

QUARTZ LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

Registered No: 2642738

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QUARTZ LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

COMPANY INFORMATION

DIRECTORS:

I S Davis
K Sargeant

SECRETARY:

N R Burdett

REGISTERED OFFICE:

765 Finchley Road
London
NW11 8DS

REGISTERED AUDITORS:

Pricewaterhouse Coopers
1 Embankment Place
LONDON
WC2N 6RH

BANKERS:

Barclays Bank Plc
Broadgate
155 Bishopgate
LONDON EC2Y 3XA

QUARTZ LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 July 2002.

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 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 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.

REVIEW OF THE BUSINESS

The company did not trade on its own account during the year ended 31 July 2002, but acted as an unremunerated agent for Vent Axia Group Limited, in whose accounts the results of these activities are reflected.

QUARTZ LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

DIRECTORS

I S Davis
K Sargeant
CA Parsons (Resigned 31/10/01)

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 2002</u>	<u>1 August 2001</u>
I S Davis	300	900
K Sargeant	1,162	482

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.

	<u>1 August 2001</u>	<u>Granted</u>	<u>Exercised</u>	<u>31 July 2002</u>
I S Davis	16,246	8,089	2,875	21,460
K Sargeant	42,241	26,180	5,882	62,539

AUDITORS

PricewaterhouseCoopers will remain as auditor by virtue of an elective resolution passed on 6 July 1998.



I S Davis
Director
28 November 2002

QUARTZ LIMITED

Independent auditors' report to the members of Quartz Limited

We have audited the financial statements on page 6 to 8 which have been prepared under the accounting policies set out 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 opinion has been prepared for and only for the company's members 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 in to 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 annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

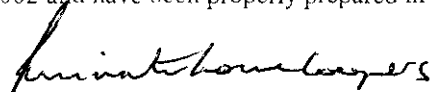
Basis of audit opinion

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 as at 31 July 2002 and have been properly prepared in accordance with the Companies Act 1985.



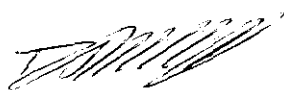
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH
28 November 2002

QUARTZ LIMITED**BALANCE SHEET AT 31 JULY 2002**

	Note	2002 £	2001 (as restated) £
FIXED ASSETS			
Fixed asset investments	2	6	6
CURRENT ASSETS			
Debtors – amount due from ultimate parent company	4	195,957	195,957
NET ASSETS		<u>195,963</u>	<u>195,963</u>
CAPITAL AND RESERVES			
Called up share capital	3	120,000	120,000
Profit and loss account		75,963	75,963
Total Shareholders' Funds		<u>195,963</u>	<u>195,963</u>

The company did not trade on its own account during the year ended 31 July 2002, but acted as an unremunerated agent for Vent Axia Group Limited, in whose accounts the results of those activities are reflected.

Approved by the board of directors on 28 November 2002



I S Davis
Director

The Notes on Pages 7 and 8 form part of these statements.

QUARTZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The 2001 comparative figures have been restated to reflect the Company's investment in Quartz Air Conditioning Ltd.

2. FIXED ASSET INVESTMENTS

Fixed asset investments comprise ordinary shares of £1 held in the following wholly owned dormant subsidiaries.

	Country of Registration	No of ordinary shares held	Cost as at 31 July 2002 and 1 August 2001
			£
Quartz Ventilation Limited	England and Wales	2	2
Tradewinds Ventilation Limited	England and Wales	2	2
Quartz Air Conditioning Co. Limited	England and Wales	2	2
			<hr/> 6 <hr/>

3 CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised share capital		
120,000 ordinary shares of £1 each	<u>120,000</u>	<u>120,000</u>
Allotted, called up and fully paid		
120,000 ordinary shares of £1 each	<u>120,000</u>	<u>120,000</u>

4. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Vent-Axia Group Limited and its ultimate parent undertaking is Smiths Group plc, both registered in England and Wales. Copies of the accounts of Smiths Group plc may be obtained from; The Company Secretary, Smiths Group plc, 765 Finchley Road, Childs Hill, London NW11 8DS.

Amounts loaned to the ultimate parent company bear no interest and there are no fixed repayment terms on these amounts.