FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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HMI INDUSTRIES INC

CIK:**46445**| IRS No.: **361202810** | State of Incorp.:**DE** | Fiscal Year End: **0930**
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SIC: **3460** Metal forgings & stampings

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996 Commission File Number 1-6220

HMI INDUSTRIES INC.
(Exact name of registrant as specified in its charter)

DELAWARE	36-1202810
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(IRS EMPLOYER IDENTIFICATION NO.)

3631 PERKINS, CLEVELAND, OHIO	44114
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

Registrant's telephone number, including area code: (216) 432-1990

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

(TITLE OF EACH CLASS)

Common Stock, $1 par value per share

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 and (2) has been subject to such filing requirements for the past ninety (90) days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorportated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
Yes X No

The aggregate market value of voting stock held by non-affiliates of Registrant, computed by reference to the closing price on the NASDAQ Stock Exchange on December 18, 1996 was approximately $10,300,000.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at December 18, 1996
Common stock, $1 par value per share	4,924,370

DOCUMENTS INCORPORATED BY REFERENCE

The follow documents are incorporated by reference in this Form 10-K.

1. Portions of the Proxy Statement for the 1997 Annual Meeting, incorporated into Part III (items 10,11,12,13).

Index to Exhibits is found on page 42. This report consists of 45 pages.

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PART I.

Item 1. Business

(a) General Development of Business

HMI Industries Inc. (the "Company" or "registrant") was known as Health-Mor Inc. until January, 1995. The Company was reorganized in 1968 as a Delaware corporation, succeeding an Illinois corporation originally formed in 1928. The business of the Company is carried out through two primary divisions. The Consumer Goods Division manufactures and sells floor care and air filtration products, primarily portable bagless vacuum cleaners sold under the trade names "Filter Queen", "Princess", "Majestic" and "Empress", central vacuum cleaning systems sold under the trade names "Vacu-Queen" and "Majestic II", portable canister vacuums sold under the trade names "Optima" and "ElektraPure", and an upright vacuum sold under the trade name "Princess 2000". Portable room air cleaners are sold under the trade name "Defender" and carpet cleaning systems under the trade name "Easy Way" are both sold and leased. This division also sells needle-free insulin injectors under the "AdvantaJet" name and certain tubular consumer products, both of which are manufactured by subsidiaries in the Manufactured Products Division. The "SuperNaturals" product line of environmentally superior cleaning products was developed by the Company to replace the products formerly sold under the "Down-to-Earth" trade name. The operations of the Consumer Goods Division are carried on through the operations at the Perkins Avenue facility in Cleveland, Ohio, and the following wholly-owned subsidiaries: HMI Incorporated (incorporated in Ontario, Canada); Home Impressions Inc. (incorporated in Delaware); Health-Mor Personal Care Corp. (incorporated in Delaware); Health-Mor International, Inc., which meets the qualifications under the Internal Revenue Code as a foreign sales corporation (incorporated in the U.S. Virgin Islands); Health-Mor Acceptance Corporation (incorporated in Delaware), HMI Acceptance Corporation (incorporated in Ontario, Canada) and Health-Mor Acceptance PTY Ltd. (incorporated in Sydney, Australia).

The Manufactured Products Division engages in the fabrication and sale of commercial and industrial stamped components, metal formed tubular products and machined components, and the manufacture of needle-free insulin injectors. The operations of this division are carried out by Bliss Manufacturing Company (incorporated in Ohio) and Tube-Fab Ltd. (incorporated in Ontario, Canada), both wholly-owned subsidiaries of the Company.

In 1996 the Company introduced its portable room air cleaner sold under the trade name "Defender". This air cleaner, which surpasses HEPA filtration standards (High Efficiency Particulate Air), is being sold by the Home Impressions group through independent retail vacuum stores and through the Filter Queen direct distribution system.

In 1996 the Company added the Medi-Filter to its filtering package for the Filter Queen in North America. This cone-shaped electrostatic filter, when used with the standard cellulose filter cone, filters at an efficiency of 99.98% for particles larger than .1 micron. This level of filtration surpasses HEPA standards.

The Company-developed "SuperNaturals" brand of environmentally-superior but powerful cleaning products were introduced in fiscal 1996. These products are distributed through the Filter Queen direct distribution system and through independent sales representatives.

The Company recently closed its distribution system in Mexico, the only country in which it owned its own distribution system. The Mexican subsidiary had significant fixed overhead costs, and the continuing serious economic problems in Mexico resulted in significant operating losses which the Company did not believe would be reversed for some time. The Company decided to close this subsidiary and cease operations in order to prevent further losses. The Company is exploring ways to distribute its products in Mexico in the same manner as they are distributed elsewhere in the world.

(b) Financial Information About Industry Segments

The net sales and operating income of each industry segment and the identifiable assets attributable to each industry segment for the years ended September 30, 1996, 1995 and 1994 are set forth in Note 12 (Business Segments) of the Notes to the Consolidated Financial Statements found on page 37.

(c) Narrative Description of Business

Consumer Goods

The principal products of the Consumer Goods Division of the Company are floor care and air filtration products, primarily portable vacuum cleaners and central vacuum cleaning systems. Portable bagless vacuum cleaners are sold under the trade names "Filter Queen", "Princess", "Majestic" and "Empress". Portable canister vacuums are sold under the trade names "Optima" and "ElektraPure". The product line also includes an upright vacuum cleaner sold under the trade name "Princess 2000". The central vacuum cleaning systems are sold under the trade names "Vacu-Queen" and "Majestic II". The bagless portable and portable canister vacuums consist of a canister type suction cleaner, motorized vacuum cleaning head with a revolving brush ("Pow-R-Nozzle"), hose, wand, brushes and other cleaning tools. The Company also offers accessories for use with its bagless and canister vacuum cleaners, most of which are attached to the exhaust outlet and may be used as room deodorizers, air circulators, and for other blowing operations such as the spraying of liquids. The central vacuum cleaning systems use the motorized vacuum cleaning head with a revolving brush, as well as the hose, wand, brushes and other cleaning tools. The Company also manufactures straight suction attachments, which do not have a motorized vacuum cleaning head.

The Filter Queen cleaning system has been registered by Underwriters Laboratories and Canadian Standards Authority as an Air Filtration Device, which support filtration claims and potentially expand the market of customers.

The Company manufactures a commercial model of its Princess vacuum cleaner which it sells to business and industrial users. The Company also manufacturers vacuum cleaner power nozzle heads for other vacuum cleaner companies on a private label basis.

The floor care products of the Consumer Goods Division are marketed throughout the United States, Canada, and forty-five other countries. The Company markets the Filter Queen Majestic and the Empress through independent distributors who sell in the home directly through their own independent representatives and who also sell indirectly through the representatives of smaller independent local distributors. In certain foreign markets, the Princess and the ElektraPure are also marketed in a similar manner. Optima is marketed through retail stores, while the Princess 2000 is marketed on a direct basis.

Home Impressions Inc. is dedicated to marketing products related to home convenience and comfort. The product offerings are manufactured by the Company's existing divisions as well as being sourced from other manufacturers. New marketing techniques and distribution channels are utilized on a national and international basis. Catalog distribution and telemarketing are some of the venues being tested by the Company as a means to exploit this significant business potential.

The Home Impressions product line also includes a retail product grouping of floor care products, including the "Optima", "Princess 2000", "ElektraPure" and "Vacu-Queen". Except for the "Princess 2000", these products are sold primarily through specialty retail vacuum stores in North America. The "Princess 2000" is sold through a direct sales network. Home Impressions is selling the "ElektraPure" and "Vacu-Queen" internationally at the retail level, and will begin selling the "Optima" internationally during the next year.

Central vacuum cleaning systems are marketed worldwide under the trade name "Vacu-Queen" through retail distributors and under the trade name "Majestic II" through direct distributors. The Company also markets the Vacu-Queen to building contractors and developers for installation in newly constructed homes and apartments.

In 1996, the Company introduced a line of environmentally superior household cleaning products under the name "SuperNaturals". These cleaning products, which include laundry detergent, fabric softener, non-chlorine powdered bleach, dishwashing liquid, all purpose cleaner, tile cleaner, toilet bowl cleaner and glass cleaner, were developed exclusively for the Company and replaced the "Down-to-Earth" product line. SuperNaturals are sold by the direct Filter Queen distribution system and by independent sales representatives.

Household Rental Systems ("HRS") provides carpet cleaning systems for rent to consumers through the Filter Queen direct distribution network and through independent retail vacuum cleaner stores under the names "Easy Off" in Canada and "Easy Way" in the United States. HRS also rents carpet cleaning systems to consumers through leading grocery chains, drug stores and hardware stores in Canada. The Company estimates that HRS controls approximately 80% of this market in Canada. Independent direct distributors also rent machines to consumers through in-home delivery and pick up. The Easy-Way and Easy Off product lines are full lines of cleaning solutions for use with HRS products, with other similar products or individually. These products are sold by existing retail and Distributor organizations. HRS products meet strong competition for the carpet cleaning systems from seven major competitors, most of which are larger than HRS or are part of larger companies with greater resources than HRS. The Canadian HRS business has been reported as discontinued operations.

Health-Mor Personal Care Corp. markets the AdvantaJet needle-free insulin injector and other health care products. Customer service is crucial to this product line. Local advertising, telemarketing and direct mail are used to reach those consumers who can benefit from the AdvantaJet. Health-Mor Personal Care Corp. works with medical professionals and consumer groups to target the customer base. There are two other devices which compete with the AdvantaJet. The Company owns a number of patents in the United States, Canada, United Kingdom, Japan, and various European countries covering the needle-free insulin injectors. Active distributor agreements are in effect to distribute this product in the Japan, Korea, Spain, Italy, France and certain countries in Africa and the Middle East.

The Company meets strong competition in the sale of its vacuum cleaners and central vacuum systems. In the case of sales through in-home solicitation, this competition is primarily with vacuum cleaner equipment in use in the home at the time of the sales presentation. In the case of sales through retail vacuum cleaner stores, this competition is with the vacuum cleaner equipment in use in the home at the time of the customer's inquiry and with other brands of vacuum cleaners and central vacuum systems sold by the particular store. There are over twenty significant vacuum cleaner manufacturers, plus many regional and private label manufacturers, who make over forty brand name vacuum cleaners in the United States. Most of these are sold through department stores, discount houses, appliance shops and by catalog, generally at substantially lower prices than the Filter Queen, and often at lower prices than the Empress, Optima and ElektraPure. There are approximately twenty manufacturers in the United States and Canada of central vacuum systems. There are nine companies which compete significantly with the Company in the United States and eight companies which compete significantly with the Company in Canada in distribution of vacuum cleaners by in-home solicitation. Many of its competitors in the sale of vacuum cleaners are substantially larger and have greater resources than the Company. The Company believes that its vacuum cleaners are competitive with other vacuum cleaners because of their performance and warranty. It is the practice of the Company, along with other companies in the vacuum cleaner industry, to maintain significant amounts of inventory to meet the rapid delivery requirements of customers. The Consumer Goods Division of the Company operates without a backlog.

The Company's Product Development Department, established to create, engineer and oversee the market launch of new and innovative products, introduced the "Defender" portable room air cleaner in 1996, and also added the Medi-Filter to the filtration package of the Filter Queen Majestic. Management believes these products will create unparalleled air filtration in the vacuum cleaner, filtration and other industries. This department also developed the newly-designed "Easy-Way" carpet cleaner in 1996.

The Company is expanding its parts and service business by utilizing its extensive customer data base to market accessories and new products and services designed as part of the Company's "Friend for Life" philosophy. The Direct Support Plus program is designed to maintain contact with customers, encourage add-on sales and generate referrals by utilizing these same data bases and the Distributor network. The parts and service business is expanding overseas.

The Company's financing program, through its subsidiaries, Health-Mor Acceptance Corporation and HMI Acceptance Corporation continues to expand. Health-Mor Acceptance PTY Ltd. was incorporated in Sydney Australia, to offer consumer financing of the Company's products in that country. Filter Queen distributors cite the program's original objective of increasing dealer retention for its continued value to the distribution network. Risk is limited through agreements between the companies and the distribution network which provide for the disbursement of funds to the distribution network after funds are received by the Company from the customer.

The Company holds trademark or trade name registration on the principal trademarks and trade names used by the Consumer Goods Division. These trademarks have been registered in the United States, Canada and other countries in which the Company has distributors which sell a significant number of units. The Company has entered into oral or written distributorship agreements with various companies and individuals throughout the world. The Company owns a number of patents in the United States, Canada and other countries on various features of the Filter Queen, Vacu-Queen and related products. The Company does not believe that its business is materially dependent on any patent or group of patents.

Manufactured Products

The Manufactured Products Division of the Company consists of commercial and industrial stamped components, metal formed tubular products, machined components, tools, dies and specialty products and production of needle-free insulin injection systems.

Metal Stamping and Metal Formed Tubing

Bliss Manufacturing Company ("Bliss"), a wholly-owned subsidiary of the Company, engages in the manufacture of various types of sheet metal stamping and sub-assemblies, and painting and welding in conjunction therewith, for customers in the automotive manufacturing, materials handling equipment, military, and plumbing industries. The products manufactured by Bliss are sold primarily to original equipment manufacturers, mostly in the Midwest.

In 1996 Bliss continued to increase its capacity with state-of-the-art technology by adding three additional large presses in its Newton Falls plant. This will enhance Bliss' capabilities in the area of large size products.

The ISO 9002 approval granted to Bliss by Freightliner and Volvo has provided additional opportunities as well for special truck order requests.

The customers of Bliss issue releases for parts depending upon their own requirements. Therefore, Bliss operates without a backlog.

The business of Bliss is significantly dependent upon several automotive manufacturers. In the event that a significant portion of the automotive business were to cease immediately, and the revenues were not replaced with sales to other customers, whether existing or new, the loss could have a material adverse effect on the registrant and its subsidiaries, taken as a whole. However, the

registrant believes that its relationship with these customers is good and, although it anticipates the loss of business for particular parts from time to time as the products in which those parts are incorporated are discontinued or substantially changed, the registrant believes that it can, at least in part, make up for such losses through existing or new customers.

Bliss Tubular (formerly Tube Form Inc.), a division of Bliss, engages in the bending and sale of steel, aluminum and copper tubing. Bliss Tubular markets its products principally throughout the United States primarily to industrial consumers in the appliance, vacuum cleaner, machine tool, marine, pneumatic, hydraulic and trucking industries.

Bliss Tubular experiences strong competition from thousands of competitors, none of whom has any sizable share of the market for such products.

Aggregate sales backlog on September 30, 1996 and 1995 were approximately $430,000 and $3,614,000, respectively. It is expected that this operation will fill its entire backlog in the current fiscal year.

Tube-Fab Ltd. ("Tube-Fab"), a wholly-owned subsidiary of the Company, is engaged in the manufacture of high quality tubular products for the aircraft, military, communications and specialty architectural industries.

Tube-Fab experiences strong competition from numerous competitors, none of whom has any sizable share of the market for such products.

Sales backlog on September 30, 1996 and 1995 was approximately $525,000 and $570,000, respectively. It is expected that this backlog will be filled during the current fiscal year.

Tools, Dies and Specialty Machinery

Machined Products Division ("MPD"), a division of Tube-Fab, engages in the manufacture and sale of precision machined components for aircraft engines for the aerospace industry. The work performed is primarily subcontract work for engine manufacturers. In addition, MPD continues its work with Spar Aerospace manufacturing components for the Canadarm Joint Motor Modules for the Space Station Freedom. MPD has numerous competitors in the machining field, none of whom has any sizable market share.

MPD also manufactures the needle-free insulin injection system sold by HMI Personal Care Corp.

Sales backlog for MPD as of September 30, 1996 and 1995 was approximately $420,000 and $439,000, respectively. It is expected that this backlog will be filled during the current fiscal year.

Employees

The Company and its subsidiaries employed 935 persons at September 30, 1996 throughout the world.

Environmental Policies and Controls

To the best of the Company's knowledge, it is in compliance with all applicable Federal, State and local laws relating to the protection of the environment. It does not anticipate that any laws or regulations relating to the protection of the environment will have any material effect on its earnings, capital expenditures, or competitive position. The Company does not anticipate making any material capital expenditures for environmental control facilities during the current and succeeding fiscal years.

Methods of Production and Raw Materials

The Consumer Goods Division of the Company assembles finished parts purchased from various suppliers. Bliss Tubular and Tube-Fab purchase metal tubing from various suppliers and engage in finishing operations, such as bending, beading and flaring. MPD manufactures needle-free insulin injectors and precision machined parts for the aerospace industry. Bliss purchases steel (both coil and blank) from various suppliers and stamps metal parts for its customers. Bliss also engages in welding and painting of certain parts, including the painting of parts for other companies.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

Financial information relating to foreign and domestic operations for the years ended September 30, 1996, 1995 and 1994 are set forth in Note 12 (Business Segments) of the Notes to Consolidated Financial Statements found on page 37.

<TABLE>
<CAPTION>

Executive Officers of the Registrant

NAME	AGE	POSITION AND TERMS OF SERVICE AS OFFICER
<S>	<C>	<C>
Kirk W. Foley	54	President (1) and Chief Executive Officer (2)
William M. Duvall	66	Chairman and Chief Executive Officer, Bliss Mfg. Co. (3)
William A. Adams	50	President and Chief Operating Officer, Bliss Mfg. Co. (4)
Kevin Dow	40	Vice President - Treasury and Administration and Treasurer (5)
Sherwin Ellens	59	Vice President - Direct Sales (6)
Michael Harper	40	Corporate Controller (7)

<FN>

(1) On December 5, 1996, the Board of Directors named James R. Malone as Chairman of the Board of Directors. Former Chairman, Kirk W. Foley will remain President and Chief Executive Officer. Mr. Malone is currently Chairman and Acting President of Anchor Glass Container Corporation. Mr. Malone's election as Director and Chairman of the Board will be placed before the shareholders at the next Annual Shareholders meeting.

(2) Mr. Foley has served as President or Chairman of the Board and as Chief Executive Officer of the Company since 1989. Mr. Foley has served as Chairman of Tube-Fab Ltd., a subsidiary of the Company, since 1987 and has served as President of HMI Incorporated, a subsidiary of the Company, since 1988.

(3) Mr. Duvall is Chairman of the Board of Bliss Manufacturing Co. and its Chief Executive Officer. Mr. Duvall served as President of Bliss from 1990 until 1993.

(4) Mr. Adams has been the President and Chief Operating Officer of Bliss Manufacturing Co. since 1993. Mr. Adams was the Vice President and General Manager of Tridon, Inc. from 1992 to 1993, and was Vice President - Manufacturing and Technology for Tridon Ltd. from 1988 to 1992.

(5) Mr. Dow has served as Vice President - Treasury and Administration of the Company since March, 1996. He served as Vice President - Finance and Administration from 1989 to 1996. He has served as Treasurer from August, 1995 to January, 1996, and since December, 1996.

(6) Mr. Ellens has served as Vice President - Direct Sales since January, 1996. From 1995 to 1996, he served as Director of Direct Sales worldwide. From 1992 to 1995, he served as Director of Direct Sales for North America. From 1990 to 1992, he served as Manager of Direct Sales for the United States.

(7) Mr. Harper was elected Corporate Controller in December, 1996. He has served as Vice President, Finance for Bliss Manufacturing Company since January, 1996. For over sixteen years prior to that time he served in various financial management capacities with The Sherwin-Williams Company, most recently as the Controller of the Transportation Services Division.

Kevin Dow, Vice President-Treasury and Administration and Treasurer, is the first cousin of Barry L. Needler, a director.

</TABLE>

Item 2. Properties

The following table sets forth by industry segment, the location, character and size (in square feet) of the real estate used in the operations of the Company and its subsidiaries at September 30, 1996:

LOCATION	CHARACTER	SQUARE FEET OWNED	SQUARE FEET LEASED
CONSUMER GOODS DIVISION			
United States of America			
Cleveland, Ohio	Office, Plant & Warehouse	210,000	
Bradley, Illinois	Office & Warehouse	7,516	
Canada			
Mississauga, Ontario	Office & Warehouses		48,302
Dorval, Quebec	Office & Warehouse		4,762
Calgary, Alberta	Office & Warehouse		4,490
Surrey, British Columbia	Office & Warehouse		4,100
Edmonton, Alberta	Office & Warehouse		3,513
Moncton, New Brunswick	Office & Warehouse		3,000
Winnipeg, Manitoba	Office & Warehouse		2,473
Vancouver, British Columbia	Office & Store		1,700
Burlington, Ontario	Office & Store		1,100
MANUFACTURED PRODUCTS DIVISION			
Tools, Dies & Specialty Machinery			
Charlottetown, Prince Edward Island	Office, Plant & Warehouse	20,000	
Metal Stamping and Metal Formed Tubing			
Newton Falls, Ohio	Office, Plant & Warehouse	400,000	
Youngstown, Ohio	Office, Plant & Warehouse	150,000	
Bedford Heights, Ohio	Office, Plant & Warehouse	76,238 [1]	
Mississauga, Ontario	Office & Plant		26,000

[1] During the fourth quarter, the Company entered into a Purchase Agreement to sell this facility. The sale closed in December 1996. All production has been moved to the Metal Stamping Plant in Newton Falls, Ohio.

The Company owns a 25,000 square foot building in Lombard, Illinois which was leased during 1994 with an option to purchase at any time under the ten year lease term. Under the terms of the agreement, the lessee is responsible for all operating expenses related to the property and the lease payments equal the debt service for the outstanding indebtedness incurred for the original purchase of the property. All other property owned or leased by registrant is fully utilized by registrant or is leased to third parties.

Item 3. Legal Proceedings

Claims arising in the ordinary course of business are pending against the Company. Although these are in various stages of the litigation process, management believes that none of these matters will have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The common stock of the Company is listed and traded on the NASDAQ Stock Market under the symbol HMII. As of September 30, 1996, there were approximately 278 stockholders of record.

A summary of the dividends declared and the quarterly high and low sales price of the Company's common stock on the Nasdaq Stock Exchange for the years ended September 30, 1996 and 1995, are as follows:

<TABLE>
<CAPTION>

1996	High	Low	Dividend
<C>	<C>	<C>	<C>
1st Quarter	15	11 1/4	$ .0875
2nd Quarter	12 1/4	7 3/4	$ .0875
3rd Quarter	8 3/4	7	$ .0875
4th Quarter	8 1/4	4 3/4	$ .0000

1995	High	Low	Dividend
<C>	<C>	<C>	<C>
1st Quarter	16 1/2	13 1/4	$ .0830
2nd Quarter	16 3/4	15	$ .0875
3rd Quarter	17	15 1/4	$ .0875
4th Quarter	16 1/4	14	$ .0875

</TABLE>

The declaration and payment of quarterly dividends is at the discretion of the Board of Directors, which may raise, lower or omit the dividend in any quarter. Due to losses in the first three quarters of 1996, the Company did not declare a dividend in the fourth quarter. It is not expected that the Company will declare a dividend until the Company returns to profitability. The Line of Credit Agreement with Star Bank will not permit the payment of dividends if the Company incurs losses for two consecutive quarters. Under the terms of the Note Purchase Agreement entered into by the Company in November 1990, dividend payments can not exceed 50% of the cumulative net income of the Company since 1990 over a base amount established in the agreement. The restriction remains in effect until the notes are paid in full in 1997.

Item 6. Selected Financial Data

<TABLE>
<CAPTION>

	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Net Revenue From Continuing Operations	$ 114,955,808	$ 127,664,504	$ 123,004,272	$ 99,362,939	$ 84,887,587
Operating Costs and Expenses	$ 119,108,754	$ 117,065,327	$ 112,645,122	$ 89,563,158	$ 78,136,308
Other Income (Expense), net	$ (2,432,567)	$ (1,798,631)	$ (1,422,167)	$ (1,732,386)	$ (1,831,594)
Income (loss) Before Discontinued Operations Before Taxes	$ (6,585,513)	$ 8,800,546	$ 8,936,983	$ 8,067,395	$ 4,919,685
Income (loss) Margin Before Discontinued Operations Before Taxes	(5.8%)	6.9	7.3	8.1	5.8%
Income Taxes (benefits)	$ (2,043,000)	$ 2,561,800	$ 2,971,300	$ 2,665,837	$ 1,846,600
Income Tax Rate	31.0%	29.1%	33.2%	33.0%	37.5%
Income (loss) before Discontinued Operations	$ (4,542,513)	$ 6,238,746	$ 5,965,683	$ 5,401,558	$ 3,073,085
Income (loss) Margin Before Discontinued Operations	(4.0%)	4.9%	4.8%	5.4%	3.6%
Income (loss) From Discontinued Operations	$ (2,510,685)	$ (624,071)	$ 481,406	$ (531,794)	$ ---
Loss on Disposal	$ (2,280,844)	$ ---	$ ---	$ ---	$ ---
Cumulative Effect- Change of Accounting for Income	$ ---	$ ---	$ 719,016	$ ---	$ ---

Taxes					
Net Income (loss)	$ (9,334,042)	$ 5,614,675	$ 7,166,105	$ 4,869,764	$ 3,073,085
Net Income (loss) Margin	(8.1%)	4.4%	5.8%	4.9%	3.6%
PER SHARE DATA:					
Net Revenues From Continuing Operations	$ 23.40	$ 26.18	$ 25.16	$ 20.48	$ 17.52
Income (loss) Before Discontinued Operations	$ (.93)	$ 1.28	$ 1.22	$ 1.66	$ .63
Income (loss) From Discontinued Operations	$ (.51)	$ (.13)	$ .10	$ (.11)	$ ---
Net Income (loss)	$ (1.90)	$ 1.15	$ 1.47	$ 1.01	$ .63
Cash Dividends	$ .263	$ .346	$ .324	$ .301	$ .301
Weighted Average Number of Common Shares Outstanding	4,912,135	4,876,599	4,888,395	4,851,192	4,846,011
Total Assets	$ 91,709,959	$ 83,866,035	$ 77,431,812	$ 65,102,787	$ 54,909,802
Long-Term Debt	$ 22,334,613	$ 14,050,715	$ 13,176,973	$ 8,800,956	$ 9,159,316
Stockholders' Equity	$ 33,551,422	$ 42,339,313	$ 39,717,582	$ 34,442,194	$ 31,482,159
Book Value Per Share	$ 6.83	$ 8.68	$ 8.13	$ 7.10	$ 6.50
Working Capital	$ 25,400,709	$ 23,771,993	$ 22,941,184	$ 18,189,328	$ 16,499,832
Ratio of Current Assets to Current Liabilities	1.78	1.91	1.99	1.90	2.30
Percent of Earnings on Average Stockholders' Equity	(24.6%)	13.7%	19.3%	14.8%	10.0%
Percent of All Dividends to Net Income	(13.8%)	30.1%	22.1%	30.0%	47.7%
Stock High	15	17	19 1/8	13 3/4	8 1/4
Stock Low	4 3/4	13 1/4	11 1/4	5 5/8	5 1/8
Average Annual Price to Earnings Ratio	(5.20)	13.2	10.3	9.6	10.5
Average Annual Dividend Yield	2.7%	2.3%	2.1%	3.1%	4.5%

</TABLE>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS
1996 COMPARED WITH 1995

NET SALES - Net sales for the year ending September 30, 1996 decreased by $12,880,000 or 10.1% as compared to fiscal 1995. The decrease in sales is primarily attributable to a decrease within the Manufactured Products Division. Fiscal 1996 Manufactured Products sales were $55,091,000 compared to fiscal 1995 sales of $64,862,000 representing a $9,771,000 decrease. The Bliss Manufacturing labor disruption in August 1995 by the UAW is the primary factor causing the decrease in sales orders in the Manufactured Products Division. The Company signed a six year labor contract with the Employee Labor Association in December 1995. Fourth quarter revenues at Bliss exceeded 1995 revenues for the first time during the year. A $2,938,000 or 4.7% decrease in Consumer Goods revenues also contributed to the decrease in consolidated sales. Sales declines within the North American and Asian markets have been offset by growth in the European market. Decreases in the North American market are attributable to, among other things, a tightening of consumer credit. Distribution difficulties and required product changes in Asia have hampered sales.

FINANCING REVENUE AND OTHER INCOME - Financing revenues represent the interest and fees generated on the contracts financed by the Company's Australian, Canadian and United States subsidiaries.

GROSS PROFIT - Gross profit for fiscal 1996 was $30,623,000 or 26.8% as compared to 1995 gross profit of $36,103,000 or 28.4%. Gross profit was adversely affected by the decrease in volume at Bliss Manufacturing during the year and due to lower margins within the U.S. tubular operations for the first nine months of the year. Bliss Manufacturing margins increased during the year as volume increased; however, margins have not fully recovered to 1995 levels due to competitive pricing in the market place. The U.S. tubular operations were moved to the Bliss Manufacturing production facility in the third quarter. Margins for the tubular operations for the fourth quarter improved from previous levels and are expected to continue to improve in fiscal 1997. Margins for the Consumer Goods division were also adversely affected in fiscal 1996 by increased material costs, production scheduling difficulties, duplicate facility costs and volume decreases within the North American and Asian markets. The Consumer Goods operation moved into a new facility in March 1996, thus eliminating the cost of two facilities during the first six months of the year. Additionally, scheduling and process changes were made within the operations to reduce production inefficiencies. Margins in the fourth quarter increased over previous quarter margins as a result of these changes.

SELLING, GENERAL AND ADMINISTRATIVE - Selling, general and administrative costs increased by $5,860,000 from fiscal 1995 to fiscal 1996. As a percent of revenues, selling, general and administrative costs were 27.8% in 1996 as compared to 20.4% in 1995. Included in the increase is $2,200,000 of new product development and introduction costs for the Consumer Goods business without corresponding increases in sales from these products. The Company also experienced increased legal and professional fees, increased compensation costs and increased reserves for uncollectible accounts within the Consumer Goods Division. Many of these items are one time costs, and are not expected to repeat in 1997.

INTEREST EXPENSE - Interest expense has increased as a result of additional borrowings during 1996.

LOSS ON INVESTMENT IN HOLLAND ELECTRO - During the fourth quarter, the Company recorded a charge of $2,012,000 to record the write-off of advances to Holland Electro B.V., a former supplier with which the Company no longer has any ties. The Company had advanced these monies to Holland Electro over the past five years to develop the ElektraPure vacuum. The Company is currently selling this product throughout the United States and Europe. The Company determined that recovery of these advances was not likely. Accordingly, the Company recorded a charge for the write-off of these advances.

SPECIAL CHARGES - In connection with the move of two of the Company's production facilities and a review and rationalization of the Company's product lines, the Company performed a study of slow moving and obsolete inventory which resulted in a write-off of inventory and the creation of an inventory reserve amounting to a one-time special charge (as well as the cost associated with the moves) of $1,571,000.

INCOME TAXES - The effective rate for fiscal 1996 was 31.0% compared to 29.1% in 1995.

DISCONTINUED OPERATIONS - The Company adopted a plan to exit its direct sales business in Mexico and to sell the Canadian Household Rental Systems operation. Accordingly, the results of these operations are reported as discontinued operations. The Company has recorded a loss on the disposal of Mexico of $1,481,000 primarily comprised of the currency devaluation which was previously reflected as a component of equity offset by a U.S. tax benefit of the loss on the Company's investment in the Mexican operation. A $800,000 charge was recorded on the disposal of the steam cleaning business in order to record the assets of this operation at their estimated net realizable value.

RESULTS OF OPERATIONS
1995 COMPARED WITH 1994

NET SALES - Net sales for the twelve months in 1995 were $127,108,000 as compared to $122,734,000 in 1994 representing an increase of 3.6%. Manufactured Products revenue decreased by $1,865,000 as a result of the labor disruption at the Bliss Manufacturing operation during the last quarter and as a result of decreased sales within the U.S. tubular operations. The decrease in Manufactured Products revenue was offset by Consumer Goods revenue which increased by $6,526,000 from fiscal 1994 to fiscal 1995. Growth in the Filter Queen business throughout Asia, Europe and the USA resulted in the increased sales levels.

FINANCING REVENUE AND OTHER INCOME - Financing revenues represent the interest and fees generated on the contracts financed by the Company's Australian, Canadian and United States subsidiaries. The increase in revenue is the result of increased utilization of the financing program by U.S. consumers.

GROSS PROFIT - The Company's gross profit on its entire operations was $36,103,000 or 28.4% as compared to $32,418,000 or 26.4% in 1994. Gross margins were 37.7% (35.3% in 1994) and 20.0% (19.3% in 1994) in the Consumer Goods Division and Manufactured Products Division, respectively. Generally, the effects of inflation on costs have not been a significant factor to the Company. For the most part, cost increases continue to follow the trend of inflation and the Company has been able and continues to be able to pass these increases through in the form of price increases without any significant effect on sales volume. In the minority of cases where there is customer resistance to raising prices due to increased costs, the Company has successfully pursued in some cases material substitutions to accomplish comparable gross margins.

SELLING, GENERAL AND ADMINISTRATIVE - Selling, general and administrative expenses as a percentage of revenues were 20.4% in 1995 as compared to 18.2% in 1994. Selling expenses increased over 1994 as a result of the entry into new markets and to support the launch of new products on a global basis.

INCOME TAXES - The effective tax rate for 1995 was 29.1% as compared to 33.2% for 1994.

LIQUIDITY AND CAPITAL RESOURCES

The working capital balance at September 30, 1996 was $25,401,000 an increase of 6.8% from the September 30, 1995 balance of $23,772,000.

The Company's cash decreased $98,000 during the year ended September 30, 1996. Receivables increased by $2,669,000 primarily as a result of increases in trade receivables of $2,143,000 and finance contracts receivables of $526,000. Trade receivables increased as a result of increased sales in September. Inventories increased by $2,140,000 as a result of increased inventory levels within the Manufactured Products division to support the start-up of new significant contracts awarded to Bliss Manufacturing. The aforementioned variances relate to information in the Consolidated Statement of Cash Flow and do not directly tie to the Consolidated Balance Sheet because of the assets of the Canadian Household Rental Systems business and the Mexican operation which are classified as net assets held for sale at realizable value. Prepaid expenses increased as a result of costs incurred during fiscal 1996 which were deferred and will be amortized over the period in which benefit is to be received. Certain of these costs relate to the introduction of new products. Accounts payable increased by $6,845,000 due to the increased inventory levels and a restricted cash position. Included in the September 30, 1996 working capital was $4,228,059 of net assets held for sale relating to the assets of Household Rental Systems and the former Bedford Heights, Ohio facility for the Tubular operation. The Tubular facility was sold in December 1996. These assets were classified as long term in the September 30, 1995 consolidated balance sheet.

At September 30, 1996, $3,333,000 of the unsecured, 9.86%, seven year private placement term notes were outstanding. This debt, obtained in November 1990 to finance the acquisition of Bliss Manufacturing Company, requires annual principal payments in November of each year of $1,666,667 through 1997.

Capital expenditures during 1996 were $6,485,000, compared to $3,805,000 in 1995. In 1996, capital expenditures in the Consumer Goods operation were $5,244,000 and $1,241,000 in the Manufactured Products Division. The largest addition during the year was a $2,829,000 renovation of a 210,000 square foot facility in Cleveland to relocate the production and assembly operations of the Consumer Goods Division and the Company's corporate activities. Other significant Consumer Goods capital expenditures include $463,000 for production machinery, primarily the machinery which produces the paper filters for the Filter Queen, $713,000 for tooling and $507,000 for customized computer software. Additions in the Manufactured Products Division include $561,000 for three new presses at Bliss, building improvements and machinery of $223,000 for Bliss Tubular, and $220,000 in other production equipment at Bliss.

The Company has a $15,000,000 line of credit with a bank at prime less 1/2% (7.75% at September 30, 1996). In August 1996, the Company negotiated an increase in the line to $17,500,000. Under the Company's line of credit agreement, the principal amount of $2,500,000 is due no later than January 2, 1997. That payment is expected to be made with proceeds from the sale of the Bedford Heights tubular facility, cash generated from operations, and an anticipated federal tax refund. If these sources are not sufficient, because the Company does not receive the tax refund prior to the payment date, the Company expects the bank to agree to accept payment at the time the anticipated tax refund is received by the Company, which is believed to be in early January. In November 1996, the commitment was increased to $19,500,000. The additional commitment of $2,000,000 is available through February 1997.

The agreements relating to the company's outstanding debt include various covenants that limit its ability to incur additional indebtedness, and restricts paying dividends, as well as require it to meet various financial covenants. At September 30, 1996, the Company was not in compliance with certain of these covenants contained in its credit agreements; however, the Company obtained a waiver on these covenants through September 30, 1996.

Interest expense for 1996 was primarily related to borrowing on the line of credit and the Private Placement unsecured term notes. Other interest relates to the Industrial Revenue Bonds on the Lombard property, interest on capital leases and interest paid on Distributors' deposits.

Losses in 1996 were funded by increases in debt, however, availability of cash had diminished, which, from time to time, created deficiencies in working capital. The Company's principal sources of liquidity in the future are expected to be funded with cash generated from operations, the 1996 tax refund, and the sale of certain non-core assets, and additional borrowings under the Company's line of credit facility.

Item 8. Financial Statements and Supplementary Data

Reference is made to the Index to Financial Statements included on page 21 of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

PART III.

Item 10. Directors and Executive Officers of Registrant

See Item 13.

Item 11. Executive Compensation

See Item 13.

Item 12. Security Ownership of Certain Beneficial Owners and Management

See Item 13.

Item 13. Certain Relationships and Related Transactions

Information provided under the captions "Principal Holders of Voting Securities," "Election of Directors," "Committees and Compensation of the Board of Directors", "Security Ownership of Directors and Management", "Executive Compensation", and "Related Transactions" in the Proxy Statement for the 1997 Annual Meeting of Shareholders is incorporated herein by reference. See "Executive Officers of the Registrant" following Item 1 in this Report for information concerning executive officers.

PART IV.

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents filed as part of this Report.

1. FINANCIAL STATEMENTS - Reference is made to the Index To Financial Statements, included as page 21 of this report.

2. FINANCIAL STATEMENT SCHEDULES - Not applicable.

3. EXHIBITS - Reference is made to the Index To Exhibits, included as page 42 of this report.

(b) Reports on Form 8-K. No report on Form 8-K was filed during the last quarter of 1996.

(c) Exhibits Reference is made to the Index To Exhibits, included as page 42 of this report.

(d) Financial Statement Schedules - Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

HMI INDUSTRIES INC.
(Registrant)

December 20, 1996 by /s/ Michael Harper

MICHAEL HARPER
Corporate Controller and
Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Kirk W. Foley

KIRK W. FOLEY
President, Chief Executive
Officer and Director

12/23/96

Date

/s/ Robert J. Abrahams	/s/ Donald L. Baker
ROBERT J. ABRAHAMS Director	DONALD L. BAKER Director
12/23/96 Date	12/23/96 Date
/s/ Moffat Dunlap	
MOFFAT DUNLAP Director	JAMES R. MALONE Director
12/24/96 Date	Date

	/s/ John S. Meany, Jr.
GRACE MCCARTHY Director	JOHN S. MEANY, JR. Director
Date	12/19/96 Date
/s/ Barry L. Needler	
BARRY L. NEEDLER Director	FRANK RASMUSSEN Director
12/24/96 Date	Date

/s/ Ivan Winfield

IVAN WINFIELD
Director

12/23/96

Date

INDEX TO FINANCIAL STATEMENTS

Schedules other than those listed above are omitted because they are not required or are not applicable, or the required information is shown in the consolidated financial statements, the notes thereto or in Management's Discussion and Analysis of Financial Condition and Results of Operations.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders, HMI Industries Inc.

We have audited the accompanying consolidated balance sheets of HMI Industries Inc. and its subsidiaries as of September 30, 1996 and 1995 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of HMI Industries Inc. and its subsidiaries as of September 30, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 1996 in conformity with generally accepted accounting principles.

As described in Notes 1 and 9 to the Consolidated Financial Statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," in 1994.

/s/ Coopers & Lybrand, L.L.P.
Cleveland, Ohio
December 18, 1996

<TABLE>
<CAPTION>

HMI INDUSTRIES INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 1996 AND 1995

<S>	<C> SEPTEMBER 30, 1996	<C> September 30, 1995
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 472,408	$ 570,759
Trade accounts receivable (net of allowance of $2,439,406 and $1,549,897)	26,252,884	26,025,887
Finance contracts receivable	2,224,480	2,587,085
Notes receivable	560,884	1,049,389
Inventories:		
Finished goods	6,943,970	6,274,061

Work-in-progress, raw material and supplies	11,420,627	10,407,830
Income tax receivable	1,463,000	--
Deferred income taxes	1,772,129	721,666
Prepaid expenses	2,683,711	2,148,088
Net assets held for sale at realizable value	4,228,059	--
Total current assets	58,022,152	49,784,765
PROPERTY, PLANT AND EQUIPMENT, NET	15,717,653	15,012,400
OTHER ASSETS:		
Long-term notes receivable (less amounts due within one year)	334,123	334,123
Cost in excess of net assets of acquired businesses (net of amortization of $3,092,432 and $2,740,965)	12,636,147	12,985,128
Deferred income taxes	--	496,537
Unamortized trademarks	312,775	1,557,078
Finance contracts receivable (less amounts due within one year)	4,449,628	3,561,278
Other	237,481	134,726
Total other assets	17,970,154	19,068,870
Total assets	$ 91,709,959	$ 83,866,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit	$ 3,132,975	$ 2,204,384
Trade accounts payable	17,785,859	10,940,597
Dividends payable	--	429,716
Income taxes payable	1,013,979	2,737,429
Accrued expenses and other liabilities	7,202,989	7,673,887
Long-term debt due within one year	3,485,641	2,026,759
Total current liabilities	32,621,443	26,012,772
LONG-TERM LIABILITIES:		
Long-term debt (less amounts due within one year)	22,334,613	14,050,715
Deferred income taxes	192,372	165,495
Other	3,010,109	1,297,740
Total long-term liabilities	25,537,094	15,513,950
STOCKHOLDERS' EQUITY:		
Preferred stock, $5 par value; authorized, 300,000 shares; issued, none	--	--
Common stock, $1 par value; authorized, 10,000,000 shares; issued, 5,295,556 shares	5,295,556	5,295,556
Capital in excess of par value	7,686,944	7,521,851
Retained earnings	23,408,806	34,034,294
Cumulative translation adjustment	(1,077,325)	(2,663,904)
	35,313,981	44,187,797
Less treasury stock 376,186 shares, at cost	1,762,559	1,848,484
Total stockholders' equity	33,551,422	42,339,313
Total liabilities and stockholders' equity	$ 91,709,959	$ 83,866,035

</TABLE>

See notes to consolidated financial statements.

<TABLE>
<CAPTION>

HMI INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF INCOME

	For the years ended September 30, 1996	1995	1994
<S>	<C>	<C>	<C>
REVENUES:			
Net product sales	$ 114,227,733	$ 127,107,900	$ 122,733,701
Financing revenue and other	728,075	556,604	270,571
	114,955,808	127,664,504	123,004,272

OPERATING COSTS AND EXPENSES:			
Cost of products sold	83,604,293	91,004,487	90,315,401
Selling, general and administrative expenses	31,921,078	26,060,840	22,329,721
Interest expense	1,769,285	1,452,427	1,336,482
Loss on investment in Holland-Electro	2,012,356	--	--
Other expenses	663,282	346,204	85,685
Special charges	1,571,027	--	--
Total expenses	121,541,321	118,863,958	114,067,289
Income (loss) before income taxes	(6,585,513)	8,800,546	8,936,983
Provision (benefit) for income taxes	(2,043,000)	2,561,800	2,971,300
INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	(4,542,513)	6,238,746	5,965,683
Income (loss) from discontinued operations - Mexico (net of taxes of $-0-, $496,000 and $144,000)	(1,428,183)	(235,838)	279,855
Loss on disposal of Mexican Operations-			
Currency loss previously reflected as component of equity	(2,396,509)	--	--
Loss on disposal	(84,335)	--	--
Tax benefit	1,000,000	--	--
Loss on disposal - Mexico	(1,480,844)	--	--
Income (loss) from discontinued operations - HRS	(1,082,502)	(388,233)	201,551
Loss on disposal - HRS	(800,000)	--	--
Cumulative effect of change in accounting for income taxes (Note 1)			719,016
NET INCOME (LOSS)	$ (9,334,042)	$ 5,614,675	$ 7,166,105
Weighted average number of shares outstanding	4,912,135	4,876,599	4,888,395
PER SHARE OF COMMON STOCK:			
Income (loss) before discontinued operations	$ (0.93)	$ 1.28	$ 1.22
Income (loss) from discontinued operations	$ (0.51)	$ (0.13)	$ 0.10
Loss from disposal	$ (0.46)	$ --	$ --
Cumulative effect of accounting change	$ --	$ --	$ 0.15
Net income (loss)	$ (1.90)	$ 1.15	$ 1.47
Cash dividends per common share	$ 0.263	$ 0.346	$ 0.346

</TABLE>

See notes to consolidated financial statements.

HMI INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY For the years ended September 30, 1996, 1995 and 1994

<TABLE>
<CAPTION>

<S>	Common stock Issued Shares <C>	Common stock Amount <C>	Capital in Excess of Par Value <C>	Retained Earnings <C>	Cumulative Translation Adjustment <C>
Balance at September 30, 1993	3,530,396	$3,530,396	$7,195,587	$26,292,013	($480,315)
Net income				7,166,105	
Cash dividends- $.324 per share				(1,581,857)	

Treasury shares issued			27,780		
Stock split	1,765,160	1,765,160		(1,765,160)	
Foreign currency translation adjustment					(388,701)
September 30, 1994	5,295,556	5,295,556	7,223,367	30,111,101	(869,016)
Net income				5,614,675	
Cash dividends- $.345 per share				(1,691,482)	
Treasury shares issued			298,484		
Foreign currency translation adjustment					(1,794,888)
SEPTEMBER 30, 1995	5,295,556	5,295,556	7,521,851	34,034,294	(2,663,904)
NET LOSS				(9,334,042)	
CASH DIVIDENDS- $.2625 PER SHARE				(1,291,446)	
TREASURY SHARES ISSUED			165,093		
FOREIGN CURRENCY TRANSLATION ADJUSTMENT					1,586,579
BALANCE AT SEPTEMBER 30, 1996	5,295,556	$ 5,295,556	$ 7,686,944	$ 23,408,806	$ (1,077,325)

<CAPTION>

	Treasury stock		Total
	Shares	Amount	Stockholders' Equity
<S>	<C>	<C>	<C>
Balance at September 30, 1993	298,222	($2,095,487)	$34,442,194
Net income			7,166,105
Cash dividends- $.324 per share			(1,581,857)
Treasury shares issued	(11,200)	52,061	79,841
Stock split	149,111		-
Foreign currency translation adjustment			(388,701)
September 30, 1994	436,133	(2,043,426)	39,717,582
Net income			5,614,675
Cash dividends- $.345 per share			(1,691,482)
Treasury shares issued	(41,607)	194,942	493,426
Foreign currency translation adjustment			(1,794,888)
SEPTEMBER 30, 1995	394,526	(1,848,484)	42,339,313
NET LOSS			(9,334,042)
CASH DIVIDENDS- $.2625 PER SHARE			(1,291,446)
TREASURY SHARES ISSUED	(18,340)	85,925	251,018
FOREIGN CURRENCY TRANSLATION ADJUSTMENT			1,586,579
BALANCE AT SEPTEMBER 30, 1996	376,186	$(1,762,559)	$ 33,551,422

</TABLE>

See notes to consolidated financial statements.

<TABLE>
<CAPTION>

HMI INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOW

	For the years ended September 30, 1996	1995	1994
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$(9,334,042)	$ 5,614,675	$ 7,166,105
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	3,564,595	3,768,822	3,380,062
Loss on disposal of discontinued operations	2,280,844	--	--
Provision for losses on receivables	1,069,509	641,562	998,846
Amortization of deferred non-compete agreement	--	380,576	--
Deferred income taxes	(527,049)	(53,923)	(1,350,425)
Changes in operating assets and liabilities:			
Decrease (increase) in receivables	(2,668,671)	(5,916,069)	(6,054,209)
Decrease (increase) in inventories	(2,139,794)	(2,191,579)	(1,503,059)
Decrease (increase) in prepaid expenses	(719,176)	(429,965)	63,588
Increase (decrease) in accounts payable	7,016,530	3,301,638	2,454,217
Increase (decrease) in accrued expenses and other liabilities	1,015,940	(1,545,968)	(651,422)
Increase (decrease) in income taxes payable	(2,186,450)	(245,319)	721,657
Other, net	(258,613)	(186,780)	295,924
Net cash provided (used) in operating activities	(2,886,377)	3,137,670	5,521,284
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of business	--	--	(4,875,000)
Proceeds from sale of fixed assets	523,783	--	8,000
Capital expenditures	(6,484,846)	(3,805,326)	(3,509,116)
Collection of notes receivable	--	--	300,000
Net cash used in investing activities	(5,961,063)	(3,805,326)	(8,076,116)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from line of credit	7,795,616	4,117,324	6,328,482
Proceeds from mortgage	2,214,923	--	--
Payment of long term debt	(2,807,706)	(2,012,371)	(1,832,605)
Proceeds from financing	3,022,807	--	--
Dividends paid	(1,721,162)	(1,669,565)	(1,541,970)
Proceeds from exercise of stock options	--	112,850	79,841
Net cash provided by financing activities	8,504,478	548,238	3,033,748
Effect on exchange rate changes on cash	244,611	--	--
Net decrease in cash and cash equivalents	(98,351)	(119,418)	478,916
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	570,759	690,177	211,261
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 472,408	$ 570,759	$ 690,177

</TABLE>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of HMI Industries Inc. ("the Company") and the following wholly-owned subsidiaries:

Tube Form, Inc. (Tube Form), Tube-Fab Ltd. (Tube-Fab), Bliss Manufacturing Company (Bliss), Health-Mor B.V., Health-Mor International, Inc., HMI Incorporated (HMI Inc.), Health-Mor Acceptance Corporation, HMI Acceptance Corporation, Health-Mor Acceptance Pty. Ltd., Health-Mor Mexicana S.A. de C.V., HMI Personal Care Corporation and Home Impression Inc. All significant intercompany transactions have been eliminated in the consolidated financial statements.

CASH EQUIVALENTS

Cash equivalents consist of short-term highly liquid negotiable instruments with a maturity within 90 days from the date of purchase.

COST IN EXCESS OF NET ASSETS OF ACQUIRED BUSINESSES

Cost in excess of net assets of acquired businesses are being amortized on a straight-line basis over a 40-year period. Cost in excess of net assets acquired of $881,121 which related to the acquisition of Tube Form in 1970 will not be amortized unless there is a decrease in its value.

The Company regularly assesses the aggregate carrying value of such excess based upon the profitability and performance of the acquired businesses. If there is a diminution in value, recorded balances will be adjusted.

INVENTORIES

Inventories are stated at the lower of cost or market and are valued using the last-in, first-out (LIFO) and the first-in, first out (FIFO) cost methods. Inventories on the LIFO method were 35.1% and 45.7% of inventories in 1996 and 1995, respectively. If the FIFO method had been used for all inventories, their value would have been approximately $19,071,000 and $17,434,000 at September 30, 1996 and 1995, respectively.

ASSETS HELD FOR SALE

Assets held for sale include the assets of Household Rental Systems recorded at their estimated net realizable value and the former Bedford Heights, Ohio facility for the tubular operation. The tubular facility was sold in December 1996.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation is provided on the straight-line and declining balance methods over estimated useful lives of 10 to 40 years for buildings and improvements and 3 to 10 years for machinery and equipment. Improvements which extend the useful life of property, plant and equipment are capitalized, and maintenance and repairs are expensed. When property, plant and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the appropriate accounts and any gain or loss is included in current income.

FAIR VALUE OF FINANCIAL INSTRUMENTS

It is not practical to determine the fair value of finance contract receivables due to the unavailability of quoted market prices and the significant volume of outstanding contracts with varying maturity dates. The Company's finance contracts receivables generally mature three years after issuance and generate interest at rates ranging from 18% to 23%.

The Company's remaining financial instruments consist principally of cash and cash equivalents, accounts and notes receivable, accounts payable, accrued expenses and other liabilities, line of credit, and long-term debt in which the fair value of these financial instruments approximates the carrying value.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

INCOME TAXES

The Company accounts for income taxes pursuant to the provisions of Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes." SFAS 109 was adopted on October 1, 1993 and applied prospectively from that date. Under SFAS 109, the tax consequences in the future years for differences between the financial and tax basis of assets and liabilities at year end are reflected as deferred income taxes. The impact of adopting SFAS 109 was an increase in net income of $719,016 or $.15 per share in fiscal 1994.

SPECIAL CHARGES

In connection with the move of two of the Company's production facilities and a review and rationalization of the Company's product lines, the Company performed a study of slow moving and obsolete inventory which resulted in the write-off and reserve of inventory amounting to a

one-time special charge of $1,571,027. The balance in the reserve at September 30, 1996 was $321,900.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest was $1,509,627, $1,477,552 and $1,417,816 for the years ended September 30, 1996, 1995 and 1994, respectively. During the year, the Company assumed a mortgage of $323,000 and relieved a note receivable for $302,000 in exchange for $625,000 of fixed assets. During 1995, the Company acquired approximately $470,000 of fixed assets which were not paid for as of September 30, 1995. Additionally, approximately $754,000 of accounts receivable were converted to notes receivable. During 1994, the Company acquired approximately $941,000 of fixed assets which were financed through capitalized lease obligations.

INCOME PER SHARE

On January 13, 1994, the Board of Directors declared a 3 for 2 common stock split in the form of dividends payable on February 22, 1994. All share and per share information has been restated to reflect the effect of such split.

Income per share of common stock is based upon the weighted-average number of common shares and common share equivalents outstanding. The weighted-average number of common shares and common share equivalents outstanding during 1996, 1995 and 1994 was 4,912,135, 4,876,599 and 4,888,395, respectively.

RECLASSIFICATION

Certain amounts in the 1995 and 1994 financial statements have been reclassified to conform to the 1996 presentation.

2. DISCONTINUED OPERATIONS

During the fourth quarter of 1996, the Company adopted a plan to exit its direct sales operation in Mexico. Revenues and expenses related to this business have been classified as discontinued operations for the years ended September 30, 1996, 1995 and 1994. The Company recorded a loss on disposal of $1,480,844 primarily comprised of the currency devaluation which was previously reported as a component of equity, net of the U.S. tax benefit of the loss on the Company's investment in the Mexican operation. Revenues of the Mexican operations were $1,876,516, $2,873,044 and $5,180,849 for the years ended September 30, 1996, 1995 and 1994, respectively.

In March 1996, the Company adopted a plan to sell its steam cleaning rental leasing operations distributed through grocery chains and supermarkets in Canada. Revenues and expenses related to this business have been classified as discontinued operations for the years ended

September 30, 1996, 1995 and 1994. Revenues for the operation for the years ended September 30, 1996, 1995 and 1994 were $5,536,983, $6,592,853 and $5,688,440, respectively. The Company recorded an estimated loss on the disposal of the operation of $800,000 during 1996. Net assets of Household Rental Systems are included in assets held for sale.
<TABLE>
<CAPTION>

3. NOTES RECEIVABLE

Long-term notes receivable consist of the following:

	1996	1995

<S> <C> <C>

Notes receivable - Related parties See Note 14	$ 895,007	$ 1,383,512
Less amounts due within one year	560,884	1,049,389
	$ 334,123	$ 334,123

<CAPTION>

4. PROPERTY, PLANT AND EQUIPMENT

	1996	1995
Land	$ 576,109	$ 800,640
Buildings and improvements	9,712,417	10,427,581
Machinery and equipment	20,553,692	19,483,281
	30,842,218	30,711,502
Accumulated depreciation	15,124,565	15,699,102
Net property, plant and equipment	$ 15,717,653	$ 15,012,400

5. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:
<CAPTION>

	1996	1995
Accrued compensation	$ 3,127,615	$ 2,499,538
Pension and profit sharing	852,413	826,775
Accrued interest	259,657	212,197
Accrued taxes	110,810	780,098
Other	2,852,494	3,355,279
	$ 7,202,989	$ 7,673,887

</TABLE>

6. LINES OF CREDIT

The Company has a $15,000,000 line of credit with a bank at prime less 1/2% (7.75% at September 30, 1996). In August 1996, the Company negotiated an increase in the line to $17,500,000. The incremental $2,500,000 is to be paid with the proceeds from the sale of the Bedford Heights, Ohio tubular facility, cash generated from operations, and an anticipated federal tax refund, in no event later than January 2, 1997. In November 1996, the commitment was increased to $19,500,000. The additional commitment of $2,000,000 is available through February 1997.

As of September 30, 1996, $15,000,000 of the outstanding amount has been classified as long-term debt. Commitment fees for unused amounts on the line of credit are insignificant.

In March 1996, the Company entered into a bank credit facility, utilized by the Netherlands operations, for a maximum amount of NLG 1,000,000 or approximately $600,000. Interest is incurred at the promissory note discount rate as determined by the Dutch central bank. At September 30, 1996 the promissory note discount rate was 6.0%. The commitment is available through March 1997 and is classified as short term debt as of September 30, 1996.
<TABLE>
<CAPTION>

7. LONG-TERM DEBT

Long-term debt consists of the following:

<S> <C> <C>

	1996	1995
Bank lines of credit-Note 6	$ 18,132,975	$ 9,704,384
Seven year, 9.86% promissory notes, interest payable semi-annually and principal	3,333,333	5,000,000

payments of $1,666,666, commencing November, 1992 through 1997		
Promissory Note bearing interest at prime (8.25% at September 30, 1996) collateralized by buildings, contents and inventory. Principal payments commencing June 1997	2,214,923	---
Capitalized lease obligations bearing interest at 3.74% to 8.04% due in monthly installments of $63,630 (including interest) through January, 2000	1,745,303	976,600

</TABLE>

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
Distributor deposits bearing interest of (2.5% to 5.0%) at September 30, 1996 payable 180 days after termination of distributor agreement	1,144,492	1,530,126
Unsecured Demand Authorization bearing interest at Australian prime less 1/2% (8.4%) payable on demand or February 28, 1997	1,007,745	--
Industrial Revenue Development Bonds bearing interest of 5.4%, due in monthly installments of $12,800, through May, 2004	956,849	1,070,748
Mortgage loan, variable interest (9.25% at September 30, 1996) payable monthly with principal payments of $1,226, through May 2008	316,537	--
Interest free grant with varied principal installments due annually through June 1999	101,072	--
	28,953,229	18,281,858
Less amounts due within one year	6,618,616	4,231,143
	$22,334,613	$14,050,715

</TABLE>

The principal amount of long-term debt payable in the five years ending September 30, 1997 through 2001 is $6,618,616, $17,738,173, $736,701, $406,697 and $351,250. The weighted average interest rate on short term borrowings at September 30, 1996 and 1995 was 8.10% and 8.41%, respectively. The Company believes the Bank line of credit will be renewed upon its expiration on January 1, 1998.

The agreements relating to the company's outstanding debt include various covenants that restrict its ability to incur additional indebtedness, and restricts paying dividends, as well as require it to meet various financial covenants. At September 30, 1996, the Company was not in compliance with certain of these covenants contained in its credit agreements; however, the Company obtained a waiver on these covenants through September 30, 1996.

8. LONG-TERM COMPENSATION PLAN

The Company adopted the Health-Mor Inc. 1992 Omnibus Long-Term Compensation Plan ("Plan") in 1992. The Plan provides for the granting of stock options, stock appreciation rights, restricted stock awards, phantom stock and/or performance shares to key employees of the Company and its Subsidiaries and stock options for the non employee directors of the Company. Options granted under the plan expire up to ten years after the date of grant if not exercised and may be exercisable in whole or in part at the discretion of the Committee established by the Board of Directors. The option price may not be less than the fair market value at the date of the grant. Additional information regarding shares subject to option is as follows:

<TABLE>
<CAPTION>

<S>	SHARES SUBJECT TO OPTION <C>	AVERAGE OPTION PRICE PER SHARE <C>
Outstanding-		
September 30, 1993	271,500	$ 7.53
Granted	54,000	13.08
Exercised	(11,200)	7.44
September 30, 1994	314,300	8.49
Granted	94,000	16.18
Exercised	(13,594)	7.35
Canceled	(13,031)	7.54
September 30, 1995	381,675	10.46
Granted	162,000	9.08
Canceled	(12,750)	7.55
September 30, 1996	530,925	$ 10.18

</TABLE>

At September 30, 1996, 225,000 shares were reserved for the plan. The Company does not expect to adopt the recognition provisions of the recently issued SFAS No. 123 "Accounting for Stock-Based Compensation". Disclosures required by new accounting standard will be included in the fiscal 1997 financial statements pursuant to the effective date criteria.

<TABLE>
<CAPTION>

9. INCOME TAXES

The provision (benefit) for income taxes relating to continuing operations consists of the following:

<S>	1996 <C>	1995 <C>	1994 <C>
Current:			
Federal	$ (1,199,407)	$ 1,844,078	$ 2,873,615
State and local	155,000	154,730	357,119
Foreign	25,000	25,000	50,000
	(1,019,407)	2,023,808	3,280,734
Deferred expense (benefit)	(1,023,593)	537,992	(309,434)
	$ (2,043,000)	$ 2,561,800	$ 2,971,300

</TABLE>

A reconciliation of the provision for income taxes at the Federal statutory rate to that included in the Consolidated Statements of Income related to earnings from continuing operations is as follows:

<TABLE>
<CAPTION>

1996	1995	1994

<S> <C> <C> <C>

Tax at Federal statutory rate of 34%	$ (2,239,075)	$ 2,992,185	$ 3,038,574
Increases (reductions) in taxes resulting from:			
State income taxes, net of related Federal income tax benefit	155,000	102,122	235,699
Foreign Sales Corporation earnings	(269,595)	(548,500)	(208,000)
Amortization of cost in excess of net assets of acquired businesses	128,680	128,404	128,404
Foreign income taxes, net	25,000	25,000	(33,906)
Other - net	156,990	(137,411)	(189,471)
	$ (2,043,000)	$ 2,561,800	$ 2,971,300

</TABLE>

Effective October, 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The new requirements resulted in a "cumulative adjustment from a change in accounting principle" of $719,016, representing reversal of amounts previously expensed. The statement was applied prospectively, and prior year financial statements have not been restated.

<TABLE>
<CAPTION>

The components of deferred tax assets and liabilities are comprised of the following at September 30,

<S> <C> <C>

	1996	1995
Gross deferred tax assets:		
Operating loss carryforwards	$ 871,000	$ 1,013,537
Receivable and inventory reserves	853,556	408,830
Accrued compensation	684,871	107,236
Benefits insurance reserves	117,425	115,290
Lombard property reserves	308,000	302,400
Warranty reserves	90,475	60,480
Other	171,674	131,209
	3,097,001	2,138,982
Gross deferred tax liabilities:		
Deferred DISC income	62,438	91,954
Depreciation	583,806	477,320
	646,244	569,274
Valuation allowances on foreign operating loss carryforwards	871,000	517,000
Net deferred tax asset	$ 1,579,757	$ 1,052,708

</TABLE>

The Company has determined that it should fully reserve against this net potential tax asset to the extent it represents excess available tax net operating loss carryforwards for all foreign subsidiaries and divisions. Accordingly, such benefits will be realized only as, and if, they are used to reduce future tax expense, subject to evaluation of the continuing need for such valuation allowance, or until fully realized. The Mexican NOL which was recognized as an asset in fiscal year 1995, amounting to $496,537, was written off in fiscal year 1996 in connection with the decision to discontinue the Company's Mexican operations. Income taxes paid during the years ended September 30, 1996, 1995 and 1994 were $1,082,229, $1,622,986 and $3,543,281, respectively.

Foreign net operating loss carryforwards of approximately $2,149,000 for tax are available to offset future taxable income. The carryforwards will expire in 2002 through 2011. Undistributed earnings of foreign subsidiaries are reinvested in their operations and therefore, no provision is made for additional income taxes that might be payable on such earnings.

10. PROFIT SHARING AND PENSION PLANS

Bliss has a defined contribution plan which cover substantially all employees. The Bliss plan contribution is at management's discretion and is allocated based on a percentage of each employee's wages. In addition, Tube Form had a defined contribution plan which covered substantially all employees. This plan required an annual contribution of a specified percentage of each employees wage, with a minimum contribution of $660 per employee. This

plan was terminated in April, 1996. All funds relating to the plan are to be distributed in December 1996. The Company and Tube-Fab have qualified profit sharing plans which cover substantially all employees. The overall contribution to the Company's plan and the allocation method is at the discretion of the Board of Directors. The allocation to the participants is based on either a fixed amount per participant, a percentage of eligible wages, or a combination of a fixed amount and a percentage of eligible wages. The required annual contribution to the Tube-Fab plan is based upon a percentage of net income after certain adjustments. The allocation to the participants is based upon a formula established in the plan. Profit sharing and pension plan expense for all plans for the years ended September 30, 1996, 1995 and 1994 was $1,978,647, $1,042,741 and $1,547,125, respectively.

11. COMMITMENTS AND CONTINGENCIES GUARANTEES AND LEASES

The Company has guaranteed certain surety bonds totaling $928,510 executed by distributors. The Company is obligated under certain operating leases for facilities which expire on various dates through 2003. The minimum annual lease payments under these agreements including renewal options, if exercised, are $503,453, $420,180, $327,822, $245,466 and $220,065 for the years ending September 30, 1997, 1998, 1999, 2000 and 2001, respectively. Rental expense for all leases and other short-term needs was $917,600, $756,000 and $919,000 for the years ended September 30, 1996, 1995 and 1994, respectively.

During the fiscal year 1994 and continuing throughout 1996, the property owned by the Company in Lombard, Illinois that was the office facilities for the discontinued operations of HMI Credit Inc. was leased to a third party. The lease includes an option to purchase the property at any time during the ten year lease term. The tenant is responsible for all operating expenses related to the property and the lease payments equal the debt service for the variable rate industrial revenue development bonds originally issued to finance the property. The minimum lease payments under the terms of the agreement approximate $144,000 per year for the next five years. The related bonds are payable in equal monthly installments of $12,000, including interest at 5.4% with the final installment due May 1, 2004.

LITIGATION

Various claims arising in the ordinary course of business are pending against the Company. In the opinion of management none of these matters will have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

EXECUTIVE COMPENSATION AGREEMENT

During 1994, the Company negotiated a five year Compensation Agreement with the Chief Executive Officer, Kirk W. Foley which was ratified at the 1995 Annual shareholders' Meeting. The Agreement combines salary, incentive compensation, loans, stock options and Phantom

Stock to employ Mr. Foley and emphasize the Company's objectives of maintaining a stable, long-term organization, increasing shareholder liquidity, expanding the Company's equity base and focusing efforts on increasing the return on capital employed.

<TABLE>
<CAPTION>

12. BUSINESS SEGMENTS

	For the years ended September 30,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Net Revenues			
Consumer Goods Division	$ 59,548,908	$ 62,785,302	$ 56,276,973
Health-Mor Personal Care	316,168	17,376	--
Manufactured Products Division	55,090,732	64,861,826	66,727,299
	$ 114,955,808	$ 127,664,504	$ 123,004,272

Operating Income			
Consumer Goods Division	$ (2,443,547)	$ 4,822,589	$ 3,739,463
Health-Mor Personal Care	(928,084)	(90,165)	--
Manufactured Products Division	(781,315)	5,866,753	6,619,687
	$ (4,152,946)	$ 10,599,177	$ 10,359,150
Depreciation			
Consumer Goods Division	$ 1,151,427	$ 1,166,171	$ 937,874
Health-Mor Personal Care	30,998	--	--
Manufactured Products Division	1,176,529	1,187,510	1,105,887
	$ 2,358,954	$ 2,353,681	$ 2,043,761
Assets			
Consumer Goods Division	$ 50,945,707	$ 53,144,047	$ 46,591,028
Health-Mor Personal Care	1,710,449	395,375	--
Manufactured Products Division	34,825,744	30,326,613	30,840,784
Assets Held for Sale	4,228,059	--	--
	$ 91,709,959	$ 83,866,035	$ 77,431,812
Capital Expenditures			
Consumer Goods Division	$ 5,240,411	$ 1,981,677	$ 2,180,386
Health-Mor Personal Care	3,620	--	--
Manufactured Products Division	1,240,815	1,823,649	1,328,730
	$ 6,484,846	$ 3,805,326	$ 3,509,116
Export Sales and Royalties			
All Foreign Countries	$ 29,700,864	$ 30,014,691	$ 21,886,491
Operating Income			
North American	$ (3,478,569)	$ 9,038,690	$ 9,034,840
Foreign	(674,377)	1,560,487	1,324,310
	$ (4,152,946)	$ 10,599,177	$ 10,359,150

</TABLE>

Assets and liabilities are translated at current exchange rates, and income and expenses are translated using weighted average exchange rates. The effects of these translation adjustments, as well as gains and losses from certain intercompany transactions, are reported

in a separate component of shareholders' equity. Such adjustments will affect net income only upon sale or liquidation of the underlying foreign investments. Exchange gains and losses from transactions in a currency other than the local currency of the entity involved are included in income. Net transaction and translation adjustments are not significant.

Canadian sales are not considered export sales. The Company's major foreign operations are located in Canada. Business activities are conducted principally in local currency. Identifiable assets of the Canadian operations, excluding the assets of Household Rental Systems which are classified as Assets held for sale, were $6,389,000 and $6,600,000 at September 30, 1996 and 1995, respectively. Identifiable revenues of Canadian operations for the years ended September 30, 1996, 1995 and 1994 were $7,085,000, $8,757,525 and $9,636,257, respectively. Sales by the Manufactured Products segment to two customers were approximately 19% of the Company's total sales in 1996 and 1995. Sales to one customer in the Consumer Goods segment represent 9% and 12% of the Company's total sales in 1996 and 1995, respectively.

At September 30, 1996 and 1995, the Company's receivables from companies in the automotive industry were approximately 26% and 9%, respectively, of the consolidated receivables.

<TABLE>
<CAPTION>

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

	1996			
	December 31,	March 31,	June 30,	September 30,

Net revenues	$ 26,121,386	$ 30,515,584	$ 26,430,096	$ 31,888,742
Gross profit	$ 7,164,141	$ 8,227,036	$ 6,479,248	$ 8,753,015
Loss before discontinued operations	$ (66,966)	$ (1,037,717)	$ (1,303,241)	$ (2,134,589)
Loss on Disposal	$ ----	$ ----	$ (800,000)	$ (1,480,844)
Loss from discontinued operations	$ (362,895)	$ (1,332,499)	$ (796,133)	$ (19,158)
Net income (loss)	$ (429,861)	$ (2,370,216)	$ (2,899,374)	$ (3,634,591)
Per share of common stock:				
Income (loss) before discontinued operations	$ (0.01)	$ (0.21)	$ (0.27)	$ (0.44)
Loss from discontinued operations	$ (0.08)	$ (0.27)	$ (0.16)	$ ---
Loss from disposal	$ ---	$ ---	$ (0.16)	$ (0.30)
Net income (loss)	$ (0.09)	$ (0.48)	$ (0.59)	$ (0.74)

</TABLE>

<TABLE>
<CAPTION>

	1995			
	December 31,	March 31,	June 30,	September 30,
Net revenues	$ 28,776,306	$ 35,128,346	$ 32,111,483	$ 31,648,369
Gross profit	$ 7,579,986	$ 10,418,956	$ 8,511,498	$ 9,592,973
Income before discontinued operations	$ 1,505,076	$ 2,287,288	$ 950,733	$ 1,495,649
Loss on Disposal	$ ---	$ ---	$ ---	$ ---
Income (loss) from discontinued operations	$ 205,865	$ (665,867)	$ (158,003)	$ (6,066)
Net income (loss)	$ $1,710,942	$ 1,621,418	$ 792,730	$ 1,489,585
Per share of common stock:				
Income before discontinued operations	$ 0.30	$ 0.47	$ 0.19	$ 0.31
Income (loss) from discontinued operations	$ 0.04	$ (0.14)	$ (0.03)	$ (0.00)
Loss from disposal	$ ----	$ ---	$ ----	$ ----
Net income	$ 0.34	$ 0.33	$ 0.16	$ 0.31

</TABLE>

14. RELATED PARTY TRANSACTIONS

On October 15, 1991, the Company purchased for $139,000 certain computer equipment, computer software, and other assets from JCL Medical Systems Ltd. (JCL) based on independent appraisals. These assets are used in management of the Company's databases for Warranty Registration, Mail Order Programs and Distributor/Dealer Performance activities. At that time JCL was owned by two directors of the Company. At the same time, the Company entered into a four year agreement with JCL to provide computer program and supervision services, all of which relate to the maintenance and processing of the aforementioned databases for $168,000. These services were previously paid for on a monthly basis as incurred.

The Company pays Fairway Inc., a corporation controlled by a director of the Company, an annual consulting fee of $100,000 for assisting in obtaining professional advice on Company matters. In 1989, the Company advanced $203,401 to three companies which were controlled by two directors of the Company. In accordance with the terms of the agreement of these advances, collectibility is assured by these directors or corporations they control. The advance bears interest at Canadian prime plus one and one-half percent (7.25% at September 30, 1996). The balance of $271,440 is reflected in current assets as a note receivable at September 30, 1996.

In 1988, the Company loaned Amherst Tanti U.S. Inc., a corporation owned by an officer of the Company, $334,123, which is reflected in other assets as long-term note receivable at September 30, 1996. This note shall be forgiven in the future if the net income of the Company reaches certain specified levels.

In 1995, the Company converted $750,000 of accounts receivable from a former Filter Queen distributor to notes receivable. This distributor is an officer of a majority owned subsidiary of the Company. In 1996, the officer contributed various assets and liabilities to the subsidiary in exchange for a reduction in the note receivable. The note receivable of $289,444 is reflected in current assets as a note receivable at September 30, 1996.

15. MAJOR VENDOR

In 1991, the Company entered into an agreement that provided for the potential acquisition of Holland Electro B.V. of Rotterdam, the Netherlands, contingent upon attaining certain earnings targets in the two year period ended September 30, 1992. These earnings targets were not reached and accordingly, no consideration was paid. The Company had the ability, at its sole discretion, to effect the acquisition of Holland Electro B.V., for no consideration. In January 1996, Holland Electro B.V. filed for bankruptcy, triggering the Conditional Purchase Agreement the Company had with a Dutch bank in the amount of $1,104,000. As a result, the Company was required to take possession of finished goods and work in progress inventories. Upon acquisition of these inventories, the Company began production of the ElektraPure and other floorcare products for distribution in North America and Europe. The Company had paid in advance for certain services and inventory to be acquired from Holland Electro B.V. The advances, royalties and other receivables totaled $2,012,000 ($1,607,000 at September 30, 1995). During 1996, as a result of the bankruptcy and subsequent resolution of pending claims, the Company determined that recovery of these advances was not likely. Accordingly, the Company recorded a charge for the write-off of these advances.

The Company also entered into various agreements with Holland Electro B.V. to provide for the supply of certain floor care products for the Company's non-direct marketing channel. The agreements included the purchase of machinery and equipment, tooling, intellectual property and patents, licensing and distribution arrangements, warehousing and technical support.. Holland Electro B.V. supplied ElektraPure to the Company for North American distribution, and additional products to other world markets utilizing the tooling and intellectual property purchased by the Company. The total consideration paid by the Company for these assets was $503,000. The licensing and distribution agreements required Holland Electro B.V. to pay the Company one Netherlands Guilder for each unit manufactured and the Company was obligated to pay Holland Electro B.V. $2.50 for each Holland Electro B.V. product sold by the Company. Net royalty revenue accrued by the Company was $22,000 in 1995 and $25,000 in 1994. No royalty revenue was recorded in 1996. During 1995 and 1994, the Company purchased $348,000 and $78,000 respectively, of product from Holland Electro B.V..

In addition to the ongoing supply of the aforementioned products, the Holland Electro B.V. Rotterdam facility performed the services of a distribution center for the Company's European market. In addition to warehousing, the center managed the handling and documentation associated with all incoming and outbound shipments. Other activities included assistance with European regulatory approvals and providing office space and communication facilities for the Company's management. For these services, the Company contracted with Holland Electro B.V. to pay approximately $33,000 monthly. Upon the bankruptcy of Holland Electro B.V., the Company opened a distribution center in Gorinchem, Holland to service its European market and handle the functions previously administered by Holland Electro B.V..

<TABLE>
<CAPTION>

INDEX TO EXHIBITS

Exhibit Number	Exhibit Title	Page in this Report	Incorporated by References From

<S>	<C>	<C>	<C>
3.1	Certificate of Incorporation		Annual Report on form 10-K for the year ended September 30, 1995
3.2	Bylaws		Annual Report on form 10-K for the year ended September 30, 1995
10	Material Contracts	Pages 43-44	Proxy Statement for the Annual Meeting of Stockholders January 19, 1995 - Exhibit B
11	Statement re: Computation of per share earnings	Note 1 on Page 29 of the Financial Statements	
21	Subsidiaries of Registrant	Page 3	
27	Financial Data Schedule.		

</TABLE>

EXHIBIT 10

AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement of Amendment is made to that certain Employment Agreement dated as of January 1, 1994 between HMI Industries Inc., formerly known as Health-Mor Inc. (the "Company") and Kirk W. Foley (the "Executive") (such existing Employment Agreement to be known herein as the "Agreement").

WHEREAS, the Company and the Executive have previously entered into the Agreement providing for the employment of the Executive by the Company as Chief Executive Officer until December 31, 1998; and,

WHEREAS, the Agreement provided that the Executive receive certain stock awards under the Company's Omnibus Long-Term Compensation Plan; and,

WHEREAS, among the stock awards received were shares of phantom stock, which shares vest at various times during the term of the Agreement; and,

WHEREAS, the vesting of the phantom stock awards creates taxable income to the Executive, requiring the inclusion of the fair market value of such shares in the Executive's taxable income, and creating a significant income tax liability for the Executive; and,

WHEREAS, the vesting of the phantom shares requires the Company to record a charge to earnings in an amount equal to the taxable income deemed received by the Executive, thereby reducing the Company's reported earnings and possibly adversely affecting its stock price; and,

WHEREAS, the Executive and the Company previously agreed to defer one-half of the stock award which vested on January 1, 1996, and the Executive is now willing to surrender his right to receive the shares previously deferred and to surrender his right to receive the shares which vest are due to vest on July 1, 1996.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the Company and the Executive hereby agree as follows:

1. SURRENDER OF PHANTOM SHARES. Paragraph 6(a) of the Agreement is amended by deleting the second sentence of the first paragraph and replacing it with the following:

The award has vested or will vest as follows: 21,857 phantom shares on June 30, 1995; 10,929 phantom shares on January 1, 1996; and 21,857 phantom shares on January 1, 1997. In lieu of any phantom shares being vested on June 30, 1996, and in lieu of the phantom shares deferred from January, 1996 vesting on January 1, 1999, the Executive shall be entitled to be paid a cash award of $150,000 on each of June 30, 1997 and June 30, 1998. In addition, the Executive shall be entitled to an award of shares of the Company with a fair market value equal to the appreciation, if any, in the Company's share price from June 30, 1996 to June 30, 1998, and

measured by the number of phantom shares surrendered. Dividends on such shares as calculated elsewhere in this paragraph will be "credited" to the Executive until the date that such shares were originally to vest, and such "credits" will be used to "purchase" additional shares of phantom stock as of the original date of vesting. Any award earned shall be payable to Executive on July 1, 1998.

2. LOAN REPAYMENT. Paragraph 9(a) of the Agreement is amended by deleting the third sentence of that paragraph and replacing it with the following:

The Executive has been deemed to have "earned" and the Company is responsible for $100,000 of principal for the employment years of 1994 and 1995, and furthermore it is understood and agreed that any principal outstanding as of December 31, 1998 shall be deemed to have been earned at that time so long as the Executive is then employed by the Company.

3. COST OF LIVING INCREASE. The cost of living allowance payable pursuant to Paragraph 4 of the Agreement will be increased by $25,000 per year in order to permit the Executive to purchase additional life insurance. This increase will be subject to the actual cost of the insurance premiums and review of living expenses on an annual basis. This increase will take effect January 1, 1996.

4. NO ADDITIONAL AMENDMENT. Except for the changes made herein, the Agreement continues in full force and effect as originally written.

5. EFFECTIVE DATE. These amendments made herein are effective as of June 20, 1996, except for the increase in the living allowance in paragraph 3 above.

HMI INDUSTRIES INC.

BY /s/ Robert J. Abrahams

Robert J. Abrahams

/s/ Kirk W. Foley

Kirk W. Foley

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