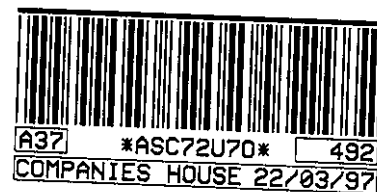


Company No. 362487<sup>84</sup>

SIMS PORTEX LIMITED  
REPORT AND ACCOUNTS  
3 AUGUST 1996



**SIMS PORTEX LIMITED****DIRECTORS' REPORT****FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

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**DIRECTORS:**

G.M. Kennedy  
D.M. Barrow  
T. Curry  
J.C. Forward  
A.J. Gooding  
N.D. Green  
M.C. Jamieson ( Appointed 22.02.96)  
J.D. Kockott ( Appointed 06.08.95)  
E. Lindh ( Resigned 22.02.96)  
B. Madden  
R.S. Morgan  
T.M. Pearson  
M.W. Walls  
S.J. Williamson

The Directors have pleasure in presenting their report and the accounts for the 52 weeks ended 3 August 1996.

**RESULTS AND DIVIDENDS**

The profit for the period after taxation was £15,181,987.

The Directors have not paid any Interim Ordinary Dividend (1995 £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 £61,366,761 (1995 £57,581,270) during the period.

**FIXED ASSETS**

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

**SIMS PORTEX LIMITED****DIRECTORS' REPORT (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

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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**

On 4 August 1996, the Company changed its name to SIMS Portex Limited. On the same date the Company acquired the assets of Simcare Limited and Simcare Manufacturing Limited both of which became non-remunerated agents.

**DIRECTORS' INTERESTS**

The interests of directors of the Company at 3 August 1996 in the share capital of Smiths Industries PLC at the beginning and end of the period were as follows:

**SIMS PORTEX LIMITED****DIRECTORS' REPORT (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996**


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	Ordinary shares of 25p	
	<u>05 August 1995</u>	<u>3 August 1996</u>
G M Kennedy	24503	35318
D M Barrow	1500	1500
T Curry	7494	5808
J C Forward	686	1647
A J Gooding	1213	1213
N D Green	2556	2556
M.C. Jamieson	2000*	2000
J D Kockott	NIL*	NIL
B. Madden	NIL	1803
R S Morgan	609	1585
T M Pearson	NIL	1963
M W Walls	25746	30466
S J Williamson	NIL	1240

\* 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>05.08.95</u>	<u>Granted</u>	<u>Exercised</u>	<u>03.08.96</u>
G M Kennedy	194829	38612	66590	166851
D Barrow	3480	2686	NIL	6166
T Curry	32880	3599	1704	34775
J C Forward	29644	6275	14034	21885
A J Gooding	9610	2405	473	11542
N D Green	34349	4789	3235	35903
M C Jamieson	50214*	NIL	NIL	50214
J D Kockott	NIL*	6890	NIL	6890
B Madden	11019	6915	NIL	17934
R S Morgan	28599	5770	11440	22929
T M Pearson	20021	3223	1963	21281
M W Walls	50644	8649	2241	57052
S J Williamson	13499	3476	1240	15735

\*At date of appointment

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

**SIMS PORTEX LIMITED****DIRECTORS' REPORT (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

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**POLICY ON PAYMENT OF CREDITORS**

The Company's policy is to pay creditors promptly in accordance with agreed terms of business.

**AUDITORS**

The Auditors, Clark Whitehill will retire at the forthcoming annual general meeting. A resolution to appoint Clark Whitehill and Price Waterhouse as joint Auditors will be placed before the meeting.

By Order of the Board



A. Smith  
Secretary  
London

**SIMS PORTEX LIMITED****STATEMENT 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.

**SIMS 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 3 August 1996 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

London

15 October 1996

*Clash Whitehill*

Chartered Accountants  
and Registered Auditor

**SIMS PORTEX LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
<b>TURNOVER</b>	2	61,366,761	57,581,270
Cost of Sales		32,381,511	32,164,036
<b>GROSS PROFIT</b>		<u>28,985,250</u>	<u>25,417,234</u>
Distribution costs		2,589,980	2,337,130
Administrative expenses		4,330,773	3,533,080
<b>OPERATING PROFIT</b>	3	<u>22,064,497</u>	<u>19,547,024</u>
Interest and other charges - net	6	(535,490)	1,433,591
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>22,599,987</u>	<u>18,113,433</u>
Tax on profit on ordinary activities	7	7,418,000	5,949,000
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u>15,181,987</u>	<u>12,164,433</u>
Dividends	8	-	4,000,000
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>		<u>15,181,987</u>	<u>8,164,433</u>
<b>RETAINED PROFITS at 5 August 1995</b>		34,067,559	25,903,126
<b>RETAINED PROFITS AT 3 August 1996</b>		<u>£49,249,546</u>	<u>£34,067,559</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.



**SIMS PORTEX LIMITED****BALANCE SHEET****3 AUGUST 1996**

	<b><u>Notes</u></b>	<b><u>3 August 1996</u></b>		<b><u>5 August 1995</u></b>
		£	£	£
<b>FIXED ASSETS</b>				
Tangible assets	9		8,395,553	<u>8,208,741</u>
<b>CURRENT ASSETS</b>				
Stocks	10	7,465,471		7,412,500
Debtors	11	31,274,549		16,161,715
Loan to Group undertaking	18	9,043,928		9,067,358
Cash at bank and in hand		<u>23,835</u>		<u>25,071</u>
		47,807,783		32,666,644
<b>CREDITORS:</b> amounts falling due within one year	12	5,367,556		5,221,592
<b>NET CURRENT ASSETS</b>			<u>42,440,227</u>	<u>27,445,052</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>£50,835,780</u>	<u>£35,653,793</u>
Financed by:				
<b>CREDITORS:</b> amounts falling due after more than 1 year				
Advances from other Group undertakings			1,543,019	1,543,019
			<u>1,543,019</u>	<u>1,543,019</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	13	43,215		43,215
Profit and loss account		49,249,546		34,067,559
Shareholders' Funds	14		49,292,761	<u>34,110,774</u>
<b>TOTAL FUNDS EMPLOYED</b>			<u>£50,835,780</u>	<u>£35,653,793</u>

Approved by the Board on 15 October 1996  
and signed on its behalf:


  
 )  
 ) Director  
 )  
**G.M. Kennedy**

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

**SIMS PORTEX LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

---

**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.

**SIMS PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996****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>1996</u>	<u>1995</u>
	£	£
U.K.	15,658,745	16,108,402
Overseas	45,708,016	41,472,868
	<u>£61,366,761</u>	<u>£57,581,270</u>

**3. OPERATING PROFIT**

This is stated after charging:

Depreciation of fixed assets	2,383,700	1,798,433
Operating Leases		
- Land and buildings	-	183,175
- Other	-	12,255
Emoluments of directors (Note 4)	654,350	646,717
Auditors' remuneration - Audit	38,500	41,000
Research and development expenditure	905,478	903,375
	<u>          </u>	<u>          </u>

**SIMS PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

<b>4. DIRECTORS AND STAFF</b>	<b><u>1996</u></b> <b>£</b>	<b><u>1995</u></b> <b>£</b>
a) Directors' emoluments		
Fees	-	-
Other emoluments	654,350	646,717
	<u>          </u>	<u>          </u>
	£654,350	£646,717
	<u>          </u>	<u>          </u>
Emoluments, excluding pension scheme contributions:		
Chairman	£ Nil	£ Nil
	<u>          </u>	<u>          </u>
Highest paid Director	£77,813	£88,400
	<u>          </u>	<u>          </u>

The emoluments of directors fall into the following bands

	<b>No.</b>	<b>No.</b>
£Nil - £ 5,000	4	2
£10,001 - £15,000	-	1
£15,001 - £20,000	-	1
£45,001 - £50,000	2	2
£50,001 - £55,000	1	3
£55,001 - £60,000	1	1
£65,001 - £70,000	4	1
£70,001 - £75,000	1	-
£75,001 - £80,000	1	1
£85,001 - £90,000	-	1
	<u>      </u>	<u>      </u>

	<b><u>1996</u></b> <b>£</b>	<b><u>1995</u></b> <b>£</b>
b) Wages and Salaries	14,130,090	13,736,838
Social Security Costs	1,033,137	1,095,195
Other Pension Costs	812,118	726,160
	<u>£15,975,345</u>	<u>£15,558,193</u>

**SIMS PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

The average number of employees during the period was 908 (1995 - 897), only four (1995 - 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>1996</u>	<u>1995</u>
	£	£
Interest paid to Smiths Industries PLC	-	1,655,540
Interest received	(558,920)	(87,151)
Foreign exchange loss/(gain) on loan to Group Undertaking	23,430	(134,798)
	<hr/>	<hr/>
	£(535,490)	£1,433,591
	<hr/> <hr/>	<hr/> <hr/>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Taxation represents corporation tax at 33% (1995 - 33%) on the profit for the period.

**8. DIVIDEND**

	<u>1996</u>	<u>1995</u>
Interim ordinary dividend paid	£-	<u>£4,000,000</u>

**SIMS PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996****9. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures, fittings, tools, equipment and vehicles £	Total £
<b>Cost</b>			
5 August 1995	6,481,893	14,123,202	20,605,095
Additions and transfers in	516,981	2,133,018	2,649,999
Disposals and Transfers out	(337,993)	(757,686)	(1,095,679)
	<hr/>	<hr/>	<hr/>
<b>3 August 1996</b>	<b>6,660,881</b>	<b>15,498,534</b>	<b>22,159,415</b>
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
5 August 1995	3,875,882	8,520,472	12,396,354
Provisions for period	516,927	1,866,773	2,383,700
Transfers in	-	-	-
Disposals and Transfers out	(337,993)	(678,199)	(1,016,192)
	<hr/>	<hr/>	<hr/>
<b>3 August 1996</b>	<b>4,054,816</b>	<b>9,709,046</b>	<b>13,763,862</b>
	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>			
<b>3 August 1996</b>	<b>£2,606,065</b>	<b>£5,789,488</b>	<b>£8,395,553</b>
	<hr/>	<hr/>	<hr/>
<b>5 August 1995</b>	<b>£2,606,011</b>	<b>£5,602,730</b>	<b>£8,208,741</b>
	<hr/>	<hr/>	<hr/>

**10. STOCKS**

	<b>1996</b> £	<b>1995</b> £
Raw materials and consumables	400,349	283,800
Work in progress	3,259,295	3,626,300
Finished goods and goods for resale	3,805,827	3,502,400
	<hr/>	<hr/>
	<b>£7,465,471</b>	<b>£7,412,500</b>
	<hr/>	<hr/>

**SIMS PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996****11. DEBTORS**

Trade debtors	15,019,242	13,679,590
Amounts owed by parent company and fellow subsidiaries	15,464,237	1,755,623
Other debtors and prepayments	791,070	726,502
	<u>£31,274,549</u>	<u>£16,161,715</u>

**12. CREDITORS**

	<u>1996</u> £	<u>1995</u> £
Amounts falling due within one year		
Trade creditors	3,014,596	2,797,487
Amounts owed to fellow subsidiaries	83,763	235,818
Taxes and social security costs	425,290	542,823
Other creditors	392,186	505,198
Accruals and deferred income	1,451,721	1,140,266
	<u>£5,367,556</u>	<u>£5,221,592</u>

**13. CALLED UP SHARE CAPITAL**

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

**SIMS PORTEX LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE 52 WEEKS ENDED 3 AUGUST 1996****14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b><u>1996</u></b> <b>£</b>	<b><u>1995</u></b> <b>£</b>
Profit for the financial period	15,181,987	8,164,433
Opening shareholders' funds	34,110,774	25,946,341
	<hr/>	<hr/>
Closing shareholders' funds	£49,292,761	£34,110,774
	<hr/> <hr/>	<hr/> <hr/>

**15. CAPITAL COMMITMENTS**

	<b><u>1996</u></b> <b>£</b>	<b><u>1995</u></b> <b>£</b>
Future capital expenditure not otherwise included in these accounts		
Amounts contracted for	£1,121,869	£971,658
	<hr/>	<hr/>
Authorised by the directors but not contracted out	£645,000	£377,019
	<hr/> <hr/>	<hr/> <hr/>

**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.



**SIMS PORTEX LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE 52 WEEKS ENDED 3 AUGUST 1996**

**17. OBLIGATIONS UNDER OPERATING LEASES**

At 3 August 1996, the company had annual commitments as follows:

<b>Lease expiring</b>	<b><u>1996</u></b>	<b><u>1995</u></b>
	<b>£</b>	<b>£</b>
Within one year	59,175	19,688
Within two to five years	76,000	124,425
After five years	63,798	32,500
	<b>=====</b>	<b>=====</b>

- 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 and subsequently rolled forward. The value of the loan included in these accounts is

	<b><u>1996</u></b>	<b><u>1995</u></b>
	<b>£</b>	<b>£</b>
Loan converted at date of draw down	8,932,560	8,932,560
Gain on exchange at year end conversion rate	111,368	134,798
	<b>=====</b>	<b>=====</b>
	<b>£9,043,928</b>	<b>£9,067,358</b>
	<b>=====</b>	<b>=====</b>