

FLIGHTSPARES LIMITED
(REGISTERED NUMBER 718149)

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2004



FLIGHTSPARES LIMITED

REPORT OF THE DIRECTORS

The director has the pleasure in submitting his report together with the audited accounts for the year ended 31 July 2004.

REVIEW OF BUSINESS

The principal activity of the company was as a stockist of aircraft components. The activities of the company ceased in 1999 and accordingly the company no longer actively trades.

RESULTS

The profit and loss account is set out on page 5. The director does not recommend payment of a dividend (2003: nil).

DIRECTORS AND THEIR INTERESTS

The director who served during the year was:

G M Norris

The beneficial interests of the sole director and his family on 31 July 2004 in the shares and options of Smiths Group plc were as follows:

	Ordinary shares		Ordinary shares under option			
	31 July 2004	1 August 2003	1 August 2003	Options Granted	Options Exercised	31 July 2004
G M Norris	36,950	33,450	112,123	38,795	2,396	148,522

Details of the share option schemes are included in the annual report of Smiths Group plc.

The director held no interest in the shares of the company.

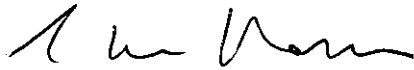
FLIGHTSPARES LIMITED

REPORT OF THE DIRECTORS (cont'd)

AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors, and a resolution proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'GM Norris', is written over the printed name.

GM Norris
Director

31 December 2004

FLIGHTSPARES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

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

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 financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard assets of the company and to prevent and detect fraud and other irregularities.

The director confirms that these financial statements comply with these requirements.

FLIGHTSPARES LIMITED

Independent auditors' report to the members of Flightspares Limited.

We have audited the financial statements on pages 5 to 9, 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 on page 7.

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 on page 3.

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 opinion has been prepared for and only for the company's members 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 in to 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.

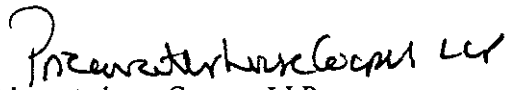
Basis of audit opinion

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
One Embankment Place
London WC2N 6RH

3 (December 2004

FLIGHTSPARES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004**

	Notes	2004 £'000	2003 £'000
Administrative expenses		(11)	(8)
Other income	2	<u>-</u>	<u>132</u>
OPERATING (LOSS)/PROFIT	2	(11)	124
Interest		<u>53</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		42	124
Taxation	4	<u>(12)</u>	<u>(37)</u>
RETAINED PROFIT FOR THE YEAR	10	<u>30</u>	<u>87</u>

The results for both periods derived entirely from the company's discontinued operations.

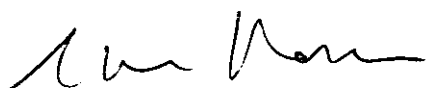
The notes on pages 7 to 9 form part of these accounts.

FLIGHTSPARES LIMITED**BALANCE SHEET AT 31 JULY 2004**

	Notes	2004 £'000	2003 £'000
FIXED ASSETS			
Investments	5	-	-
CURRENT ASSETS			
Debtors	6	3,839	3,720
Cash		<u>-</u>	<u>97</u>
		3,839	3,817
CREDITORS (amounts falling due within one year)	7	<u>-</u>	<u>(8)</u>
NET ASSETS		<u>3,839</u>	<u>3,809</u>
CAPITAL AND RESERVES			
Called up equity share capital	8	50	50
Share Premium	9	7,042	7,042
Profit and loss account	9	<u>(3,253)</u>	<u>(3,283)</u>
SHAREHOLDERS' FUNDS	10	<u>3,839</u>	<u>3,809</u>

The notes on pages 7 to 9 form part of these accounts.

Approved by the Board on 21 December 2004.



G M Norris
Director

FLIGHTSPARES LIMITED

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies which are in accordance with applicable accounting standards in the United Kingdom have been applied consistently in dealing with items which are considered material to the company's accounts.

a. Basis of preparation

The financial statements have been prepared under the historic cost convention.

The company is exempt from preparing group accounts as it is a wholly owned subsidiary of Smiths Group plc, a company incorporated in England.

b. Cash flow statement

As permitted by Financial Reporting Standard 1 (revised) the company has not produced a cash flow statement as it is a wholly owned subsidiary of Smiths Group plc, whose accounts include a consolidated cash flow statement.

c. Employees

The company has no active employees (2003: none). Employees of other Smiths Group companies perform all administration of the company's affairs. No charge for these services is levied upon the company.

2. OPERATING PROFIT

Other income for the previous year included the partial recovery of a trading debt previously written off.

Auditors remuneration is borne by another member of the Smiths Group plc group of companies.

3. DIRECTORS' EMOLUMENTS

Remuneration to directors for their services was £nil (2003: £nil).

4. TAXATION

	2004 £'000	2003 £'000
Based on the profit for the year:		
Corporation tax at 30% (2003: 30%)	(12)	(37)
	<u>(12)</u>	<u>(37)</u>

FLIGHTSPARES LIMITED

NOTES TO THE ACCOUNTS (continued)

5. INVESTMENT IN SUBSIDIARY COMPANIES

The company retains at nil cost investments in 100% of the equity capitals of Flightspares International (California) Inc, Flightspares (Florida) Inc. Both companies are incorporated in the United States of America.

6. DEBTORS

	2004 £'000	2003 £'000
<u>Amounts falling due within one year:</u>		
Amounts due from group undertakings	3,839	3,720
Other debtors	-	-
<u>Amounts falling due after one year</u>		
Other debtors	-	-
	<u>3,839</u>	<u>3,720</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Amounts due to group undertakings	-	(8)

8. CALLED UP EQUITY SHARE CAPITAL

	2004 and 2003			
	Authorised No.	£'000	Allotted, called up and fully paid No.	£'000
Ordinary shares of 10p each	500,100	50	500,100	50

9. RESERVES

	Share Premium £'000	Profit and loss account £'000	Total £'000
At 1 August 2003	7,042	(3,283)	3,759
Retained profit for year	-	30	30
At 31 July 2004	<u>7,042</u>	<u>(3,253)</u>	<u>3,789</u>

FLIGHTSPARES LIMITED

NOTES TO THE ACCOUNTS (continued)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2004 £'000	2003 £'000
Profit for the year	30	87
Opening shareholders' funds	<u>3,809</u>	<u>3,722</u>
Closing shareholders' funds	<u>3,839</u>	<u>3,809</u>

11. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Smiths Group plc. In accordance with paragraph 3(c) of FRS 8 "Related Party Transactions" the company is exempt from disclosing details of arrangements with other companies in the Smiths Group.

12. ULTIMATE HOLDING COMPANY

The immediate parent undertaking is TI Group plc. The ultimate parent undertaking is Smiths Group plc. Both of these companies are registered in England and Wales. Copies of the accounts of Smiths Group plc can be obtained from the company's registered office at 765 Finchley Road, London NW11 8DS.