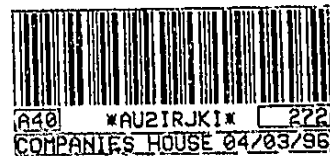


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Company No. 362847

PORTEX LIMITED  
REPORT AND ACCOUNTS  
5 AUGUST 1995



**PORTEX LIMITED**

**DIRECTORS' REPORT**

**FOR THE 53 WEEKS ENDED 5 AUGUST 1995**

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**DIRECTORS:**

G.M. Kennedy  
D.M. Barrow  
T. Curry  
J.C. Forward  
A.J. Gooding  
N.D. Green  
J.D. Kockott (Appointed 6.8.95)  
E. Lindh  
B. Madden  
R.S. Morgan  
T.M. Pearson (Appointed 18.4.95)  
M.W. Walls  
S.J. Williamson

The Directors have pleasure in presenting their report and the accounts for the 53 weeks ended 5 August 1995.

**RESULTS AND DIVIDENDS**

The profit for the period after taxation was £12,164,433.

The Directors have paid an Interim Ordinary Dividend of £4,000,000 and do not recommend the payment of a Final Dividend.

**REVIEW OF THE BUSINESS**

The principal activity of the Company continues to be the manufacture of surgical and medical plastic products.

Turnover has increased to £57,581,270 (1994 £54,013,966) during the period.

**FIXED ASSETS**

The changes in tangible fixed assets are detailed in note 9 to the accounts.

PORTEX LIMITED  
DIRECTORS' REPORT (CONTINUED)  
FOR THE 53 WEEKS ENDED 5 AUGUST 1995

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#### EMPLOYEES

The maintenance of a highly skilled workforce is key to the future of the Company. Health and Safety matters are regularly reviewed by the Directors and it is their policy to ensure that:

1. full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
2. when existing employees become disabled (whether from illness or accident) every reasonable effort is made to continue to provide suitable employment either in the same or, by training, in an alternative job;
3. disabled persons are given equal consideration for training, career development and opportunities for promotion within the Company.

#### FUTURE DEVELOPMENTS

The Company will pursue its existing activities and continue to seek business opportunities to ensure the profitability of the Company.

#### EVENTS SINCE THE PERIOD END

There have been no events to the date of publication of this report which have significantly affected the Company.

#### DIRECTORS' INTERESTS

The interests of directors of the Company at 5 August 1995 in the share capital of Smiths Industries PLC at the beginning and end of the period were as follows:

PORTEX LIMITEDDIRECTORS' REPORT (CONTINUED)FOR THE 53 WEEKS ENDED 5 AUGUST 1995

	Ordinary shares of 25p	
	<u>30 July 1994</u>	<u>5 August 1995</u>
G M Kennedy	12612	24503
D M Barrow	NIL	2000
T Curry	NIL	7494
J C Forward	NIL	686
N D Green	2556	2556
A J Gooding	NIL	1213
E. Lindh	2984	4406
B. Madden	NIL	NIL
R.S. Morgan	NIL	609
T.M. Pearson	NIL*	NIL
M.W. Walls	14960	25746
S.J. Williamson	NIL	NIL

\*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 the Deferred Share Scheme.

	<u>30.07.94</u>	<u>Granted</u>	<u>Exercised</u>	<u>05.08.95</u>
G M Kennedy	176943	71180	53294	194829
D. Barrow	14876	1404	12800	3480
T. Curry	46635	4889	18644	32880
J.C. Forward	37763	9801	17920	29644
N D Green	38905	8514	13070	34349
A J Gooding	9771	1796	1957	9610
E Lindh	76139	18273	8000	86412
B Madden	3259	7760	NIL	11019
R S Morgan	36911	6728	15040	28599
T M Pearson	19123*	898	NIL	20021
M W Walls	74913	15331	39600	50644
S J Williamson	4213	9286	NIL	13499

\*At date of appointment

Details of options exercise prices and dates are contained in the Report and Accounts of Smiths Industries PLC.

PORTEX LIMITED

DIRECTORS' REPORT (CONTINUED)

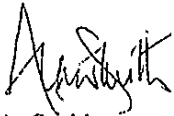
FOR THE 53 WEEKS ENDED 5 AUGUST 1995

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**AUDITORS**

Clark Whitehill remain as auditors by virtue of an elective resolution under Section 386 of the Companies Act 1985 passed on 14 December 1990.

By Order of the Board



A. Smith  
Secretary  
London

PORTEX LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

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Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the Company's state of affairs at the end of the period and of its profit and loss for that period. In preparing those accounts 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 the applicable accounting standards have been followed, subject to any material departure disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 accounts 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 or other irregularities.

**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF PORTEX LIMITED**

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We have audited the accounts on pages 7 to 16 which have been prepared under the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 5 August 1995 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

London

24 October 1995

*Clark White*  
Chartered Accountants  
and Registered Auditor

**PORTEX LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE 53 WEEKS ENDED 5 AUGUST 1995**

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
<b>TURNOVER</b>	2	57,581,270	54,013,966
Cost of Sales		32,164,036	31,502,511
<b>GROSS PROFIT</b>		<u>25,417,234</u>	<u>22,511,455</u>
Distribution costs		2,337,130	2,299,348
Administrative expenses		3,533,080	4,501,010
<b>OPERATING PROFIT</b>	3	<u>19,547,024</u>	<u>15,711,097</u>
Interest and other changes - net	6	1,433,591	1,738,985
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>18,113,433</u>	<u>13,972,112</u>
Tax on profit on ordinary activities	7	5,949,000	4,648,000
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u>12,164,433</u>	<u>9,324,112</u>
Dividends	8	4,000,000	-
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>		<u>8,164,433</u>	<u>9,324,112</u>
<b>RETAINED PROFITS at 30 July 1994</b>		25,903,126	16,579,014
<b>RETAINED PROFITS AT 5 August 1995</b>		<u>34,067,559</u>	<u>25,903,126</u>

All of the above figures relate to continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The profit and loss account contains all gains and losses recognised in the current and preceding financial period.

The notes on pages 9 to 16 form part of these accounts.

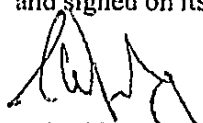
## FORTEX LIMITED

### BALANCE SHEET

5 AUGUST 1995

	<u>Notes</u>	<u>5 August 1995</u>		<u>30 July 1994</u>
		£	£	£
<b>FIXED ASSETS</b>				
Tangible assets	9		8,208,741	8,896,038
<b>CURRENT ASSETS</b>				
Stocks	10	7,412,500		8,340,416
Debtors	11	16,161,715		17,061,200
Loan to Group undertaking	18	9,067,358		-
Cash at bank and in hand		25,071		25,672
		32,666,644		25,427,288
<b>CREDITORS: amounts falling due within one year</b>	12	5,221,592		4,321,505
<b>NET CURRENT ASSETS</b>			27,445,052	21,105,783
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			£35,653,793	£30,001,821
Financed by:				
<b>CREDITORS: amounts falling due after more than 1 year</b>				
Advances from Smiths Industries PLC		-		2,512,461
Advances from other Group undertakings		1,543,019		1,543,019
			1,543,019	4,055,480
<b>CAPITAL AND RESERVES</b>				
Called up share capital	13	43,215		43,215
Profit and loss account		34,067,559		25,903,126
Shareholders' Funds	14		34,110,774	25,946,341
<b>TOTAL FUNDS EMPLOYED</b>			£35,653,793	£30,001,821

Approved by the Board on 24 October 1995  
and signed on its behalf:

  
G.M. Kennedy

)  
) Director  
)

The notes on pages 9 to 16 form part of these accounts.

**PORTEX LIMITED****NOTES TO THE ACCOUNTS****FOR THE 53 WEEKS ENDED 5 AUGUST 1995**

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**1. ACCOUNTING POLICIES****a) Basis of Accounting**

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention. As a wholly owned subsidiary, the company is exempt from the requirement to prepare a cash flow statement.

**b) Depreciation**

Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery	- over 10 years
Fixtures, fittings, tools, equipment and vehicles	- over 2 to 10 years

**c) Research and Development**

Research and development expenditure, other than that recoverable from third parties, is written off as incurred.

**d) Stocks and Work in Progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a "first in, first out" basis and, in the case of work in progress and finished goods, includes the relevant proportion of overheads.

**e) Taxation**

All taxation liabilities, both current and future, have been assumed by Smiths Industries PLC.

**f) Foreign Exchange**

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in trading profit.

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the Balance Sheet date.

**g) Pension Costs**

The cost of providing retirement pensions for employees charged in the profit and loss account represents the Company contributions paid in the period.

**PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 53 WEEKS ENDED 5 AUGUST 1995****1. ACCOUNTING POLICIES (continued)****h) Finance Leases**

Finance leases of fixed assets have been capitalised and depreciated in accordance with the Company's depreciation policy. The capital element of future lease payments is included in creditors.

**2. TURNOVER**

Turnover, which comprises a single class of activity, represents the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. The analysis of turnover by geographical area is as follows:

	<u>1995</u>	<u>1994</u>
	£	£
U.K.	16,108,402	14,847,686
Overseas	41,472,868	39,166,280
	<u>£57,581,270</u>	<u>£54,013,966</u>

**3. OPERATING PROFIT**

This is stated after charging:

Depreciation of fixed assets	1,798,433	1,876,988
Operating Leases		
- Land and buildings	183,175	184,275
- Other	12,255	114,230
Emoluments of directors (Note 4)	646,717	586,776
Auditors' remuneration - Audit	41,000	29,800
Research and development expenditure	903,375	908,476
Provisions for closure and restructuring	-	1,340,000
	<u></u>	<u></u>

PORTEX LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)FOR THE 53 WEEKS ENDED 5 AUGUST 1995

	<u>1995</u>	<u>1994</u>
<b>4. DIRECTORS AND STAFF</b>		
a) Directors' emoluments		
Fees	-	-
Other emoluments	646,717	586,776
	<u>646,717</u>	<u>£586,776</u>
Emoluments, excluding pension scheme contributions:		
Chairman	£ Nil	£ Nil
	<u>£88,400</u>	<u>£93,200</u>
Highest paid Director		
	<u>£88,400</u>	<u>£93,200</u>
The emoluments of directors fall into the following bands		
	No.	No.
£Nil - £ 5,000	2	2
£10,001 - £15,000	1	1
£15,001 - £20,000	1	1
£40,001 - £45,000	-	2
£45,001 - £50,000	2	1
£50,001 - £55,000	3	1
£55,001 - £60,000	1	1
£60,001 - £65,000	-	2
£65,001 - £70,000	1	-
£75,001 - £80,000	-	-
£85,001 - £90,000	1	-
£90,001 - £95,000	-	1
	<u>1995</u>	<u>1994</u>
	£	£
b) Wages and Salaries	13,736,838	12,684,663
Social Security Costs	1,095,195	1,035,293
Other Pension Costs	726,160	718,309
	<u>£15,558,193</u>	<u>£14,438,265</u>

PORTEX LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)FOR THE 53 WEEKS ENDED 5 AUGUST 1995

The average number of employees during the period was 897 (1994 - 983), only four (1994 - four) of whom were employed outside the U.K.

5. PENSIONS

The Company's employees are members of various defined benefit pension schemes which cover the United Kingdom employees of Smiths Industries PLC. Contributions to these schemes are based upon advice received from independent actuaries taking account of the costs of each relevant scheme as a whole. The relevant information for the group as a whole is set out in the consolidated accounts of Smiths Industries PLC:

6. INTEREST

	<u>1995</u>	<u>1994</u>
	£	£
Interest paid to Smiths Industries PLC	1,655,540	1,741,852
Interest received	(87,151)	(2,867)
Foreign exchange gain on loan to Group Undertaking	(134,798)	-
	<u>£1,433,591</u>	<u>£1,738,985</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation represents corporation tax at 33% (1994 - 33%) on the profit for the period.

8. DIVIDEND

	<u>1995</u>	<u>1994</u>
Interim ordinary dividend paid	<u>£4,000,000</u>	=

**PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 53 WEEKS ENDED 5 AUGUST 1995****9. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures, fittings, tools, equipment and vehicles £	Total £
<b>Cost</b>			
30 July 1994	7,086,676	14,110,340	21,197,016
Additions and transfers in	174,883	1,508,951	1,683,834
Disposals and Transfers out	(779,666)	(1,496,089)	(2,275,755)
	<hr/>	<hr/>	<hr/>
5 August 1995	6,481,893	14,123,202	20,605,095
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
30 July 1994	3,926,647	8,374,331	12,300,978
Provisions for period	503,356	1,295,077	1,798,433
Transfers in	-	11,166	11,166
Disposals and Transfers out	(554,121)	(1,160,102)	(1,714,223)
	<hr/>	<hr/>	<hr/>
5 August 1995	3,875,882	8,520,472	12,396,354
	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>			
5 August 1995	£2,606,011	£5,602,730	£8,208,741
	<hr/>	<hr/>	<hr/>
30 July 1994	£3,160,029	£5,736,009	£8,896,038
	<hr/>	<hr/>	<hr/>

**10. STOCKS**

	<u>1995</u> £	<u>1994</u> £
Raw materials and consumables	283,800	229,200
Work in progress	3,626,300	2,985,106
Finished goods and goods for resale	3,502,400	5,126,110
	<hr/>	<hr/>
	£7,412,500	£8,340,416
	<hr/>	<hr/>

PORTEX LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)FOR THE 53 WEEKS ENDED 5 AUGUST 1995**11. DEBTORS**

Trade debtors	13,679,590	15,883,112
Amounts owed by parent company and fellow subsidiaries	1,755,623	866,493
Other debtors and prepayments	726,502	311,595
	<u>          </u>	<u>          </u>
	£16,161,715	£17,061,200
	<u>          </u>	<u>          </u>

**12. CREDITORS**

	<u>1995</u>	<u>1994</u>
	£	£
Amounts falling due within one year		
Trade creditors	2,797,487	2,273,780
Amounts owed to fellow subsidiaries	235,818	550,595
Taxes and social security costs	542,823	478,751
Other creditors	505,198	455,541
Accruals and deferred income	1,140,266	562,838
	<u>          </u>	<u>          </u>
	£5,221,592	£4,321,505
	<u>          </u>	<u>          </u>

**13. CALLED UP SHARE CAPITAL**

Authorised		
Ordinary shares of £1 each	£50,000	£50,000
	<u>          </u>	<u>          </u>
Issued and fully paid		
Ordinary shares of £1 each	£43,215	£43,215
	<u>          </u>	<u>          </u>

PORTEX LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)FOR THE 53 WEEKS ENDED 5 AUGUST 1995**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1995</u>	<u>1994</u>
	£	£
Profit for the financial period	8,164,433	9,324,112
Opening shareholders' funds	25,946,341	16,622,229
	<hr/>	<hr/>
Closing shareholders' funds	<u>£34,110,774</u>	<u>£25,946,341</u>

**15. CAPITAL COMMITMENTS**

	<u>1995</u>	<u>1994</u>
	£	£
Future capital expenditure not otherwise included in these accounts		
Amounts contracted for	£971,658	£397,403
	<hr/>	<hr/>
Authorised by the directors but not contracted out	<u>£377,019</u>	<u>£615,000</u>

**16. ULTIMATE PARENT COMPANY**

The Company is a wholly owned subsidiary of Smiths Industries PLC which is registered in England and Wales and is the ultimate parent company. Copies of the accounts of Smiths Industries PLC can be obtained from The Company Secretary, Smiths Industries PLC, 765 Finchley Road, London NW11 8DS.

PORTEX LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)FOR THE 53 WEEKS ENDED 5 AUGUST 1995

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**17. OBLIGATIONS UNDER OPERATING LEASES**

At 5 August 1995, the company had annual commitments as follows:

<u>Lease expiring</u>	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Within one year	19,688	-
Within two to five years	124,425	150,675
After five years	32,500	32,500
	<u>          </u>	<u>          </u>

18. On 20th June 1995 the Company granted an interest bearing loan facility to Flexible Ducting Limited, an agent of Smiths Industries Industrial Group Limited. and a fellow subsidiary of Smiths Industries PLC. FF 70,000,000 was taken up on 22nd June 1995 for a 6 month period. The value of the loan included in these accounts is

	<u>1995</u>
Loan converted at date of draw down	8,932,560
Gain on exchange at year end conversion rate	134,798
	<u>          </u>
	£9,067,358
	<u>          </u>