR				
Amounts owed by trade investment	25,175	32,175	25,175	32,175
	<hr/>	<hr/>	<hr/>	<hr/>
	2,393,878	2,332,931	2,393,878	2,332,931
	<hr/>	<hr/>	<hr/>	<hr/>

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

14. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	GROUP		COMPANY	
	1997	1996	1997	1996
	£	£	£	£
Bank overdraft and other loans	1,784,916	1,628,176	1,784,916	1,628,176
Trade creditors	910,515	1,340,783	910,515	1,340,783
Amounts owed to group companies	-	-	319,965	322,965
Amounts owed to trade investment	-	10,716	-	10,716
Advance corporation tax	27,199	377,958	27,199	377,958
Corporation tax	303,726	-	303,726	-
Other taxation and social security	375,381	348,637	375,381	348,637
Other creditors	135,912	128,615	135,912	128,615
Amounts due under hire purchase contracts	21,921	41,376	21,921	41,376
Accruals and deferred income	176,101	165,490	170,601	159,490
	<hr/>	<hr/>	<hr/>	<hr/>
	3,735,671	4,041,751	4,050,136	4,358,716
	<hr/>	<hr/>	<hr/>	<hr/>

The bank overdraft and other loans are secured by fixed charges on the freehold and leasehold properties and trade debtors and by a floating charge on the assets of the company.

15. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	GROUP		COMPANY	
	1997	1996	1997	1996
	£	£	£	£
Amounts due under hire purchase contracts	28,085	-	28,085	-
	<hr/>	<hr/>	<hr/>	<hr/>
	28,085	-	28,085	-
	<hr/>	<hr/>	<hr/>	<hr/>

The above amounts are wholly repayable by instalments within 2 to 5 years.

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

16. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION		1997		1996	
The Group	Amount Provided £	Amount not Provided £	Amount Provided £	Amount not Provided £	
Tax effect of timing differences arising on:					
Excess of tax allowances over depreciation	10,206	-	6,184	-	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
The Company					
Tax effect of timing differences arising on:					
Excess of tax allowances over depreciation	10,206	-	6,184	-	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	

DEFERRED TAXATION MOVEMENTS

	Group £	Company £
As at 1 April 1996	6,184	6,184
Charge for the year	4,022	4,022
	<u> </u>	<u> </u>
As at 31 March 1997	10,206	10,206
	<u> </u>	<u> </u>

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

17. SHARE CAPITAL

Share capital at 31 March 1997 and 31 March 1996 was as follows:

	Authorised		Allotted, Issued and Fully Paid	
	1997	1996	1997	1996
	£	£	£	£
Ordinary shares of 25p each	500,000	500,000	157,534	157,784

Under the terms of the Employee Share Option Scheme, 2 employees took up their options in the shares of the company, and 3,000 ordinary shares were duly issued.

The company made the following share purchases during the year.

Date	Number of Shares Repurchased	Price per Share
25 April 1996	4,000	£1.95

18. RESERVES

The Group	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Reserve £	Total £
At 1 April 1996	18,351	99,529	1,336,575	1,454,455
On shares issued during the year	3,975	-	-	3,975
Retained profit for the year	-	-	57,504	57,504
On shares repurchased in the year	-	1,000	(7,800)	(6,800)
At 31 March 1997	22,326	100,529	1,386,279	1,509,134
The Company	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Reserve £	Total £
At 1 April 1996	18,351	99,529	1,019,696	1,137,576
On shares issued during the year	3,975	-	-	3,975
Retained profit for the year	-	-	59,589	59,589
On shares repurchased in the year	-	1,000	(7,800)	(6,800)
At 31 March 1997	22,326	100,529	1,071,485	1,192,340

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	1997	1996	1997	1996
	£	£	£	£
Profit for the financial year	557,504	1,115,582	559,589	1,190,580
Dividends paid	(500,000)	(1,600,000)	(500,000)	(1,600,000)
Redemption of shares	(7,800)	(1,212,578)	(7,800)	(1,212,578)
Shares issued at a premium during year	4,725	6,704	4,725	6,704
Net increase (reduction) to shareholders' funds	54,429	(1,690,292)	56,514	(1,615,294)
Opening shareholders' funds	1,612,239	3,302,531	1,295,360	2,910,654
Closing shareholders' funds	1,666,668	1,612,239	1,351,874	1,295,360

20a. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	1997	1996
	£	£
Operating profit	1,011,302	945,332
Depreciation charges	116,704	138,630
(Profit) loss on sale of tangible fixed assets	(2,473)	702
Decrease (increase) in stocks	248,427	(148,562)
(Increase) decrease in debtors	(34,064)	893,847
(Decrease) increase in creditors	(392,310)	207,864
	947,586	2,037,813
Net cash outflow in relation to fundamental reorganisation	-	(69,000)
Net cash inflow in respect of termination of agency agreement	-	601,985
Net cash inflow from operating activities	947,586	2,570,798

THERMOFROST CRYO PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

20b. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

Returns on investment and servicing of finance

	1997 £	1996 £
Interest received	9,405	12,024
Interest paid	(151,132)	(65,673)
Interest element of finance lease rentals	(3,691)	(4,412)
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Net cash outflow for returns on investments and servicing of finance	(145,418)	(58,061)
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Capital expenditure and financial investment

Purchase of tangible fixed assets	(39,721)	(29,499)
Sale of tangible fixed assets	21,400	9,050
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Net cash outflow for capital expenditure and financial investment	(18,321)	(20,449)
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Financing

Issue of ordinary share capital	4,725	6,704
Purchase of own shares	(7,800)	(1,212,578)
Capital element of finance lease rental payments	(46,142)	(53,716)
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Net cash outflow from financing	(49,217)	(1,259,590)
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THERMOFROST CRYO PLC AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 1997****20c. ANALYSIS OF NET DEBT**

	At 1 April 1996	Cash Flow	Other Non- Cash Changes	At 31 March 1997
Cash at bank and in hand	13,498	9,074	-	22,572
Bank overdraft and other loans	(1,628,176)	(156,740)	-	(1,784,916)
Finance leases	(41,376)	46,142	(54,772)	(50,006)
	<u>(1,656,054)</u>	<u>(101,524)</u>	<u>(54,772)</u>	<u>(1,812,350)</u>

21. PENSION COMMITMENTS

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the funds and amounted to £80,683 (1996 £84,827).

22. OTHER COMMITMENTS

At 31 March 1997 the company was committed to purchasing foreign currency under forward contract arrangements with a value of £1,373,117 (1996 £1,125,787).

23. PARENT UNDERTAKINGS

In the opinion of the directors, the immediate parent company is Rareform Limited. The ultimate parent company is Lansing Securities Limited, a company registered in the British Virgin Islands.