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FLEXIBOX LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st JULY 2005

Registered Number 501983



FLEXIBOX LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and audited accounts for the year to 31st July 2005.

Activities and Review of the Business

The Company did not trade during the year. It is not expected to trade in the future.

Results and Appropriations

The Board has not paid a dividend (2004: £nil). The loss of £nil (2004: £13,393 loss) has been transferred to reserves.

Directors

The Directors during the period were:

Name

Mr G M Norris
Mr R J Paddison

Directors' Interests

As at 31st July 2005, Directors' interests in the share capital of the ultimate parent undertaking as recorded in the Register of Directors' Interests were:

	Interest in Ordinary Shares		Options to Acquire Ordinary Shares			
	Smiths Group plc 2005	Smiths Group plc 2004	Smiths Group plc 2005	Granted In the Period	Exercised/Lapsed In the period	Smiths Group plc 2004
Mr G M Norris	44,556	36,950	169,668	25,126	(3,980)	148,522
Mr R J Paddison	775	775	13,570	4,500	-	9,070

Options granted since 1 January 2001 were granted under The Smiths Industries 1995 Executive Share Option Scheme and the Smiths Industries 1982 SAYE Share Option Scheme.

Further information on share options may be found in the annual report of Smiths Group plc.

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

FLEXIBOX LIMITED

REPORT OF THE DIRECTORS (contd)

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st July 2005 and that applicable accounting standards have been followed.

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

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



R J PADDISON
Company Secretary

Date: 21 December 2005

FLEXIBOX LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FLEXIBOX LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only of the directors' report.

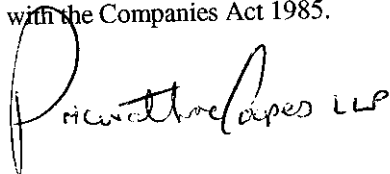
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st July 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London

Date: 21 December 2005

FLEXIBOX LIMITED

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st JULY 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
Write-off of fixed asset investments	4	-	(13,393)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND RETAINED LOSS FOR THE PERIOD	7	-	(13,393)

All the loss on ordinary activities arose from discontinued activities. There is no difference between the stated loss and its historical cost equivalent, and there are no other gains or losses recognised in the period other than those already included.

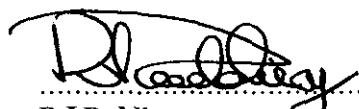
The notes on pages 6 to 8 form part of these accounts.

FLEXIBOX LIMITED

BALANCE SHEET AT 31st JULY 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
FIXED ASSETS			
Investments	4	-	-
CURRENT ASSETS			
Debtors			
Amounts falling due after more than one year	5	3,891,213	3,891,213
NET ASSETS		<u>3,891,213</u>	<u>3,891,213</u>
CAPITAL AND RESERVES			
Called up share capital	6	1,385,235	1,385,235
Profit & loss account	7	2,505,978	2,505,978
EQUITY SHAREHOLDERS' FUNDS	7	<u>3,891,213</u>	<u>3,891,213</u>

Approved by the Board of Directors on 21 December 2005 and signed on its behalf by:



R J Paddison

The notes on pages 6 to 8 form part of these accounts.

FLEXIBOX LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(b) Group Accounts

The accounts present information about the Company as an individual undertaking and not about its Group.

Flexibox Limited is exempt from preparing group accounts under S228 of the Companies Act 1985 as the Company is a wholly owned subsidiary undertaking of Smiths 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 Smiths Group plc, which presents a cash flow for the Group within its consolidated accounts.

(c) Fixed Asset Investments

These are stated at cost less any provision for impairment.

(d) Taxation

All taxation liabilities, both current and future, will be met by Smiths Group plc, the ultimate parent company. Taxation is provided based on the UK rate and has regard to timing differences and the availability of group relief across the Smiths UK tax group for which no charge is made to the company.

2. OPERATING PROFIT

Auditors' remuneration was borne by a fellow subsidiary and has not been recharged.

3. DIRECTORS' EMOLUMENTS AND EMPLOYEE COSTS

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

The Company has no employees.

No Director is accruing retirement benefits under a money purchase pension scheme (2004: nil), but two Directors are accruing retirement benefits under a defined benefit pensions scheme (2004: two).

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4. **FIXED ASSET INVESTMENTS**

	Subsidiary Undertakings £
Net Book Value at 1 st August 2004 and at 31 st July 2005	-

During the year, Flexibox Limited owned two wholly-owned subsidiary undertakings, Flexiservice Limited and Metastream Turbo Limited, which were dormant companies registered in England. On 31 July 2004, applications were made to strike these companies from the Companies House Register.

The aggregate value of the Company's equity investments in subsidiary undertakings is not less than the value at which they are stated in the accounts.

Whilst Flexibox Limited has a 50% equity investment in John Crane Ufa, incorporated in Bashkiriyan SSR, Ufa, the Directors feel it should be treated as an investment due to having little management control over this business. The investment in John Crane Ufa, totalling £52,372, was fully provided for in 1991.

5. **DEBTORS**

	<u>2005</u> £	<u>2004</u> £
Amounts falling due after one year:		
- Amounts owed by fellow subsidiary undertakings	3,891,213	3,891,213
	<u>3,891,213</u>	<u>3,891,213</u>

There are no terms of repayment for the amount due from a fellow subsidiary.

6. **SHARE CAPITAL**

	2005 and 2004			
	Authorised		Allotted, Called Up and Fully Paid	
	Number	£	Number	£
Ordinary shares of £1 each	1,385,235	1,385,235	1,385,235	1,385,235

FLEXIBOX LIMITED

7. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Share Capital	Profit & Loss Account	Total
	£	£	£
At 1 st August 2004 & 31 st July 2005	1,385,235	2,505,978	3,891,213

8. **RELATED PARTY TRANSACTIONS**

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

9. **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

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