

FLEXIBOX INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1994

Registered Number: 394688



FLEXIBOX INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and audited accounts for the year to 31 December 1994.

<u>Results</u>	£000
Profit on Ordinary Activities for the Year Before Taxation	918
Taxation	(318)
Profit After Taxation	<u>600</u>
Dividend Proposed	(550)
Retained Profit Brought Forward	1,678
Exchange Differences on Investments	5
	<u>1,733</u>
Retained Profit Carried Forward	=====

Activities

The Company acts as an investment parent undertaking and received investment income during the year. The Company's subsidiary and associated undertakings are engaged in the manufacture of mechanical seals and flexible power transmission couplings.

Directors

The Directors during the year were:

Name

Mr P J K Haslehurst
Mr F K Wright
Mr J Hanson
Mr D C Mitchell
Mr R T Gant
Mr J J Hobbs
Mr G Picca
Mr F Suraud

Messrs F K Wright, D C Mitchell and G Picca retire by rotation and, being eligible, offer themselves for re-election.

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Directors' Interests

Directors' interests in the share capital of the ultimate parent undertaking as recorded in the Register of Directors' Interests were:

	<u>Interest in</u> <u>Ordinary Shares</u>		<u>Options to Acquire</u> <u>25p Ordinary Shares</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Mr J Hanson	9,176	5,368	25,808	36,354
Mr D C Mitchell	2,142	1,676	30,721	21,171
Mr R T Gant	1,554	-	11,977	13,531
Mr G Picca		-		-
Mr F Suraud		-		-

The interests of Messrs P J K Haslehurst, J J Hobbs and F K Wright in the share capital of the ultimate parent undertaking are shown in the Directors' report of that Company. The Directors' interests were beneficially owned.

With the exception of the interests disclosed above, no Director had any interest in the shares or debentures of any Group undertaking.

Review of the Business

The Company had a satisfactory year.

Charitable and Political Donations

No charitable donations were made during the year. No political donations were made.

Directors' Responsibilities for the Accounts

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

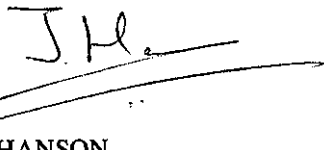
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts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

FLEXIBOX INTERNATIONAL LIMITED

The Directors confirm that the accounts comply with the above requirements.

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

ON BEHALF OF THE BOARD

A handwritten signature in dark ink, appearing to read 'J. H.', followed by a long, sweeping horizontal line that extends to the left and then curves back towards the right.

J HANSON
Company Secretary

24 March 1995

FLEXIBOX INTERNATIONAL LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

FLEXIBOX INTERNATIONAL LIMITED

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on pages 2 and 3 the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

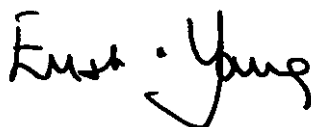
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
Chartered Accountants
Registered Auditor
Manchester

24 March 1995

FLEXIBOX INTERNATIONAL LIMITED

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> £000	<u>1993</u> £000
Income from Investments	2	796	1,189
Interest Receivable	3	134	100
Other Income		-	88
Other Charges		(12)	(16)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	918	1,361
Taxation on Profit on Ordinary Activities	5	(318)	(515)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		600	846
Dividend	6	(550)	(800)
RETAINED PROFIT FOR THE YEAR		50 =====	46 =====

Recognised Gains and Losses

	<u>1994</u> £000	<u>1993</u> £000
Profit attributable to the members of the parent company	600	846
Exchange differences on translations of investments	5	2
Total recognised gains and losses relating to the year	605 =====	848 =====

The notes on pages 7 to 12 form part of these accounts

FLEXIBOX INTERNATIONAL LIMITED

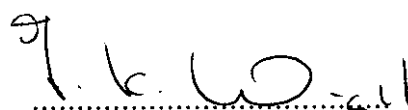
BALANCE SHEET AT 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> £000	<u>1993</u> £000
FIXED ASSETS			
Investments	7	5,322	4,714
CURRENT ASSETS			
Debtors	8	1	6
Cash at Bank and In Hand		1	4
		<u>2</u>	<u>10</u>
CREDITORS:			
Amounts Falling Due Within One Year	9	(617)	(932)
NET CURRENT LIABILITIES		<u>(615)</u>	<u>(922)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,707</u>	<u>3,792</u>
CREDITORS:			
Amounts Falling Due After More Than One Year	9	(2,899)	(2,039)
		<u>1,808</u>	<u>1,753</u>
		=====	=====
CAPITAL AND RESERVES			
Called Up Share Capital	10	75	75
Profit & Loss Account	11	1,733	1,678
		<u>1,808</u>	<u>1,753</u>
		=====	=====



P J K Haslehurst

24 March 1995



F K Wright

The notes on pages 7 to 12 form part of these accounts

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

(b) Group Accounts

The financial statements present information about the Company as an individual undertaking and not about its group.

Flexibox International Limited is exempt from preparing group accounts under S228 of the Companies Act 1985 as the Company is a wholly owned subsidiary undertaking of EIS Group PLC, a company incorporated in the United Kingdom.

A statement of cash flows in accordance with FRS1 has not been prepared as the Company is a wholly owned subsidiary of EIS Group PLC, which presents a cash flow for the Group within its consolidated accounts.

(c) Income from Investments

Income from investments is brought in on the basis of dividends declared by subsidiary undertakings and paid by associated undertakings in the year.

(d) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Profit & Loss Account.

Investments in subsidiary and associated undertakings, in the form of long-term loans in foreign currencies, are stated in sterling at the rates of exchange ruling at 31 December. Exchange differences arising on the retranslation of such investments are dealt with as a movement on reserves.

2. INCOME FROM INVESTMENTS

	<u>1994</u> £000	<u>1993</u> £000
Dividends received from subsidiary and associated undertakings	796 =====	1,189 =====

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3. INTEREST RECEIVABLE

	<u>1994</u> £000	<u>1993</u> £000
Interest receivable from subsidiary and associated undertakings	134	100
	=====	=====

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging the following items:

	<u>1994</u> £000	<u>1993</u> £000
Auditors' Remuneration - audit	11	8
Auditors' Remuneration - non-audit	-	8
Directors' Remuneration (including pension contributions)	nil	nil
Chairman	nil	nil
Highest paid Director		
- executive emoluments	nil	nil
Number of Directors whose remuneration, excluding pension contributions, were within the range		
£0 - £5,000	8	9

5. TAXATION

	<u>1994</u> £000	<u>1993</u> £000
Taxation based on the profit for the year:		
Corporation taxation at 33%	303	419
Overseas taxation	283	490
	<hr/> 586	<hr/> 909
Less: Relief for overseas taxation	(268)	(394)
	<hr/> 318	<hr/> 515
	=====	=====

FLEXIBOX INTERNATIONAL LIMITED

6. DIVIDENDS

	<u>1994</u> £000	<u>1993</u> £000
Ordinary - final proposed	550	800
	=====	=====

7. FIXED ASSET INVESTMENTS

	<u>Associated Undertakings</u>		<u>Subsidiary Undertakings</u>		<u>Total</u>
	<u>Shares</u> £000	<u>Loans</u> £000	<u>Shares</u> £000	<u>Loans</u> £000	
Cost:					
At 1 January 1994	5	52	2,946	2,110	5,113
Exchange difference	-	3	-	-	3
Pre-payments	13	-	-	-	13
Additions	21	-	55	628	704
Disposals	-	(55)	-	(62)	(117)
At 31 December 1994	<u>39</u>	<u>-</u>	<u>3,001</u>	<u>2,676</u>	<u>5,716</u>
Amounts written off:					
At 1 January 1994	-	-	298	101	399
Released during the year	-	-	-	(5)	(5)
At 31 December 1994	<u>-</u>	<u>-</u>	<u>298</u>	<u>96</u>	<u>394</u>
Net book value:					
At 31 December 1994	<u>39</u>	<u>-</u>	<u>2,703</u>	<u>2,580</u>	<u>5,322</u>
	=====	=====	=====	=====	=====
At 1 January 1994	<u>5</u>	<u>52</u>	<u>2,648</u>	<u>2,009</u>	<u>4,714</u>
	=====	=====	=====	=====	=====

Flexibox (Canada) Inc was acquired from the parent undertaking, EIS Group PLC, on 31 December 1994, and is now a subsidiary undertaking.

Flexibox Argentina SA was acquired on 26 September 1994.

FLEXIBOX INTERNATIONAL LIMITED

7. **FIXED ASSET INVESTMENTS** (contd)

The subsidiary undertakings of Flexibox International Limited at 31 December 1994 were:

	<u>Country of Incorporation</u>	<u>% of Equity Shares Held</u>
Flexibox Pty Limited	Australia	100 %
Flexibox do Brasil Ind E Com Ltda	Brasil	100 %
Flexibox (Canada) Inc	Canada	100 %
Flexibox SA	France	100 %
Intermaintenance SARL *	France	100 %
Flexibox GmbH	Italy	100 %
Flexibox SpA	Japan	100 %
Flexibox SA	Mexico	100 %
Flexibox AS	Norway	100 %
Flexibox (Pte) Limited	Singapore	100 %
Flexibox (Pty) Limited	South Africa	100 %
Flexibox Iberica SA	Spain	100 %
Flexibox AB	Sweden	100 %
Flexibox Inc	USA	100 %

* Intermaintenance SARL is a wholly-owned subsidiary undertaking of Flexibox SA (France).

The associated undertakings of Flexibox International Limited at 31 December 1994 were:

	<u>Country of Incorporation</u>	<u>% of Equity Shares Held</u>
Flexibox Argentina SA	Argentina	50 %
Flexiservice SARL *	Morocco	50 %
Flexibox BV	Netherlands	50 %
Corporacion Flexibox de Venezuela CA **	Venezuela	33 1/3 %
Fluidrive (Canada) Inc ***	Canada	50 %

* Flexiservice SARL Morocco is an associated undertaking of Flexibox SA (France).

** Corporacion Flexibox de Venezuela CA is a subsidiary undertaking of Flexibox BV (Netherlands).

*** Fluidrive (Canada) Inc is an associated undertaking of Flexibox (Canada) Inc.

The subsidiary and associated undertakings of Flexibox International Limited are engaged in the manufacture of mechanical seals and flexible power transmission couplings.

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8. DEBTORS

	<u>1994</u> £000	<u>1993</u> £000
Amounts falling due within one year:		
- Amounts owed by fellow subsidiary undertakings	1	1
- Amounts owed by fellow associated undertakings	-	5
	<u>1</u>	<u>6</u>
	=====	=====

9. CREDITORS

	<u>1994</u> £000	<u>1993</u> £000
Amounts falling due within one year:		
- Corporation tax	36	27
- Other creditors	31	105
- Dividend payable	550	800
	<u>617</u>	<u>932</u>
	=====	=====
Amounts falling due after one year:		
- Amounts owed to parent undertaking	979	299
- Amounts owed to fellow subsidiary undertakings	1,920	1,740
	<u>2,899</u>	<u>2,039</u>
	=====	=====

There are no terms of repayment for the amounts due to the parent undertaking nor is any interest charged.

10. SHARE CAPITAL

1993 and 1994

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>Number</u>	£	<u>Number</u>	£
Ordinary shares of £1 each	100,000	100,000	75,000	75,000
	=====	=====	=====	=====

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11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<u>Share Capital</u> £000	<u>Profit & Loss Account</u> £000	<u>Total</u> £000
At 1 January 1993	75	1,630	1,705
Profit for the year	-	846	846
Dividend	-	(800)	(800)
Exchange difference on retranslation of investments	-	2	2
At 1 January 1994	<u>75</u>	<u>1,678</u>	<u>1,753</u>
Profit for the year	-	600	600
Dividend	-	(550)	(550)
Exchange difference on retranslation of investments	-	5	5
At 31 December 1994	<u>75</u> =====	<u>1,733</u> =====	<u>1,808</u> =====

13. CONTINGENT LIABILITIES

	<u>1994</u> £000	<u>1993</u> £000
Guarantees in respect of indebtedness of third parties	nil	nil
	=====	=====

14. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is EIS Group PLC, a company registered in England.

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the Company is a member is EIS Group PLC. Copies of EIS Group PLC accounts can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.