

Registered number: 2296559

B Braun Medical Limited
Annual report and financial statements
for the year ended 31 December 2011

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for the year ended 31 December 2011

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B Braun Medical Limited

Directors and advisers

Directors

H Hux (Chief Executive Officer)

P J Mitchell

Dr. H-W Grosse

P Parfaniuk

P Steel

Prof. M Ungethüm

D Darling

D Oates

P Skelton

Registered office

Brookdale Road

Thornccliffe Park Estate

Chapelton

Sheffield

South Yorkshire

S35 2PW

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 East Parade

Sheffield

S1 2ET

Bankers

HSBC Bank plc, Sheffield

Landesbank Thuringen Essen, Germany

B Braun Medical Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011.

Principal activities

The company's principal activity during the year was the distribution of healthcare products and equipment, and services to the healthcare sector.

Review of business and future developments

During recent years the company has invested significantly in the creation of three large decontamination centres, and funded the purchase of an established renal dialysis business on behalf of the B Braun group. The company has provided considerable support to the new businesses as they become established, whilst continuing to seek new areas of growth for its existing core business. During 2010, the construction of a new Aseptic manufacturing facility was completed and became operational. In 2011, the company extended its distribution facility in Sheffield.

During 2009 it was decided to close the manufacturing facility at Allen Street in Sheffield and to discontinue sales from the company's Downs portfolio to overseas customers. After a period of review this was announced to the employees in 2009. This project commenced during 2010 and was substantially complete by 31 December 2011. Consistent with treatment adopted in 2009 and 2010, associated costs have been separately disclosed as an exceptional item in the profit and loss account in accordance with FRS 3 "Reporting financial performance".

2011 saw underlying growth from the core business, albeit for corporate purposes this is mitigated by a spike of non-recurring sales in 2010.

Taking into consideration the comments made above, both the level of business and the year end financial position were satisfactory. The directors expect that the strength in the core continuing business will lead to continued growth in the 2012 year and for the foreseeable future.

The company supplies goods to the healthcare sector and the directors consider that demand is unlikely to decline significantly in the long term despite the current pressures placed upon public sector expenditure.

During the previous year the company made a provision against an inter-company loan of £5,413,000 and against its investment in a subsidiary of £2,000,000 after reviewing the carrying value and recoverability of these amounts. No further provisions were necessary in 2011.

During 2012 the company intends to continue to diversify and expand its product and service offering whilst maintaining its existing focus on efficiency gains and profitability improvement.

B Braun Medical Limited

Directors' report for the year ended 31 December 2011 (continued)

Principal risks and uncertainties

The directors consider that the effects of NHS initiatives on market pricing will continue to offer challenges. Furthermore, the directors have given due consideration to the levels of funding available to the NHS in the medium term. Future pension shortfalls also represent an area of uncertainty for the business. The directors continue to ensure that these factors are taken into account when planning.

Strategy

Having invested in staff and systems over recent years, the company's overriding objective is now to grow profitable turnover commensurate with its long term goals.

The company uses key performance indicators to monitor current performance compared to agreed targets. The following observations have been made for the year ended 31 December 2011 compared to the year ended 31 December 2010. Gross profit as a percentage of sales rose by 2% (2010: fell by 3%). Sales turnover per head remained grew by 9% (2010: no change), and supply chain costs as a percentage of sales fell by 1% (2010: no change). Generally this is in line with the directors' current expectation. The company continues to be accredited with the Investors in People standard and achieved the silver award during 2010.

Financial risk management

The company's operations expose it to a variety of financial risks including:

Price risk

The company is exposed to NHS initiatives on market pricing as a result of its operations. The level of exposure to this risk is monitored by the directors on an ongoing basis.

Credit risk

The company has implemented policies that require appropriate approval for potential customers before sales are made. Credit limits are set accordingly and are reviewed on an ongoing basis. Due to the nature of the company's customer base, the exposure to credit risk is considered to be low.

Liquidity risk

The continued availability of group funding ensures that the company has sufficient funds for operations and planned expansion.

Interest rate cash flow risk

Due to group financing arrangements in place, the directors do not consider that the company is significantly exposed to risk from fluctuations in interest rates.

Results and dividends

The profit and loss account for the year is set out on page 8. The directors do not propose the payment of a final dividend (2010: £nil).

B Braun Medical Limited

Directors' report for the year ended 31 December 2011 (continued)

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

H Hux (Chief Executive Officer)
P J Mitchell
D Darling
P Steel
Dr. H-W Grosse
P Parfaniuk
Prof. M Ungethüm
D Oates
P Skelton

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

Employees

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

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

Charitable donations

The charitable contributions made by the company during the year amounted to £3,800 (2010: £2,475). There were no political contributions (2010: £nil). The general purpose of charitable donations is the improvement of welfare in the wider community.

On behalf of the Board



Hans Hux
Director
gth March 2012

B Braun Medical Limited

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



Hans Hux
Director
of March 2012

B Braun Medical Limited

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

We have audited the financial statements of B Braun Medical Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet, the Statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

B Braun Medical Limited

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Ward (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Sheffield

9 March 2012

B Braun Medical Limited

Profit and loss account for the year ended 31 December 2011

| | Note | 2011 £'000 | 2010 £'000 |
|---|------|---------------|---------------|
| Turnover | 2 | 85,882 | 84,435 |
| Cost of sales | | (52,583) | (53,781) |
| Gross profit | | 33,299 | 30,654 |
| Net operating expenses | 3 | (27,855) | (27,481) |
| Operating profit | 6 | 5,444 | 3,173 |
| Exceptional items: | | | |
| Provision for impairment | 7 | - | (7,413) |
| Loss on discontinued operations | 8 | (620) | (999) |
| Interest receivable and similar income | 9 | 480 | 437 |
| Interest payable and similar charges | 10 | (681) | (781) |
| Profit/(loss) on ordinary activities before taxation | | 4,623 | (5,583) |
| Tax on profit/(loss) on ordinary activities | 11 | (1,524) | (532) |
| Profit/(loss) for the financial year | 21 | 3,099 | (6,115) |

See note 2 for the analysis of operations between those to be retained and those to be discontinued.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical cost equivalents.

B Braun Medical Limited

Statement of total recognised gains and losses for the year ended 31 December 2011

| | 2011 | 2010 |
|---|--------------|----------------|
| | £'000 | £'000 |
| Profit/(loss) for the financial year | 3,099 | (6,115) |
| Actuarial (loss)/gain on pension scheme | (2,258) | 1,676 |
| Movement on deferred tax relating to pension scheme | 564 | (452) |
| Total recognised gains and losses relating to the year | 1,405 | (4,891) |

B Braun Medical Limited

Balance sheet as at 31 December 2011

Registered number: 2296559

| | Note | 2011 £'000 | 2010 £'000 |
|--|------|-----------------|---------------|
| Fixed assets | | | |
| Tangible assets | 12 | 11,615 | 10,550 |
| Investments | 13 | 1,400 | 1,400 |
| | | 13,015 | 11,950 |
| Current assets | | | |
| Stocks | 14 | 7,644 | 8,318 |
| Debtors | 15 | 47,252 | 45,879 |
| Cash at bank and in hand | | 161 | 614 |
| | | 55,057 | 54,811 |
| Creditors: amounts falling due within one year | 16 | (50,715) | (51,207) |
| Net current assets | | 4,342 | 3,603 |
| Total assets less current liabilities | | 17,357 | 15,553 |
| Creditors: amounts falling due after more than one year | 17 | (3,234) | (3,728) |
| Provisions for liabilities and charges | 19 | (49) | (420) |
| Net assets excluding pension liability | | 14,074 | 11,405 |
| Pension liability | 25 | (2,213) | (949) |
| Net assets including pension liability | | 11,861 | 10,456 |
| Capital and reserves | | | |
| Called up share capital | 20 | 10,000 | 10,000 |
| Profit and loss account | 21 | 1,861 | 456 |
| Total shareholders' funds | 22 | 11,861 | 10,456 |

The financial statements on pages 8 to 31 were approved by the Board of directors on 9th March 2012 and were signed on its behalf by:



Paul Skelton
Director

B Braun Medical Limited

Statement of accounting policies

Basis of accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Furthermore they have been prepared in accordance with consistently applied accounting principles. The principal accounting policies are set out below.

Turnover

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

Foreign currencies

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

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

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

| | |
|--------------------------------------|---------------|
| Freehold buildings | 2-3% |
| Leasehold improvements | life of lease |
| Plant and machinery | 10% |
| Computer equipment and software | 20% |
| Fixtures and fittings | 10-33% |
| Tooling | 33% |
| Demonstration assets | 20-33% |
| Assets in the course of construction | Nil |

Freehold land is not depreciated.

Assets in the course of construction are transferred to the relevant assets categories on completion.

Investments in subsidiaries are stated in the balance sheet at cost less any provision for impairment.

Leases

The costs of operating leases are charged on a straight line basis over the lease term.

B Braun Medical Limited

Statement of accounting policies (continued)

Equipment leased to customers

Equipment leased to customers under finance leases is deemed to be sold at normal selling value which is taken to turnover at the inception of the lease. Debtors under finance leases represent outstanding amounts due under these agreements less finance charges allocated to future periods. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investment.

Stocks and work in progress

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

Pensions

The company operates three separate pension schemes, two of which are closed to new members. Of the closed schemes one is a defined benefit pension scheme, the assets of which are held separately from those of the company in independently administered funds. The scheme was funded by contributions partly from the employees and partly from the company at rates determined by independent actuaries. This scheme is now closed to future accrual for new and existing members.

Pension scheme assets are measured using market value, where this market value is bid price for quoted securities. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in other finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of related deferred tax.

The two further schemes are defined contribution schemes, which are funded by contributions partly from employees and partly from the company. One of these schemes is administered by Assicurazioni Generali SpA and is closed to new members. The other, administered by Scottish Widows plc, is open to new members. During 2010 this scheme was approved by HMRC as a salary sacrifice scheme.

Costs of defined contribution schemes represent the amounts payable in the year.

Further details are set out in note 25.

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

B Braun Medical Limited

Statement of accounting policies (continued)

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at average rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

Exceptional items

The company presents as exceptional items those profits or losses which meet the criteria set out in FRS 3 "Reporting financial performance". Exceptional items are shown on the face of the profit and loss account after operating profit to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Related party transactions

In accordance with the exemption allowed by FRS 8 "Related party disclosures", transactions with entities that are part of the B Braun Melsungen AG group are not disclosed.

Exemption from the obligation to prepare group accounts and a cash flow statement

The company is a wholly-owned subsidiary of B Braun Melsungen AG and the results and cash flows of the company are included in the consolidated financial statements of that company. Accordingly, the company has chosen to take the exemption under the Companies Act 2006 Section 400 from preparing group accounts and the exemption under FRS 1 (revised 1996) "Cash flow statements" from preparing a cash flow statement.

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011

1 Segmental reporting

The company has chosen to take the exemption under SSAP 25 "Segmental Reporting" from presenting a segmental analysis of turnover.

2 Continuing/discontinued operations

During 2009, the company announced that they were in the process of closing the manufacturing unit at Allen Street, Sheffield, and discontinuing the sale of Downs' products to overseas customers. This was commenced during 2010 and was substantially complete by 31 December 2011.

The requirements of FRS 3 "Reporting financial performance" only permit those operations disposed of or closed prior to 31 December 2011 to be classified for the purpose of these financial statements as a discontinued operation. The analysis below provides additional information regarding those operations which have been discontinued as part of the Company's reorganisation plan:

| | Turnover | | Operating profit/(loss) | |
|---------------------------|---------------|---------------|-------------------------|---------------|
| | 2011 £'000 | 2010 £'000 | 2011 £'000 | 2010 £'000 |
| Operations to be retained | 84,640 | 81,701 | 5,580 | 3,852 |
| Discontinued operations | 1,242 | 2,734 | (136) | (679) |
| | 85,882 | 84,435 | 5,444 | 3,173 |

3 Net operating expenses

| | 2011 £'000 | 2010 £'000 |
|--------------------------------|---------------|---------------|
| Selling and distribution costs | 25,442 | 25,122 |
| Administrative expenses | 2,413 | 2,359 |
| Net operating expenses | 27,855 | 27,481 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

4 Employee information

| | 2011 | 2010 |
|-------------------------------|---------------|--------|
| | £'000 | £'000 |
| Wages and salaries | 15,369 | 15,548 |
| Social security costs | 2,023 | 1,844 |
| Other pension costs (note 25) | 954 | 753 |
| | 18,346 | 18,145 |

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

| By activity | 2011 | 2010 |
|--------------------------|------------|--------|
| | Number | Number |
| Distribution | 51 | 79 |
| Sales and administration | 337 | 337 |
| | 388 | 416 |

5 Directors' emoluments

| | 2011 | 2010 |
|---|--------------|-------|
| | £'000 | £'000 |
| Aggregate emoluments (excluding pensions) | 1,180 | 1,304 |
| Emoluments payable to the highest paid director are as follows: | 2011 | 2010 |
| | £'000 | £'000 |
| Aggregate emoluments and benefits | 302 | 356 |
| Money purchase pension scheme: | | |
| - Company contributions paid | 98 | 18 |

Retirement benefits are accruing to three (2010: three) directors under a defined benefit scheme and to six under a money purchase scheme (2010: six). Company contributions in respect of directors that are members of the money purchase scheme totalled £192,678 for the year (2010: £69,467).

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

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

6 Operating profit

| | 2011 | 2010 |
|--|-------|-------|
| | £'000 | £'000 |
| Operating profit is stated after (crediting)/charging: | | |
| Rentals receivable under finance leases | (75) | (72) |
| Depreciation charge for the year | | |
| - owned assets | 1,693 | 1,986 |
| Auditors' remuneration for: | | |
| - audit | 68 | 63 |
| - taxation services | 19 | 80 |
| - other services | 12 | - |
| Hire of plant and machinery – operating leases | 1,576 | 1,480 |
| Hire of land and buildings – operating leases | - | 51 |

7 Exceptional items

During 2010 the company made a provision against an inter company loan due from a subsidiary company. It also made a provision against its investment in the same subsidiary due to doubts about the recoverability of its investment. No further provision was considered to be necessary in 2011.

| | 2011 | 2010 |
|--|-------|-------|
| | £'000 | £'000 |
| Provision against inter company loan | - | 5,413 |
| Provision against investment in subsidiary | - | 2,000 |
| | - | 7,413 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

8 Provision for loss on operations to be discontinued

During 2009, the company announced the decision to close the manufacturing unit at Allen Street, Sheffield, and discontinue the sale of Downs' products to overseas customers. Associated costs charged to the profit and loss account are analysed below.

| | 2011 £'000 | 2010 £'000 |
|------------------------------------|---------------|---------------|
| Restructuring and redundancy costs | 441 | 785 |
| Write down of stocks | 235 | 350 |
| Impairment of fixed assets | - | (62) |
| Profit on sale of fixed assets | (56) | (74) |
| | 620 | 999 |

9 Interest receivable and similar income

| | 2011 £'000 | 2010 £'000 |
|---------------------------------------|---------------|---------------|
| Interest receivable on finance leases | 2 | 5 |
| Group interest receivable | 383 | 377 |
| Other finance income | 95 | 55 |
| | 480 | 437 |

10 Interest payable and similar charges

| | 2010 £'000 | 2010 £'000 |
|------------------------------|---------------|---------------|
| On bank loans and overdrafts | 152 | 184 |
| Group interest payable | 529 | 525 |
| Other finance costs | - | 72 |
| | 681 | 781 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Tax on profit/(loss) on ordinary activities

| | 2011 | 2010 |
|--|--------------|-------------|
| | £'000 | £'000 |
| Current tax: | | |
| UK corporation tax on profits of the year | 1,148 | 899 |
| Adjustments in respect of prior periods | 17 | (314) |
| Total current tax | 1,165 | 585 |
| Deferred tax: | | |
| Origination and reversal of timing differences | 293 | (96) |
| Changes in tax rates | 66 | 43 |
| Total deferred tax (note 19) | 359 | (53) |
| Total tax on profit/(loss) on ordinary activities | 1,524 | 532 |

The current tax assessed for the year is lower (2010: higher) than the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below:

| | 2011 | 2010 |
|--|--------------|----------------|
| | £'000 | £'000 |
| Profit/(loss) on ordinary activities before taxation | 4,623 | (5,583) |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%) | 1,225 | (1,563) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 249 | 2,301 |
| Capital allowances (in excess of)/less than depreciation and other timing differences | (326) | 164 |
| Group relief surrendered not paid | - | (3) |
| Adjustments in respect of prior years | 17 | (314) |
| Total current tax charge for the year | 1,165 | 585 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

12 Tangible assets

| | Land and buildings | | Assets in the course of construction | Plant and machinery | Demonstration assets | Computer equipment and software, tooling, fixtures and fittings | Total |
|---------------------------------|--------------------|----------------|--------------------------------------|---------------------|----------------------|---|---------------|
| | Freehold | Long leasehold | | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | | |
| At 1 January 2011 | 7,711 | 382 | - | 3,013 | 4,720 | 4,701 | 20,527 |
| Additions | 341 | - | 1,297 | 51 | 883 | 246 | 2,818 |
| Reclassifications | - | - | - | - | - | - | - |
| Disposals | - | - | - | (551) | (223) | (69) | (843) |
| At 31 December 2011 | 8,052 | 382 | 1,297 | 2,513 | 5,380 | 4,878 | 22,502 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2011 | 2,358 | 382 | - | 1,808 | 2,656 | 2,773 | 9,977 |
| Charge for the year | 179 | - | - | 80 | 1,060 | 374 | 1,693 |
| Disposals | - | - | - | (526) | (188) | (69) | (783) |
| At 31 December 2011 | 2,537 | 382 | - | 1,362 | 3,528 | 3,078 | 10,887 |
| Net book amount | | | | | | | |
| At 31 December 2011 | 5,515 | - | 1,297 | 1,151 | 1,852 | 1,800 | 11,615 |
| At 31 December 2010 | 5,353 | - | - | 1,205 | 2,064 | 1,928 | 10,550 |

Assets in the course of construction relate to the expansion of the distribution facility and the relocation of one of the company service facilities. The costs will be reclassified to the appropriate assets categories on completion.

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

13 Investments

| | Interest in group undertakings £'000 |
|--|---|
| Cost of investment at 1 January and 31 December 2011 | 3,400 |
| Accumulated impairment at 1 January and 31 December 2011 | (2,000) |
| Net book amount at 1 January and 31 December 2011 | 1,400 |

Interest in group undertakings

Details of interest in group undertakings are as follows:

| Name of undertaking | Description of shares held | Proportion of nominal value of issued shares held | |
|---------------------------------------|----------------------------|---|----------|
| | | Direct | Indirect |
| | | % | % |
| B Braun Sterilog Limited | Ordinary | 100 | - |
| B Braun Sterilog (Yorkshire) Limited | Ordinary | - | 100 |
| B Braun Sterilog (Birmingham) Limited | Ordinary | - | 100 |
| Downs Surgical Limited | Ordinary | 100 | - |
| Aesculap Academia Company Limited | Ordinary | 100 | - |
| B Braun Healthcare Limited | Ordinary | 73.5 | - |

The directors believe that the carrying value of the investments is supported by the underlying net assets of the investments.

All companies are registered and incorporated in England and Wales and have a year end of 31 December.

B Braun Sterilog Limited is a holding company for the investments in B Braun Sterilog (Yorkshire) Limited and B Braun Sterilog (Birmingham) Limited. Both B Braun Sterilog (Yorkshire) Limited and B Braun Sterilog (Birmingham) Limited operate decontamination centres as outsourced facilities for the NHS and other third party companies.

Downs Surgical Limited, Aesculap Academia Company Limited and B Braun Healthcare Limited are non-trading.

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

14 Stocks

| | 2011 | 2010 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Raw materials and consumables | 168 | 190 |
| Work in progress | 113 | 160 |
| Finished goods and goods for resale | 7,363 | 7,968 |
| | 7,644 | 8,318 |

15 Debtors

| | 2011 | 2010 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Trade debtors | 13,550 | 10,407 |
| Amounts owed by group undertakings | 861 | 956 |
| Loans receivable from group undertakings | 31,652 | 33,099 |
| Other debtors | 78 | 212 |
| Prepayments and accrued income | 767 | 595 |
| Finance lease receivable | - | 80 |
| Deferred tax (note 19) | 344 | 526 |
| Corporation tax | - | 4 |
| | 47,252 | 45,879 |

Loans receivable and amounts owed by group undertakings are unsecured and have no fixed date of repayment. Interest is received on loans receivable at LIBOR plus 1.00% (2010: LIBOR plus 1.00%). No interest is receivable on amounts owed by group undertakings.

| | 2011 | 2010 |
|---|-------|-------|
| | £'000 | £'000 |
| Net investment in finance leases comprises: | | |
| Total amounts receivable | - | 83 |
| Less: Interest allocated to future periods | - | (3) |
| | - | 80 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

Rentals receivable during the year under finance leases and hire purchase contracts amounted to £75,000 (2010: £72,000).

16 Creditors: amounts falling due within one year

| | 2011 | 2010 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Bank loans and overdrafts (note 18) | 536 | 500 |
| Trade creditors | 2,025 | 1,269 |
| Amounts owed to group undertakings | 40,271 | 43,069 |
| Other taxation and social security payable | 3,116 | 2,291 |
| Accruals and deferred income | 4,767 | 4,078 |
| | 50,715 | 51,207 |

Included in amounts owed to group undertakings is an inter company loan from B Braun Melsungen AG. This amount is unsecured and interest is payable at LIBOR plus 1.00% (2010: LIBOR plus 1.00%). The remaining amounts are unsecured and no interest is payable on the liability.

17 Creditors: amounts falling due after more than one year

| | 2011 | 2010 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Bank loan (note 18) | 1,412 | 1,906 |
| Amounts owed to group undertakings | 1,822 | 1,822 |
| | 3,234 | 3,728 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

18 Loans and other borrowings

| | 2011 | 2010 |
|--------------------------|-------|-------|
| | £'000 | £'000 |
| Bank loan and overdrafts | 1,948 | 2,406 |

| | 2011 | 2010 |
|----------------------------|-------|-------|
| | £'000 | £'000 |
| Within one year | 536 | 500 |
| Between one and two years | 531 | 494 |
| Between two and five years | 881 | 1,412 |
| | 1,948 | 2,406 |

Included in the above is a bank loan of £1,906,000 (2010: £2,368,000), which carries interest at a fixed rate of 6.96%. Under the terms of the agreement, repayment is by quarterly instalments until 19 November 2014. The loan is secured by a mortgage over the freehold land and buildings and other assets of the company.

19 Provisions for liabilities

| | At 1 January 2011 | Profit and loss account | Utilised in year | Unwinding of discount | At 31 December 2011 |
|-----------------------------|-------------------------|-------------------------------|---------------------|-----------------------------|---------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Provision for dilapidations | 115 | (15) | (100) | - | - |
| Restructuring | 305 | 84 | (340) | - | 49 |
| Total provisions | 420 | 69 | (440) | - | 49 |

Dilapidations

The company had a number of long term leases on properties that were located in Aylesbury which came to an end during the 2010. The amounts provided represented the amounts required for dilapidations. These were settled during the year.

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

Restructuring

During 2009, the company announced the decision to close the manufacturing unit at Allen Street, Sheffield, and to discontinue the sale of Downs' products to overseas customers. This commenced during 2010 and were substantially complete by 31 December. The remaining provision at the year end of £49,000 relates to expected site closure costs.

Deferred taxation

Deferred taxation provided in the financial statements is analysed as follows:

| | £'000 | £'000 |
|--|----------------|--------------|
| At 1 January 2011: | | |
| Deferred tax asset due to accelerated capital allowances and short term timing differences | (526) | |
| Deferred tax asset on the pension scheme | (351) | |
| | | (877) |
| Deferred tax charge in profit and loss account | | 359 |
| Deferred tax credit to the statement of total recognised gains and losses | | (564) |
| At 31 December 2011: | | |
| Deferred tax asset due to accelerated capital allowances and short term timing differences | (344) | |
| Deferred tax asset on the pension scheme | (738) | |
| | | (1,082) |
| | 2011 | 2010 |
| | £'000 | £'000 |
| Tax effect of timing differences because of: | | |
| Capital allowances in excess of depreciation | (331) | (504) |
| Other timing differences | (13) | (22) |
| Deferred tax asset excluding that relating to pension scheme | (344) | (526) |
| Deferred tax asset on the pension scheme (note 25) | (738) | (351) |
| Total deferred tax asset | (1,082) | (877) |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

20 Called up share capital

| | Allotted and fully paid | |
|---------------------------------------|-------------------------|---------------|
| | 2011 | 2010 |
| | £'000 | £'000 |
| Ordinary shares of £1 each | 9,375 | 9,375 |
| Ordinary non-voting shares of £1 each | 625 | 625 |
| | 10,000 | 10,000 |

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

21 Reserves

| | Profit and loss account |
|---|-------------------------|
| | £'000 |
| At 1 January 2011 | 456 |
| Profit for the financial year (note 22) | 3,099 |
| Actuarial loss on pension scheme (note 25) | (2,258) |
| Movement on deferred tax relating to pension scheme | 564 |
| At 31 December 2011 | 1,861 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

22 Reconciliation of movements in shareholders' funds

| | 2011 | 2010 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Profit/(loss) for the financial year | 3,099 | (6,115) |
| Actuarial (loss)/gain on pension scheme (note 25) | (2,258) | 1,676 |
| Movement on deferred tax relating to pension scheme | 564 | (452) |
| Net addition to/(deduction from) shareholders' funds | 1,405 | (4,891) |
| Opening shareholders' funds | 10,456 | 15,347 |
| Closing shareholders' funds | 11,861 | 10,456 |

23 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferral duty amount to £150,000 (2010: £150,000). Contingent liabilities in respect of other guarantees amount to £nil (2010: £nil).

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

24 Financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases relating to equipment expiring as follows:

| | 2011 | 2010 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Within one year | 348 | 291 |
| Within two to five years | 882 | 787 |
| | 1,230 | 1,078 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

25 Pension commitments

The company operates a defined benefit pension scheme with assets held separately from those of the company in independently administered funds. The scheme provides retirement benefits on the basis of members' final salary. On 1 July 1999, the defined benefit scheme was closed to new members and on 30 September 2007 it was closed to future accrual.

The company also operates two defined contribution schemes. One is administered by Assicurazioni Generali SpA and is closed to new members. The other, which accepts new members, is administered by Scottish Widows plc.

The total pension cost for the year was £954,000 (2010: £753,000). At the year end £nil (2010: £nil) is included in accruals.

Defined benefit scheme

A full actuarial valuation was carried out at 1 January 2006 and updated to 31 December 2011 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2011 were:

| | 31 December 2011 | 31 December 2010 |
|---|---------------------|---------------------|
| Inflation assumption | 2.6% | 2.8% |
| Rate of increase in salaries | N/A | N/A |
| Discount rate | 4.7% | 5.3% |
| Rate of increase in pensions in payment | 2.6% | 2.8% |

The mortality assumptions used were as follows:

| | 2011 Years | 2010 Years |
|---|---------------|---------------|
| Male member aged 65 (current life expectancy) | 21.4 | 21.3 |
| Male member aged 45 (life expectancy at age 65) | 22.6 | 22.5 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

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

| | Long term expected rate of return | Value as at | Long term expected rate of return | Value as at |
|----------|--|------------------------|--|------------------------|
| | 31 December 2011 | 31 December 2011 | 31 December 2010 | 31 December 2010 |
| | | £'000 | | £'000 |
| Equities | 6.6% | 8,608 | 7.3% | 8,919 |
| Bonds | 4.7% | 3,656 | 5.3% | 1,911 |
| Cash | 3.1% | 307 | 3.8% | 1,911 |
| | | 12,571 | | 12,741 |

The following amounts at 31 December 2011 were measured in accordance with the requirements of FRS 17 "Retirement benefits":

| Pension liability | 2011 | 2010 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Total market value of assets | 12,571 | 12,741 |
| Present value of scheme liabilities | (15,522) | (14,041) |
| Deficit in the scheme | (2,951) | (1,300) |
| Related deferred tax asset | 738 | 351 |
| Net pension deficit | (2,213) | (949) |
| | | |
| Reconciliation of present value of scheme liabilities | 2011 | 2010 |
| | £'000 | £'000 |
| At 1 January | 14,041 | 15,079 |
| Interest cost | 730 | 802 |
| Actuarial losses/(gains) | 1,286 | (834) |
| Benefits paid | (535) | (1,006) |
| At 31 December | 15,522 | 14,041 |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of scheme liabilities to changes in the principle assumptions used is set out below:

| | Change in assumption | Impact on scheme liabilities |
|----------------|----------------------|------------------------------|
| Discount rate | Increase by 1% | Decrease by 18% |
| Discount rate | Decrease by 1% | Increase by 23% |
| Inflation rate | Increase by 1% | Increase by 16% |
| Inflation rate | Decrease by 1% | Decrease by 13% |
| Mortality | Increase by 1 year | Increase by 2% |
| Mortality | Decrease by 1 year | Decrease by 2% |

| Reconciliation of present value of scheme assets | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| At 1 January | 12,741 | 11,617 |
| Expected return on scheme assets | 825 | 730 |
| Actuarial (losses)/gains on plan assets | (972) | 842 |
| Employer contributions | 512 | 558 |
| Benefits paid from plan | (535) | (1,006) |
| At 31 December | 12,571 | 12,741 |

Scheme assets do not include any of the financial assets of B Braun Medical Limited or any property occupied by B Braun Medical Limited.

The expected return on scheme assets is determined by considering the asset classes held and assuming rates of return consistent with current yields as well as long term equity out-performance over gilts of 3.5% per annum. A deduction of 0.5% per annum has also been made to the total rate of return to allow for administrative expenses.

The actual loss on scheme assets in the year was £147,000 (2010: return of £1,572,000).

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

The following amounts are recognised in the performance statements in the year to 31 December 2011 under the requirements of FRS 17 "Retirement benefits":

| | 2011 | 2010 |
|--|-------|-------|
| | £'000 | £'000 |
| Operating profit | | |
| Current service cost | - | - |
| Other finance (income)/costs | | |
| Expected return on pension scheme assets | (825) | (730) |
| Interest on pension scheme liabilities | 730 | 802 |
| Net (income)/cost | (95) | 72 |

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £2,331,000 (2010: £72,000).

Actuarial valuation

The defined benefit scheme was closed to new members on 1 July 1999 and closed to future accrual on 30 September 2007. The total contribution expected to be made to the scheme by B Braun Medical Limited in the year to 31 December 2012 is £460,000 (2010: £500,000).

| History of experience gains and losses | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|-------------|--------|---------|--------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Defined benefit obligation | 15,522 | 14,041 | 15,079 | 11,978 | 14,099 |
| Fair value of plan assets | 12,571 | 12,741 | 11,617 | 9,633 | 11,949 |
| Deficit | 2,951 | 1,300 | 3,462 | 2,345 | 2,150 |
| Difference between the expected and actual return on plan assets: | | | | | |
| Amount | (972) | 842 | (1,143) | 3,211 | (297) |
| Percentage of plan assets | (8%) | 7% | 10% | 33% | (2%) |
| Experience loss/(gain) on plan liabilities: | | | | | |
| Amount | 6 | (279) | 225 | - | (305) |
| Percentage of present value of plan assets | - | (2%) | 1% | - | (2%) |

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £954,000 (2010: £681,000). At the year end £nil (2010: £nil) is included in accruals.

26 Ultimate parent company

The directors regard B Braun Melsungen AG, a company registered in Germany, as the ultimate parent company and controlling party. According to the register kept by the Company, B Braun Melsungen AG has a 50% interest in the equity of B Braun Medical Limited at 31 December 2011 and Aesculap International GmbH, a company registered in Germany, has the remaining 50% interest. Copies of the parent's consolidated financial statements may be obtained from PO Box 110, D3508 Melsungen, Germany.