

Registered Number 00394688

FLEXIBOX INTERNATIONAL LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 JULY 2014

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FLEXIBOX INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2014

The Directors present their strategic report on Flexibox International Limited ("the Company") for the year ended 31 July 2014.

Business review and principal activities

The Company's principal activity is that of an intermediary parent undertaking that exists to hold investments and receive investment income during the year. The Company's subsidiaries and associate undertakings are principally engaged in the manufacture of mechanical seals and flexible power transmission couplings. There has been no significant change in this activity during the year.

The results for the year show a profit on ordinary activities before tax of £1,488,000 (2013: £1,092,000) for the year. The Company has not paid any dividends during the year (2013: £nil).

Future developments

The Company had a satisfactory year. The Directors are satisfied with the position of the Company as at 31 July 2014 and with its future prospects. The current level of performance is expected to be maintained.

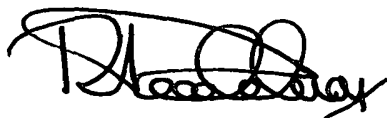
Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks involving global and economic conditions and the effect of legislation or other regulatory action.

Key performance indicators

The Directors of Smiths Group plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of The Company. The development, performance and position of the John Crane division of Smiths Group plc, which includes the Company, is discussed in the Business review section of the Group's Annual report which does not form part of this report.

On behalf of the Board



R J PADDISON

Director

Date: 19 December 2014

FLEXIBOX INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2014

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

R J Paddison
D H Tallentire

Independent auditors and disclosure of information to auditors

Each person who is a Director at the date of approval of this report confirms that:

(a) so far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

(b) the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

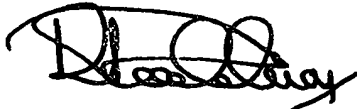
The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 period. 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.

On behalf of the Board



R J PADDISON

Director

Date: 19 December 2014

FLEXIBOX INTERNATIONAL LIMITED

***Independent auditors' report to the members of
Flexibox International Limited***

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Flexibox International Limited, comprise:

- The Balance Sheet as at 31 July 2014;
- The Profit and Loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

FLEXIBOX INTERNATIONAL LIMITED

***Independent auditors' report to the members of
Flexibox International Limited (continued)***

**Opinion on other matter prescribed by the Companies Act
2006**

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

**Other matters on which we are required to report by
exception**

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

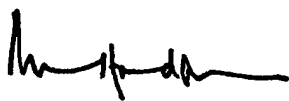
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 ISAs (UK & 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.



Martin Hodgson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 December 2014

FLEXIBOX INTERNATIONAL LIMITED

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2014

	Notes	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Income from shares in group undertakings		1,366	872
Profit on ordinary activities before interest and tax		<u>1,366</u>	<u>872</u>
Interest receivable and similar income	2	122	220
Profit on ordinary activities before taxation	3	<u>1,488</u>	<u>1,092</u>
Tax on profit on ordinary activities	5	-	57
Profit for the financial year	9	<u><u>1,488</u></u>	<u><u>1,149</u></u>

The results of the Company are generated from continuing operations.

The Company has no recognised gains or losses during the years ended 31 July 2014 and 31 July 2013 other than those reflected in the profit and loss account above.

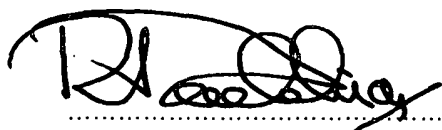
There are no material differences between the profit on ordinary activities before tax and the profit for the year stated above and their historical costs equivalents.

[Handwritten signature]

FLEXIBOX INTERNATIONAL LIMITED**BALANCE SHEET**
AS AT 31 JULY 2014

	Notes	31 July 2014 £'000	31 July 2013 £'000
Fixed assets			
Investments	6	<u>1,821</u>	<u>1,820</u>
		1,821	1,820
Current assets			
Debtors:			
– amounts falling due within one year	7	73	73
– amounts falling due after more than one year	7	17,981	16,495
Cash at bank and in hand		<u>3</u>	<u>2</u>
		18,057	16,570
Net current assets		<u>18,057</u>	<u>16,570</u>
Total assets less current liabilities		<u>19,878</u>	<u>18,390</u>
Capital and reserves			
Called up share capital	8	75	75
Profit and loss account	9	19,803	18,315
Total shareholders' funds	9	<u>19,878</u>	<u>18,390</u>

The financial statements on pages 5 to 13 were approved by the board of Directors on 19 December 2014 and were signed on its behalf by:



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R J PADDISON
Director

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and all applicable accounting standards in the United Kingdom (UK GAAP).

These financial statements have been prepared on a going concern basis and under the historical cost convention (as modified to include the revaluation of certain financial instruments).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The principal accounting policies are set out below and have been applied consistently throughout the year.

Consolidation

As the Company is a wholly owned subsidiary of Smiths Group plc which prepares publicly available consolidated group financial statements, the Company has not prepared consolidated financial statements as permitted by section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking, and not about its group.

Cash flow statement

A cash flow statement in accordance with "FRS 1 (Revised 1996) Cash flow statements" has not been prepared because all the voting rights of the Company are ultimately controlled by Smiths Group plc, which presents a cash flow for the Group within its consolidated financial statements.

Fixed asset investments

The Company's investments in shares in group companies are stated at cost less provision for impairment. Any impairment is charged to the profit and loss account as it arises.

Cash

Cash includes cash at bank and in hand and bank overdrafts.

Financial assets

Financial assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price used includes transaction costs unless the asset is being fair valued through the profit and loss account.

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of an asset at initial recognition and re-evaluates their designation at each reporting date. Assets are classified as: loans and receivables; or financial assets where changes in fair value are charged (or credited) to the profit and loss account.

The subsequent measurement of financial assets depends on their classification. Loans and receivables are measured at amortised cost using the effective interest method. Financial assets where changes in fair value are charged (or credited) to the profit and loss account are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the profit and loss account in the period in which they arise.

Financial assets are derecognised when the right to receive cash-flows from the assets has expired or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Borrowings are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs and any discount or premium on issue are subsequently amortised under the effective yield method through the profit and loss account as interest over the life of the loan, and added to the liability disclosed in the balance sheet. Related accrued interest is included in the borrowings figure.

Borrowings are classified due within one year unless the Company has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods are used to estimate the fair values of the financial instruments:

- cash, trade receivables and payables and floating rate borrowings – the carrying value is a good approximation of the fair value;
- forward exchange contracts, currency swaps, interest rate instruments and embedded derivatives – net present value of the future cash-flows, calculated using market data at the balance sheet date (principally exchange rates and yield curves).

Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling at the date of transaction and monetary assets and liabilities denominated in a foreign currency are retranslated at the closing exchange rate at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from the retranslation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

Current taxation

All current tax liabilities have been assumed by Smiths Group plc, the ultimate parent company

Deferred taxation

Deferred tax is not recognised and the deferred tax asset or liability has been assumed by Smiths Group plc, the ultimate parent company.

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014 (CONTINUED)

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Interest received from parent undertaking	122	220
	<u>122</u>	<u>220</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration for 2014 and 2013 was borne by a fellow subsidiary and has not been incurred by the Company.

4. DIRECTORS' REMUNERATION AND EMPLOYEE INFORMATION

No Directors received any emoluments for their services to the Company (2013: nil).

Retirement benefits are accruing to 1 Director (2013: 1) under a defined benefit pension scheme. During the financial year 1 Director (2013: 2) exercised options over shares of Smiths Group plc and 1 Director (2013: 1) is entitled to receive share options in Smiths Group plc under long term incentive schemes.

The Company has no employees (2013: nil).

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014 (CONTINUED)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Analysis of tax charge on ordinary activities		
United Kingdom		
Current tax	27	52
Adjustment in respect of prior years	-	(57)
Group relief obtained from fellow subsidiary for no consideration	(27)	(52)
Current tax on foreign income for the financial year	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>(57)</u>

The tax for the year is lower (2013: lower) than the standard rate of corporation tax in the UK for 2014 of 22.33% (2013: 23.67%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>1,488</u>	<u>1,092</u>
UK corporation tax at 22.33% (2013: 23.67%)	332	258
Effects of:		
Income not subject to UK tax	(305)	(206)
Foreign tax suffered	-	-
	<u>27</u>	<u>52</u>
Adjustment in respect of prior years	-	(57)
Group relief obtained from fellow subsidiary for no consideration – current year	(27)	(52)
Group relief payment	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>(57)</u>

At 31 July 2014 the Company has no recognised or unrecognised deferred tax assets or liabilities.

The Finance Act 2013, which was substantively enacted on 2 July 2013, included reductions in the rate of UK corporation tax. The main rate of UK corporation tax for the year was 23% from 1 April 2013 to 31 March 2014 and then 21% with effect from April 2014. A further reduction in the rate to 20% will come into effect on 1 April 2015.

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014
(CONTINUED)

6. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £'000	Fixed Asset Investments £'000	Total £'000
Cost:			
At 1 August 2013	2,096	892	2,988
Investment	-	1	1
At 31 July 2014	<u>2,096</u>	<u>893</u>	<u>2,989</u>
Amounts provided:			
At 1 August 2013 & at 31 July 2014	<u>(1,168)</u>	-	<u>(1,168)</u>
Net book value:			
At 31 July 2014	<u>928</u>	<u>893</u>	<u>1,821</u>
At 31 July 2013	<u>928</u>	<u>892</u>	<u>1,820</u>

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

The subsidiary undertakings of Flexibox International Limited at 31 July 2014 were:

	Country of Incorporation	% of Equity Shares Held
Flexibox Japan Limited	Japan	100%
John Crane Poland Sp. z.o.o.	Poland	100%
John Crane (Thailand) Limited	Thailand	100%
John Crane Flexibox (India) Private Limited	India	100%

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

The other fixed asset investments held by Flexibox International Limited at 31 July 2014 were:

	Country of Incorporation	% of Equity Shares Held
John Crane Pension Trustee (Ireland) Limited	Ireland	50%
John Crane Malaysia SDN. BHD.	Malaysia	50%
Industria John Crane de Mexico SA	Mexico	10%
John Crane (Angola) Prestacao De Servicos Limitada	Angola	10%
John Crane Peru SA	Peru	1%
John Crane Belgium SA	Belgium	0%
John Crane Endüstriyel Sızdırmazlık Sistemleri Limited	Turkey	0%
John Crane Chile SA	Chile	0%

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014
(CONTINUED)

6. FIXED ASSET INVESTMENTS (CONTINUED)

An impairment review of the fixed asset investments was undertaken at 31 July 2014. The following provisions are held:

The provision at 31 July 2014 in respect of the investment in John Crane Flexibox (India) Private Ltd was £1,168,000 (2013: £1,168,000).

In the opinion of the Directors, no other impairment provisions are required.

7. DEBTORS

	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Loan	73	73
Amounts falling after more than one year:		
Amounts owed by group undertaking	17,981	16,495
	<u>18,054</u>	<u>16,568</u>

In January 2002 a loan of £73,400 was made to an external party to facilitate a capital restructuring of John Crane (Thailand) Limited. This loan is secured by an interest in Preference Shares of John Crane (Thailand) Limited.

The amounts owed by the parent undertaking are repayable on 31 July 2016 and carry interest at a 12 month Sterling LIBID rate.

FLEXIBOX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014
(CONTINUED)

8. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised: 100,000 (2013: 100,000) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid: 75,000 (2013: 75,000) ordinary shares of £1 each	<u>75</u>	<u>75</u>

9. RESERVES

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 August 2013	75	18,315	18,390
Profit for the year	<u>-</u>	<u>1,488</u>	<u>1,488</u>
At 31 July 2014	<u>75</u>	<u>19,803</u>	<u>19,878</u>

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by Paragraph 3(c) of 'FRS 8: Related party disclosures' not to disclose transactions with entities that are, directly or indirectly, wholly owned by Smiths Group plc.

11. ULTIMATE PARENT UNDERTAKING

For the year ended 31 July 2014, Flexibox International Limited was a wholly owned subsidiary of John Crane Group Limited.

The ultimate parent undertaking and controlling party is Smiths Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Smiths Group plc is incorporated in the United Kingdom and is registered in England and Wales.

The annual report and financial statements of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, Cardinal Place, 80 Victoria Street, London, SW1E 5JL.