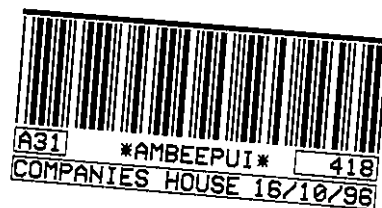


IMI HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 1995

(Registered Number 1105231)



IMI HOLDINGS LIMITED

Directors: IMI KYNOCH LIMITED
J O'SHEA

Secretary: J O'SHEA

Registered Office: WITTON WORKS
WITTON
BIRMINGHAM B6 7BA

Auditors: KPMG

REPORT OF DIRECTORS 1995

The Directors of IMI Holdings Limited submit their report together with the Accounts for the year ended 31 December 1995.

1 Activity

The Company is an intermediate holding company and did not trade during the year. No dividend is proposed.

2 Board of Directors

There were no changes during the year except that J Metcalf retired on 31 October 1995 and IMI Kynoch Limited was appointed on 1 November 1995.

3 Directors' Interests in Shares and Debentures

The interests of the persons (including the interests of their families) who were directors at the end of the year in shares and debentures of the company's ultimate holding company, IMI plc, are shown below. None of the directors (or their families) had any interest in the share capital of the Company.

IMI plc Ordinary Shares
As at 01.01.95 As at 31.12.95
(or date of appointment if later)

J O'Shea
IMI Kynoch Ltd

Nil
Nil

Nil
Nil

4 Directors' Share Options

Options (as recorded in the register of directors' interests) in respect of shares of IMI plc granted to and exercised by directors are shown below:

| | Options granted during the year | Options exercised during the year |
|----------------|------------------------------------|--------------------------------------|
| J O'Shea | Nil | 4,500 |
| IMI Kynoch Ltd | Nil | Nil |

5 Directors and Officers Insurance

During the year insurance was maintained for directors and officers of the company against certain liabilities which they might incur personally.

6 Auditors and AGMs

By elective resolutions passed pursuant to the Companies Act 1985 the company has dispensed with the annual appointment of auditors, the holding of AGMs and the laying of accounts before general meetings.

By Order of the Board



J O'Shea
Secretary
14 February 1996

Statement of Directors' Responsibilities

The Directors are required to prepare financial statements for each financial period which comply with the provisions of the Companies Act 1985 and give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the profit or loss for that period. Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. Applicable accounting standards have been followed and as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, the financial statements have been prepared on a going concern basis. The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report

TO THE MEMBERS OF IMI HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 7

Respective Responsibilities of Directors and Auditors

As described above 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 as at 31 December 1995 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors
Birmingham
14 February 1996

IMI HOLDINGS LIMITED

Balance Sheet at 31 December 1995

| | | <u>1995</u> | <u>1994</u> |
|---|--------------|----------------|----------------|
| | <u>Notes</u> | <u>£000</u> | <u>£000</u> |
| <u>Fixed Assets</u> | | | |
| Investments in Subsidiary Undertakings | 2 | 114,085 | 114,085 |
| <u>Current Assets</u> | | | |
| Debtors: Amounts recoverable after more than one year | 3 | 38,321 | 38,321 |
| <u>Net Assets</u> | | <u>152,406</u> | <u>152,406</u> |
| Financed by: | | | |
| Creditors: Amounts falling due after more than one year | 4 | <u>127,959</u> | <u>127,959</u> |
| Capital and Reserves | | | |
| Called up Share Capital | 5 | 416 | 416 |
| Share Premium Account | 6 | 148 | 148 |
| Profit and Loss Account | 6 | 23,883 | 23,883 |
| Equity Shareholders' Funds | | <u>24,447</u> | <u>24,447</u> |
| | | <u>152,406</u> | <u>152,406</u> |

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently during those years the company made neither a profit nor a loss.

These accounts were approved by the Board of Directors on 14 February 1996 and signed on its behalf by:


J O'SHEA Director

IMI HOLDINGS LIMITED

Notes to the accounts

31 December 1995

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

(a) Basis of accounting

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

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts.

(b) Cash flow statement

A group cash flow statement to the year ended 31 December 1995 is included in the IMI plc Annual Report and accordingly no cash flow statement is shown in these accounts.

2. Investments in Subsidiary Undertakings

| | |
|--------------------------------------|----------------|
| | <u>£'000</u> |
| Shares at Cost | |
| Balance at 31 December 1995 and 1994 | <u>114,085</u> |

The company owns all of the ordinary share capital of the following non trading companies which are all registered in England and Wales.

Austin Beech Limited
Brambledike Limited
Eley Ammunition Limited
Foundrometers Limited
IMI Building Products Limited
IMI Drinks Dispense Limited
IMI Engineering Limited
IMI Fabrications Limited
IMI Finance Limited
IMI Fluid Power International Limited
IMI (GB) Limited
IMI Heat Exchange Limited
IMI Information Technology Limited
IMI Insurance Services Limited
IMI Services Limited
IMI Systems Limited
IMI Waterheating Limited
Imperial Metal Industries Limited
Imperial Metal Services Limited

IMI HOLDINGS LIMITED

Notes to the accounts (continued)

31 December 1995

Marston Heat Exchanges Limited
Martonair Limited
Mecavalve Limited
Norgren Enots Limited
Norgren International Limited
Norgren Martonair Pacific Pty Limited
Pneumatic Products Limited
Waterheating Systems Limited
Yorkshire Imperial Pension Trust Limited
Non-Drip Measure Company Limited
MK Refrigeration (Properties) Limited
Lockinlyne Limited
Logic Engineering Limited
Bradgate Building Company Limited
Vending Centre Holdings Limited
IMI Marstair Limited

In the opinion of the directors the value of the investment in subsidiary companies is not less than the amount at which they are included in the accounts.

| | <u>1995</u> | <u>1994</u> |
|---|----------------|----------------|
| | <u>£'000</u> | <u>£'000</u> |
| 3. <u>Debtors</u> | | |
| Amounts receivable after more than one year: | | |
| Amounts owed by parent and fellow subsidiary undertakings | 38,090 | 38,090 |
| Amounts owed by subsidiary undertakings | 3,376 | 3,376 |
| | <u>41,466</u> | <u>41,466</u> |
| Less Provisions | (3,145) | (3,145) |
| | <u>38,321</u> | <u>38,321</u> |
| 4. <u>Creditors</u> | <u>1995</u> | <u>1994</u> |
| | <u>£'000</u> | <u>£'000</u> |
| Amounts falling due after more than one year: | | |
| Amounts owed to parent and fellow subsidiary undertakings | <u>127,959</u> | <u>127,959</u> |
| There are no fixed terms for repayments of the loan. | | |
| 5. <u>Share Capital</u> | <u>1995</u> | |
| | <u>£'000</u> | |
| Authorised Ordinary Shares of 1p each | <u>500</u> | |
| Allotted, called up and fully paid | | |
| Ordinary shares of 1p each | | <u>416</u> |

IMI HOLDINGS LIMITED

Notes to the accounts (continued)

31 December 1995

| 6. <u>Reserves</u> | <u>Share premium</u> | <u>Profit & Loss</u> |
|--------------------------------------|----------------------|--------------------------|
| | <u>Account</u> | <u>Account</u> |
| | <u>£'000</u> | <u>£000</u> |
| Balance at 31 December 1995 and 1994 | <u>148</u> | <u>23,883</u> |

7. Ultimate Parent Company

The ultimate parent company is IMI plc, incorporated in Great Britain and registered in England and Wales. A copy of the group accounts of that company can be obtained from the Company Secretary, PO Box 216, Witton, Birmingham B6 7BA.