

Registered Number 2296559

B Braun Medical Limited
Annual Report
for the 15 months ended 31 December 2001



B Braun Medical Limited

Annual Report

for the 15 months ended 31 December 2001

Contents

Directors and advisors	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	6
Balance sheets	7
Accounting policies	8
Notes to the financial statements	11

B Braun Medical Limited

Directors and advisors

Directors

H Hux (Chief Executive Officer)

P J Mitchell

H Niemann

P Parfaniuk

P Steel

Prof M Ungethum

D Thorpe

G Watters

D Darling

D Oates

Secretary

G Watters

Registered Office

Thorncliffe Park

Sheffield

S35 2PW

Auditors

PricewaterhouseCoopers

1 East Parade

Sheffield

S1 2ET

Bankers

Barclays Bank plc, London

HSBC Bank plc, Sheffield

Deutsche Bank, Germany

Deutsche Bank AG, London

Landesbank Thuringen Essen, Germany

B Braun Medical Limited

Directors' report for the 15 months ended 31 December 2001

The directors present their report and the audited financial statements of the company for the 15 months ended 31 December 2001.

Principal activities

The company's principal activity during the 15 months was the manufacture and distribution of healthcare products.

Review of business and future developments

Both the level of business and the 15 months end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The profit and loss account for the 15 months is set out on page 6. The directors do not recommend payment of a dividend (2000: £nil).

Directors and their interests

The directors who held office during the 15 months are given below:

H Hux	(Chief Executive Officer)
P J Mitchell	
D Darling	
P Steel	
G Watters	
H Niemann	
P Parfaniuk	
Prof. M Ungethum	
D Thorpe	(appointed 10 December 2000)
D Oates	(appointed 1 May 2001)

In accordance with the Articles of Association, none of the directors are required to retire by rotation.

The directors at 31 December 2001 had no interests in the shares of the company.

European Monetary Union

The company has considered the actual and potential effects on the business of economic and monetary union within the European Union, and the introduction of the Euro as a trading currency in 1999. Given the company's current customer base, the impact is considered by the directors to be minimal and the accounting systems currently in place are capable of dealing with the new currency.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

B Braun Medical Limited

Consultation with employees or their representatives has continued at all levels with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications.

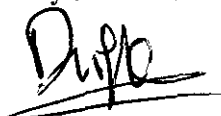
Payment record

It is the policy of the group to establish appropriate terms and conditions for transactions with its suppliers which may range from standard terms and conditions to individually negotiated contracts. Payments in relation thereto should therefore be made in accordance with those terms and conditions, subject to reciprocal compliance by the supplier and to our own major customers fulfilling the same criteria. The number of creditor days in relation to trade creditors outstanding at the period end was 79 days (2000: 28 days).

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



D Thorpe
Director
Sheffield

 July 2002

B Braun Medical Limited

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 confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 15 months ended 31 December 2001, that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

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.

By order of the Board



D Thorpe
Director

8th July 2002

B Braun Medical Limited

Independent auditors' report to the members of B Braun Medical Limited

We have audited the financial statements 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 as set out in the statement of accounting policies.

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.

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.

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. The other information comprises only the report of the directors.

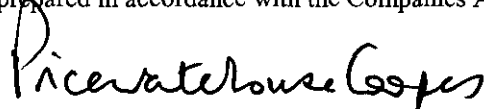
Basis of audit opinion

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 and the group at 31 December 2001 and of the profit of the group for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Sheffield

15 July 2002

B Braun Medical Limited

Consolidated profit and loss account for the 15 months ended 31 December 2001

	Note	2001 £'000	2000 £'000
Turnover	1	61,412	45,995
Cost of sales		(35,344)	(29,444)
Gross profit		26,068	16,551
Net operating expenses	2	(18,799)	(15,146)
Exceptional costs	3	(1,271)	-
Operating profit	6	5,998	1,405
Income from interest in associated undertakings		-	5
Profit on disposal of associated undertakings	13	7	-
Interest receivable and similar income	7	300	74
Interest payable and similar charges	8	(849)	(856)
Profit on ordinary activities before taxation		5,456	628
Tax on profit on ordinary activities	9	(1,865)	(142)
Retained profit for the period	20	3,591	486

The group has no recognised gains and losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented.

All items dealt with in arriving at operating profit above relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the 15 months stated above and their historical cost equivalents.

B Braun Medical Limited

Balance sheets as at 31 December 2001

		Group		Company	
	Note	2001	2000	2001	2000
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible assets	12	8,565	10,106	8,565	10,106
Investments	13	-	43	3,420	3,421
		8,565	10,149	11,985	13,527
Current assets					
Stock	14	9,085	10,213	9,085	10,213
Debtors	15	15,315	10,572	15,315	10,572
Cash at bank and in hand		2,222	888	2,222	888
		26,622	21,673	26,622	21,673
Creditors: amounts falling due within one year	16	(10,909)	(10,822)	(10,909)	(10,822)
Net current assets		15,713	10,851	15,713	10,851
Total assets less current liabilities		24,278	21,000	27,698	24,378
Creditors : amounts falling due after more than one year	17	(5,914)	(6,152)	(9,756)	(9,994)
Provisions for liabilities and charges	18	(598)	(673)	(598)	(673)
Net assets		17,766	14,175	17,344	13,711
Capital and reserves					
Called up share capital	19	10,000	10,000	10,000	10,000
Other reserves	20	98	98	-	-
Profit and loss account	20	7,556	3,965	7,344	3,711
Equity shareholders' funds	21	17,654	14,063	17,344	13,711
Equity minority interest		112	112	-	-
		17,766	14,175	17,344	13,711

The financial statements on pages 6 to 23 were approved by the board of directors on 1 July 2002 and were signed on its behalf by:

Mr H Hux
Director

B Braun Medical Limited

Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important policies is set out below.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the company and all its subsidiary undertakings from the date of acquisition. All subsidiary companies remained non-trading throughout the whole of the period or since their acquisition by the company.

Goodwill

Goodwill arising on consolidation represents the excess of fair value of the consideration given over the fair value of the identifiable net assets acquired. This remains eliminated against reserves in accordance with FRS 10.

Exemption from the obligation to prepare a cash flow statement

The company is a wholly-owned subsidiary of B Braun Melsungen AG and the results and cash flows of the company are included in the consolidated financial statements of that company. Accordingly, the company has chosen to take the exemption from preparing a cash flow statement.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Freehold buildings	2-3%
Leasehold improvements	life of lease
Plant and machinery	10%
Motor vehicles	25%
Fixtures and fittings	10-33%
Tooling	33%
Demonstration stock	20-33%
Assets in the course of construction	Nil

Freehold land is not depreciated. In the year of acquisition, assets purchased during the first six months of an accounting year are depreciated for half a year and assets purchased during the second six months are not depreciated.

Following the implementation of FRS 15 "Tangible Fixed Assets" the company has maintained its policy of not revaluing tangible fixed assets.

Investments in associated undertakings

These are undertakings, other than subsidiary undertakings, in which the group owns more than 20% of the voting equity and participates in policy decisions. Associated undertakings are included in the financial

B Braun Medical Limited

statements at the group's share of profits less losses in the consolidated profit and loss account and at the group's share of the net assets in the consolidated balance sheet. These amounts are derived from the most recently available audited statutory accounts or unaudited management accounts.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Finance and operating leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the useful life of the related assets.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Pensions

The group operates two separate pension schemes; one is a defined benefit pension scheme, the assets of which are held separately from those of the group in independently administered funds. The scheme is funded by contributions partly from the employees and partly from the group at rates determined by independent actuaries. The other is a defined contribution scheme, administered by Assicurazioni Generali SpA, which is funded by contributions funded partly from employees and partly from the group.

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. Further details are set out in note 24.

The company provides no other post retirement benefits to its employees.

B Braun Medical Limited

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Turnover

Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts. Under normal circumstances, turnover is recognised upon delivery to the customer. Where consignment stock arrangements are in place, turnover is recognised upon notification by the customer that the product has been withdrawn from consignment or, where relevant, on expiry of a fixed contractual term.

Related party transactions

In accordance with the exemption allowed by FRS 8 "Related Party Transactions", transactions with subsidiary undertakings are not disclosed.

Cash flow statement

The company is ultimately owned by B Braun Melsungen AG and is included in the consolidated financial statements of that company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

B Braun Medical Limited

Notes to the financial statements for the 15 months ended 31 December 2001

1 Segmental reporting

In the opinion of the directors, disclosure of the geographical analysis of turnover and profit on ordinary activities before taxation would be prejudicial to the interests of the group.

2 Net operating expenses

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
Distribution costs	14,621	12,510
Administrative expenses	4,178	2,636
Net operating expenses	18,799	15,146

3 Exceptional operating expenses

During 2001 the Braintree manufacturing site was closed and operations transferred to the sole remaining manufacturing site. The exceptional costs are those associated with the site closure.

4 Employee information

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
Wages and salaries	10,386	8,649
Social security costs	971	819
Other pension costs	503	320
	11,860	9,788

B Braun Medical Limited

The average monthly number of persons (including executive directors) employed by the company during the period was:

By activity	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
Production	153	176
Sales and administration	204	210
	357	386

5 Directors' emoluments

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
Aggregate emoluments	917	608

Emoluments payable to the highest paid director are as follows:

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
Aggregate emoluments and benefits	168	164

Retirement benefits are accruing to 4 (2000: four) directors under a defined benefit scheme and to 3 under a money purchase scheme (2000: one). Company contributions to members of the money purchase scheme totalled £6,148 for the 15 months period (2000: nil).

The emoluments of H Niemann and Prof M Ungethum are paid by other group companies. These directors are also directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent company.

B Braun Medical Limited

6 Operating profit

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
Operating profit is stated after (crediting)/charging:		
Amortisation of government grant	(2)	(2)
Loss on disposal of tangible fixed assets	152	-
Depreciation charge for the period		
- owned assets	1,256	1,128
Auditors' remuneration for:		
- audit	58	31
- other services to the company	56	157
Hire of plant and machinery – operating leases	995	657

7 Interest receivable and other income

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
On bank deposits	96	74
Rents received	43	-
Group interest received	161	-
	300	74

B Braun Medical Limited

8 Interest payable and similar charges

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
On bank loans and overdrafts repayable within five years	770	767
On loan from B Braun Melsungen AG	-	66
Unwinding of discount – vacant properties provision	79	23
	849	856

9 Tax on profit on ordinary activities

	15 months to 31 December 2001 £'000	Year to 30 September 2000 £'000
UK corporation tax at 30% (2000: 30.5%)		
- current	1,835	227
- under/(over) provision in respect of prior years	62	(197)
Deferred tax		
- current	(29)	53
- prior year	(3)	58
Associated undertakings	-	1
	1,865	142

10 Profit of holding company

Of the profit attributable to shareholders, a profit of £3,633,000 (2000: £482,000) is dealt with in the accounts of B Braun Medical Limited. The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.

B Braun Medical Limited

11 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 October 2000 and 31 December 2001	1,803
Amortisation	
At 1 October 2000 and 31 December 2001	1,803
Net book amount	
At 31 December 2001 and 30 September 2000	-

Cumulative goodwill, which has been eliminated against reserves, amounts to £1,803,000. This goodwill was eliminated as a matter of accounting policy and would be charged in the profit and loss account on subsequent disposal of the business to which it related.

12 Tangible assets

The group and company

	Land and buildings		Plant and machinery	Demonstration stock	Tooling, fixtures and fittings	Total
	Freehold	Long leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 October 2000	8,602	382	1,911	1,384	3,523	15,802
Additions	2	-	148	399	129	678
Disposals	(1,110)	-	(158)	(345)	(1,041)	(2,654)
At 31 December 2001	7,494	382	1,901	1,438	2,611	13,826
Accumulated depreciation						
At 1 October 2000	788	194	1,288	1,189	2,237	5,696
Charge for the 15 months	305	26	159	301	465	1,256
Disposals	(344)	-	(124)	(345)	(878)	(1,691)
At 31 December 2001	749	220	1,323	1,145	1,824	5,261
Net book amount						
At 31 December 2001	6,745	162	578	293	787	8,565
At 30 September 2000	7,814	188	623	195	1,286	10,106

B Braun Medical Limited

13 Fixed asset investments

Group

On 24 October 2000 the interest in the associated undertaking was disposed of for £50,000. The group made a profit on disposal of £7,000.

Company

	Interest in group undertakings £'000	Associated undertakings £'000	Total £'000
At 1 October 2000	3,420	1	3,421
Disposals	-	(1)	(1)
At 31 December 2001	3,420	0	3,420

Interest in group undertakings

Details of interest in group undertakings are as follows:

Name of undertaking	Country of Registration	Description of shares held	Proportion of nominal value of issued shares held %
B Braun Healthcare Limited (formerly B Braun Medical Limited)	England & Wales	Ordinary	100
Downs Surgical Limited	England & Wales	Ordinary	100
Wm Skidmore & Co Limited	England & Wales	Ordinary	100
B Braun Services Ltd	England & Wales	Ordinary	100
Aesculap Academia Company Limited	England & Wales	Ordinary	100
Vifor (UK) Limited	England & Wales	Ordinary	73.5

14 Stocks

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Raw materials and consumables	1,656	1,642	1,656	1,642
Work in progress	654	545	654	545
Finished goods and goods for resale	6,775	8,026	6,775	8,026
	9,085	10,213	9,085	10,213

B Braun Medical Limited

15 Debtors

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	8,569	8,306	8,569	8,306
Amounts owed by group undertakings	5,275	1,088	5,275	1,088
Amounts owed by associated undertakings in which the company has a participating interest	-	15	-	15
Corporation tax recoverable	-	239	-	239
Other debtors	832	109	832	109
Prepayments and accrued income	419	535	419	535
	15,095	10,292	15,095	10,292
Amounts falling due after more than one year				
Trade debtors	220	280	220	280
	15,315	10,572	15,315	10,572

16 Creditors – Amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 17)	196	5,131	196	5,131
Trade creditors	1,758	834	1,758	834
Amounts owed to group undertakings	5,342	2,165	5,342	2,165
Amounts owed to undertakings in which the company has a participating interest	-	6	-	6
Corporation tax	784	-	784	-
Other taxation and social security payable	1,277	825	1,277	825
Other creditors	13	415	13	415
Accruals and deferred income	1,539	1,446	1,539	1,446
	10,909	10,822	10,909	10,822

B Braun Medical Limited

At 30 September 2000, amounts owed to group undertakings included an unsecured loan of £15,000 which carried interest at the German commercial bank rate and was repayable on demand. No amount was owed at 31 December 2001.

17 Creditors – Amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank loan	5,914	6,152	5,914	6,152
Amounts owed to subsidiary undertakings	-	-	3,842	3,842
	5,914	6,152	9,756	9,994

Bank loans fall due for repayment as follows:

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Within one year	196	5,131	196	5,130
Between one and two years	209	189	209	189
Between two and five years	721	659	721	659
After more than five years	4,984	5,304	4,984	5,304
	6,110	11,283	6,110	11,282

All amounts due after more than one year relate to a bank loan of £5,914,000 which carries interest at a fixed rate of 6.96%. Under the terms of an agreement repayment is by quarterly instalments until 19 November 2014. The loan is secured by a mortgage over the freehold land and buildings and other assets of the company.

B Braun Medical Limited

18 Provisions for liabilities and charges

Group and company

	As at 1 October 2000	Profit and loss account	Utilised in period	Unwinding of discount	At 31 December 2001
	£'000	£'000	£'000	£'000	£'000
Provision for vacant properties	562	-	(122)	79	519
Provision for deferred tax:					
Accelerated capital allowances	283	(175)	-	-	108
Short term timing differences	(172)	143	-	-	(29)
	673	(32)	(122)	79	598

Vacant properties

The group has a number of vacant properties which are located in Aylesbury.

The principal assumptions made, concerning the future of the vacant properties and the amounts that may be required to settle the obligations, taking into account expected rentals, are as follows:

- (a) two units are not expected to be sublet for the remainder of the lease term.
- (b) one unit is expected to be sublet for the remaining lease term.
- (c) one unit is expected to be sublet for 5 years of the remaining lease term.
- (d) discount rates used are the average UK Gilt yield "int" rates with expiry dates commensurate with the lease terms.

19 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Ordinary shares of £1 each	9,375	9,375	9,375	9,375
Ordinary non-voting shares of £1 each	625	625	625	625
	10,000	10,000	10,000	10,000

B Braun Medical Limited

The ordinary shares and non-voting shares rank pari passu in all respects so that holders of non-voting shares are entitled to notice of and to attend general meetings but have no right to speak or vote at those meetings.

20 Reserves

	Group Other reserves	Group Profit and loss account	Company Profit and loss account
	£'000	£'000	£'000
At 1 October 2000	98	3,965	3,711
Retained profit for the period	-	3,591	3,633
At 31 December 2001	98	7,556	7,344

21 Reconciliation of movements in equity shareholders' funds

	2001	2000
	£'000	£'000
Profit for the financial period	3,591	486
Equity shareholders' funds at 1 October 2000	14,063	13,577
Equity shareholders' funds at 31 December 2001	17,654	14,063

22 Contingent liabilities

Contingent liabilities in respect of bank guarantees amount to £6,572 (2000: £6,201).

Contingent liabilities in respect of guarantees given to HMC&E for VAT deferment duty amount to £274,000 (2000: £274,000).

In the opinion of the directors no loss will arise in connection with these guarantees.

B Braun Medical Limited

23 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Within one year	-	-	115	472
Within one to two years	-	-	433	167
Within two to five years	-	-	42	37
After five years	146	131	-	-
	146	131	590	676

24 Pension commitments

The group operates a funded defined benefit pension scheme, the assets of which are held separately from those of the group in independently administered funds.

The latest actuarial valuation of the Aesculap Limited Pension Scheme was carried out by an independent qualified actuary as at 1 January 2000. The projected unit method was used. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments, rate of increase in dividends and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8% per annum, that salary increases would average 5.5% per annum and that present and future pensions would increase at the rate of 3.5% per annum. The pension cost is assessed in accordance with the assumptions underlying the latest actuarial valuation of the scheme.

The actuarial market value of the Scheme's assets at the valuation date was £6.3 million and the actuarial value of those assets was 106% of the liabilities.

The cost of the defined benefit scheme for the 15 months was £412,000 (2000: £246,000). There is no material difference between this charge and the charge for the 15 months calculated under SSAP 24. No balance sheet item exists in respect of pension prepayments or provisions.

[The actuary predicts that the scheme is likely to run into deficit in future years, unless the company increases its rate of contribution. The company is committed to making such increases in contributions as may be necessary.]

The group also operates a defined contribution scheme, administered by Assicurazioni Generali SpA.

The total pension cost for the period was £503,000 (2000: £320,000).

B Braun Medical Limited

FRS 17 Retirement Benefits

The group defined benefit pension scheme was closed to new members on 1 July 1999. A full actuarial valuation was carried out at 1st January 2000 and updated to 31 December 2001 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2001 were:

Rate of increase in salaries	3.6%
Rate of increase in LPI pension payment	2.6%
Discount rate	6.0%
Inflation assumption	2.6%

The assets in the scheme and the expected rate of return were:

	Long Term Rate of return expected at 31 December 2001	Value at 31 December 2001
Equities	7%	5,434
Fixed interest	5.5%	835
Cash	4%	486
Property	7%	82
		6,837

The following amounts at 31 December 2001 were measured in accordance with the requirements of FRS17:

	£'000
Total market value of assets	6,837
Present value of scheme liabilities	(8,086)
Deficit in the scheme	(1,249)
Related deferred tax asset	375
Net Scheme liability	(874)

If the above amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£'000
Net assets excluding pension liability	17,654
Pension liability	(874)
	16,780

B Braun Medical Limited

	£'000
Profit and loss reserve, excluding pension liability	7,556
Pension liability	(874)
	6,682

25 Related party transactions

On 24 October 2000 B Braun Medical Limited sold their holding of 1,000 ordinary shares (33.3% of the nominal value) in Platts & Nisbett Limited, an associated undertaking. During the year to 31 December 2001 the company sold and purchased goods totalling £nil and £nil (2000: £29,252 and £146,339) to and from Platts & Nisbett Limited respectively. There are no amounts outstanding at the year end.

26 Ultimate parent company

The directors regard B Braun Melsungen AG, a company registered in Germany as the ultimate parent company and controlling party. According to the register kept by the Company, B Braun Melsungen AG has a 50% interest in the equity of B Braun Medical Limited at 31 December 2001 and Aesculap International GmbH, a company registered in Germany, has the remaining 50% interest. Copies of the parent's consolidated financial statements may be obtained from PO Box 110, D3508 Melsungen, GERMANY.