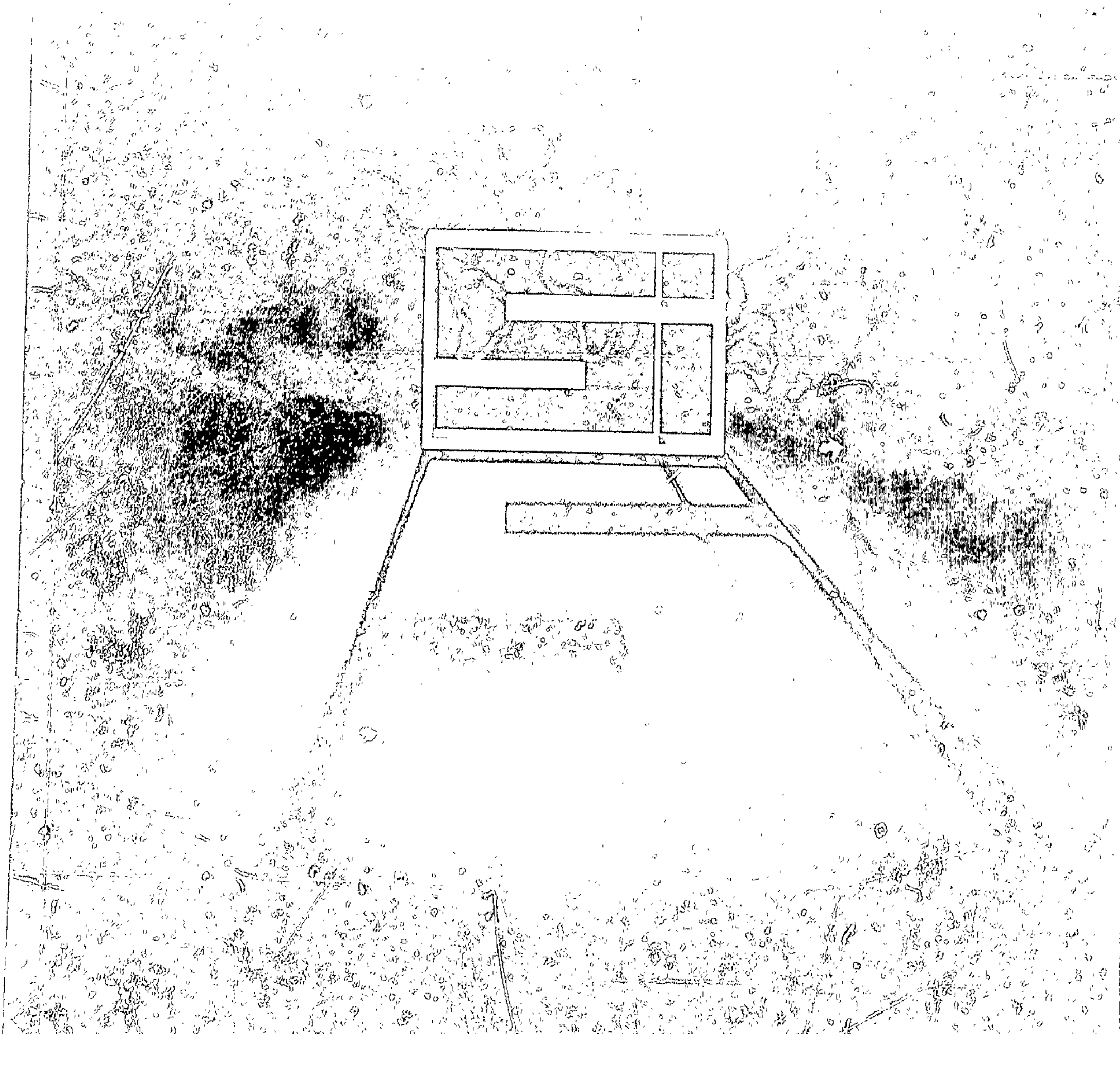
NOTICE OF ILLEGIBLE PAGES

Companies House regrets that documents in this company's record have pages which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause



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SMITHS INDUSTRIES PUBLIC LIMITED COMPANY

365.

SMITHS INDUSTRIES PUBLIC LIMITED COMPANY

BOARD OF DIRECTORS

Sir Roy Sisson
Chairman

F. Roger Hurn
Chief Executive & Managing Director

J. Derek Birkin

David L. Breeden

Sir Barrie Heath

Alan K. Hornsby
Financial Director

Sir Alex Jarratt

The Earl Jellicoe

George M. Kennedy
Chairman, Medical Systems Group

Sir John Lidbury

William A. Mallinson
Vice-Chairman

A. Hugh Pope
Chairman, Aerospace & Defence Group

William F. Sykes
Chairman, Industrial Group

John W. Thompson
Deputy Managing Director

PRESIDENT

Ralph Gordon-Smith

SECRETARY

Ray Tulip

AUDITORS

Clark Whitehill

REGISTRAR

Lloyds Bank Plc, Registrar's Department
Transfer Office: Goring-by-Sea, Worthing, West Sussex BN12 6DA

Registered Office, 765 Finchley Road, London NW11 8DS
Incorporated in England No. 137013

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventieth Annual General Meeting of Smiths Industries Public Limited Company will be held at 765 Finchley Road, London NW11 8DS on Tuesday, 18th December 1984 at 12.00 noon for the following purposes:—

Ordinary Business

1 To adopt the reports of the directors and the auditors and the audited accounts for the fifty three weeks ended 4th August 1984.

2 To declare a final dividend on the ordinary shares.

3 To re-elect the following directors:

D L Breeden
A K Hornsby
The Earl Jellicoe
J W Thompson
Sir Roy Sisson
Sir Alex Jarratt
W F Sykes

Note: The Company has received special notice in accordance with the provisions of sections 142 and 185 of the Companies Act 1948 in respect of the proposals to re-elect Sir Roy Sisson (aged 70) for a term to expire at the conclusion of the Annual General Meeting in 1985.

4 To re-appoint Clark Whitehill as auditors to the Company.

5 To authorise the directors to fix the remuneration of the auditors.

Special Business

6 To consider and, if thought fit, pass the following special resolution:

That the authority to allot equity securities under the provisions of sections 17 and 18 of the Companies Act 1980, granted to the directors by special resolution passed by the Company in general meeting on 13th December 1983 for a period of twelve months therefrom, be and is hereby renewed, in respect of the authorised share capital of the company (or as increased) for a further period of twelve months from the date of this resolution.

7 To consider and, if thought fit, pass the following ordinary resolution:

That the Directors be and they are hereby authorised to amend the Rules of the Smiths Industries Executive Share Option Scheme 1982 ("the 1982 Scheme") so as to permit the exercise of options outstanding thereunder, to the extent of half of their aggregate market value at the Date of Grant thereof, at any time on or after 18th December 1984 and prior to the seventh anniversary of the grant of such options and otherwise to do all such acts and things which they may consider necessary or expedient for implementing and giving effect to the same.

8 To consider and, if thought fit, pass the following ordinary resolution:

(i) That the Smiths Industries (1984) Executive Share Option Scheme ('the 1984 Scheme') in the form contained in the draft rules laid before the Meeting and initialled for the purpose of identification by the Chairman thereof, the provisions of which are set out in the Appendix to the Chairman's Letter to Shareholders of 26th November 1984, be and hereby is approved and that the Directors be and they are hereby authorised:—

(a) to cause such rules to be adopted in the form of such draft, subject to any amendments which the directors consider desirable or expedient in order to conform with the provisions contained in the Finance Act, 1984, under which such schemes may be approved by the Inland Revenue; and

(b) to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same; and

(ii) the directors be and they are hereby authorised to vote as directors and be counted in any quorum on any matter connected with the 1984 Scheme notwithstanding that they may be interested in the same, save that no director may vote or be counted in the quorum on any matter solely concerning his own participation therein and any prohibition on interested directors voting be suspended to that extent accordingly.

9 To consider and, if thought fit, pass the following ordinary resolution:

That with effect from 14th January 1985:—

(i) the authorised share capital of the company be increased from £35,000,000 to £75,000,000 by the creation of an additional 80,000,000 ordinary shares of 50p each;

(ii) each of the ordinary shares of 50p each in the capital of the company be sub-divided into two ordinary shares of 25p each;

(iii) upon the recommendation of the directors, such sum, up to a maximum of £27,260,000, standing to the credit of the Company's reserves, equivalent to the nominal value of the issued share capital at 31st December 1984, be capitalised and appropriated as capital to and amongst the members registered as holders of the shares in the company at the close of business on 31st December 1984 and that the directors be authorised and directed to apply such sum in paying up in full at par such additional numbers of ordinary shares of 25p each (ranking pari passu in all respects with the existing ordinary shares of 25p each) as will result in the allotment and distribution to and amongst the said members of such shares in the proportion of one new ordinary share of 25p for every one existing ordinary share of 25p held by them.

The reasons for the proposals contained in Items 7, 8 and 9 of this Notice are set out in the circular letter to shareholders accompanying the Notice of meeting.

By Order of the Board
R Tulip, Secretary
26th November 1984
London NW11 8DS

Notes:

1 A member entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member. Proxy Forms must be deposited not later than 48 hours before the Meeting to be effective. In the case of a corporation, the appointment of a proxy must be made either under its common seal or by a duly authorised officer or attorney. In the case of joint holders, the vote of the first named on the register will be accepted to the exclusion of other joint holders.

2 A copy of the contract of service of each director of the Company with the Company or any of its subsidiaries will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and Public Holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting on 18th December 1984.

3 Subject to the final dividend for 1984 being approved at the Annual General Meeting, warrants will be payable on 2nd January 1985 to the ordinary shareholders on the register at the close of business on 6th December 1984.

4 The market values of shares and stocks on 6th April 1965 for the purposes of capital gains tax were:

50p Ordinary Shares (written up from 25p on 8th December 1965)	80p
£1 Cumulative Preference Shares (Cancelled and replaced by 6% Irredeemable Second Debenture which in turn was cancelled and replaced by 60p nominal of 11½% Debenture Stock 1995/2000 on 14th July 1975)	71p
7½% (formerly 6%) Debenture Stock 1983/88	87½p

5 Although copies of the Annual Report are distributed to share, stock and option holders, only ordinary shareholders, or their proxies, are entitled to attend and vote at the Meeting.

6 The Company is not a close company.

SALIENT POINTS FROM THE ACCOUNTS

1983		1984
£380.7m	Turnover	£388.7m
[illegible]	Profit before tax	£36.2m
£176.1m	Funds employed	£173.7m
£24.9m	Borrowings	£20.1m
32.4p	Earnings per share	40.6p
	Ratios	
8.3%	Trading Profit: to Turnover	10.1%
17.8%	Trading Profit: to Funds employed	22.6%
14.1%	Gearing (Note)	11.6%
2.9	Dividend cover	2.9

Numbers employed at year end

10,400	United Kingdom	8,400
2,800	Overseas	2,800

Note: Represents borrowings as a percentage of funds employed.

As I forecast in the 1983 Report and Accounts, the results now being achieved reflect the benefits of the restructuring of the Company on which we have been engaged for the last few years. The figures opposite speak for themselves. A final dividend of 9.25p is proposed making 14.0p for the full year, an increase of 22%. A resolution will be proposed at the Annual General Meeting to convert the present 50p shares into two shares of 25p each and to issue by way of capitalisation of reserves one new share for each share then held. The purpose of the proposal is explained in my letter to shareholders accompanying the notice of the meeting.

We were pleased to welcome Mr. W. F. Sykes to the Board following his appointment as a director on 1st August 1984. Mr. Sykes is Chairman of the Industrial Group, an area which we believe has considerable potential for further development.

The Chief Executive's Review illustrates clearly the changed structure of SI over recent years. That these changes have been made against a background of increasing profitability while strengthening an already strong Balance Sheet reflects great credit on those closely involved with the successful implementation of these strategies. The analysis of the results for 1984 shown on page 6 re-emphasises the strength we continue to derive from the industrial and geographical spread of our businesses.

I would like to express, on behalf of the Board, my sincere thanks to all those who have contributed to 1984's most encouraging results.

Sir Roy Sisson
Chairman

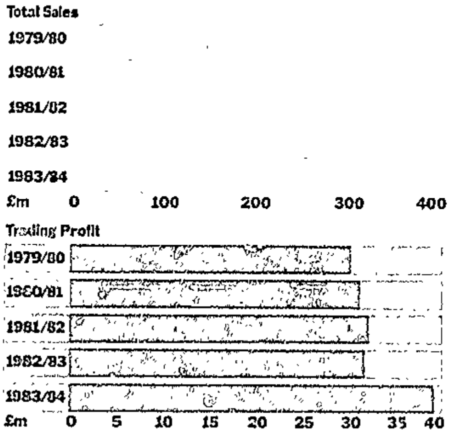
ANALYSES OF TURNOVER AND PROFIT

The following table analyses turnover and trading profit by market. The businesses within each heading are described on the following pages.

	Turnover		Trading Profit	
Market Analysis	1984	1983	1984	1983
	£000	£000	£000	£000
Aerospace	112,600	[illegible]	12,868	12,642
Marine	34,000	[illegible]	3,135	2,260
Medical	59,300	[illegible]	12,091	[illegible]
Industrial	82,450	[illegible]	7,635	[illegible]
Australia/South Africa	54,500	[illegible]	3,087	[illegible]
	342,850	[illegible]	**38,816**	[illegible]
Discontinued Businesses	45,800	[illegible]	404	6
	388,650	[illegible]	**39,220**	31,410

Geographical analysis	1984	1983
	%	%
Turnover for use in UK	36	40
Turnover Overseas	64	60
	100	**100**
Turnover Overseas comprises:		
Direct exports from UK to EEC	8	9
Other European Countries	2	3
North America	5	[illegible]
Commonwealth (excluding Canada)	2	1
Rest of the World	4	[illegible]
Estimated indirect exports from UK (Turnover to UK Manufacturers for incorporation into products exported)	4	7
Net additional turnover by Overseas Subsidiaries	39	38
	64	60

CHIEF EXECUTIVE'S REVIEW



I believe that the results for the year will be regarded as fully justifying the confidence expressed in my 1983 Review.

Our organisation and management structure has been strengthened by the formation of a new and enlarged Industrial Group. The new structure, which involves some re-alignment of businesses, both within and between groups, is illustrated on pages 18 and 19 and creates three major international groups, Aerospace & Defence, Medical Systems and Industrial each headed by a member of the Board and, together with our Australian and South African subsidiaries, embrace most of our businesses.

	1984	1983	1978
Trading Profits	%	%	%
Aerospace	33	40	9
Marine	8	7	3
Medical	31	34	11
Industrial	19	16	21
Australia/ South Africa	8	2	8
Distribution	1	5	20
Automotive	-	-4	28
	100	100	100

Further impetus has been given to the development of our medical and industrial activities by the acquisition of Downs Surgical PLC in March 1984 and Superflexit Group Ltd, where negotiations were completed soon after the financial year-end. On 31st July 1984 our main businesses engaged in the distribution of automotive parts, Godfrey Holmes and Affiliated Factors, were sold to Guest Keen & Nettlefolds. The changing balance of our activities apparent from the tabulation will be further accentuated by these developments.

The major phases of our strategy to reposition SI's traditional activities both by industry and geographically are in place and our managerial and financial capacity provides the platform for profitable growth.

1984 was a 53 week year. Sales were £389m and net profit before tax was £36.2m. Comparative figures for the previous year, were £381m and £26.8m respectively. Sales of those businesses that are continuing into 1985 amounted to £343m and increased by 19% over the previous year. Translation of overseas subsidiaries' results at year-end exchange rates contributed £1.6m (1983 £0.9m) to the profit improvement. Research and development engineering was maintained at the high level of 1983 particularly that related to aerospace and other electronic products. Average borrowings were reduced notwithstanding the acquisition of Downs Surgical for cash and as a result the interest charge was lower. The tax provision of 41% compares with 35% last year and reflects the withdrawal of stock relief and other changes in the 1984 Finance Act. Retained profit after allowing for extraordinary items related to business disposals and for the increased dividend amounted to £11.4m (1983, £5.4m).

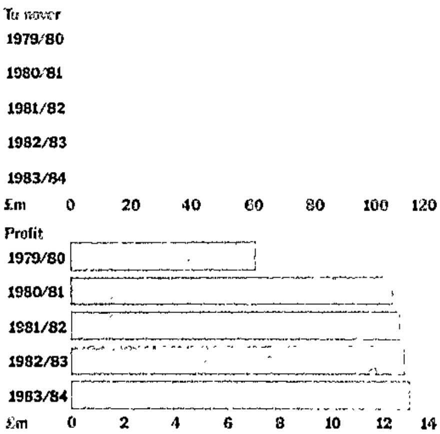
The excellent cash performance from our ongoing businesses is illustrated in the Source & Disposition of Funds Statement on page 40. The cash movement related to trading of £13m was more than sufficient to meet the net cost of acquisitions and disposals resulting in a further reduction in the gearing ratio from 14.1% to 11.6% of funds employed. Investment in fixed assets was increased. The quinquennial property revaluation, referred to more fully in the Directors' Report, showed a surplus over book values of £19m.

Electronic products and products supplied to the electronic industries account for about half of total company profits and Medical products contributed about one-third. Approaching one third of trading profit was earned in the USA principally from medical, marine and aerospace activities.

Our forecasts indicate that a further worthwhile advance in profits should be achieved in 1984/85.

Roger Hurn
Chief Executive & Managing Director

The International Aerospace business supplies the world's aerospace and defence industries and airline operators with high technology avionic systems and equipment. These include flight and engine control and management systems, airborne computers, weapon aiming systems, electronic and electro-mechanical displays, fuel gauging equipment, data transmission systems and custom microcircuits.



- Smiths Industries Aerospace & Defence Systems Ltd.
- Smiths Industries Aerospace & Defense Systems Inc. - USA
- Micro Circuit Engineering Ltd.

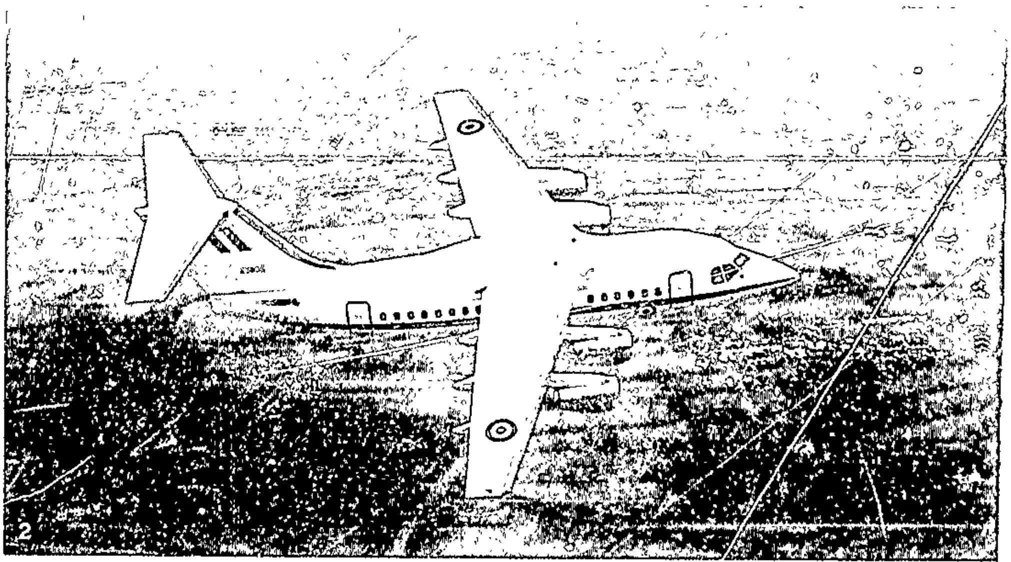
1 The flight deck of the British Aerospace Advanced Turbo Prop aircraft, programmed for 1986, showing the SI electronic flight instrumentation system (EFIS).
2 The BAe 146 aircraft on order for the Queen's Flight will be equipped with SI flight deck instruments, flight control system, fuel gauging and engine health monitoring equipment.
3 A section view of a digital engine control unit which exercises full authority control of engines without the intervention of the pilot.
4 The new avionics building at Cheltenham houses the design, administration and marketing functions of all electronic flight instrumentation including head-up and advanced head-down colour displays.
5 The advanced wide field-of-view diffractive optics head-up display uses hybrid stroke raster symbol generation which gives a display suitable for high speed, low level flight at night.

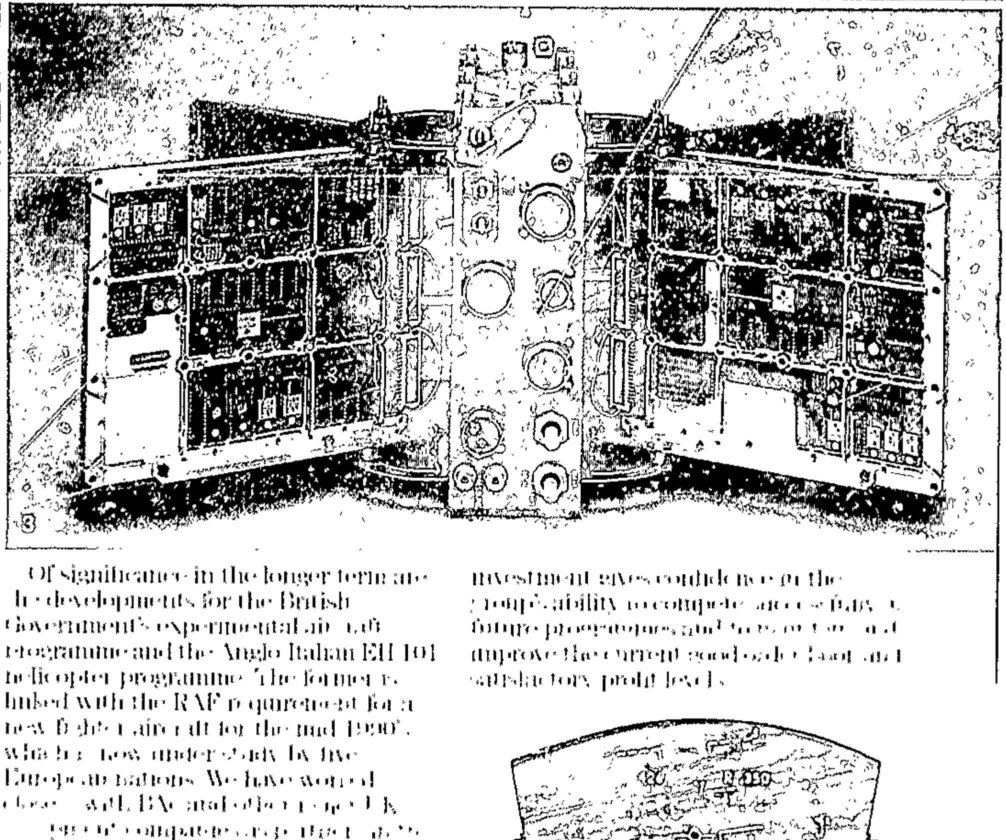
Results for this group confirmed the expectations of maintained profitability at a satisfactory level. Overseas sales, including direct exports from the UK, account for approximately 60% of group turnover. Of the UK sales about 75% were for military applications.

Military aircraft programmes continued to provide substantial business particularly those for the Tornado, Jaguar and Harrier aircraft. Although civil airlines replacement programmes remained at a lower level, 1984 showed the first indications of the expected growing demand for new aircraft on many of which our equipment is well represented. First deliveries of the new ships navigation positioning system were made to the Royal Navy and there is a high level of confidence that further sales will be achieved in overseas markets.

Preliminary flight trials of our full authority digital engine control system on the Pegasus engine were successfully completed during the year and development is now well advanced towards commitment to production for the latest RAF and US Marine Corps versions of the Harrier. Development contracts have been received for the electronic flight instrument system for the BAe advanced turbo prop aircraft and for the fuel quantity indicating system for the Fokker 50 and full scale development has now commenced.

A high level of investment is being made in the development of products using new technologies both to meet commitments already covered by orders in hand and to secure new business. Among these are extending the facilities within the flight management system used on the A310 Airbus, the development of a similar system for the Boeing E6 ordered by the US Navy, electronic flight instrument systems for both civil and military aircraft programmes and development of a next

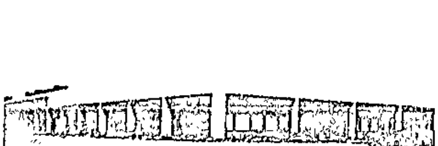


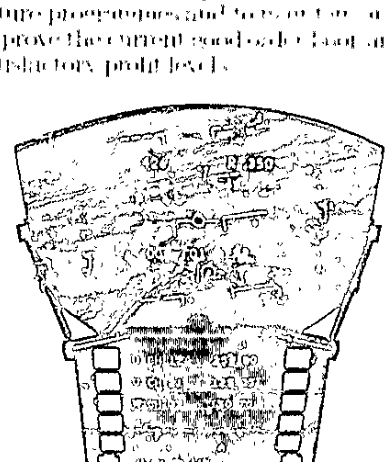


generation of a wide range of flight and engine indicators for many aircraft and helicopters for home and export markets. To support these programmes, investments in development and production facilities have continued at a high level and during the year a new building to house the development and manufacture of electronic displays was completed and occupied. Advanced equipment for computer-aided de... testing and production ... progressively ... and the USA.

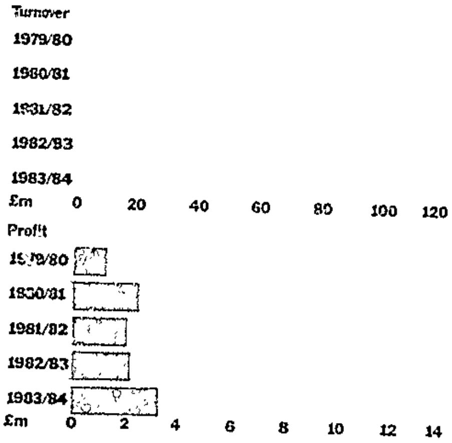
Of significance in the longer term are the developments for the British Government's experimental aircraft programme and the Anglo Italian EH 101 helicopter programme. The former is linked with the RAF requirement for a new fighter aircraft for the mid 1990s, which is now under study by five European nations. We have worked closely with BAe and other major UK [illegible]

investment gives confidence in the group's ability to compete successfully in future programmes and to [illegible] and improve the current good order book and satisfactory profit levels.





The marine businesses supply marine radar, navigation, hydrographic and fishing echo sounders, position fixing equipment, radios, charts and navigational instruments.



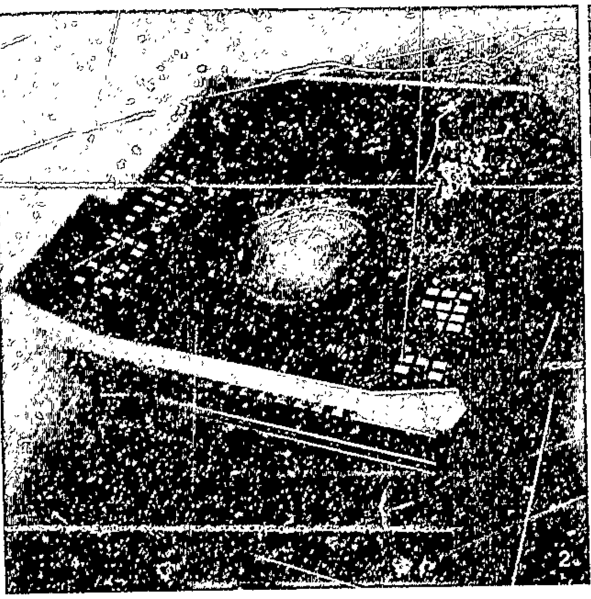
- Kelvin Hughes Ltd.
- Kelvin Hughes A/S-Denmark
- Kelvin Hughes (Singapore) Pte. Ltd.
- SI-Tex Marine Electronics Inc. - USA

SI-Tex Marine Electronics, based in Florida, had another excellent year. The business was started in 1976 and has had a remarkable record of success achieved by bringing to the small boat owner a range of sophisticated but inexpensive Loran C navigational equipments, radar, echo sounders, fish finders, VHF radios and ADF equipment.

The company's demonstrable ability to adopt rapidly developing new technologies and match these to market needs is the key to its continuing success. The product range of SI-Tex has been extended and improved and during the year the Sea-Tex range of products was introduced aimed at small commercial boats and larger yachts. The SI-Tex salt-water range has also been widened to include fresh water equipment for sale to the large inland water sport fishing market.

Kelvin Hughes made steady progress during the year and despite the depression in world shipping has improved its profitability by benefiting from the continued investment in new products and the rationalisation of its facilities. The award of a contract for the supply to the Royal Navy of the next range of navigational radar to be used by the fleet maintains the many years of successful association with navies throughout the world. In addition, the commercial radar range has been extended to models used in vessels as small as 500 tons and two types of position fixing systems have been introduced; satellite navigation and a precise system of navigation using the Decca chain of transmitters under an agreement with Decca. There is considerable confidence in continuing progress for this company which has now joined with the Aerospace and Defence Group, to combine new technologies available in both areas.

1 Navigation in the North Sea can be critical. The Petroleum tanker Esso Aberdeen, seen here at the Brent oilfield, is fitted with 'Anticol', the automatic radar plotting aid (ARPA) supplied by Kelvin Hughes.
2 'Radtrak', the latest automatic radar plotting aid from Kelvin Hughes, is designed to meet legislative requirements for vessels of 10,000 tons and upwards.
3 Kelvin Hughes has a background of over 200 years' service to mariners. The modern aid to navigators, the satellite navigation receiver (SATNAV) model 601S, is the latest example from Kelvin Hughes.
4 SI-Tex Marine are North American leaders in the supply of radar, echo sounders and direction finding equipment.



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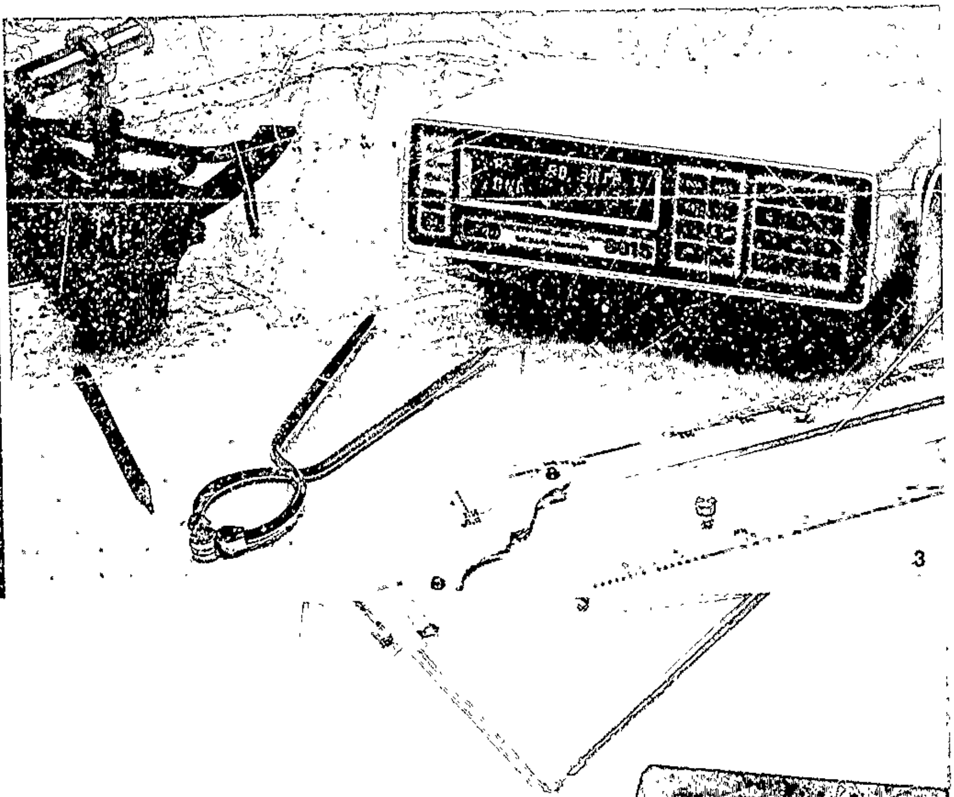

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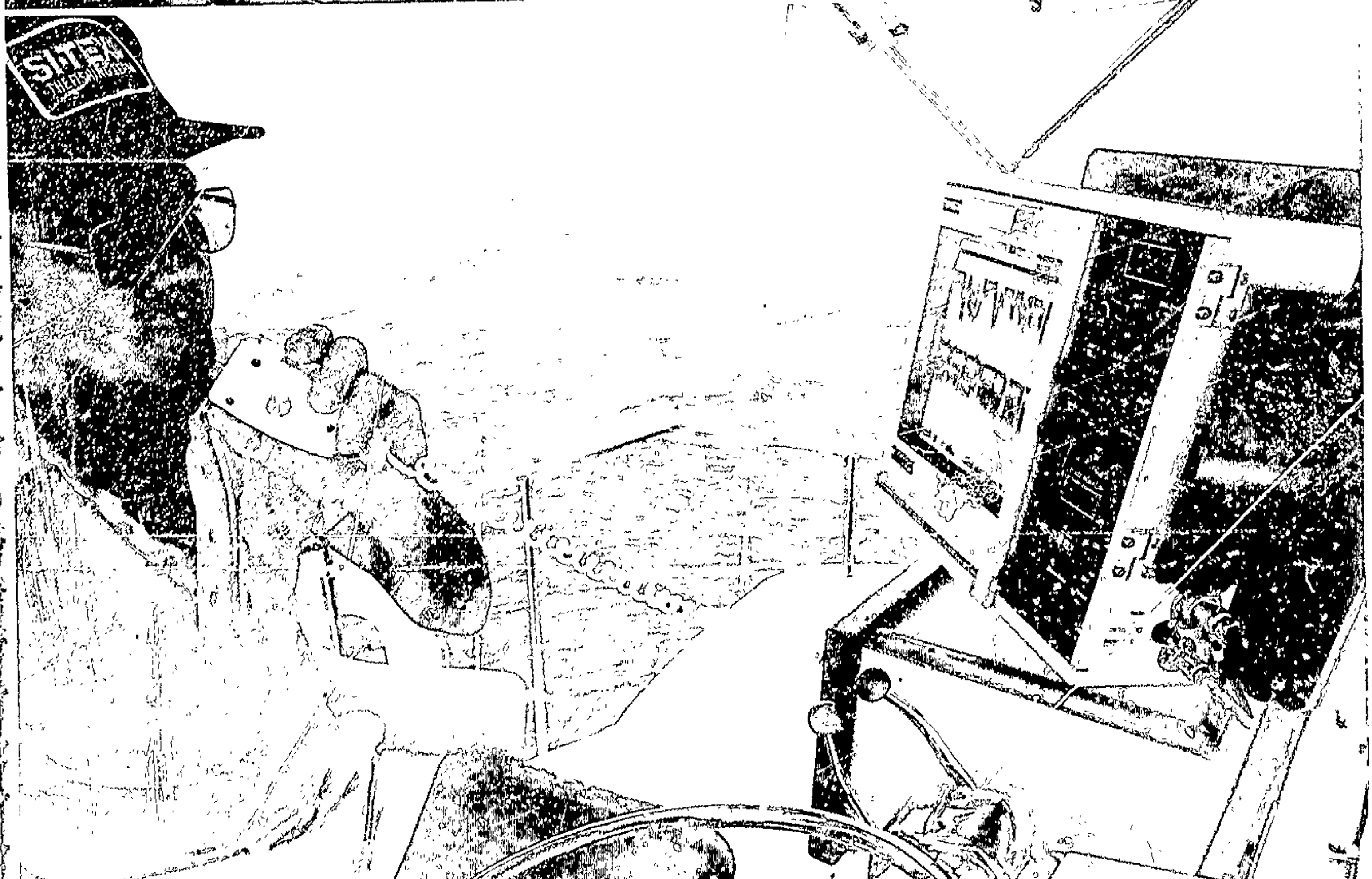

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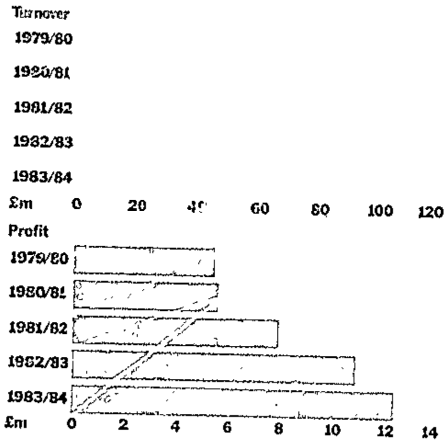
The medical businesses are manufacturers and suppliers of single use products used principally in anaesthesia, intensive care and respiratory therapy and a range of specialised surgical instruments and implants.

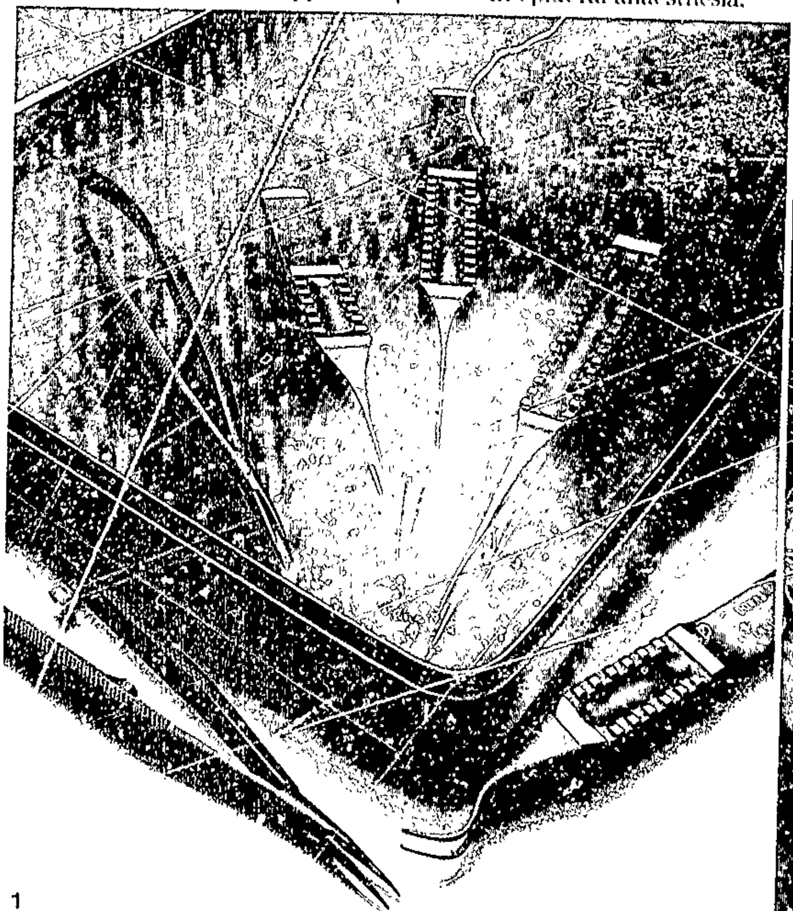
They also manufacture a range of autoclaves which are used extensively in medicine and dentistry.



- Concord Laboratories Inc. - USA
- Concord Laboratories Ltd.
- Downs Surgical Ltd.
- Grosvenor Surgical Supplies Ltd.
- Laboratoire Lejeune, Seitz & Ameline SA-France
- Laboratoire Portex SA - France
- Surgical Equipment Supplies Ltd.
- Portex Inc. - Canada
- Portex Ltd.
- Portex Inc. - USA

The Medical Systems Group had a further year of sales and profits growth and now contributes 15% of total company turnover and 31% of trading profit. Including direct exports from the UK about 81% of sales are overseas. Downs Surgical Plc was acquired in March 1984. This company is engaged in the manufacture and distribution of surgical instruments, hospital equipment, surgical appliances, orthopaedic implants and electro medical equipment. Downs has subsidiaries in the USA, Canada and Australia and is a recognised market leader with many of its products. The acquisition provides the opportunity to approach world markets on a broader front with a range of surgical instruments and implants that are compatible with the traditional products of the Medical Systems Group.

Portex Ltd. had another successful year. Exports, which account for about 70% of sales, increased further although the UK National Health Service spending on consumable products was at a lower rate. Additions to the surgical range featured strongly in the year's growth including Hydroflow, a device for suction and irrigation during surgery, a widening of the thoracic range and continued growth in epidural anaesthesia.



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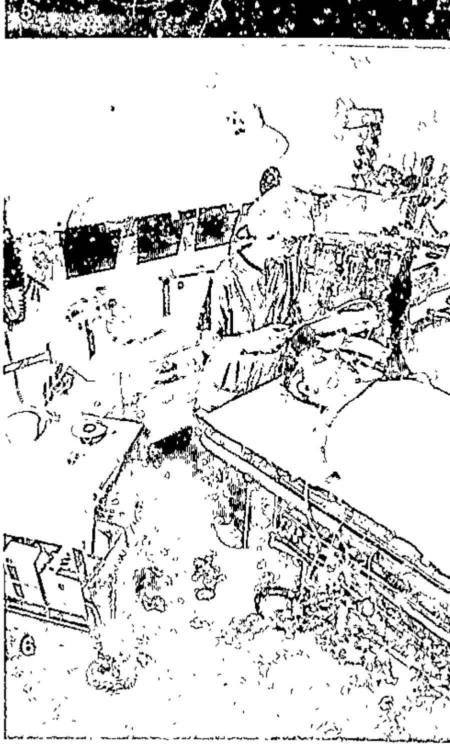
1 A set of opthalmic surgical instruments, part of the new 'Micro-T' titanium range from Downs Surgical.
2 Hip prostheses are among a range of orthopaedic implants manufactured by Downs Surgical in titanium, cobalt chrome and stainless steel.
3 Grosvenor Surgical Supplies are nationwide distributors of medical supplies.
4 In a modern operating theatre, products from the Medical Systems Group of SI are much in evidence; items such as titanium micro-surgery instruments, the hydroflow suction/irrigation system, electro surgery consoles, autoclaves and specialised anaesthetic products.
5 The Little Sister 2 from Surgical Equipment Supplies represents a new concept in portable autoclave design. A micro computer controls all major functions, ensuring greater safety, reliability and simplicity of use.
6 Portex and Concord products are used extensively in critical care areas worldwide, where the design, quality and reliability of the product is paramount.

The company gained its fifth Queen's Award.

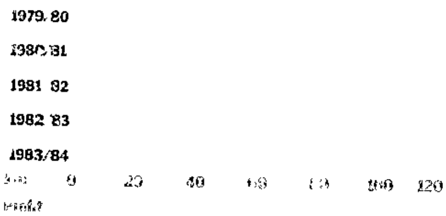
Concord Laboratories Ltd, formed last year to exploit throughout Europe the arterial blood gas analysis kits marketed by the highly successful Concord Laboratories Inc, had a very encouraging first full year and its product range is being extended to match that available in the USA. The results of Surgical Equipment Supplies were at a similar level to the previous year and are regarded as a good performance during a period of restricted capital spend within health services.

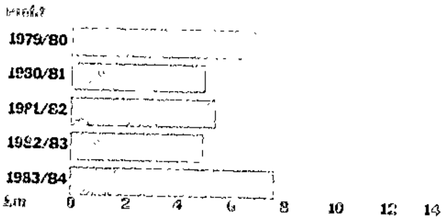
In North America the introduction of a new method of healthcare reimbursement to hospitals under the USA Medicare and Medicaid programmes had a more immediate effect than anticipated on competitive price pressures for consumable products. Both Concord Laboratories Inc. and Portex Inc. had a relatively difficult year, as compared with the remarkable success of earlier years, and profits in dollar terms showed a small decline. New product introductions and other responses to the changing market place give confidence in an early resumption of profits growth. Growth of the Canadian subsidiary of Portex Inc. continued. Development of the European market was taken a step further by the first full year's operations since acquisition of Laboratoire Lejeune, Seitz & Ameline S.A. and by the extension of the product range manufactured and marketed by Portex S.A. Both these companies are located in France.

The Medical Systems Group now has four principal areas of operations, the UK, USA, Canada and Continental Europe, with well developed world wide export markets particularly in the Middle East, Japan, Australia and South East Asia. Good prospects exist for the continued expansion of this group.



The principal 'industrial' businesses are involved in the manufacture of technical ceramics and ceramic plant and machinery, connectors, environmental controls, measurement systems, tubing and industrial rubber products.





Ceramics - alumina ceramics, ignition products; spark plug manufacturing plant; Isostatic presses.
- Lodge Ceramics Ltd.
- Smiths Industries Spark Plug & Machinery Co. Ltd.

Connectors - multi-pin electronic connectors.
- Hypertac Ltd.
- SI Industries Inc. - USA
- The Aero-Electric Connector Co. Inc. - USA

Environmental Control - laminar flow clean air systems. Time switches; central heating controls; air moving equipment.
- Hefac Engineering Ltd.
- Integrated Air Systems Inc. - USA
- Sifan Systems Ltd
- Smiths Industries Environmental Controls Co. Ltd.

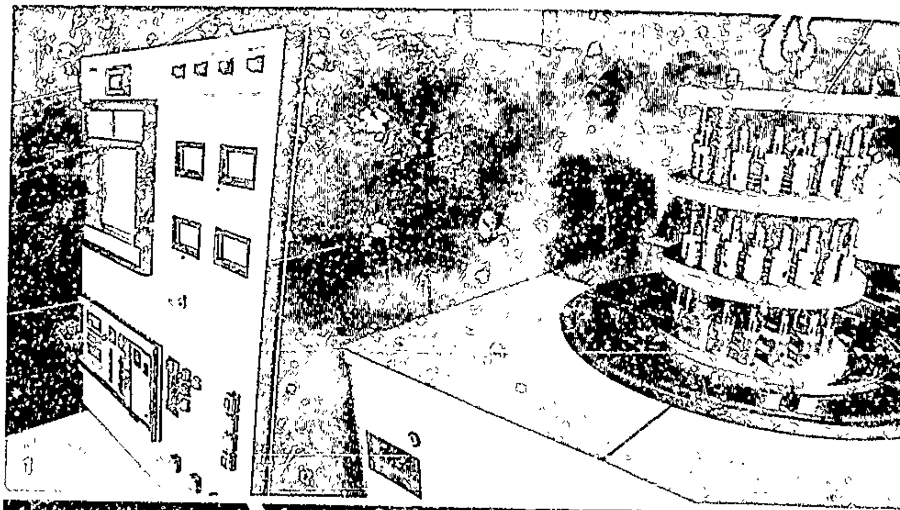
Measurement & Control Systems - electronic contents measuring equipment; hydraulic equipment.
- Contents Measuring Systems Ltd.
- Smiths Industries Hydraulics Co. Ltd.

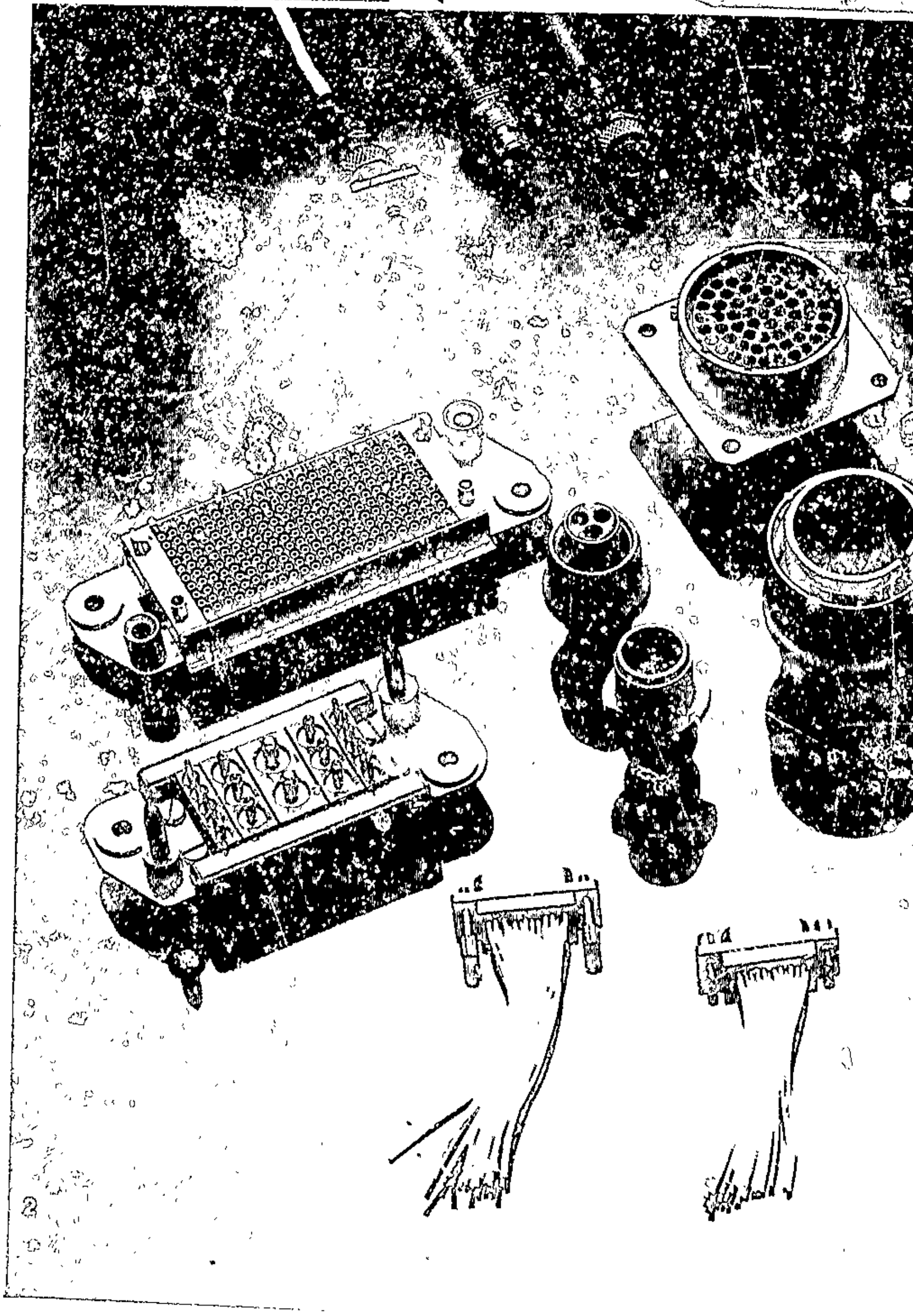
Tubing & Building Supplies - Flexible and plastic pressure hoses, conduits and ducting manufactured from rubber metal and plastic; roof covering material and fittings; special rubber sheeting and mouldings
- Flexible Ducting Ltd.
- Flexline Ltd.
- Icore International Ltd.
- MacLellan Rubber Ltd.
- Uni-Tubes Ltd.
- Uniroof Ltd.

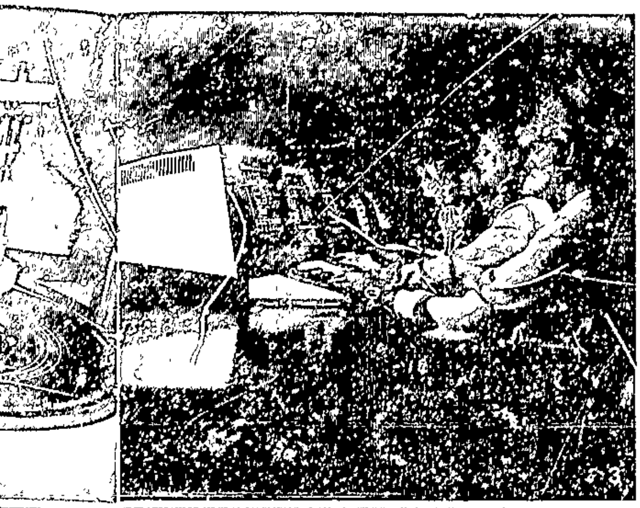
Bearings & Seals - Distribution of bearings, seals and power transmission products.
- Mecro Ltd.

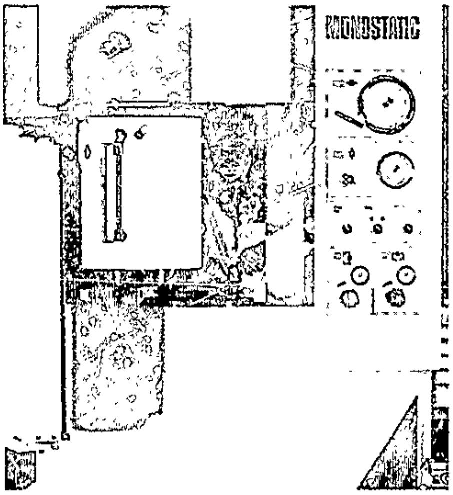
Information Technology - digital data information handling systems.
- Xionics Ltd.

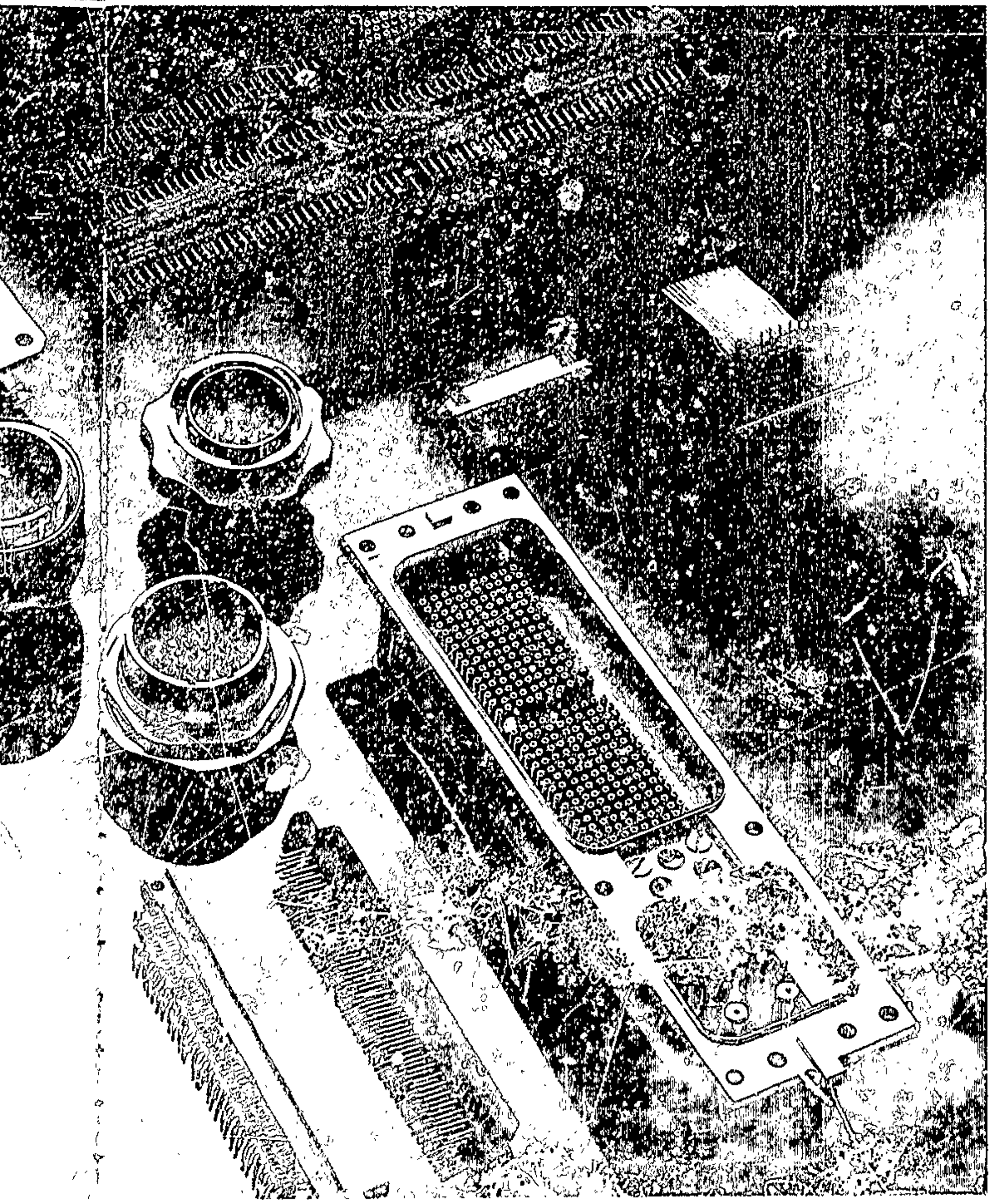
Others
- Autosound Ltd.
- Overseas Cars Ltd.











Early [illegible] together with the [illegible] products, and the [illegible] markets, resulted in improved profits from most of the businesses under this heading. Good prospects for the current year are supported by order books generally higher than they have been for some time. Superflexit Group Ltd was acquired on 26th September 1984. Its principal trading activities within this group are Icore International and the Aero Electric Connector Co. Inc. The acquisition will nearly double the turnover of our tubing businesses and give added impetus to our connector business in the USA as well as creating new product opportunities in the UK.

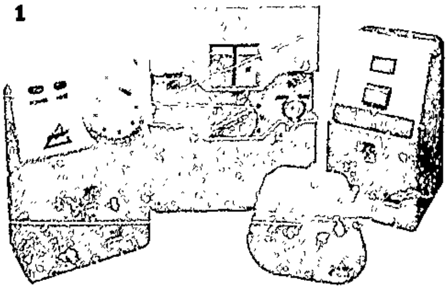
Connectors: The connector companies again achieved excellent results. The strategy for these businesses to extend their range both by product and territory has continued aided by considerable investment in manufacturing facilities. The acquisition of Aero Electric Connector Co, situated in California, is a further step in the implementation of this strategy and mutual benefits are foreseen with the Hypertac activity based on the East Coast.

Environmental: All the businesses in this sector significantly improved their sales and profits. The upturn in demand from the USA semi conductor industry for the products of Integrated Air Systems Inc., apparent at the end of 1983, was maintained throughout the year and culminated in major orders for a newly designed automatic linear transfer work station. The electronic timing and security devices of the Environmental Controls Company continued to find favour and new product development programmes were maintained. Sifan Systems Ltd (previously Precision Fan Company) improved fan sales particularly in the gas warm air and balanced flue boiler markets and recent [illegible]ments in a wider range of high efficiency industrial fans also bore [illegible] the [illegible]ering

1 The metallised assembly activity at Rugby uses vacuum furnaces, to provide active alloy brazing [illegible] electronic components.
2 The unique low force [illegible] of S[illegible] connectors [illegible] reliable [illegible]nections, essential [illegible] the [illegible] and [illegible] integrity applications.
3 [illegible] and market network based open systems for office information installations, which offers advantages of high integrity and considerable flexibility.
4 A range of isostatic presses suitable for small batch production includes the Monostatic 200. These machines produce ceramic powder compacts of very even density.

was formed as a separate company in July 1982 to exploit more fully the market for Webasto independent heating systems in the transportation industry and is working to build upon its early success by expanding its product range.

1

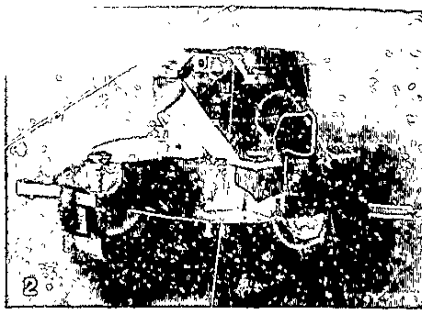


Tubing & Building Supplies: Uni-Tubes and its related subsidiaries achieved record results. Fliteline showed particular improvement with a good order intake from Boeing Aircraft Company for landing gear harnesses and with a developing business from the UK aerospace and defence related industries. Icore International manufactures a range of electrical conduiting and fittings from PTFE and other high technology materials predominantly for military applications which are complementary to the Fliteline range. Markets at home and abroad for the industrial rubber sheeting and plastic tubing products of MacLellan Rubber and its related subsidiaries remained depressed and profits were lower than in the previous year. An exception was Uniroof which had another successful year's trading.

Ceramics: The Spark Plug and Machinery Company has retained and further developed its market leadership in the design and manufacture of specialised plant and machinery both for the international spark plug market and the industrial ceramics market. Substantial new contracts were generated during the year including orders from USA, Japan, China, Egypt and other countries. Significant further growth for several years forward is forecast for this company.

Lodge Ceramics (formerly Smiths Industries Ceramics & Ignition Company) also achieved a significant improvement in its results. Advances were made in the development and sale of metallised ceramics and a substantial investment was committed to extend this company's facility for producing high grade metallised ceramic assemblies. With interesting new markets also being developed for ignition products, prospects are encouraging.

2



Other Industrial: Mecro Ltd made steady progress in establishing itself as a traditional bearings branch distribution activity and improved its profits while reducing funds employed and producing a good cash contribution. The turnover of Xionics almost doubled with new and repeat business from important customers and a US subsidiary was established in California. In the Measurement and Control sector order intake was poor and neither of our companies sustained the improvements shown in 1983. The product ranges are good and have been enhanced so that both companies expect to benefit from any increase in the level of market activity. Overseas Cars has traded profitably but at a lower level than the previous year. Autosound had a satisfactory year.

3

1 Environmental Controls Company are brand leaders in the supply of electrical accessories which include plug-in thermostats, security light switches, plug-in circuit breakers and plug-in night lights.
2 A Toroidal fan, seen here in sectional form, developed by Sifan Systems, in conjunction with British Gas. These fans offer relatively high pressure at low volume flows, making possible the use of miniature flues.
3 Tubing from SI subsidiaries includes air ducting and flue lining, pliable and flexible conduit, high technology pressure hose and electrical conduit systems.

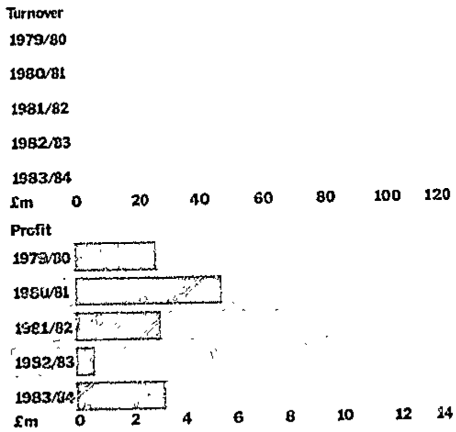
The main businesses of the Australian Company are:— The distribution of furniture fittings and the manufacture of vinyl-wrapped drawers; the manufacture of door fittings and locks; the supply of aerospace instruments and systems; the manufacture of vehicle heating and air-conditioning.

- Smiths Industries Pty. Ltd.
- SIDK Pty. Ltd.
- Efco Mfg. Pty. Ltd.
- Smiths Industries N.Z. Ltd.

South Africa

The main businesses of the South African Company are:— The manufacture of vehicle heating and air-conditioning equipment, wiper motors, engine cooling fans and tubing.

- Smiths Industries (Pty.) Ltd.



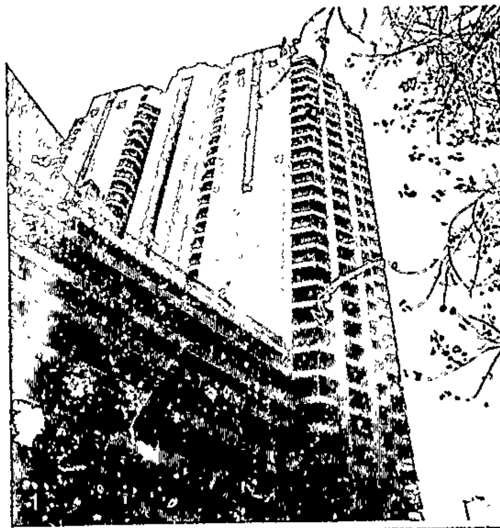
The Australian economy steadied in 1983/84 and gained some impetus from an increase in the number of new housing starts and the large Federal budget deficit. However there is no evidence as yet of the increased business investment necessary to underpin a sustained upturn.

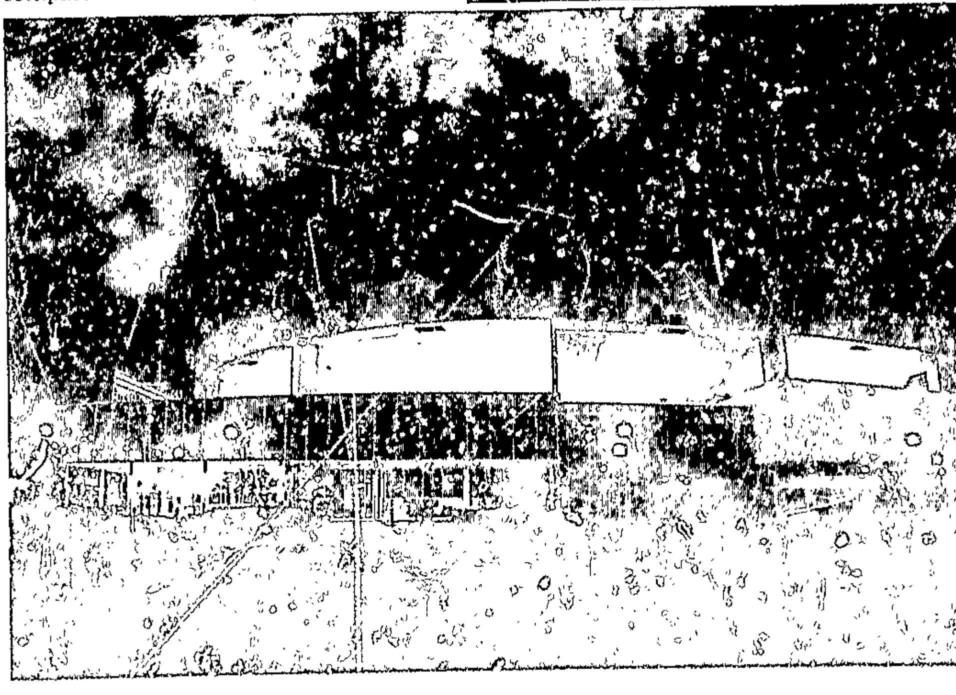
Overall sales volume was little changed but as predicted last year there was a significant recovery in profits following the action taken to reduce the cost base and increase efficiency. The profitability and competitiveness of the Furniture Componentry Division, which distributes cabinet hardware and manufactures vinyl covered drawers in Australia and New Zealand, improved markedly and further recovery and progress is forecast for 1984/85. The Building Products Division, which principally serves the commercial/industrial and public sectors of the construction industry reported a small increase in sales and profitability. Manufacturing facilities were updated by investment in automated plant and the division is well placed to benefit from an upturn in market demand. The manufacturing licence agreement with Kaba of Switzerland was extended to include a new range of medium security locks to supplement the high security locks already successfully introduced. SIDK, the joint venture company with Diesel Kiki of Japan which manufactures vehicle air conditioning and heater units had a record year, mainly due to an increasing rate of fitment of air conditioners in cars and light commercial vehicles. Since acquisition six years ago, the Fan Blades Division has widened its product base and improved its penetration in the air-moving market resulting in major sales growth and a comparable increase in profitability.

A further reduction in funds employed and a positive cash performance followed the considerable success achieved in this area in 1983. The company's gearing is now at a very low level

South Africa

1984 saw the completion of the restructuring programme commenced in 1983 to concentrate on the core business of component supplier to the motor industry together with marketing a limited range of consumer products. By the year end a break-even result, after meeting interest rates at unprecendented levels, had been reached. However, recent government measures to reduce consumer spending, including an increase in sales tax and a further rise in interest rates, led to a sharp decline in vehicle production and a period of difficult trading conditions is in prospect until some stability returns to the economy as a whole.





1 Efco are leading suppliers of architectural hardware to the building industry in Australia, for projects such as the new Sydney Entertainments Centre (bottom) and the prestigious Connaught building, a new landmark in the heart of Sydney's business district.

Executive Directors

F. R. Hurn
Chief Executive & Managing Director

A. K. Hornsby
Financial Director

G. M. Kennedy
Chairman, Medical Systems Group

W. A. Mallinson
Vice-Chairman

A. H. Pope
Chairman, Aerospace & Defence Group

W. F. Sykes
Chairman, Industrial Group

J. W. Thompson
Deputy Managing Director

Secretary

R. Tulip

Corporate Management

R. C. Albrecht, Vice-President Finance & Administration Smiths Industries Inc. USA
* N. M. Bennet, Insurance Director
* P. Blair, Director of Public Relations
* A. E. Cantelo, Treasurer
* A Colman, Director of Procurement
D. N. Flowerday, Assistant Financial Controller
* J. A. Holloway, Director, Press & PR Services
†E.G. Jones, Director of Personnel
* C. A. Lark, Director, Properties
* G. G. H. Martin, Director of International Operations
* K. Melia, Pensions Director
* C. G. Miles, Taxation Adviser
†G. F. Mortimer, Economic Adviser
†A. Smith, Deputy Secretary & Solicitor
* F. Smith, Director & Controller - Witney/Rugby
†M. Wenzerul, Director of Accounting
* E. N. White, Director, Computer Services & Telecommunications
* P. A. Wilby, Corporate Accountant
†R. Williams, Financial Controller

†Associate Director of Smiths Industries Plc
* Director of Smiths Industries Management Ltd

Aerospace & Defence Group

A. H. Pope, Chairman
* C. H. Eldridge, Director & Group Controller
M. E. Melton, Vice President Government Liaison (USA)

Smiths Industries Aerospace & Defence Systems Ltd.

R. W. Bailey, Director
A. L. Blackman, Director, Marketing Co-ordination
R. J. Harman, Managing Director, Basingstoke/Putney
G. S. M. Hedrick, President, Smiths Industries Aerospace & Defense Systems Inc.
A. M. M. Hodges, Managing Director, Product Support
J. L. Hollington, Technical Director
C. J. E. Hosegood, Director, Future Projects
J. H. Sykes, Deputy Managing Director, Cheltenham

Flight Displays & Integrated Systems - Cheltenham

J. H. Sykes, Deputy Managing Director
C. H. B. Barden, Marketing Development Director
R. F. Burrows, Director & General Manager - Flight Systems
M. G. Henley, Operations Director, Weapons Systems
W. J. Parker, Director & General Manager - Integrated Systems
R. Quayle, Production Director
J. W. Scott, Operations Director - Flight Deck Displays
A. G. Studd, Quality Director
M. Townsend, Director & Financial Controller
E. G. Wiseman, Director & Chief Accountant

Engine, Fuel Control & Ignition Systems - Basingstoke/ Putney

R. J. Harman, Managing Director
V. Daniel, Director & Chief Accountant - Basingstoke
D. M. Griffiths, Engineering Director - Basingstoke
G. Tonnison, Marketing Director - Basingstoke
K. G. McAinsh, Manager - Putney

Product Support

A. M. M. Hodges, Managing Director
J. B. Johns, Director & Chief Accountant
I. P. L. Newton, Product Support Director

Smiths Industries Aerospace & Defense Systems Inc. - USA

G. S. M. Hedrick, President
W. Brooks, Vice-President, Marketing

Civil Systems - Malvern PA

D. L. Clark, Vice-President & General Manager
P. D. Corsaro, Treasurer

Military Systems - Clearwater FL

W. F. Talley, Vice-President & General Manager
D. J. Drake, Controller

Kelvin Hughes Ltd

A. R. Stevenson, Managing Director
A. J. Eldret, Production Director
M. S. Green, Director & Chief Accountant
K. B. Jones, Director, Charts & Maritime Supplies
D. J. Parselle, Production Support Director
S. R. Parsons, Technical Director
J. Pedre, Marketing Director
G. R. Smith, Administration Director

Micro Circuit Engineering Ltd.

E. S. Eccles, Director & General Manager

Contents Measuring Systems Ltd.

T. E. Giles, Product Manager

Medical Systems Group

G. M. Kennedy, Chairman
* E. Lindh, Director & Group Controller
* R. S. Morgan, Director, Marketing
W. F. Watson, Scientific Director

UK & EUROPE

Medical Disposable Companies

A. Easton, Managing Director
T. Curry, Director & Chief Accountant

Portex Ltd.

R. H. Dodgson, Technical & Engineering Director
J. N. H. Rice, Marketing Director

Concord Laboratories Ltd

N. D. Green, Director & General Manager
E. P. Morris, Sales Director

Laboratoire Portex SA - France

P. Brewaeys, Production Director
P. Dhuyvettere, Sales Manager

Surgical Companies

R. L. Blackman, Managing Director
D. A. Brown, Director & Chief Accountant

Downs Surgical Ltd.

B. J. Taylor, Operations Director
G. W. Down, Technical Director
R. S. Phelps, Director - UK Sales
F. N. Roberts, Marketing Director
D. Townsend-Smith, Procurement Director
R. Wright, Managing Director - Australia

Surgical Equipment Supplies Ltd.

E. Bellhouse, Director & General Manager
D. Dalgliesh, Service Director
R. A. Morton, Works Director
W Sprigings, Sales & Marketing Manager
W. F. Watson, Production Manager

Distribution Companies

Grosvenor Surgical Supplies Ltd

G. Schofield, Director
B. R. Jones, Director

Laboratoire Lejeune Seitz & Ameline SA - France

Y. Seitz, President
D. Poorters, Marketing Director

NORTH AMERICA

J. C. Ilg, Managing Director
J. Gilhooly, Director & Controller

Concord Laboratories Inc. - USA

G. Schneider, Executive Vice President
J. J. Bourke, Vice President & Controller
J. P. Gulbin, Vice President, Sales
M. Weldon, Vice President, Marketing & Strategic Planning
F. Singleton, Vice President, Operations

Portex Inc - USA

A. E Staley, President
R. J. Congdon, Vice President & Controller
J. D. Cribb, Vice President, Sales
R. F. Roscoe, Vice President, Marketing
F. Willis, Vice President, Manufacturing

SIMS - Canada

W. H Higgins, President
R. W. Davison, Vice President, Sales
A. Coombes, Vice President, Administration

Downs Surgical - Inc

F. J. Costantino, President

Integrated Air Systems Inc. - USA

A. Gustin, President
D. Graff, Vice President, Manufacturing
D. Lloyd, Vice President, Engineering
M. Wright, Vice President, Sales & Marketing

Industrial Group

W. F. Sykes, Chairman
*B. E. Gooding, Director & Group Controller
*S. K. Pocock, Director & Deputy Controller

Hypertac Ltd
R. C. Ellis, Managing Director
K. T. Grace, Operations Director
D. A. Rush, Technical Director
M. J. Whelan, Sales Director
D. J. Waterhouse, Chief Accountant

The Aero-Electric Connector Co. Inc. - USA
J. E. Schnepf, President

SI Industries Inc. - USA
J. Gorman, Vice President & General Manager

MacLellan Rubber Ltd.
A. Graham, Managing Director
A. Fotheringham, Technical Director
A. Haddow, Sales Director
T. S. Murray, Commercial Director
D. A. M. Todd, Production Director
J. M. Anderson, Chief Accountant

Automated Engineering Products Ltd.
L. H. MacInnes, Managing Director

Flexible Ducting Ltd
J. S. Murray, Managing Director
P. G. Dunley, Sales Director
H. Forbes, Technical Manager
K. A. F. Ellison, Manufacturing Manager
D. B. McLeod, Chief Accountant

Medcraft Bros. Ltd.
P. J. Medcraft, Managing Director
K. R. Hall, Sales Director

Uniroof Ltd
D. W. Addison, Managing Director
I. Laubscher, General Marketing & Sales Director
B. J. Grainger, Chief Accountant

SI-Tex Marine Electronics Inc. - USA
T. L. Hansford, President
D. R. Church, Director of Marketing
E. Sanders, Controller

Smiths Industries Environmental Controls Co. Ltd.
J. L. Crone, Chairman
W. G. A. Brittain, Managing Director
B. G. Alexander, Production & Engineering Director
K. Street, Chief Accountant

Uni-Tubes Ltd.
A. J. Weeden, Managing Director
N. C. H. Mason, Director & General Manager
J. Bell, Director & Chief Accountant
M. J. Mundy, Chief Engineer
A. Todd, Works Manager

Fliteline Ltd.
K. J. S. Paterson, Managing Director

Flexschlauch Produktions GmbH
J. Evert, Director & General Manager

Icore International Inc. - USA
J. C. Robinson, President
R. S. Pearson, Vice President, Finance

Icore International Ltd.
J. Haig Ferguson, Vice Chairman
J. Hofer, Director & Chief Accountant

Siflex Industries Pte. Ltd.
P. S. H. Ho, Director & General Manager

Hefac Engineering Ltd.
R. F. S. Dennett, Managing Director
G. V. Lee, Operations Director

Sifan Systems Ltd.
D. J. Carew-Gibson, Managing Director
V. F. Cannons, Sales Director
T. Hynes, Engineering Director
R. E. Quartermain, Director & Chief Accountant

Smiths Industries Hydraulics Co. Ltd.
M. J. Wallace, Managing Director
R. E. Quartermain, Director & Chief Accountant

Cam Profiles Ltd.
A. Lawrence, Managing Director

Autosound Ltd.
A. W. Burnell, Managing Director
N. K. Millington, Sales/Marketing Director

Lodge Ceramics Ltd.
D. R. Legg, Managing Director
J. K. Hendy, Manufacturing Director
P. O. T. Jones, Sales Director
Dr K. M. Nutter, Technical Director
M. H. Rhodes, Director & Chief Accountant

Mecro Ltd.
T. J. Markham, Managing Director
T. J. Cook, Director & Chief Accountant
M. L. R. Lunnon, General Manager - E. J. Jack International
J. T. Sheard, Sales Operations Manager - North
J. Dickinson, Sales Operations Manager - South

Overseas Cars Ltd
G. F. Mortimer, Chairman
G. Warren-Evans, Managing Director
M. J. O'Brien, Operations Director

Smiths Industries Spark Plug & Machinery Co. Ltd.
T. W. Leader, Managing Director
D. J. Johnson, Marketing Director
M. G. Quarterman, Chief Accountant.

Xionics Ltd
W. A. Mallinson, Chairman
M. J. Bevan, Managing Director
P. Dickinson, Production Director
I. S. Richardson, Technical Director

Australia

Smiths Industries Australia Pty Ltd.
J. D. Haig, Managing Director
P. J. Andrew, Finance Manager
D. G. Andrews, General Manager, Furniture Componentry Division
P.J. Cummins, General Manager, Building Products Division
C. J. Van Grinsven, Managing Director, SIDK Pty Ltd
M. R. Materia, Managing Director, Technical Sales Division
A. T. Steed, Company Secretary

South Africa

Smiths Industries (Pty) Ltd
K. Mourant, Managing Director
A. L. Thomson, Administration Director & Secretary

Smiths Industries Public Limited Company
Childs Hill, 765 Finchley Road, London NW11 8DS

FINANCIAL REPORT
FOR 53 WEEKS ENDED 4 AUGUST 1984

The directors present their report for the 53 week period ended 4th August 1984.

Principal activities

The Company is principally engaged in the development and manufacture of a wide range of control systems and instrumentation, for the aerospace and marine industries and for general industrial applications; health-care products and surgical instruments; industrial ceramics; ceramic and spark plug machinery; electronic connectors; environmental controls; measurement systems; tubing and rubber products; and office automation. The main countries in which the Company operates are the UK, the USA and Australia.

The organisation and management structure of the businesses within the three major international groups of Aerospace and Defence; Medical Systems; and Industrial, together with the Australian and South African subsidiary companies is set out on pages 18 and 19. During the year the Company expanded its medical activities and effectively withdrew from the distribution of automotive parts.

Results and dividends

The results for the 53 weeks ended 4th August 1984 are set out in the Consolidated Profit and Loss account on page 28. Sales for the year were £389m, against £381m last year. The profit for the year after taxation and minority interests amounts to £21.3m (1983 £17.4m).

An interim dividend of 4.75p per ordinary share was paid on 15th June 1984. The Directors recommend for payment on 2nd January 1985 a final dividend on each ordinary share of the Company of 9.25p, making a total dividend of 14.0p for the year.

Borrowings were reduced by £4.8m and their percentage to total funds employed decreased from 14.1 to 11.6.

The retained profit of £11.4m was transferred to Reserves.

Research and development

The Company is alert to the effects that changes in technology will have on its future products and markets. Each trading company carries out its own research and development programmes to suit its own particular market and product needs. Interchange of technology and technical information between subsidiary companies in the manufacturing sector is co-ordinated at the Corporate Centre. Government funded research and development is also undertaken.

The amount spent on research and development during the financial year totalled £35m.

Changes in Company interests during the period

On 14th February 1984, the Company made an offer to purchase the whole of the issued share capital of Downs Surgical PLC, a company which manufactures and distributes surgical instruments and prostheses in the UK, Australia, Canada, and the USA. The terms of the offer provided for settlement in cash or in 9% Unsecured Loan Notes 1984/89 of the Company. Following acceptance of the offer in respect of more than 90% of the Downs shares, the Company exercised its right to acquire the balance of the shares compulsorily. The total consideration paid, including £496,000 of loan notes, was £7.0m.

On 31st July 1984, the Company disposed of the businesses and properties of Godfrey Holmes and Affiliated Factors to GKN Replacement Services Limited for a cash consideration of £6.78m; £3m was paid on completion; the balance, subject to certain adjustments, is payable on 31st March 1985. On the same date the Company sold the issued share capital of its Dutch subsidiary EMWE BV, also engaged in automotive parts distribution, for £409,000.

Post Balance Sheet events

On 4th September 1984, the Company made an offer to acquire the whole of the issued share capital of Superflexit Group Limited, a company involved in the manufacture of industrial tubing and electronic connectors. The offer comprised an exchange of shares with a limited cash alternative. Acceptances have now been received in respect of all the Superflexit shares. 996,369 ordinary shares, of which 958,920 have been issued to date, will be allotted pursuant to the offer and £1.0m paid in cash.

On 4th October 1984, the Company sold its Danish subsidiary, Simonsen & Nielsen A/S for a cash consideration of £1.3m. Contracts were exchanged on 26th October 1984 for the sale of property in N.W. London for £4.6m.

Future developments

The Company will pursue its existing international activities and continue to seek business opportunities in new product areas both in the UK and overseas.

Changes in share capital

During the year the Company issued 282,521 ordinary shares in connection with the conversion of £583,406 nominal of 7½% Convertible Unsecured Loan Stock 1985/90; and 6,014 ordinary shares pursuant to the Smiths Industries 1982 SAYE Share Option Scheme, for a cash consideration of £21,290.

On 26th September 1984, the Company allotted 991,786 ordinary shares, and will allot a further 4,583 shares, pursuant to the offer to acquire Superflexit Group Limited.

Fixed assets

The changes in tangible fixed assets in the year are detailed in Note 11 to the accounts.

Freehold and Long Leasehold properties were professionally valued as at the Balance Sheet date at £52.6m, a surplus over book values of £19.3m. Following recent practice the revaluation has been reflected only in the Current Cost Accounts. Within the total valuation, properties held for investment or disposal were valued at £23m.

Charitable & political donations

During the year the Company made donations of £28,000 for charitable purposes. Political donations given during the year amounted to £7,500 to the Conservative Party.

South Africa

The Company has furnished the Secretary of State with a report, made up to 30th June 1984, pursuant to the Code of Conduct for companies with interests in South Africa. Copies of this report are available on request.

Directors

The names of the persons who have been directors at any time during the year are listed on page 24. Sir Alex Jarratt was appointed on 1st February and Mr W F Sykes on 1st August, 1984.

Re-election of directors

Details of the directors who will retire at the Annual General Meeting are given below.

The directors retiring by rotation under Article 82 are Mr D L Breeden; The Earl Jellicoe; Mr. J. W. Thompson; and Mr A K Hornsby who, being eligible, offer themselves for re-election.

Sir Roy Sisson has attained the age of seventy since the last Annual General Meeting and will retire from office at the Meeting, in accordance with the requirements of section 185(2) of the Companies Act 1948. A resolution to re-appoint Sir Roy for a term to expire at the conclusion of the Annual General Meeting of the Company in 1985 will be proposed at the forthcoming Annual General Meeting.

Sir Alex Jarratt and Mr W F Sykes, having been appointed during the year, will retire from office in accordance with Article 88 and, being eligible, offer themselves for re-election.

Mr D L Breeden (non-executive) aged 67; appointed to the Board on 1st August 1967;

Mr A K Hornsby (executive) aged 55; appointed to the Board on 6th August 1978;

The Earl Jellicoe (non-executive) aged 66; presently a director of S G Warburg & Co. Limited, appointed to the Board on 11th October 1973;

Mr J W Thompson (executive) aged 59; appointed to the Board on 11th October 1973;

Sir Roy Sisson (non-executive chairman) aged 70; appointed to the Board on 1st August 1969;

Sir Alex Jarratt (non-executive) aged 60; presently Chairman of Reed International PLC, appointed to the Board on 1st February 1984;

Mr W F Sykes (executive) aged 59; appointed to the Board on 1st August 1984.

Directors' service contracts

Mr A K Hornsby has a service contract with the Company which can be terminated by twelve months' notice, given to expire on or after 31st August 1987. Mr W F Sykes has a service contract with the company which is subject to termination by twelve months notice, given to expire on 11th April 1988. Mr W A Mallinson has a service contract with the Company which will expire on 12th June 1985.

Each of the remaining executive directors, namely Mr F R Horn, Mr J W Thompson, Mr C M Kennedy and Mr A H Pope has a service contract with the Company which is subject to termination by three years' notice, given to expire at any time.

Directors' interests as at 4th August 1984

The beneficial interests of the directors and their families in the issued share capital of the Company are as follows.

Director	Ordinary Shares of 50p	Smiths Industries 1982 SAYE Share Option Scheme	Exercise Date*	Smiths Industries Executive Share Option Scheme 1982 1982 issue	Smiths Industries Executive Share Option Scheme 1982 1983 issue	Exercise Date**
J D Birkin	250					
D L Breeden	750					
Sir Barrie Heath	350					
A K Hornsby	300	1,355	1990	11,050	10,150	1986-90
F R Hurn	Nil	1,355	1990	16,550	15,300	1986-90
Sir Alex Jarratt	Nil					
The Earl Jellicoe	312					
G M Kennedy	Nil	1,101	1988	8,350	9,150	1986-90
Sir John Lidbury	500					
W A Mallinson	328	1,101	1988			
A H Pope	Nil			9,150	9,150	1986-90
Sir Roy Sisson	328					
W F Sykes	Nil	1,101	1988	8,350	7,650	1986-90
J W Thompson	328	1,355	1990	10,700	9,850	1986-90

*Subject to the Rules of the Smiths Industries 1982 SAYE Share Option Scheme
**Subject to the Rules of the Smiths Industries Executive Share Option Scheme 1982

Options under the Smiths Industries 1982 SAYE Share Option Scheme were granted to the directors on 18th January 1983; none of the directors was entitled to participate in the invitation issued on 6th December 1983.

Options under the Smiths Industries Executive Share Option Scheme 1982 were granted to the directors on 19th January and 6th December, 1983.

Mr F R Hurn has interests as a joint-trustee and as a potential beneficiary in 1,087 ordinary shares held by a family trust.

Apart from the disposal for value of 1,020 shares by the Hurn family trust, there were no changes to the beneficial holdings of the directors and their families during the year ended 4th August 1984 and the Company has not received any notification of changes thereto between that date and 2nd November 1984.

With the exception of service contracts, referred to above, none of the directors had a beneficial interest in any contract to which the Company or any of its subsidiaries was a party during the year.

Other interests in shares

On 4th April 1984, Prudential Corporation PLC disclosed to the Company that it held 5.36% of the issued share capital of the Company. As at 2nd November 1984, no further disclosure had been made to the Company of any interest of 5% or more in the issued share capital of the Company.

The Company has not acquired or disposed of any of its own shares during the year.

Share Option Schemes

During the year, 30 participants in the SAYE Share Option Scheme exercised their options to acquire 6,014 ordinary shares of the Company at the option price of 354p.

In December 1983, invitations were issued to all eligible employees to participate in the second issue of the Smiths Industries 1982 SAYE Share Option Scheme. 295 employees accepted the invitation and were granted options over a total of 95,199 ordinary shares of the Company, at an option price of 413p per share, on 4th January 1984. Subject to the exceptions provided by the rules of the Scheme, the options will become exercisable in 1989 and 1991.

On 6th December 1983, options over 169,250 ordinary shares were granted to 23 senior executives under the Smiths Industries Executive Share Option Scheme 1982. These options will become exercisable in the years 1986 to 1990, at an option price of 458p per share.

Resolutions will be proposed at the Annual General Meeting for the adoption of a second Executive Share Option Scheme and a variation of the existing Scheme, an explanation of which is given in the letter to shareholders accompanying the Notice of Meeting.

Personnel policies
The Company is an equal opportunity employer and has a declared policy to this effect.

Active commitment continues to be given to all aspects of training for young persons, both by internal and government sponsored schemes.

The Company has a formal policy relating to the employment of disabled persons, who receive no less consideration than is given to other job applicants.

Employee Councils, or similar consultative bodies, exist at most sites giving employees an opportunity to be aware of and influence Company decisions affecting them. These are structured to meet the differing needs of each business and, with other established means of communication, enable all personnel to be well informed on the performance and prospects of their employing unit.

Employees may participate financially in the Company through Share Option Schemes introduced in 1982.

Pensions matters are subject to a comprehensive consultative system as well as being an item for negotiation with the range of trade unions that continues to be recognised.

The Company recognises its responsibility to provide and develop the highest reasonable standards of health and safety and improvements are monitored by a system of examination procedures and consultative Safety Committees.

Changes to share capital
A resolution will be proposed at the Annual General Meeting to:

i) increase the authorised share capital from £35,000,000 to £75,000,000 by the creation of 80,000,000 ordinary shares of 50p each;

ii) sub-divide the authorised share capital of the company into 300 million ordinary shares of 25p each; and

iii) capitalise such sum, up to a maximum of £[illegible],260,000 standing to the credit of the Company's reserves as, when allotted to the members registered as holders of the shares in the Company on 31st December 1984, will result in a distribution of one ordinary share of 25p, to be credited as fully paid, for every one existing ordinary share of 25p.

Such changes, if approved, will be effective from the close of business on 14th January 1985.

Following implementation of these proposals and on the basis of the 53,447,162 shares of 50p currently in issue, 81,920,080 shares of 25p, representing 27.3% of the authorised share capital of the Company (excluding shares reserved for issue against conversion by the holders of the 7½% Convertible Unsecured Loan Stock and in connection with the Company's share option schemes) will remain un-issued. These shares will be available for issue in accordance with the authority given to the Board of Directors by the Company in general meeting and, in any event, no further issue of shares will be made the effect of which would be to alter control of the Company or the nature of its business without the prior approval of the shareholders in general meeting.

The reasons for these proposals are set out in the circular letter to shareholders which accompanies the Notice of Meeting.

Authority to issue shares
A resolution will be proposed at the Annual General Meeting to renew the powers, granted to the directors, under sections 17 and 18 of the Companies Act 1980, at the last Annual General Meeting, for a further 12 months. The new authority, which will be on the same terms and conditions as originally granted, will permit the directors to allot equity securities:

– in connection with a rights issue, pro rata to the interests of existing shareholders; and

– for any other purpose, provided that the aggregate par value of such allotment does not exceed £3,750,000 being 5% of the authorised share capital of the Company as increased.

Auditors
Resolutions to re-appoint Clark Whitehill as auditors to the Company and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board
R. Tulip, Secretary
14th November 1984

AUDITORS' REPORT
TO THE MEMBERS OF SMITHS INDUSTRIES PUBLIC LIMITED COMPANY

We have audited the accounts on pages 27 to 40 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention modified by the revaluation of certain assets, give, so far as concerns members of Smiths Industries Public Limited Company, a true and fair view of the state of affairs of the Company and of the Group at 4th August 1984 and of the profit and source and disposition of funds for the 53 weeks then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost accounts on pages 44 to 46 have been properly prepared in accordance with the policies and methods described in the notes thereto to give the information required by Statement of Standard Accounting Practice No. 16.

Clark Whitehill Clark Whitehill.
Chartered Accountants
London
14th November 1984

ACCOUNTING POLICIES

Accounting Convention
The accounts have been prepared under the historical cost convention modified to include the revaluation of certain properties.

Company Profit And Loss Account
In accordance with the concession granted under Section 149(5) of the Companies Act 1948 the Company profit and loss account of Smiths Industries PLC has not been separately presented in these accounts

Basis of Consolidation
Goodwill arising on consolidation and representing the difference between the cost of acquisition of a subsidiary company and its net assets at the date of acquisition is written off to reserves in the year of acquisition.

Results of subsidiaries acquired during the year are consolidated from the date of acquisition.

Turnover
Turnover represents the invoiced amount of goods sold and services provided during the year on ordinary activities after the deduction of trade discounts and value added tax.

Research and Development
Expenditure, other than that rechargeable to third parties, is written off in the year in which it is incurred.

Fixed Assets
Depreciation is provided at rates estimated to write off the relevant assets by equal annual amounts over their expected useful lives.

In general, the rates used are:
Freehold and long leasehold buildings—2%
Short leasehold property—over the period of the lease
Plant, machinery, etc.—10% to 20%
Motor vehicles—25%
Tools and other equipment—10% to 33%

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

Government Grants
Grants in respect of capital expenditure are deducted from the cost of the relevant assets.

Stocks
Stocks and work in progress are valued at cost, including related production overheads, reduced to estimated net realisable value where appropriate. Profit is taken on long-term contracts by reference to the work completed.

Foreign Currencies
Assets, liabilities and trading results in foreign currencies are translated into sterling at market rates ruling at the balance sheet date. Exchange adjustments arising from the re-translation of opening net assets in overseas subsidiaries are dealt with through reserves.

Taxation
Provision for deferred taxation liabilities is made when there is a reasonable probability that a liability will arise in the future. Account is taken of all short-term timing differences.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	53 weeks ended 4 August 1984 £000	52 weeks ended 30 July 1983 £000
Turnover	1	388,650	380,700
Cost of sales		252,216	254,912
Gross profit		136,434	125,788
Operating expenses	2	97,214	94,378
Trading profit	3	39,220	31,410
Interest	4	3,060	4,568
Profit on ordinary activities before taxation		36,160	26,842
Taxation on profit on ordinary activities	7	14,703	9,373
Profit on ordinary activities after taxation		21,457	17,469
Minority interests		201	112
Profit before extraordinary items		21,256	17,357
Extraordinary items less taxation	8	2,500	6,000
Profit attributable to members of the holding company		18,756	11,357
Dividends	9	7,347	6,002
Retained profit for year		**11,409**	**5,355**

Movement on Profit and Loss Account			
At 31 July 1983		88,316	84,149
Retained profit for year		11,409	5,355
Goodwill on consolidation written off		–2,871	–1,299
Transfer to deferred taxation	15	–9,900	—
Transfer from revaluation reserve		199	155
Other items		–132	–44
At 4 August 1984		**87,021**	**88,316**

Earnings per share 10 40.6p 33.4p

Notes on pages 30 to 39 form part of these accounts

BALANCE SHEETS

Company 4 August 1984 £000	Company 30 July 1983 £000		Note	Consolidated 4 August 1984 £000	Consolidated 30 July 1983 £000
		Fixed assets			
20,792	18,126	Tangible assets	11	69,779	67,879
120,450	120,010	Investments and advances	12	12,177	12,132
141,242	138,136			81,956	80,011
		Current assets			
38,216	38,772	Stocks	14	95,608	93,492
37,458	50,621	Debtors	15	79,993	91,080
180	165	Cash at bank and in hand		9,711	5,865
75,854	89,558			185,312	190,437
–49,967	–40,196	**Creditors:** amounts falling due within one year	16	–90,204	–79,905
25,887	49,362	**Net current assets**		95,108	110,532
167,129	**187,498**	**Total assets less current liabilities**		**177,064**	**190,543**
–10,832	–19,180	**Creditors:** amounts falling due after more than one year	16	–15,897	–24,958
–6,405	–13,636	**Provisions for liabilities and charges**	17	–7,563	–14,413
149,892	**154,682**	**Net assets**		**153,604**	**151,172**
		Capital and reserves			
26,240	26,096	Called up share capital	18	26,240	26,096
21,294	20,840	Share premium account	19	21,294	20,840
2,275	2,488	Revaluation reserve	19	9,850	10,211
2,864	1,991	Other reserves	19	8,175	4,876
97,219	103,267	Profit and loss account	19	87,021	88,316
149,892	154,682	**Shareholders' funds**		152,580	150,339
—	—	**Minority interests**		1,024	833
149,892	**154,682**			**153,604**	**151,172**

The accounts on pages 27 to 40 were approved by the board of directors on 14th November 1984 and were signed on its behalf by:

R. Vissor R. Vissor

A. H. Hornsby A. H. Hornsby

NOTES TO THE ACCOUNTS

1 Analysis of turnover and profit on ordinary activities before taxation

	Turnover		Profit	
	1984	1983	1984	1983
	£000	£000	£000	£000
Analysis by market:				
Aerospace	112,600	97,200	12,868	12,642
Marine	34,000	30,200	3,135	2,260
Medical	59,300	42,750	12,091	10,731
Industrial	82,450	67,900	7,635	5,040
Australia/South Africa	54,500	50,200	3,087	731
	342,850	**288,250**	**38,816**	**31,404**
Discontinued Businesses	45,800	92,450	404	6
	388,650	**380,700**	39,220	31,410
Interest			–3,060	–4,568
			36,160	**26,842**
Analysis by area:				
United Kingdom	235,800	256,100	23,053	21,199
Overseas	160,600	130,400	16,167	10,211
Inter-company turnover	–7,750	–5,800		
Interest			–3,060	–4,568
	388,650	**380,700**	**36,160**	**26,842**

2 Operating expenses

	1984	1983
	£000	£000
Distribution costs	43,674	42,320
Administrative expenses	53,540	52,058
	97,214	**94,378**

3 Trading profit is after charging

	1984	1983
Depreciation of fixed assets – Purchased	8,608	9,044
– Leased	1,369	941
Hire of plant and equipment	398	524
Emoluments of Directors:		
Fees	22	20
Other emoluments	379	256
Auditors' remuneration	605	583

4 Interest

	1984	1983
	£000	£000
Payable:		
On bank loans, overdrafts and other loans:		
Repayable within 5 years	2,332	3,839
Repayable in more than 5 years	1,048	1,135
On lease finance	285	252
	3,665	5,226
Receivable	605	658
	3,060	**4,568**

5 Employees

	1984	1983
Staff costs during the year:		
Wages and salaries	110,493	111,946
Social Security costs	9,025	9,286
Other pension costs	6,689	6,647
	126,207	**127,879**

	1984	1983
The average number of persons employed in continuing businesses was:		
Aerospace	4,749	4,680
Marine	504	608
Medical	1,730	1,389
Industrial	2,570	2,563
Australia/South Africa	1,311	1,417
	10,864	**10,657**

6 Directors and UK Employees

Chairman £30,000 (1983 £30,000)

Highest paid director: £80,500 (1983 £65,000)

		1984	1983
Other directors:	£55,001 – £60,000	1	—
	£50,001 – £55,000	2	—
	£45,001 – £50,000	2	1
	£40,001 – £45,000	—	2
	£ 5,001 – £10,000	5	7
	£ Nil – £ 5,000	1	—
UK employees:	£40,001 – £45,000	1	—
	£35,001 – £40,000	1	1
	£30,001 – £35,000	10	6

1983 includes two executive directors for part of the year

NOTES TO THE ACCOUNTS
CONTINUED

7 Taxation

	1984	1983
	£000	£000
Taxation on the profit for the year:		
UK corporation tax at 48⅓%	6,654	4,360
Deferred tax	2,697	1,815
Overseas taxation	5,593	3,241
Double taxation relief	–241	–43
	14,703	**9,373**
The tax charge for the year has been reduced by:		
Accelerated capital allowances	—	726
Stock relief	1,200	2,620
	1,200	**3,346**

8 Extraordinary items

Loss on sale of businesses	5,735	9,100
Factory re-organisation expenses and closure costs	359	4,300
Purchase and cancellation of 7½% Debenture stock	+154	—
	5,940	13,400
Taxation on the above:		
UK corporation tax at 48⅓%		
Current	3,300	2,500
Deferred	140	4,900
	3,440	7,400
	2,500	**6,000**

9 Dividends

Ordinary interim paid 4.75p per share (1983 4.0p)	2,492	2,088
Ordinary final proposed 9.25p per share (1983 7.5p)	4,855	3,914
	7,347	**6,002**

10 Earnings per share

Earnings after taxation of £21.3m (1983 £17.4m) are related to the average number of shares in issue of 52,352,111 (1983 51,956,234).

11 Tangible fixed assets

Consolidated	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 31st July, 1983	39,424	28,863	35,684	103,971
Exchange adjustments	668	566	109	1,343
Additions	816	3,451	10,424	14,691
Acquisition/disposal of subsidiaries	–220	–1,662	–2,338	–4,220
Disposals	–802	–1,509	–3,723	–6,034
At 4th August, 1984	39,886	29,709	40,156	109,751
Depreciation				
At 31st July, 1983	3,331	16,146	16,615	36,092
Exchange adjustments	107	312	–11	408
Acquisition/disposal of subsidiaries	71	–1,277	–898	–2,104
Charge for year	664	3,050	6,263	9,977
Eliminated on disposals	–295	–973	–3,133	–4,401
At 4th August, 1984	3,878	17,258	18,836	39,972
Net book value				
At 4th August, 1984	**36,008**	**12,451**	**21,320**	**69,779**
At 31st July, 1983	**36,093**	**12,717**	**19,069**	**67,879**

Company	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
Cost or valuation				
At 31st July, 1983	3,475	11,211	20,041	34,727
Additions	29	797	7,175	8,001
Disposals	–403	–3,270	–2,724	–6,397
At 4th August, 1984	3,101	8,738	24,492	36,331
Depreciation				
At 31st July, 1983	502	7,405	8,694	16,601
Charge for year	44	658	3,405	4,107
Eliminated on disposals	–267	–2,623	–2,279	–5,169
At 4th August, 1984	279	5,440	9,820	15,539
Net book value				
At 4th August, 1984	**2,822**	**3,298**	**14,672**	**20,792**
At 31st July, 1983	**2,973**	**3,806**	**11,347**	**18,126**

Land and buildings

	Consolidated	Company
	£000	£000
Cost	20,772	167
Valuation 1974	13,153	2,655
Valuation 1979	2,083	—
	36,008	**2,822**
Freehold	32,833	2,537
Long leasehold	428	262
Short leasehold	2,747	23
	36,008	**2,822**
If land and buildings had not been revalued they would have been included at the following amounts:		
Cost	29,182	626
Aggregate depreciation	3,024	79

12 Investments and advances

	1984	1983
	£000	£000
Unlisted investments	12,053	12,047
Advances	124	85
Consolidated	**12,177**	**12,132**
Shares at cost or valuation in subsidiary companies	43,905	43,633
Due from subsidiary companies	71,290	71,121
	127,372	126,886
Due to subsidiary companies	6,922	6,876
Company	**120,450**	**120,01[illegible]**

Unlisted investments are stated at cost less amounts written off.
Details of the Company's subsidiaries are listed on page 47.

13 Capital commitments

	1984	1983
	£000	£000
Estimated commitments not included in the accounts:		
Company	1,369	2,842
Subsidiaries	831	776
	2,200	**3,618**
Amounts authorised by Directors but not committed:		
Company	2,642	1,467
Subsidiaries	472	722
	3,114	**2,189**

14 Stocks

	Consolidated		Company	
	1984	1983	1984	1983
	£000	£000	£000	£000
Stocks comprise:				
Raw materials and consumables	18,148	15,817	2,801	4,123
Work in progress	34,331	29,506	23,967	22,172
Finished goods	44,385	47,896	12,054	12,781
	96,864	93,219	38,322	[illegible]
Less: Payments on account	6,283	3,733	5,276	3,733
	90,581	89,486	33,546	35,343
Long-term contracts comprise:				
Cost and attributable profit	25,783	18,441	25,324	17,742
Less: Payments on account	20,756	14,435	20,654	14,313
	5,027	4,006	4,670	3,429
	95,608	**93,492**	**38,216**	**38,772**

NOTES TO THE ACCOUNTS
CONTINUED

15 Debtors

	Consolidated		Company	
	1984	1983	1984	1983
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	66,019	67,473	26,055	29,426
Amounts owed by subsidiaries	—	—	985	1,775
Other debtors	8,789	6,101	7,363	4,721
Prepayments and accrued income	3,233	3,578	1,897	2,450
	78,041	77,152	36,300	38,372
Amounts falling due after more than one year:				
Other debtors	1,480	3,083	1,158	2,608
Deferred taxation	472	10,845	—	9,641
	79,993	**91,080**	**37,458**	**50,621**

	1984	1983
	£000	£000
Deferred taxation:		
Advance corporation tax	4,978	2,750
Short-term timing differences	3,568	8,135
	8,546	10,885
Accelerated capital allowances	8,074	40
	472	**10,845**
Potential liability for corporation tax deferments not provided in the accounts:		
Accelerated capital allowances	—	11,978
Corporation tax on capital gains	4,500	3,300
	4,500	**15,278**

The Company previously considered it unnecessary to make provision for certain deferred taxation charges in respect of accelerated capital allowances because the taxation effect of capital expenditure had been to postpone these charges for the foreseeable future. As a result of the changes introduced in the Finance Act 1984, which have delayed allowances, a charge for deferred taxation amounting to £9,900,000 now arises and has been provided by a transfer from profit and loss account.

16 Creditors

	Consolidated		Company	
	1984	1983	1984	1983
	£000	£000	£000	£000
Amounts falling due within one year:				
Bank loans and overdrafts	14,539	8,172	7,883	2,745
Finance leases	1,744	1,070	1,329	708
Trade creditors	30,743	34,330	11,058	12,243
Bills of exchange payable	263	322	—	—
Amounts owed to subsidiaries	—	—	504	843
Other creditors	13,390	9,765	11,896	9,039
Proposed dividend	4,855	3,914	4,855	3,914
Corporation tax	5,723	5,238	3,637	3,285
Other taxation and social security costs	4,677	5,529	3,134	3,304
Accruals	14,270	11,565	5,671	4,115
	90,204	**79,905**	**49,967**	**40,196**
Amounts falling due after more than one year:				
7½% Debenture stock 1983/88	1,853	4,000	1,853	4,000
11¼% Debenture stock 1995/2000	4,900	4,900	4,900	4,900
7½% Convertible unsecured loan stock 1985/90	227	810	227	810
9% Unsecured loan notes 1984/89	496	—	496	—
Bank loans	2,486	8,972	—	4,474
Finance leases	2,629	1,983	2,318	1,615
Mortgages	683	853	—	—
Other creditors	1,752	2,542	167	2,483
Corporation tax	871	898	871	898
	15,897	**24,958**	**10,332**	**19,180**

Bank loans and overdrafts at 4th August, 1984 amounted to £17.0m (1983 £17.1m) of which £1.8m are secured.

Bank loans and overdrafts are repayable:

Within one year or on demand	£14.5m
Within one to two years	£0.3m
Within two to five years	£1.5m
After five years	£0.7m

The debenture stocks are secured by floating charges on the whole of the assets and undertaking of the company and charging subsidiaries. The holders of the convertible stock have the option to convert their stock up to December 1985; the terms are one fully paid ordinary share for £2.065 stock.

Obligations under finance leases and non-cancellable operating leases are as follows:

	Finance Leases	Operating Leases
	£000	£000
1985	1,884	1,382
1986	1,740	1,152
1987	627	938
1988	300	809
1989 and after	—	2,820
	4,551	7,101
Less finance charges allocated to future periods	178	—
	4,373	7,101

17 Provisions for liabilities and charges

	31 July 1983	Profit and loss account	Utilised	4 August 1984
	£000	£000	£000	£000
Pensions	2,400	—	650	1,750
Other provisions	11,236	2,844	9,425	4,655
Company	**13,636**	2,844	10,075	**6,405**
Subsidiary companies:				
Other provisions	777	5,563	5,182	1,158
Consolidated	**14,413**	8,407	15,257	**7,563**

18 Called up share capital

The authorised capital consists of 70,000,000 ordinary shares of 50p each, of which 52,480,177 (1983 52,191,642) are issued and fully paid.

During the year the Company issued the following ordinary shares:

1 282,521 in connection with the conversion of £583,406 nominal of the 7½% Convertible unsecured loan stock.

2. 6,014 relating to the exercise of options.

At 4th August, 1984 the following options had been granted and were still outstanding under the Company's share option schemes.

	Number of shares	Subscription prices	Dates normally exercisable
SAYE – related share option scheme	627,207	354p/413p	1988–1991
Executive share option scheme	341,250	393p/458p	1986–1990

19 Share premium account and reserves

	Share premium account	Revaluation reserve	Other reserves	Profit and loss account
	£000	£000	£000	£000
Consolidated				
At 31st July, 1983	20,840	10,211	4,876	88,316
Premium on allotment during year	460			
Retained profit for year				11,409
Transfer from revaluation reserve to profit and loss account		-199		199
Exchange rate changes		152	3,299	
Goodwill on consolidation written off				-2,871
Transfer to deferred taxation				-9,900
Other items	-6	-314		-132
At 4th August, 1984	**21,294**	**9,850**	**8,175**	**87,021**
Company				
At 31st July, 1983	20,840	2,488	1,991	103,267
Premium on allotment during year	460			
Retained profit for year				4,243
Transfer from revaluation reserve to profit and loss account		-48		48
Exchange rate changes			873	
Transfer to deferred taxation				-9,900
Other items	-6	-165		-439
At 4th August, 1984	**21,294**	**2,275**	**2,864**	**97,219**

20 Contingent liabilities

	1984	1983
	£000	£000
Guarantees by the Company of subsidiary companies' borrowings	**2,300**	**2,000**
Others	**270**	**274**

21 Pension commitments

Smiths Industries has a number of pension schemes whose assets are independent of the Company's finances. The schemes are funded by contributions both from the employees and the Company at rates recommended by independent actuaries. The main scheme in the United Kingdom was valued at 5th April 1983 by Bacon & Woodrow, consulting actuaries, whose report indicated that the benefits of the members earned up to 5th April 1983 were fully backed by the scheme's investments and that the present funding arrangements are considered satisfactory and adequate to meet the future liabilities of the fund. The next valuation will be as at 5th April 1986.

SOURCE AND DISPOSITION OF FUNDS

	1984	1983
	£000	£000
Source		
Profit before taxation	36,160	26,842
Depreciation	9,977	9,985
Other items	–127	151
Funds available	**46,010**	36,978
Disposition		
Dividends paid	6,406	5,702
Tax paid	8,680	6,178
Net expenditure on fixed assets	13,089	12,698
Increase in working capital:		
Stocks—increase	4,571	–3,416
Debtors—increase	3,334	–5,325
Creditors—increase	–3,029	8,121
	(4,876)	(–620)
Funds utilised	**33,051**	**23,958**
Cash movement related to trading	+12,959	+13,020
Non-trading items:		
Exchange rate changes on foreign currency borrowings	–807	–1,825
Conversion of loan stock	+583	+1,167
Investments	–14	–1,000
Purchase and cancellation of 7½% Debenture stock	+154	–
Acquisitions:*		
Purchase price	–7,065	–2,939
Borrowings at date of acquisition	–4,239	–1,129
Disposals*	+3,232	+2,366
Decrease in net borrowings	**+4,803**	**+10,160**

*Net assets at date of acquisitions/disposals

	Acquisitions	Disposals
	£000	£000
Fixed assets	2,780	4,896
Stocks	5,306	9,641
Debtors	5,252	14,159
Creditors	6,008	17,175
Borrowings	4,239	—
Net assets	3,091	11,521
Consideration	7,065	3,232
Cash due to be paid	97	3,130
	7,162	6,362

TEN YEAR REVIEW

	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Turnover	**388.7**	380.7	385.9	367.6	319.8	284.6	254.8	224.1	180.8	157.5
Trading profit	**39.2**	31.4	32.3	30.8	30.1	27.5	24.1	21.7	17.5	15.1
Profit before taxation	**36.2**	26.8	26.5	26.3	26.1	25.1	22.1	20.5	16.2	12.5
Profit after taxation	**21.5**	17.5	17.2	19.5	18.4	17.7	16.0	13.3	7.8	6.1
Funds employed										
Shareholders' funds	**153.6**	151.2	142.8	138.0	125.2	111.3	102.4	95.5	84.2	67.3
Borrowings *less* cash	**20.1**	24.9	35.1	32.7	25.9	19.7	18.8	13.0	10.5	15.6
	173.7	176.1	177.9	170.7	151.1	131.0	121.2	108.5	94.7	82.9
Represented by:										
Fixed assets	**82.0**	80.0	66.7	66.8	57.9	50.1	44.0	38.2	34.0	31.4
Net current assets	**91.7**	96.1	111.2	103.9	93.2	80.9	77.2	70.3	60.7	51.5
	173.7	176.1	177.9	170.7	151.1	131.0	121.2	108.5	94.7	82.9
Ratios										
Trading profit: Turnover (%)	**10.1**	8.3	8.4	8.4	9.4	9.7	9.5	9.7	9.7	9.6
Trading profit: Funds employed (%)	**22.6**	17.8	18.2	18.0	19.9	21.0	19.9	20.0	18.5	18.2
Pre-tax profit: Shareholders' funds (%)	**23.6**	17.7	18.6	19.1	20.8	22.6	21.5	21.5	19.2	18.6
Taxation (%)	**40.7**	34.9	35.0	26.1	29.5	29.6	27.7	35.0	51.5	51.4
Turnover: Funds employed	**2.2**	2.2	2.2	2.2	2.1	2.2	2.1	2.1	1.9	1.9
Dividends										
Pence per share	**14.0**	11.5	11.0	10.5	10.0	9.75	8.1	7.2	6.5	5.9
Times covered	**2.9**	2.9	3.0	3.6	3.7	3.7	4.1	3.8	2.6	2.6
Number of employees (thousands)	**11.2**	13.2	16.2	17.5	19.4	20.0	20.3	20.4	20.3	21.1

STATEMENT OF VALUE ADDED

	1984		1983	
	£000		£000	
Turnover	388,650		380,700	
Deduct:				
Purchased materials and services	213,246		211,426	
Value added	**175,404**		**169,274**	
Utilised as follows:		%		%
Wages, pension contributions and employee benefits	126,207	72.0	127,879	75.5
Taxation	14,703	8.4	9,373	5.5
Interest	3,060	1.7	4,568	2.7
Dividends	7,347	4.2	6,002	3.6
Minority interests	201	0.1	112	0.1
Depreciation	9,977	5.7	9,985	5.9
Retained profit (before extraordinary items)	13,909	7.9	11,355	6.7
Value added	**175,404**	**100**	**169,274**	**100**

ANALYSIS OF ORDINARY SHAREHOLDERS

29th OCTOBER 1984

Class of Shareholders	No. of Holders	No. of Shares	% of total Issued Shares
Insurance Companies	59	12,481,830	23.35
Pension Funds	74	4,089,691	7.65
Banks	274	1,136,079	2.13
Nominees	493	21,042,662	39.37
Limited Companies and other Corporate Bodies	330	8,678,445	16.24
Individuals	5,294	6,018,455	11.26
Total	**6,524**	**53,447,162**	**100.00**

CONSOLIDATED CURRENT COST PROFIT AND LOSS ACCOUNT

	53 weeks ended 4 August 1984	52 weeks ended 30 July 1983
	£m	£m
Turnover	388.7	380.7
Historical cost trading profit	39.2	31.4
Current cost adjustments:		
Cost of sales and monetary working capital	6.0	4.8
Depreciation	1.5	2.0
Current cost operating profit	31.7	24.6
Interest	3.1	4.6
Gearing adjustment	+1.1	+1.2
Current cost profit before taxation	29.7	21.2
Taxation	14.7	9.4
Minority interests	0.2	0.1
	14.8	11.7
Dividends	7.3	6.0
	7.5	5.7
Extraordinary items	2.5	6.0
Current cost retained profit	**5.0**	**–0.3**
Dividend cover	2.0	2.0
Earnings per share	28.3p	22.5p

CONSOLIDATED CURRENT COST BALANCE SHEET

	Note	4 August 1984 £m	30 July 1983 £m
Fixed assets			
Tangible assets	2	90.6	79.2
Investments and advances		12.2	12.1
		102.8	91.3
Current assets			
Stocks		96.1	94.5
Debtors		80.0	91.1
Cash at bank and in hand		9.7	5.9
		185.8	191.5
Creditors: amounts falling due within one year		–90.2	–79.9
Net current assets		95.6	111.6
Total assets less current liabilities		**198.4**	**202.9**
Creditors: amounts falling due after more than one year		–15.9	–25.0
Provisions for liabilities and charges		–7.6	–14.4
Net assets		**174.9**	**163.5**
Capital and reserves			
Called up share capital		26.2	26.1
Current cost reserve	3	82.4	63.6
Other reserves	4	65.3	73.0
Shareholders' funds		173.9	162.7
Minority interests		1.0	0.8
		174.9	**163.5**

NOTES TO THE CURRENT COST ACCOUNTS

THE NOTES ON PAGES 30 to 39 ALSO APPLY TO THESE ACCOUNTS

1 Basis of preparation

a) Fixed assets, other than properties, are valued at net replacement cost (derived from general replacement indices). Properties are as professionally valued at July 1984. The estimated useful lives of fixed assets are as in the historical cost accounts; additional depreciation is calculated using general replacement indices.

b) In calculating the cost of sales and monetary working capital adjustments, and the replacement value of stock and work in progress, appropriate published indices have been used.

c) The gearing adjustment reduces the effect of the current cost adjustments in the proportion by which net borrowing finances net operating assets.

2 Tangible fixed assets

	1984			1983
	Gross	Depreciation	Net	Net
	£m	£m	£m	£m
Freehold and Long Leasehold properties	52.6	—	52.6	42.2
Plant, etc	99.3	61.3	38.0	37.0
	151.9	**61.3**	**90.6**	**79.2**

3 Current cost reserve

At 31st July, 1983	63.6
Revaluation surpluses reflecting price changes	12.4
Current cost operating adjustments	7.5
Gearing adjustment	–1.1
At 4th August, 1984	**82.4**
Realised	51.9
Unrealised	30.5
	82.4

4 Other reserves

At 31st July, 1983	73.0
Current cost retained profit for the year	5.0
Other movements in the year	–12.7
At 4th August, 1984	**65.3**

5 Financing of net operating assets

Fixed assets and investments	102.8
Working capital	106.0
	208.8
Shareholders' funds, dividends and minority interests	179.7
Net borrowings:	
Bank loans and overdrafts etc, less cash	9.2
Loans	10.9
Taxation etc.	9.0
	(29.1)
	208.8

SUBSIDIARY AND ASSOCIATED COMPANIES

United Kingdom

Automated Engineering Products Ltd
Autosound Ltd
+†Cam Profiles Ltd
Ceewood Developments Ltd
Concord Laboratories Ltd
Contents Measuring Systems Ltd
Downs Surgical Ltd
†Dowty & Smiths Industries Controls Ltd (49%)
Flexible Ducting Ltd
†Flight Navigation Ltd (50%)
Fliteline Ltd
Grosvenor Surgical Supplies Ltd
Hefac Engineering Ltd
Henry Hughes & Sons Ltd
Hypertac Ltd
+†Icore International Ltd
Kelvin Hughes Ltd
Lodge Ceramics Ltd
MacLellan Rubber Ltd
Mecro Ltd
Medcraft Brothers Ltd
Micro Circuit Engineering Ltd
Ming Instruments Ltd
Overseas Cars Ltd
Portex Ltd
Sifan Systems Ltd
SI Properties Ltd
Smiths Industries Aerospace & Defence Systems Ltd
Smiths Industries Enviromental Controls Co Ltd
Smiths Industries Hydraulics Co Ltd
Smiths Industries Management Ltd
Smiths Industries Precision Fan Co Ltd
Smiths Industries Spark Plug & Machinery Co Ltd
Surgical Equipment Supplies Ltd
Uniroof Ltd
Uni-Tubes Ltd
Xionics Ltd (95%)

Overseas

Australia
Smiths Industries Australia Pty Ltd
†Downs Surgical (Australia) Pty Ltd
Efco Manufacturing Pty Ltd
SIDK Pty Ltd (60%)
Smiths Industries Pty Ltd

Belgium
Smiths Industries Belgique SA

Canada
†Downs Surgical Canada Ltd
†Portex Inc
†Smiths Industries North America Ltd

Denmark
†Kelvin Hughes A/S

France
†Laboratoire Lejeune, Seitz & Ameline SA
†Laboratoire Portex SA
†Smiths Industries (France) SA

Hong Kong
Smiths Industries (Hong Kong) Ltd

Japan
†Smiths Industries (Japan) Ltd

Malaysia
†Kelvin Hughes (Malaysia) Sdn Bhd

New Zealand
†Smiths Industries N.Z. Ltd

Singapore
†Siflex Industries Pte Ltd
†Kelvin Hughes (Singapore) Pte Ltd

Southern Africa
†Smiths Industries (Pty) Ltd
†Smiths Industries (S.W.A.) (Pty) Ltd

U.S.A.
†Smiths Industries Inc.
†Concord Laboratories Inc.
†Downs Surgical Inc.
+†Icore International Inc.
†Integrated Air Systems Inc.
†Portex Inc.
†SI Industries Inc.
†SI-Tex Marine Electronics Inc.
†Smiths Industries Aerospace & Defense Systems Inc.
+†The Aero-Electric Connector Co. Inc. (90%)

West Germany
†Flexschlauch Produktions GmbH
†Smiths Industries GmbH

All the companies are wholly owned subsidiaries except where the shareholding percentage is shown.

The Company also holds investments in other subsidiaries which are either non-trading or not significant; details of these subsidiaries will be annexed to the Company's next annual return in compliance with Section 3 of the Companies Act 1967.

†Not audited by Clark Whitehill or associates.

+ Acquired after 4th August 1984.

FINANCIAL CALENDAR

1984

November

14 1983/84 Final Results announced
26 Ordinary Shares Ex-dividend Date
1983/84 Report & Accounts published

December

1 Convertible Loan Stock Conversion begins
6 Ordinary Shares Final Dividend Record Date
18 Annual General Meeting
31 Convertible Loan Stock Conversion Period ends
Share sub-division and Bonus Issue Record Date

1985

January

2 Ordinary Shares Final Dividend payable
Loan & Debenture Stocks Interest Payments Record Date
14 Sub-division of Ordinary Shares
Ex-capitalisation Date
25 Convertible Loan Stock Conversion Fractional shares sold
31 Loan & Debenture Stocks Interest payable

February

22 Bonus Issue Final Renunciation Date

April

9 1984/85 Interim Results announced
1984/85 Interim Report published
15 Ordinary Shares Ex-dividend Date

May

3 Ordinary Shares Interim Dividend Record Date

June

14 Ordinary Shares Interim Dividend payable

July

3 Loan & Debenture Stocks Interest Payment Record Date
31 Loan & Debenture Stocks Interest Payable

August

3 Smiths Industries Financial year end

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