

GRASEBY OVERSEAS HOLDINGS LIMITED

Directors' Report and Accounts

For the 53 weeks ended 5 August 2006

Company Number : 1658832

THURSDAY



LD6 *L71MLPTI* 24/05/2007 184
COMPANIES HOUSE

GRASEBY OVERSEAS HOLDINGS LIMITED

REPORT OF THE DIRECTORS

FOR THE 53 WEEKS ENDED 5 AUGUST 2006

The directors present their report and audited financial statements for the period of 53 weeks ended 5 August 2006.

PRINCIPAL ACTIVITIES

The sole activity of the company was the holding of shares in overseas subsidiary companies and the provision of finance for those companies. During the period the sole remaining investment in Andersen Samplers BV was liquidated, producing a final distribution of £1,113,915. It is not anticipated that the company will trade or hold any new investments in the future.

In addition, Court approval was obtained on 15 June 2006 to a reduction of capital, under which the amount previously standing to the credit of share premium account of £24,428,000 was transferred to the profit and loss account.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors of Smiths Group plc manage the Smiths Group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's Directors believe that a disclosure of the group's risk would not be appropriate for an understanding of the development, performance or position of Graseby Overseas Holdings Limited business. The principal risks and uncertainties of Smiths Group plc are disclosed in its Annual Report and Accounts.

FINANCIAL INSTRUMENTS

The Directors consider that the Company's key financial instruments are intercompany loans. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on the intercompany loans. The risk is not considered material and the Company does not employ the use of hedging instruments.

DIVIDENDS AND RESULTS

The result for the period was a profit of £1,014,000 (2005: £nil).

The profit and loss account is set out on page 5. An interim dividend of £1,113,052 was paid during the period (2005 : £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were :

J M Hawkes

D A Penn

The beneficial interests of the directors in shares, option schemes and long term share plans of Smiths Group plc at the beginning and end of the period were as follows :-

	Ordinary shares of 25p		Ordinary shares under option			
	<u>5 August</u>	<u>1 August</u>	<u>1 August</u>	<u>Options</u>	<u>Options</u>	<u>5 August</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>	<u>granted</u>	<u>exercised</u>	<u>2006</u>
J M Hawkes	29,683	30,210	48,056	7,000	(3,478)	51,578
D A Penn	5,648	5,648	55,124	7,500	(12,296)	50,328

GRASEBY OVERSEAS HOLDINGS LIMITED

REPORT OF THE DIRECTORS cont'd

Details of the share option schemes and long term share plans are contained in the Annual Report and Accounts of Smiths Group plc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 5 August 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 AND DISCLOSURE OF INFORMATION TO AUDITORS

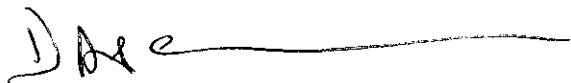
So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will remain as auditors by virtue of an elective resolution under section 386 of the Companies Act 1985 passed on 8 July 1991.

By order of the Board



D. A. Penn
Director

22 March 2007

GRASEBY OVERSEAS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASEBY OVERSEAS HOLDINGS LIMITED

We have audited the financial statements of Graseby Overseas Holdings Limited for the 53 weeks ended 5 August 2006, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

GRASEBY OVERSEAS HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GRASEBY OVERSEAS HOLDINGS LIMITED**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 5 August 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

23 March 2007

GRASEBY OVERSEAS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD OF 53 WEEKS ENDED 5 AUGUST 2006

		<u>2006</u>	<u>2005</u>
		<u>£000</u>	<u>£000</u>
Operating profit		-	-
Surplus on liquidation of subsidiary undertaking	2	1,014	-
Profit on ordinary activities before taxation		1,014	-
Taxation	4	-	-
Profit on ordinary activities after taxation		1,014	-

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.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

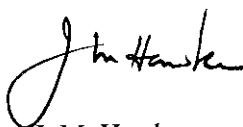
The notes on pages 7 to 10 form part of these accounts.

GRASEBY OVERSEAS HOLDINGS LIMITED

BALANCE SHEET - AT 5 AUGUST 2006

	<u>Notes</u>	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
<u>Fixed Assets</u>			
Investments			
- Subsidiary undertakings	2	-	100
<u>Current Assets</u>			
Debtors falling due after one year			
- Amounts due from parent undertaking		1	-
Net current assets		<u>1</u>	<u>-</u>
<u>Current Liabilities</u>			
Creditors falling due within one year			
- Amounts due to group undertakings		-	-
Net current liabilities		<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>1</u>	<u>100</u>
<u>Capital and Reserves</u>			
Equity share capital	5	1	1
Share premium account		-	24,428
Profit and loss account	6	-	(24,329)
Equity Shareholders' Funds	7	<u>1</u>	<u>100</u>

These accounts were approved by the board of directors on 22 March 2007



J. M. Hawkes
Director

The notes on pages 7 to 10 form part of these accounts.

GRASEBY OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 AUGUST 2006

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention and the Companies Act 1985.

(a) **Changes in accounting policies**

The company has adopted FRS 21 'Events after the balance sheet date', FRS 25 'Financial Instruments: disclosure and presentation', and FRS 28 'Corresponding amounts' in these financial statements. The adoption of these standards represents a change in accounting policy; however, there has been no material affect on the financial statements.

(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 Group 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) **Consolidated accounts**

As the Company is a wholly-owned subsidiary of Smiths Group plc, no group accounts have been prepared, in accordance with S228 of the Companies Act 1985.

(e) **Employees**

The company has no active employees (2005: none). Employees of other Smiths Group companies perform all administration of the company's affairs. No charge for these services is levied upon the company.

(f) **Current Taxation**

The tax on profit on ordinary activities represents the amount paid for Group relief in respect of tax losses claimed in the current period.

(g) **Deferred Taxation**

Deferred taxation, where material, is recognised in respect of timing differences that have originated but not reversed as at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as disclosed in the accounts, arising from the inclusion of gains and losses in the tax computations in periods different from those in which they are recognised in the accounts.

GRASEBY OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 AUGUST 2006 (Cont.)

2. Investments in Subsidiary Undertakings

	Cost	Provision	Net Book Value
	£'000	£'000	£'000
At 1 August 2005	11,735	(11,635)	100
Liquidated during period	<u>(11,735)</u>	<u>11,635</u>	<u>(100)</u>
At 5 August 2006	<u>-</u>	<u>-</u>	<u>-</u>

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Capital distribution on liquidation of subsidiary undertaking	1,114	-
Net book value of investment liquidated during period	<u>(100)</u>	<u>-</u>
Surplus on liquidation of subsidiary undertaking	<u>1,014</u>	<u>-</u>

3. Dividend Paid

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Interim dividend paid of £1,852 per share	<u>1,113</u>	<u>-</u>

4. Taxation

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Profit on ordinary activities before taxation	<u>1,014</u>	<u>-</u>
Corporation tax at 30% (2005:30%) of profit for period	304	-
Carrying value not deductible for tax purposes	<u>30</u>	<u>-</u>
	334	-
Capital losses claimed, for which no payment made	<u>(334)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

GRASEBY OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 AUGUST 2006
(Cont.)

5. Called Up Share Capital

	<u>2006</u> £	<u>2005</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>		
601 Ordinary Shares of £1 each	<u>601</u>	<u>601</u>

6. Reserves

	<u>2006</u> £'000	<u>2005</u> £'000
Profit for the period	1,014	-
Transfer from Share Premium Account	24,428	
Interim dividend paid	<u>(1,113)</u>	
	24,329	-
Profit and loss account – beginning of period	<u>(24,329)</u>	<u>(24,329)</u>
– end of period	<u>-</u>	<u>(24,329)</u>

On 15 June 2006, Court approval was obtained for a capital reduction under which £24,428,000 previously standing to the credit of share premium account was transferred to profit and loss account in the balance sheet.

On 21 June 2006, the directors declared an interim dividend of £1,113,052, which was paid on 22 June 2006.

6. Reconciliation of Movements in Shareholders Funds

	<u>2006</u> £'000	<u>2005</u> £'000
Profit for the period	1,014	-
Interim dividend paid	<u>(1,113)</u>	
Equity shareholders' funds – beginning of period	<u>100</u>	<u>100</u>
– end of period	<u>1</u>	<u>100</u>

GRASEBY OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 AUGUST 2006
(Cont.)

7. Directors Emoluments

The directors received no emoluments in respect of their services to the company (2005: £Nil). All directors are employed by Smiths Group 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 Group plc (2005: £Nil).

9. Related Party Transactions

The company is a wholly owned subsidiary of Smiths Group plc. In accordance with paragraph 3(c) of FRS 8 "Related Party Transactions" the company is exempt from disclosing details of arrangements with other companies in the Smiths Group.

10. Ultimate Parent Company

The immediate parent undertaking is Graseby Limited, and the ultimate parent undertaking Smiths Group plc, both incorporated in England and Wales. Copies of the group accounts of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, 765 Finchley Road, London NW11 8DS.