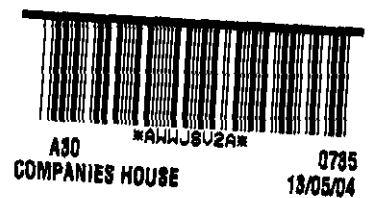


Registered number : 2518749

LIGHTHOME LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2003



LIGHTHOME LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2003

DIRECTORS: S.J. Aubrey
 J.M. Hawkes
 D.A. Penn

The directors have pleasure in presenting their report and the accounts for the year ended 31 July 2003.

RESULTS AND DIVIDENDS

The trading profit for the period after taxation was £788,730 (2002: £961,597).

An interim dividend of £2,000,000 was paid during the year (2002: £2,000,000). No final dividend is proposed.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be property investment and management.

FIXED ASSETS

The changes in tangible fixed assets are detailed in note 5 to the accounts.

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.

LIGHTHOME LIMITED**DIRECTORS' REPORT (Continued)****FOR THE YEAR ENDED 31 JULY 2003****DIRECTORS' INTERESTS**

The disclosable directors' interests in the share capital of Smiths Group plc at the beginning and end of the period were as follows:

	Ordinary shares of 25p	
	<u>31 July 2003</u>	<u>1 August 2002</u>
S.J. Aubrey	7,788	7,621
J.M. Hawkes	30,004	35,067
D. A. Penn	-	-

Options have been granted over the number of ordinary shares of Smiths Group 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>1.8.02</u>	<u>Granted</u>	<u>Lapsed</u>	<u>31.7.03</u>
S.J. Aubrey	71,228	34,637	(1,506)	104,359
J.M. Hawkes	39,940	9,000	-	48,940
D. A. Penn	37,051	10,364	(2,005)	45,410

Details of option exercise prices and dates are contained in the report and accounts of Smiths Group plc.

LIGHTHOME LIMITED
DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2003 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the accounts on the going concern basis unless it is inappropriate to presume the company will continue in business.

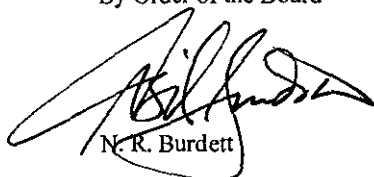
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

The directors confirm that these financial statements comply with these requirements.

AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors, and a resolution under section 386 of the Companies Act 1985 passed on 12 March 1999.

By Order of the Board



N. R. Burdett

Secretary

27 November 2003

REPORT OF THE AUDITORS

Independent auditors' report to the members of Lighthome Limited

We have audited the financial statements on pages 5 to 9 which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

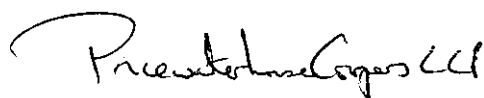
Basis of audit opinion

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 affairs of the company at 31 July 2003 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

27 November 2003

LIGHTHOME LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2003

	Notes	31 July <u>2003</u> £	31 July <u>2002</u> £
RENTAL INCOME		1,406,120	1,724,505
Administrative expenses		<u>(279,363)</u>	<u>(346,759)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,126,757	1,377,746
Tax on profit on ordinary activities	4	<u>(338,027)</u>	<u>(416,149)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		788,730	961,597
Dividend paid		<u>(2,000,000)</u>	<u>(2,000,000)</u>
RETAINED (LOSS) / PROFIT FOR THE YEAR	9	<u><u>(1,211,270)</u></u>	<u><u>(1,038,403)</u></u>

There were no acquisitions or discontinued operations in either period.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

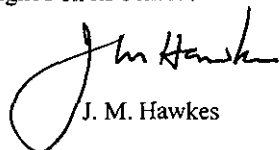
The only recognised loss in the year ended 31 July 2003 was the loss for the period as disclosed in the profit and loss account.

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

LIGHTHOME LIMITED**BALANCE SHEET****31 JULY 2003**

	Notes	31 July 2003 £	31 July 2002 £
FIXED ASSETS			
Tangible assets	5	4,394,982	4,261,342
CURRENT ASSETS			
Cash at Bank		2,626,728	3,327,277
Debtors : amounts falling due within one year	6	6,282	57,483
amounts falling due after more than one year		-	-
Creditors: amounts falling due within one year	7	(353,971)	(98,838)
NET CURRENT (LIABILITIES) / ASSETS		<u>2,279,039</u>	<u>3,285,922</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,674,021</u>	<u>7,547,264</u>
CREDITORS: amounts falling due after more than one year			
Advances from Smiths Group plc	8	(5,451,405)	(5,113,378)
NET ASSETS		<u>1,222,616</u>	<u>2,433,886</u>
Financed by:			
CAPITAL AND RESERVES			
Equity share capital	9	100	100
Profit and loss account	10	1,222,516	2,433,786
EQUITY SHAREHOLDERS' FUNDS		<u>1,222,616</u>	<u>2,433,886</u>

Approved by the Board on 27 November 2003
and signed on its behalf :

) DIRECTOR
J. M. Hawkes

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

LIGHTHOME LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 JULY 2003

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:

Freehold property - Land	- Not depreciated
- Buildings	- Over 50 years
Leasehold property	- Over life of lease
Plant and machinery	- Over 10 Years
Fixtures, fittings, tools, equipment and vehicles	- Over 2 to 10 Years

c) Taxation

All taxation liabilities, both current and future, have been assumed by Smiths Group plc.

2. OPERATING PROFIT

This is stated after charging:	<u>2003</u>	<u>2002</u>
	£	£
Depreciation of fixed assets	95,838	114,240
Auditors' remuneration (Paid by another HQ company)	-	2,787
	<u> </u>	<u> </u>

3. DIRECTORS AND STAFF

a) No emoluments were paid to directors in either period

b) The company had no employees in either period

LIGHTHOME LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 JULY 2003

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation represents corporation tax at 30% on the loss for the period. (2002 : 30%).

5. TANGIBLE FIXED ASSETS

	<u>Freehold Land and Buildings</u> £	<u>Fixtures, Fittings, And Motor Vehicles</u> £	<u>Total</u> £
Cost			
1 August 2002	5,101,344	991,094	6,092,438
Additions and transfers in	22,511	206,967	229,478
	<hr/>	<hr/>	<hr/>
31 July 2003	5,123,855	1,198,061	6,321,916
	<hr/>	<hr/>	<hr/>
Depreciation			
1 August 2002	1,363,275	467,821	1,831,096
Charge for year	85,780	10,058	95,838
	<hr/>	<hr/>	<hr/>
31 July 2003	1,449,055	477,879	1,926,934
	<hr/>	<hr/>	<hr/>
Net Book Value - 31 July 2003	3,674,800	720,182	4,394,982
	<hr/>	<hr/>	<hr/>
- 31 July 2002	3,738,069	523,273	4,261,342
	<hr/>	<hr/>	<hr/>

6. DEBTORS

	<u>2003</u> £	<u>2002</u> £
Amounts owed by fellow subsidiaries	-	4,411
Other debtors	-	46,892
Prepayments and accrued income	6,282	6,180
	<hr/>	<hr/>
	6,282	57,483
	<hr/>	<hr/>

LIGHTHOME LIMITED

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 JULY 2003

7.	CREDITORS	<u>2003</u>	<u>2002</u>
		£	£
	Amounts falling due within one year		
	Trade Creditors	-	4,721
	Amounts owed to Parent Company	83,014	-
	Taxes and Social Security costs	63,354	88,478
	Other Creditors	187,413	3,704
	Accruals and deferred income	20,190	1,935
		<u>353,971</u>	<u>98,838</u>
8.	Advances with Smiths Group plc		
	Balance at year end	<u>(5,451,405)</u>	<u>(5,113,378)</u>
	As agreed with Smiths Group as investment value in Lighthome to increase yearly with tax liability		
9.	CALLED UP SHARE CAPITAL		
	Authorised		
	Ordinary shares of £1 each (2002 : £1 each)	<u>1,000</u>	<u>1,000</u>
	Issued and fully paid		
	Ordinary shares of £1 each (2002 : £1 each)	<u>100</u>	<u>100</u>
10.	PROFIT AND LOSS ACCOUNT		
	Retained loss for the year	(1,211,270)	(1,038,403)
	Balance at 1 August 2002	<u>2,433,786</u>	<u>3,472,189</u>
	Balance at 31 July 2003	<u>1,222,516</u>	<u>2,433,786</u>
11.	CAPITAL COMMITMENTS		
	Future capital expenditure not otherwise included in these accounts.		
	Amounts contracted for	<u>-</u>	<u>-</u>
11.	ULTIMATE PARENT COMPANY		

The company is a wholly owned subsidiary of Smiths Group plc, which is registered in England and Wales and is the ultimate parent company. Copies of the accounts of Smiths Group plc can be obtained from the Company Secretary, Smiths Group 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 Group plc group.