

GRASEBY OVERSEAS HOLDINGS LIMITED

Report and Accounts

For the Period of Ten Months ended 1 August 1998

Company Number : 1658832



GRASEBY OVERSEAS HOLDINGS LIMITED

**REPORT OF THE DIRECTORS IN RESPECT OF
THE PERIOD OF TEN MONTHS ENDED 1ST AUGUST 1998**

The directors present their report and audited financial statements for the period of ten months ended 1st August 1998.

PRINCIPAL ACTIVITIES

The sole activity of the company is the holding of shares in overseas companies and the provision of finance for those companies. Current plans envisage the continuing of this activity.

DIVIDENDS AND RESULTS

The directors do not recommend the payment of a final dividend. The results for the period are shown in the profit and loss account.

DIRECTORS

The directors of the company during the period were :

| | |
|-------------|--------------------------------|
| J E Hawkins | (Resigned 10 October 1997) |
| M R Hensby | (Resigned 31 October 1997) |
| S P Holmes | (Resigned 31 October 1997) |
| L D Irving | (Resigned 28 November 1997) |
| J M Hawkes | (Appointed 31 October 1997) |
| A Smith | (Appointed 28 November 1997) |

There has been no change in the composition of the board of directors since the end of the period.

DIRECTORS' INTERESTS IN SHARES

The disclosable directors' interests in the share capital of Smiths Industries PLC at the beginning and end of the period was as follows :-

| | Ordinary shares of 25p | |
|--------------|------------------------|----------------|
| | 1 August 1998 | 2 October 1997 |
| J. M. Hawkes | 12,000 | * 13,000 |
| A. Smith | 40,179 | * 35,587 |

* At date of appointment

Options have been granted over the number of ordinary shares of Smiths Industries PLC in the amounts shown below under the terms of the Smiths Industries 1982 SAYE and Executive Share Option Schemes and Deferred Share Scheme.

| | 2.10.97. | Granted | Exercised | 1.8.98. |
|--------------|----------|---------|-----------|---------|
| J. M. Hawkes | * 50,999 | 3,950 | - | 54,949 |
| A. Smith | * 56,338 | 291 | - | 56,629 |

* At date of appointment

SUPPLIER PAYMENT POLICY

The company agrees payment terms with its suppliers when it enters into purchase contracts and seeks to abide by those payment terms once it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

ECONOMIC AND MONETARY UNION

The introduction of the euro will directly affect the company's subsidiaries operating in Holland. Those companies are taking steps to ensure that there will be a smooth transition to the new currency over the next three years.

YEAR 2000

The company is part of a group which is actively working to ensure that all accounting and other computer systems are upgraded to cope with the date change in January 2000. There will be no separate charge to the company towards the cost of compliance.

AUDITORS

Following the merger of Price Waterhouse and Coopers & Lybrand, Price Waterhouse resigned as auditor, and the directors appointed the merged firm PricewaterhouseCoopers as auditor to fill the casual vacancy. PricewaterhouseCoopers will remain as auditor by virtue of an elective resolution passed on 8 July 1991.

BY ORDER OF THE BOARD



Neil Burdett
Secretary

765 Finchley Road
London NW11 8DS

13 October 1998

GRASEBY OVERSEAS HOLDINGS LIMITED**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF GRASEBY OVERSEAS HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

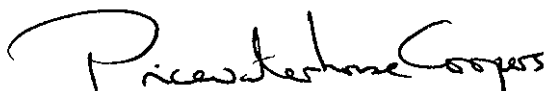
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 1 August 1998 and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants
and Registered Auditor

13 October 1998

GRASEBY OVERSEAS HOLDINGS LIMITED**Profit and Loss Account****for the period of ten months ended 1st August 1998**

| | <u>Notes</u> | <u>1998</u> <u>(10 months)</u> <u>£000</u> | <u>1997</u> <u>(9 months)</u> <u>£000</u> |
|---|--------------|--|---|
| Interest receivable from group companies | | - | 14 |
| Profit / (loss) on sale of subsidiary undertakings | 4 | (17,808) | - |
| Provisions / write back - diminution in value of investments in subsidiaries | | <u>17,890</u> | <u>(1,573)</u> |
| Profit/(loss) on ordinary activities before taxation | | 82 | (1,559) |
| Tax on profit/(loss) on ordinary activities | 2 | <u>-</u> | <u>(10)</u> |
| Profit/(loss) for the financial period | | <u><u>82</u></u> | <u><u>(1,569)</u></u> |

Statement of Retained Losses

| | | | |
|---------------------------------------|---|------------------------|------------------------|
| Profit/(loss) for the period | | 82 | (1,569) |
| Exchange difference | 3 | <u>-</u> | <u>1,709</u> |
| Retained profit/(loss) for the period | | 82 | 140 |
| At 1st October 1997 | | <u>(23,858)</u> | <u>(23,998)</u> |
| At 1 st August 1998 | | <u><u>(23,776)</u></u> | <u><u>(23,858)</u></u> |

The company has no recognised gains and losses other than those included in the statement above and therefore no separate statement of total recognised gains and losses has been presented.

No separate reconciliation of shareholders funds is provided as the only movement is shown in the statement above.

The notes on pages 7 to 9 form part of these accounts.

GRASEBY OVERSEAS HOLDINGS LIMITED**Balance Sheet - At 1st August 1998**

| | <u>Notes</u> | <u>1.8.98</u> <u>£000</u> | <u>1.8.98</u> <u>£000</u> | <u>1.10.97</u> <u>£000</u> | <u>1.10.97</u> <u>£000</u> |
|--|--------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| <u>Fixed Assets</u> | | | | | |
| <u>Investments</u> | | | | | |
| - Subsidiary undertakings | 4 | | 100 | | 23,833 |
| <u>Current Assets</u> | | | | | |
| <u>Debtors falling due after one year</u> | | | | | |
| - group loan accounts | 6 | 1,090 | | 1,090 | |
| <u>Less:</u> | | | | | |
| <u>Creditors falling due within one year:</u> | | | | | |
| - corporation tax payable | | (5) | | (5) | |
| Net current assets | | | 1,085 | | 1,085 |
| Total assets less current liabilities | | | 1,185 | | 24,918 |
| <u>Creditors falling due after one year:</u> | | | | | |
| - group loan accounts | 6 | | (10,132) | | (33,947) |
| | | | <u>(8,947)</u> | | <u>(9,029)</u> |
| <u>Capital and Reserves</u> | | | | | |
| Equity share capital | 5 | | 1 | | 1 |
| Share premium account | | | 14,828 | | 14,828 |
| Profit and loss account | | | (23,776) | | (23,858) |
| | | | <u>(8,947)</u> | | <u>(9,029)</u> |

These accounts were approved by the board of directors on 13 October 1998


J. M. Hawkes
Director

The notes on pages 7 to 9 form part of these accounts.

GRASEBY OVERSEAS HOLDINGS LIMITED

Notes to the Accounts as at 1st August 1998

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Accounting convention

The accounts are prepared in accordance with the historical cost convention.

(b) Investments

Investments in subsidiary undertakings are stated at historical cost less provision for any permanent diminution in value.

(c) Cash flows

The company is a wholly owned subsidiary of Smiths Industries plc and the cash flows of the company are included in the consolidated group cash flow statement of the parent company. Consequently the company is exempt, under the terms of Financial Reporting Standard Number 1, from publishing a cash flow statement.

(d) Deferred taxation

Provision is made for deferred taxation unless, in the opinion of the directors, there is a reasonable probability that no liability will crystallise in the foreseeable future. A deferred tax asset is only recognised to the extent that it is likely to be recoverable in the foreseeable future.

(e) Consolidated accounts

In accordance with the provisions of Section 228 of the Companies Act 1985 the company is exempt from the requirement to prepare and deliver group accounts because the whole of its issued share capital is in the beneficial ownership of Smiths Industries plc, a company incorporated in England and Wales, and the accounts of the company and of its subsidiary undertakings are included in the consolidated accounts of the parent company.

2. Tax on Profit on Ordinary Activities

| | <u>1998</u> <u>(10 months)</u> <u>£000</u> | <u>1997</u> <u>(9 months)</u> <u>£000</u> |
|--|--|---|
| UK Corporation Tax at 31% (1997: 31.67%) on the profit/loss for the period | - | 5 |
| | - | 5 |
| Adjustments in respect of prior period | - | 5 |
| | - | 10 |

GRASEBY OVERSEAS HOLDINGS LIMITED

Notes to the Accounts as at 1st August 1998 (Cont.)

3. Exchange Differences

Exchange differences arise from the translation to sterling of amounts owing to the holding company and to and by subsidiary undertakings and also of the investment in subsidiary undertakings which are denominated in foreign currencies and which have been translated at the exchange rates ruling at the year end.

4. Investments in Subsidiary Undertakings

| | <u>1998</u> | | | <u>1997</u> |
|---------------------------------|---------------|------------------|-------------------|-------------------|
| | <u>Cost</u> | <u>Provision</u> | <u>Net</u> | <u>Net</u> |
| | | | <u>Book Value</u> | <u>Book Value</u> |
| At 2 nd October 1997 | 53,358 | (29,525) | 23,833 | 22,827 |
| Disposal during period | (41,623) | | (41,623) | |
| Release of / (increase in) | | | | |
| provision | - | 17,890 | 17,890 | (1,183) |
| Exchange difference | - | - | - | 2,189 |
| At 1st August 1998 | <u>11,735</u> | <u>(11,635)</u> | <u>100</u> | <u>23,833</u> |

Subsidiary undertakings sold during the period were Graseby Andersen Inc. (USA) and Graseby Medizintechnik (Germany). The remaining companies retained at 1 August 1998 comprised :

| | <u>Proportion of</u> <u>share capital</u> <u>directly held</u> | <u>Country of</u> <u>incorporation</u> |
|--|--|---|
| Graseby France SA (Sold 24 September 1998) | 100% | France |
| Andersen Samplers BV | 100% | Netherlands |
| Graseby (Jersey) Ltd. | 100% | Jersey |

5. Called Up Share Capital

| | <u>01.8.98</u> | <u>1.10.97</u> |
|-----------------------------------|----------------|----------------|
| | <u>£</u> | <u>£</u> |
| <u>Authorised</u> | | |
| 10,000 Ordinary Shares of £1 each | <u>10,000</u> | <u>10,000</u> |
| <u>Issued and Fully Paid</u> | | |
| 600 Ordinary Shares of £1 each | <u>600</u> | <u>600</u> |

GRASEBY OVERSEAS HOLDINGS LIMITED

Notes to the Accounts as at 1st August 1998(Cont.)

6. Group Loan Accounts

The group loan accounts have no fixed repayment dates. The directors regard these loans as long term in nature, although the balances may fluctuate in the short term.

| | <u>1.8.98</u> | <u>2.10.97</u> |
|---------------------------------------|---------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Debtors falling due after one year: | | |
| Owing by subsidiary undertakings | 1,090 | 1,090 |
| | <hr/> | <hr/> |
| Creditors falling due after one year: | | |
| Owing to holding company | <u>10,132</u> | <u>33,947</u> |

Of the amounts owing by subsidiary companies £nil (1996 £596,000) bears interest at market rates. The amount owing to the holding company bears no interest.

7 Directors Emoluments

The directors received no emoluments in respect of their services to the company. All directors are employed by Smiths Industries plc and are remunerated by that company in respect of their services to the group as a whole.

8 Auditors' Remuneration

The remuneration of the auditors was borne by Smiths Industries plc.

9 Parent Company

At the balance sheet date the company's parent company was Graseby Limited, and its ultimate holding company was Smiths Industries plc, both incorporated in England and Wales. Copies of the group accounts of Smiths Industries plc may be obtained from the Company Secretary, Smiths Industries plc, 765 Finchley Road, London NW11 8DS.

The company has taken advantage of the exemption under paragraph 3(c) of FRS 8 from disclosing transactions with other subsidiary companies of the Smiths Industries plc group.