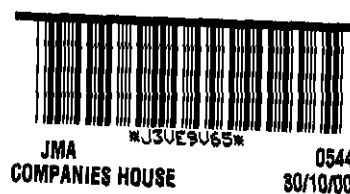


**FLEXIBOX INTERNATIONAL LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**YEAR ENDED 31 DECEMBER 1999**

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 1999.

<u>Results</u>	<u>£000</u>
Profit on Ordinary Activities for the Year Before Taxation	834
Taxation	(249)
Profit After Taxation	<hr/> 585
Transfer of subsidiaries to other Group companies	20,147
Dividend Proposed	-
Retained Profit Brought Forward	4,220
Exchange Differences on Investments	26
Retained Profit Carried Forward	<hr/> <hr/> 24,978

### Activities

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

### Directors

The Directors during the year were:

#### Name

Mr J R Edwards	appointed 30 July 1999
Mr D C Mitchell	
Mr G M Norris	appointed 30 July 1999
Mr R J Paddison	appointed 31 December 1999 and resigned 10 March 2000
Mr G Picca	resigned 30 April 1999
Mr F Suraud	resigned 10 March 2000
Mr F K Wright	resigned 31 December 1999

G M Norris and J R Edwards retire and, being eligible, offer themselves for re-election. D C Mitchell retires by rotation and, being eligible, offers himself for re-election.

## FLEXIBOX INTERNATIONAL LIMITED

### REPORT OF THE DIRECTORS (contd .....

#### Directors' Interests

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

	Interest in 25p Ordinary Shares		Options to Acquire 25p Ordinary Shares	
	1999	1998	1999	1998
Mr D C Mitchell	-	-	3,627	2,923
Mr R J Paddison	-	-	4,089	3,600
Mr F Suraud	-	-	-	-
Mr F K Wright	620	620	2,754	2,754
	<u>31.12.99</u>	<u>30.07.99</u>	<u>31.12.99</u>	<u>30.07.99</u>
Mr J R Edwards	111,646	102,028	352,549	352,474
Mr G M Norris	10,000	10,000	50,872	50,872

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.

#### 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.

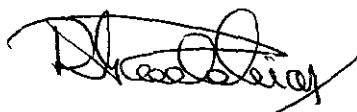
The Directors confirm that the accounts comply with the above requirements.

**FLEXIBOX INTERNATIONAL LIMITED**

**REPORT OF THE DIRECTORS** (contd .....)

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 black ink, appearing to read 'R J PADDISON', written over a horizontal line.

**R J PADDISON**  
Company Secretary

Date: 26 October 2000

**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

The directors are responsible for preparing the annual report including, as described on pages 2 and 3, preparing the accounts in accordance with the United Kingdom Companies Act. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the accounts and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the accounts.

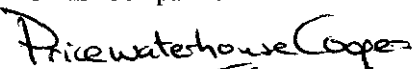
Basis of Opinion

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors  
Manchester

Date: 26 October 2000

**FLEXIBOX INTERNATIONAL LIMITED**

**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Income from Investments	2	163	2,265
Interest Receivable	3	676	175
Other Charges		(5)	(10)
OPERATING PROFIT	4	<u>834</u>	<u>2,430</u>
Exceptional Item: Gain on Transfer of Investments to Other Group Companies		20,147	1,430
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>20,981</u>	<u>3,860</u>
Taxation on Profit on Ordinary Activities	6	(249)	(1,129)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>20,732</u>	<u>2,731</u>
Dividends		-	-
RETAINED PROFIT FOR THE YEAR	11	<u><u>20,732</u></u>	<u><u>2,731</u></u>

Statement of Total Recognised Gains and Losses

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Profit attributable to the members of the parent company	20,732	2,731
Exchange differences on translations of investments	26	(4)
Total recognised gains and losses relating to the year	<u><u>20,758</u></u>	<u><u>2,727</u></u>

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

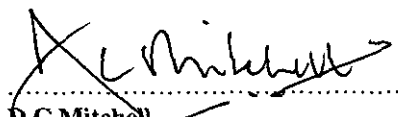
**FLEXIBOX INTERNATIONAL LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> £000	<u>1998</u> £000
FIXED ASSETS			
Investments	7	8,655	5,546
CURRENT ASSETS			
Debtors	8	279	2,039
Cash at Bank and In Hand		17,113	413
		17,392	2,452
CREDITORS:			
Amounts Falling Due Within One Year	9	(994)	(70)
NET CURRENT ASSETS		16,398	2,382
TOTAL ASSETS LESS CURRENT LIABILITIES		25,053	7,928
CREDITORS:			
Amounts Falling Due After More Than One Year	9	-	(3,633)
NET ASSETS		25,053	4,295
CAPITAL AND RESERVES			
Called Up Share Capital	10	75	75
Profit & Loss Account	11	24,978	4,220
EQUITY SHAREHOLDERS' FUNDS		25,053	4,295

Approved by the Board of Directors on 26 October 2000

and signed on its behalf by:

  
D C Mitchell

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 accounts 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 TI Group plc, a company incorporated in the United Kingdom.

A statement of cash flows in accordance with FRS1 (Revised 1996) has not been prepared as the Company is a wholly owned subsidiary of TI 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 paid by subsidiary and 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>1999</u>	<u>1998</u>
	<u>£000</u>	<u>£000</u>
Dividends received from subsidiary and associated undertakings	<u>163</u>	<u>2,265</u>



**FLEXIBOX INTERNATIONAL LIMITED**

3. **INTEREST RECEIVABLE**

	<u>1999</u> £000	<u>1998</u> £000
Bank interest	609	-
Interest receivable from subsidiary and Associate undertakings	67	175
	<u>676</u>	<u>175</u>

4. **OPERATING PROFIT**

This is stated after charging the following items:

	<u>1999</u> £000	<u>1998</u> £000
Auditors' remuneration – audit	5	10

5. **DIRECTORS' EMOLUMENTS AND STAFF COSTS**

No directors received any emoluments for their services to the Company.

Apart from directors, the Company does not employ anyone.

6. **TAXATION**

	<u>1999</u> £000	<u>1998</u> £000
Taxation based on the profit for the year:		
Corporation taxation at 30.25% (1998: 31%)	268	1,851
Less: Relief for overseas taxation	(28)	(707)
	<u>240</u>	<u>1,144</u>
Tax under/(over) provided in previous years	9	(15)
	<u>249</u>	<u>1,129</u>

# FLEXIBOX INTERNATIONAL LIMITED

## 7. FIXED ASSET INVESTMENTS

	<u>Associated Undertakings</u>		<u>Subsidiary Undertakings</u>		
	<u>Shares £000</u>	<u>Loans £000</u>	<u>Shares £000</u>	<u>Loans £000</u>	<u>Total £000</u>
Cost:					
At 1 January 1999	149	-	4,438	1,310	5,897
Exchange difference	-	-	-	(7)	(7)
Repayments	-	-	-	(43)	(43)
Additions	-	-	4,827	44	4,871
Disposals/Transfers	-	-	(1,927)	-	(1,927)
At 31 December 1999	<u>149</u>	<u>-</u>	<u>7,338</u>	<u>1,304</u>	<u>8,791</u>
Amounts provided:					
At 1 January 1999	-	-	215	136	351
Provided during year	-	-	-	-	-
Exchange difference	-	-	-	-	-
Disposals/Transfers	-	-	(215)	-	(215)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>136</u>	<u>136</u>
Net book value:					
At 31 December 1999	<u>149</u>	<u>-</u>	<u>7,338</u>	<u>1,168</u>	<u>8,655</u>
At 1 January 1999	<u>149</u>	<u>-</u>	<u>4,223</u>	<u>1,174</u>	<u>5,546</u>

A loan was made to Flexibox (Thailand) Company Limited for Bt29,960,000 (£489,063.01) in January 2000), and then a further loan of Bt4,000,000 (£67,624.68) in March 2000.

The subsidiary undertakings of Flexibox International Limited at 31 December 1999 were:

	<u>Country of Incorporation</u>	<u>% of Equity Shares Held</u>
Flexibox Pty Limited	Australia	100%
Flightspares Pty Limited <sup>1</sup>	Australia	100%
Fluidrive Fluid Couplings Pty Limited <sup>1</sup>	Australia	100%
Flexibox do Brasil Ind E Com Ltda <sup>2</sup>	Brasil	100%
Flexibox Oy	Finland	100%
Flexibox GmbH	Germany	100%
Flexibox Japan Limited	Japan	100%
Flexibox BV	Netherlands	100%
Flexibox AS	Norway	100%
Flexibox Sp zoo	Poland	100%
Flexibox (Thailand) Company Limited	Thailand	100%
Flexibox Inc	USA	100%
Corporacion Flexibox de Venezuela CA <sup>3</sup>	Venezuela	66%

## FLEXIBOX INTERNATIONAL LIMITED

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

- <sup>1</sup> Flightspares Pty Limited and Fluidrive Fluid Couplings Pty Limited are subsidiary undertakings of Flexibox Pty Limited.
- <sup>2</sup> The share capital of Flexibox do Brasil Industrial E Comercio Limitada is beneficially owned by TI Group plc.
- <sup>3</sup> Corporacion Flexibox de Venezuela CA is a subsidiary undertaking of Flexibox BV (Netherlands).

Ownership of Flexibox SA (France) was transferred to TI Group plc in May 1999.

Ownership of Flexibox AB (Sweden) was transferred to TI Group plc in June 1999.

Ownership of Flexibox SpA (Italy) was transferred to TI Group plc in June 1999.

Ownership of Flexibox Pte Limited (Singapore) was transferred to TI Holdings Limited in November 1999.

Ownership of Flexibox (Pty) Limited (South Africa) was transferred to TI Holdings Limited in November 1999.

Flexibox Korea Limited was liquidated in October 1999.

Ownership of Flexibox Pty Limited (Australia) was transferred post year-end (February 2000) to TI Group plc,

The ownership of Flexibox Thailand (Company) Limited was increased to 100% post year-end (January 2000).

The associated undertakings of Flexibox International Limited at 31 December 1999 were:

	<u>Country of Incorporation</u>	<u>% of Equity Shares Held</u>
Flexibox Argentina SA	Argentina	50%
Triveni Flexibox Limited	India	50%
John Crane Canada Inc	Canada	0.802%
Industrias John Crane de Mexico SA	Mexico	10%

The ownership in Flexibox Argentina SA increased to 100% post year-end (January 2000), and became a subsidiary undertaking.

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

# FLEXIBOX INTERNATIONAL LIMITED

## 8. DEBTORS

	<u>1999</u> £000	<u>1998</u> £000
Amounts falling due within one year:		
Amounts owed by fellow subsidiary undertakings	19	2,039
Amounts owed by ultimate parent undertaking	260	-
	<u>279</u>	<u>2,039</u>

## 9. CREDITORS

	<u>1999</u> £000	<u>1998</u> £000
Amounts falling due within one year:		
Corporation tax	199	67
Other creditors	5	3
Amounts owed to fellow subsidiary undertakings	502	-
Amounts owed to ultimate parent undertaking	288	-
	<u>994</u>	<u>70</u>
Amounts falling due after one year:		
Amounts owed to parent undertaking	-	3,633
	<u>-</u>	<u>3,633</u>

## 10. SHARE CAPITAL

	1999 and 1998			
	Authorised		Allotted, called up and fully paid	
	Number	£	Number	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>75,000</u>	<u>75,000</u>

# FLEXIBOX INTERNATIONAL LIMITED

## 11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Profit & Loss Account £000	Total £000
At 1 January 1998	75	1,493	1,568
Profit for the year	-	2,731	2,731
Dividend	-	-	-
Exchange difference on Retranslation of investments	-	(4)	(4)
At 1 January 1999	75	4,220	4,295
Profit for the year	-	20,732	20,732
Dividend	-	-	-
Exchange difference on Retranslation of investments	-	26	26
At 31 December 1999	75	24,978	25,053

## 12. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of TI Group plc, Flexibox International Limited has taken advantage of the exemptions available under FRS8 not to disclose related party transactions with other group companies.

## 13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is TI 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 TI Group plc. Copies of TI Group plc accounts can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.