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COMPANIES HOUSE 30/04/98

## GRASEBY OVERSEAS HOLDINGS LIMITED

### REPORT OF THE DIRECTORS IN RESPECT OF THE NINE MONTH PERIOD ENDED 1<sup>ST</sup> OCTOBER 1997

The directors present their report and audited financial statements for the nine month period ended 1<sup>st</sup> October 1997.

#### PRINCIPAL ACTIVITIES

The sole activity of the company is the holding of shares in overseas companies and the provision of finance for those companies. A recommended offer by Smiths Industries plc for the entire issued share capital of the company's ultimate parent company, Graseby plc, became wholly unconditional on 2<sup>nd</sup> October 1997. 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. The balance sheet sets out the position as at 1<sup>st</sup> October 1997.

#### DIRECTORS

The directors of the company during the period were :

Mr P J Lester (resigned 30 June 1997)  
Mr J E Hawkins (appointed 30 June 1997, resigned 10 October 1997)  
Mr M R Hensby  
Mr S P Holmes

Since the end of the accounting period Mr M R Hensby resigned as director with effect from 31 October 1997 and Mr A Smith and Mr J Hawkes were appointed directors also with effect from 31 October 1997. Mr S P Holmes resigned as a director with effect from 5 January 1998.

#### DIRECTORS' INTERESTS IN SHARES

The interests of those persons who were directors on 1 October 1997 in the shares of Graseby plc, being the company's ultimate holding company, were as follows:

	1 <sup>st</sup> October 1997		1 <sup>st</sup> January 1997	
	Ordinary Shares *	Options **	Ordinary Shares *	Options **
Mr S P Holmes	6,467	61,895	6,467	61,895
Mr M R Hensby	-	-	-	-

\* Ordinary shares of 25 pence each fully paid in Graseby plc.

\*\* Options to purchase ordinary shares of 25 pence each in Graseby plc in accordance with the provisions of that company's share option schemes.

All the interests shown were beneficial and include family interests where appropriate.

The directors of the company have no interests in the shares or debentures of the company or of any other subsidiary company of the holding company.

#### 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.

**AUDITORS**

As a result of the acquisition of the company's ultimate holding company, Graseby plc, by Smiths Industries Plc, which became wholly unconditional on 2 October 1997, the auditors Coopers & Lybrand resigned and Price Waterhouse were appointed auditors in place of the retiring auditors.

BY ORDER OF THE BOARD



Neil Burdett  
Secretary

765 Finchley Road  
London NW11 8DS

Company Number <sup>1658832</sup>~~866179~~ England and Wales

3 February, 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.

*Price Waterhouse*

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## **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 set out 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 accounts 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 October 1997 and of the loss for the 9 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

**Price Waterhouse**  
Chartered Accountants  
and Registered Auditors

3 February 1998

**GRASEBY OVERSEAS HOLDINGS LIMITED****Profit and Loss Account****for the nine months ended 1st October 1997**

	<u>Notes</u>	<u>1997</u> <u>(9 months)</u> <u>£000</u>	<u>1996</u> <u>(12 months)</u> <u>£000</u>
Interest receivable from group companies		14	18
Profit on sale of subsidiary undertaking		-	6,875
Provisions/write back for diminution in value of investments in subsidiaries		(1,573)	1,464
Profit/(loss) on ordinary activities before taxation		(1,559)	8,357
Tax on profit/(loss) on ordinary activities	2	(10)	(6)
Profit/(loss) for the financial period		<u>(1,569)</u>	<u>8,351</u>

**Statement of Retained Losses**

Profit/(loss) for the period		(1,569)	8,351
Exchange difference	3	1,709	(3,082)
Retained profit/(loss) for the period		140	5,269
At 31st December 1996		(23,998)	(29,267)
At 1 <sup>st</sup> October 1997		<u>(23,858)</u>	<u>(23,998)</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 results reported above all relate to continuing operations.

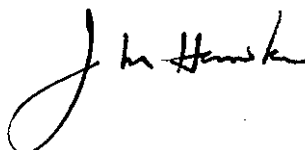
The notes on pages 7 to 9 form part of these accounts.

**GRASEBY OVERSEAS HOLDINGS LIMITED****Balance Sheet - At 1<sup>st</sup> October 1997**

	<u>Notes</u>	<u>01.10.97</u> <u>£000</u>	<u>01.10.97</u> <u>£000</u>	<u>31.12.96</u> <u>£000</u>	<u>31.12.96</u> <u>£000</u>
<b><u>Fixed Assets</u></b>					
<b><u>Investments</u></b>					
- Subsidiary undertakings	4		23,833		22,827
<b><u>Current Assets</u></b>					
<b><u>Debtors falling due after one year</u></b>					
- group loan accounts	6	1,090		1,155	
<b><u>Less:</u></b>					
<b><u>Creditors falling due within one year:</u></b>					
- corporation tax payable		(5)		(1)	
Net current assets			1,085		1,154
Total assets less current liabilities			24,918		22,827
<b><u>Creditors falling due after one year:</u></b>					
- group loan accounts	6		(33,947)		(33,150)
			(9,029)		(9,169)
<b><u>Capital and Reserves</u></b>					
Called up share capital	5		1		1
Share premium account	5		14,828		14,828
Accumulated deficit			(23,858)		(23,998)
			(9,029)		(9,169)

These accounts were approved by the board of directors on 3 February 1998

Director



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

**GRASEBY OVERSEAS HOLDINGS LIMITED**Notes to the Accounts as at 1<sup>st</sup> October 1997**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 Graseby plc and the cash flows of the company are included in the consolidated group cash flow statement of Graseby plc. 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 Graseby plc ("Graseby"), 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 Graseby.

**2. Tax on Profit on Ordinary Activities**

	<u>1997</u> <u>(9 months)</u> <u>£000</u>	<u>1996</u> <u>(12 months)</u> <u>£000</u>
UK Corporation Tax at 31.67% (1996: 24.25%) on the profit/loss for the period	5	6
Adjustments in respect of prior period	5	6
	5	-
	<u>10</u>	<u>6</u>

**3. Exchange Difference**

The exchange difference arises from the translation to sterling of those 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.

**GRASEBY OVERSEAS HOLDINGS LIMITED****Notes to the Accounts as at 1<sup>st</sup> October 1997****4. Investments in Subsidiary Undertakings**

	1997			1996
	<u>Cost</u>	<u>Provision</u>	<u>Net</u> <u>Book Value</u>	<u>Net</u> <u>Book Value</u>
At 1st January 1997	51,169	(28,342)	22,827	25,436
Release of/(increase in) provision	-	(1,183)	(1,183)	1,464
Exchange difference	2,189	-	2,189	(4,073)
At 1st October 1997	<u>53,358</u>	<u>(29,525)</u>	<u>23,833</u>	<u>22,827</u>

The principal subsidiary undertakings included above comprise:

	<u>Proportion of share capital directly held</u>	<u>Country of incorporation</u>
Graseby Andersen Inc	80%	USA
Graseby France SA	100%	France
Andersen Samplers BV	100%	Netherlands
Graseby Medizintechnik	100%	Germany
Graseby (Jersey) Ltd.	100%	Jersey

The investment in Graseby Andersen Inc. was sold to Graseby plc for £23.8M on 22<sup>nd</sup> December, 1997, and this has been recognised in the value placed on the company's investments in the balance sheet at 1<sup>st</sup> October, 1997.

**5. Called Up Share Capital**

	<u>01.10.97</u>	<u>31.12.96</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 1<sup>st</sup> October 1997**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>01.10.97</u>	<u>31.12.96</u>
	<u>£000</u>	<u>£000</u>
Debtors falling due after one year:		
Owing by subsidiary undertakings	<u>1,090</u>	<u>1,155</u>
Creditors falling due after one year:		
Owing to subsidiary undertakings	-	74
Owing to holding company	<u>33,947</u>	<u>33,076</u>
	<u>33,947</u>	<u>33,150</u>

Of the amounts owing by subsidiary companies £596,000 (1996 £292,000) bears interest at market rates as did also the amount owing to subsidiary companies in 1996. 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 Graseby 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 Graseby plc.

**9 Ultimate Holding Company**

At the balance sheet date the company's ultimate holding company was Graseby plc, incorporated in England and Wales. On 2<sup>nd</sup> October, 1997 an offer by Smiths Industries plc for all the issued share capital of Graseby plc was declared unconditional with acceptances in excess of 90%. Smiths Industries plc, which is also incorporated in England and Wales, is accordingly now the ultimate holding company.