

Company Registration No 1691504 (England and Wales)

PRECISION VALVE UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MAY 2010



PRECISION VALVE UK LIMITED

COMPANY INFORMATION

Directors	Mr J P Abplanalp Mr J C Pizzurro Mr D Evans
Secretary	Sisec Limited
Company number	1691504
Registered office	21 Holborn Viaduct London EC1A 2DY
Auditors	PricewaterhouseCoopers LLP Abacus House Castle Park Cambridge CB3 0AN
Business address	Precision House Bakewell Road Orton Southgate Peterborough PE2 6XU

PRECISION VALVE UK LIMITED

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PRECISION VALVE UK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 29 MAY 2010

The directors present their annual report and the audited financial statements for the 52 week period ended 29 May 2010

Principal activities and review of the business

Precision Valve UK Limited is a subsidiary of a global corporation and supplies aerosol valves and components to meet the requirements of the supply chain

The results of the company show a net loss of £2,470,435 (2009 loss £4,176,177), reflecting the impact of lower volumes achieved since the prior period, increases in raw materials impacting product purchase prices, and the need to continue to restructure the business. The loss for the year includes the cost of restructuring of £566,090 (2009 £488,567), which includes the reduction of staff numbers by 72 and continuing to transfer manufacturing of certain products to European affiliate companies

To improve the company's financial position for 2010-11, the company has taken steps with major customers to improve margins achieved

The company remains confident that through continued development of processes, utilising manufacturing capability of European sister companies and reduction of costs in line with volumes, the company will return to a more positive position in the future

Future outlook

The market within which the company operates continues to be very competitive, and is expected to stay that way for the foreseeable future

The company is taking steps in conjunction with its customer base, to enable a change in the nature of the business to provide focused distribution, sales and technical service support to the UK customers. This will tie in with European and Group strategic models for the future

To enable the company to return to a more financially stable position post change of nature of the business, the company proposes to sell the land and buildings at Orton Southgate, therefore releasing cash to repay bank loans. The intention thereafter will be to lease a small distribution centre from which the UK customers will be serviced, which will significantly reduce ongoing infrastructure

The company will continue to improve margins achieved on UK sales by working in conjunction with the supply chain to eliminate excess cost, while remaining flexible to meet the requirements set by customers and maintaining close working relationships with our customers to develop new products

Principal risks and uncertainties

From the perspective of the company, the principal risks facing the business are the loss of key customers, fluctuations in exchange rates, credit risk on sales and the impact of interest rates on financing

Lloyds Bank plc have put in place credit facilities until 31 August 2011

Going concern

The Accounts have been prepared on the going concern basis. The assumptions underlying this basis of preparation are discussed further in Note 1

PRECISION VALVE UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

Results and dividends

The audited financial statements for the period ended 29 May 2010 are set out on pages 6 to 23. No dividends have been paid or proposed.

Key Performance Indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Directors

The following directors have held office since 31 May 2009:

Mr J P Abplanalp
Mr J C Pizzurro
Mr D Evans

Qualifying indemnity provisions

The directors have indemnity insurance in place which is arranged by the parent company.

Interest in contracts

A family trust created on the death of Mr R H Abplanalp is the recipient of 25% of all royalties paid by Precision Valve UK Limited to Precision Valve Corporation. During the period royalties paid to Precision Valve Corporation totalled £227,582 (2009 £449,729). Directors' interests in the shares of the holding company, Precision Valve Corporation, are disclosed in the accounts of that company.

Political and charitable contributions

The company made no political contributions during the period. Donations to UK charities amounted to £nil (2009 £nil).

Employment relations and training

Employees are informed of developments in the company's business activities through formal and informal meetings.

Employment of disabled persons

It is the company's policy to offer equal opportunity to disabled people applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply.

As far as possible arrangements are made to continue the employment of those employees who have become disabled during the course of their employment with the company. In all instances consideration will be given to arranging appropriate training facilities or providing special aids where necessary. It is the company's policy to provide disabled people with the same opportunities for training, career development and promotion that are available to all employees within the limitation of their aptitude and abilities.

Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Differences between market and balance sheet value of land

In the opinion of the directors, the difference between the market value and balance sheet value of land is not significant.

PRECISION VALVE UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

Statement of directors' responsibilities

The directors are responsible for preparing the 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 elected to prepare 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

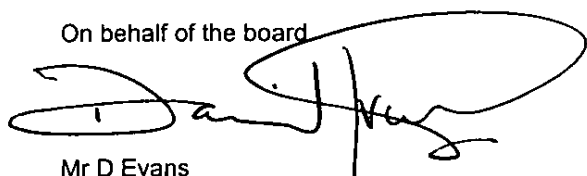
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr D Evans

Director

26/8/10

PRECISION VALVE UK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRECISION VALVE UK LIMITED

We have audited the financial statements of Precision Valve UK Limited for the period ended 29 May 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 May 2010 and of its loss and cash flows for the period 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.

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the uncertainty of the Company's future funding. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

PRECISION VALVE UK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRECISION VALVE UK LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Date 26 Aug 2010

Chartered Accountants and Statutory Auditors
Cambridge

PRECISION VALVE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 29 MAY 2010

			Period ended 29 May 2010		Period ended 30 May 2009
	Notes	£	£	£	£
Turnover	2		15,201,570		16,742,420
Cost of sales			(15,243,422)		(16,155,589)
Gross (loss) / profit			(41,852)		586,831
Distribution costs			(489,471)		(672,967)
Exceptional administrative expenses	3	(566,090)		(1,338,567)	
Other administrative expenses		(1,116,150)		(2,286,769)	
Total administrative expenses			(1,682,240)		(3,625,336)
Other operating income			-		63,489
Operating loss	3		(2,213,563)		(3,647,983)
Interest receivable and similar income	4		-		10,527
Interest payable and similar charges	5		(256,872)		(436,402)
Loss on ordinary activities before taxation			(2,470,435)		(4,073,858)
Tax on loss on ordinary activities	6		-		(102,319)
Loss for the period	16, 17		(2,470,435)		(4,176,177)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents

The notes on pages 11 to 23 form part of these financial statements

PRECISION VALVE UK LIMITED

BALANCE SHEET

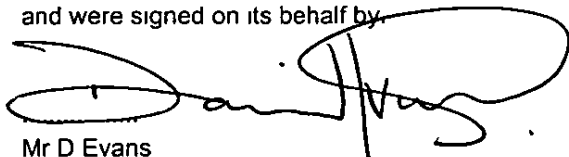
AS AT 29 MAY 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	8	6,368,310		8,393,980	
Current assets					
Stock	9	711,124		1,333,082	
Debtors	10	4,328,428		4,179,500	
Cash at bank and in hand		294,278		1,049,250	
		<u>5,333,830</u>		<u>6,561,832</u>	
Creditors' amounts falling due within one year	11	<u>(7,406,672)</u>		<u>(7,585,158)</u>	
Net current liabilities		<u>(2,072,842)</u>		<u>(1,023,326)</u>	
Total assets less current liabilities		4,295,468		7,370,654	
Creditors' amounts falling due after more than one year	12	<u>(6,015,419)</u>		<u>(6,620,170)</u>	
Net (liabilities) / assets		<u><u>(1,719,951)</u></u>		<u><u>750,484</u></u>	
Capital and reserves					
Called up share capital	15	5,720,000		5,720,000	
Profit and loss account	16	<u>(7,439,951)</u>		<u>(4,969,516)</u>	
Shareholders' (deficit) / funds	17	<u><u>(1,719,951)</u></u>		<u><u>750,484</u></u>	

The notes on pages 11 to 23 form part of these financial statements

These financial statements were approved by the Board of directors and authorised for issue on and were signed on its behalf by

26th Aug 2010.



Mr D Evans
Director

Company Registration No. 1691504

PRECISION VALVE UK LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 29 MAY 2010

	Notes	Period ended 29 May 2010 £	Period ended 30 May 2009 £
Net cash outflow from operating activities	(a)	(352,020)	(367,296)
Returns on investments and servicing of finance			
Interest received	-	10,527	
Interest paid	(256,872)	(436,402)	
Net cash outflow for returns on investments and servicing of finance		(256,872)	(425,875)
Capital expenditure			
Payments to acquire tangible assets	-	(95,823)	
Receipts from sales of tangible assets	1,129,378	395,614	
Net cash inflow for capital expenditure		1,129,378	299,791
Net cash inflow before financing	(b)	520,486	(493,380)
Financing			
Issue of ordinary share capital	-	500,000	
New long term loans	405,583	1,144,358	
Repayment of long term bank loan	(135,247)	(109,581)	
Repayment of other loans	(718,098)	(499,972)	
Capital element of hire purchase contracts	(52,066)	(175,332)	
Net cash (outflow)/inflow from financing		(499,828)	859,473
Increase in net cash in the period	(c)	20,658	366,093

PRECISION VALVE UK LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE PERIOD ENDED 29 MAY 2010

(a) Reconciliation of operating loss to net cash outflow from operating activities	2010	2009
	£	£
Operating loss	(2,213,563)	(3,647,983)
Depreciation of tangible assets	935,849	2,171,939
Profit on disposal of tangible assets	(39,557)	(91,737)
Decrease in stocks	621,958	729,611
(Increase)/decrease in debtors	(148,928)	1,158,060
Increase/(decrease) in creditors within one year	613,426	(1,035,523)
Foreign exchange revaluation movement on intercompany balances	(121,205)	348,337
Net cash outflow from operating activities	(352,020)	(367,296)

(b) Analysis of net debt	31 May 2009	Cash flow	Other non-cash changes	29 May 2010
	£	£	£	£
Net cash				
Cash at bank and in hand	1,049,250	(754,972)	-	294,278
Bank overdrafts	(1,984,271)	775,630	-	(1,208,641)
	<u>(935,021)</u>	<u>20,658</u>	<u>-</u>	<u>(914,363)</u>
Debt				
Finance leases	(242,696)	52,066	-	(190,630)
Debts falling due within one year	(134,000)	20,183	-	(113,817)
Debts falling due after one year	(6,429,541)	427,579	121,205	(5,880,757)
	<u>(6,806,237)</u>	<u>499,828</u>	<u>121,205</u>	<u>(6,185,204)</u>
Net debt	(7,741,258)	520,486	121,205	(7,099,567)

Non cash changes on debts falling due after one year represent foreign exchange revaluations of intercompany balances

PRECISION VALVE UK LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

(c) Reconciliation of net cash flow to movement in net debt	2010	2009
	£	£
Increase in cash in the period	20,658	366,093
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	499,828	(359,473)
Foreign exchange revaluation movement on intercompany balances	121,205	(348,337)
	<hr/>	<hr/>
Movement in net debt in the period	641,691	(341,717)
Opening net debt	(7,741,258)	(7,399,541)
	<hr/>	<hr/>
Closing net debt	(7,099,567)	(7,741,258)
	<hr/>	<hr/>

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 MAY 2010

1 Accounting policies

1.1 Accounting convention and basis of preparation

The financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with the Companies Act 2006

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future

The company has reported a net loss of £2.4m for the period ended 29 May 2010. Despite this, the directors believe that having prepared a number of scenarios based on the Company's current forecasts, the Company's plans for the sale of its land and buildings and certain plant and machinery, the banking facilities that it has available and the continued financial support from related group undertakings, that the Company will have sufficient funds to meet its cash requirements for the next twelve months. However, in the event that these forecasts are not met, or the sale of the land and buildings or the plant and machinery does not proceed as planned, then this may require the existing banking arrangements to be renegotiated and/or additional funding to be raised which could include an alternative form of financing in connection with its land and buildings. The directors are confident that, if necessary, these banking arrangements could be renegotiated.

Whilst there is a material uncertainty in relation to the outcome of some of the matters described above which, if not resolved, may give rise to significant doubts to the going concern basis, the directors have fully considered the relevant issues and are confident that it is appropriate to prepare these financial statements on the going concern basis under the historical cost convention and the accounting policies set out below, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period and is recognised on delivery to the customer. All turnover relates to the sale of aerosol valves and actuators.

1.4 Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred with the exception of expenditure on the development of certain major new product projects where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised over a period of three years or the contract period, if shorter, commencing in the year sales of the product are first made.

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

1 Accounting policies

(continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold buildings	5%
Plant and machinery	10% - 20%
Fixtures, fittings, tools & equipment	10% - 33%
Assets in the course of construction	nil

No depreciation is provided on freehold land

The carrying values of tangible fixed assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable

1.6 Leasing

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the actual purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1.9 Deferred taxation

FRS 19, 'Deferred tax' requires companies to provide for deferred tax in full at the rate of tax expected to apply when timing differences reverse. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Assets or liabilities that may not be realised for a number of years can be discounted to their net present value, at a rate equivalent to the government bond rate of a similar maturity, the company has not opted to discount such amounts.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

2 Turnover

Geographical market

	2010 £	2009 £
United Kingdom	13,731,516	12,694,747
Europe	1,167,745	3,389,690
Africa	162,135	316,297
North America	42,565	80,740
South America	920	141,726
Far East	6,673	66,174
Australia	28	47,172
Middle East	89,988	5,874
	<u>15,201,570</u>	<u>16,742,420</u>

3 Operating loss

	2010 £	2009 £
Operating loss is stated after charging		
Depreciation of tangible assets		
Owned assets	865,483	1,251,573
Leased assets	70,366	70,366
Impairment of buildings	-	850,000
Loss on foreign exchange transactions	-	625,961
Operating lease rentals	33,504	47,020
Fees payable to the company's auditor for the audit of the company's annual accounts	36,000	38,754
Fees payable to the auditors in relation to taxation compliance services	-	29,250
and after crediting		
Profit on disposal of tangible assets	(39,557)	(91,737)
Profit on foreign exchange transactions	<u>(152,902)</u>	<u>-</u>

Operating loss is stated after charging exceptional administrative costs of £566,090 (2009 - £488,567) relating to restructuring costs incurred as part of management's efforts to reorganise the company into a profit making organisation and £nil (2009 - £850,000) write down in the value of land and buildings to more accurately reflect their market value in the current economic climate

There is no tax effect associated with the exceptional administrative costs

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

4	Interest receivable and similar income	2010	2009
		£	£
	Bank interest	-	10,527
		<hr/>	<hr/>
		-	10,527
		<hr/>	<hr/>
5	Interest payable and similar charges	2010	2009
		£	£
	On amounts owed to group companies	166,640	249,969
	On bank loans and overdrafts	50,659	89,879
	On other loans wholly repayable within five years	15,884	29,327
	On loans repayable after five years	23,689	67,227
		<hr/>	<hr/>
		256,872	436,402
		<hr/>	<hr/>

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

6	Taxation on loss for the year	2010 £	2009 £
	Deferred tax		
	Adjustments to the estimated recoverable amount of deferred tax asset	-	102,319
		-	102,319
	Factors affecting the tax charge for the period		
	The current tax charge / (credit) assessed for the period is higher (2009 - higher) than the standard rate of corporation tax in the UK. The differences are explained below		
	Loss on ordinary activities before taxation	(2,470,435)	(4,073,858)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	(691,722)	(1,140,680)
	Effects of		
	Non deductible expenses	2,876	7,327
	Impairment of land and buildings	-	238,000
	Depreciation for the period in excess of capital allowances	145,669	100,546
	Tax losses carried forward	549,543	811,196
	Other tax adjustments	(6,366)	(16,389)
		691,722	1,140,680
	Current tax charge	-	-

The company has estimated losses of £ 7,800,000 (2009 - £ 5,838,000) available for carry forward against future trading profits

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

As there is currently no recognised deferred tax asset, these changes to be enacted in the Finance (No 2) Act 2010 would have had no impact on the deferred tax asset or net loss reported at 29 May 2010.

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

7 Intangible fixed assets

	Development & design costs £
Cost	
At 30 May 2009 & at 29 May 2010	34,329
	<hr/>
Accumulated amortisation	
At 30 May 2009 & at 29 May 2010	34,329
	<hr/>
Net book value	
At 29 May 2010	-
	<hr/>
At 30 May 2009	-
	<hr/>

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

8 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tools & equipment	Assets in the course of construction	Total
	£	£	£	£	£
Cost					
At 30 May 2009	5,325,731	13,870,081	729,048	50,514	19,975,374
Disposals	(27,313)	(6,413,639)	(72,361)	-	(6,513,313)
Transfers	-	50,514	-	(50,514)	-
At 29 May 2010	5,298,418	7,506,956	656,687	-	13,462,061
Accumulated depreciation					
At 30 May 2009	1,724,018	9,156,028	701,348	-	11,581,394
On disposals	(27,313)	(5,323,818)	(72,361)	-	(5,423,492)
Charge for the period	165,370	764,598	5,881	-	935,849
At 29 May 2010	1,862,075	4,596,808	634,868	-	7,093,751
Net book value					
At 29 May 2010	3,436,343	2,910,148	21,819	-	6,368,310
At 30 May 2009	3,601,713	4,714,053	27,700	50,514	8,393,980

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
Net book values	
At 29 May 2010	459,915
At 30 May 2009	530,281
Depreciation charge for the period	
At 29 May 2010	70,366
At 30 May 2009	70,366

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

9	Stock	2010 £	2009 £
	Raw materials and consumables	269,431	631,533
	Work in progress	66,556	439,171
	Finished goods and goods for resale	375,137	262,378
		<u>711,124</u>	<u>1,333,082</u>

10	Debtors	2010 £	2009 £
	Trade debtors	2,529,854	1,949,916
	Amounts due from group undertakings	1,466,902	2,007,715
	Other debtors	1,505	2,642
	Prepayments and accrued income	330,167	219,227
		<u>4,328,428</u>	<u>4,179,500</u>

Group balances relate to trading transactions and are subject to normal trading terms

11	Creditors amounts falling due within one year	2010 £	2009 £
	Bank loans and overdrafts	1,322,458	2,118,271
	Net obligations under finance leases	55,968	52,067
	Trade creditors	574,910	974,521
	Amounts owed to parent and fellow group undertakings	4,129,980	2,656,332
	Taxes and social security costs	495,950	417,677
	Accruals and deferred income	827,406	1,366,290
		<u>7,406,672</u>	<u>7,585,158</u>

Obligations under finance leases are secured upon the assets to which they relate

Group balances relate to trading transactions and are subject to normal trading terms. They are unsecured and interest free

The bank overdraft facility is in place until 31 August 2011

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

12 Creditors: amounts falling due after more than one year	2010 £	2009 £
Bank loans	1,395,258	1,510,322
Amounts payable to fellow group undertakings	4,485,499	4,919,219
Net obligations under finance leases	134,662	190,629
	<u>6,015,419</u>	<u>6,620,170</u>
	2010 £	2009 £
Loan maturity analysis		
In more than one year but not more than two years	120,836	113,817
In more than two years but not more than five years	409,094	385,328
In more than five years	865,328	1,011,177
	<u>1,395,258</u>	<u>1,510,322</u>

Bank loans consist of a mortgage which is secured on the land and buildings of the company from Lloyds TSB. The interest rate payable upon the mortgage is 1% above the Bank of England Base rate. Approximately £643,747 of the bank loan is due within five years.

The amounts payable to fellow group undertakings are unsecured and have no fixed repayment terms. All loans attract interest at variable rates. It is the view of the directors that the substance of these amounts payable to group undertakings is that they will not be repaid within one year and accordingly are classified as long term balances.

Obligations under finance leases are secured upon the assets to which they relate.

	2010 £	2009 £
Net obligations under finance leases		
Repayable within one year	67,950	67,950
Repayable between one and five years	145,350	213,107
	<u>213,300</u>	<u>281,057</u>
Finance charges and interest allocated to future accounting periods	(22,670)	(38,361)
	<u>190,630</u>	<u>242,696</u>
Included in liabilities falling due within one year	(55,968)	(52,067)
	<u>134,662</u>	<u>190,629</u>

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

13 Deferred taxation

Given the level of taxable losses available to the company, the current trading environment and the recent reorganisation of the business it is not expected that the company will be in a tax paying position for the foreseeable future and therefore it is not appropriate for a deferred tax asset to be recognised. The total unrecognised deferred tax asset at the period end amounted to £1,170,779 (2009 - £509,534)

14 Pension and other post-retirement benefit commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £119,978 (2009 - £149,402). Contributions due to the pension scheme and included within creditors at the year end totalled £14,586 (2009 - £22,738).

Defined contribution

	2010 £	2009 £
Contributions payable by the company for the period	10,189	-

15 Share capital

	2010 £	2009 £
Authorised		
5,720,000 Ordinary shares of £1 each	5,720,000	5,720,000

The company's shares are held as follows

Allotted, called up and fully paid

Deutsche Prazisions Ventil GmbH	3,365,000	1,500,000
Precision Valve Corporation	-	1,865,000
Valve Precision France S A	2,355,000	2,355,000
	5,720,000	5,720,000

During the period ended 30 May 2009 the company increased its nominal capital by £500,000 and issued shares to Deutsche Prazisions Ventil GmbH of this nominal amount which were paid in cash.

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 31 May 2009	(4,969,516)
Loss for the period	(2,470,435)
Balance at 29 May 2010	<u>(7,439,951)</u>

17 Reconciliation of movements in shareholders' funds / (deficit)

	2010 £	2009 £
Loss for the financial period	(2,470,435)	(4,176,177)
Proceeds from issue of shares	-	500,000
Net depletion in shareholders' funds	(2,470,435)	(3,676,177)
Opening shareholders' funds	750,484	4,426,661
Closing shareholders' funds / (deficit)	<u>(1,719,951)</u>	<u>750,484</u>

18 Financial commitments

At 29 May 2010 the company was committed to making the following payments under non-cancellable operating leases in the 52 week period to 28 May 2011

	2010 £	Other 2009 £
Operating leases which expire		
Within one year	5,864	-
Between two and five years	19,422	25,286
	<u>25,286</u>	<u>25,286</u>

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

19 Directors' emoluments	2010	2009
	£	£
Emoluments for qualifying services	120,342	92,679
Company pension contributions to money purchase schemes	10,189	-
	<u>130,531</u>	<u>92,679</u>

There were no company pension contributions to money purchase schemes for the directors in 2009

20 Employees

Number of employees

The average monthly number of employees (including directors) during the period was

	2010	2009
	Number	Number
Management	7	7
Administration	7	9
Production and sales	56	123
	<u>70</u>	<u>139</u>

Employment costs	2010	2009
	£	£
Wages and salaries	2,810,188	4,010,321
Social security costs	218,452	323,513
Other pension costs	119,978	149,402
	<u>3,158,807</u>	<u>4,483,236</u>

21 Control

The intermediate parent undertaking is Deutsche Prazisions Ventil GmbH, a company incorporated in Germany

The company's ultimate parent undertaking and controlling party, which is also the parent undertaking of the smallest and largest group to consolidate these financial statements, is Precision Valve Corporation, which is incorporated in the United States of America and is registered at 700 Nepperhan Avenue, Yonkers, New York, 10702

PRECISION VALVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MAY 2010

22 Related party transactions

Mr J P Abplanalp a director of this company, is a Trustee of the RH Abplanalp family trust, which is the recipient of 25% of all royalties paid by Precision Valve UK Limited to Precision Valve Corporation. During the year, royalties paid to Precision Valve Corporation totalled £227,582 (2009 - £449,729)

As explained in note 21, the company's ultimate parent undertaking is Precision Valve Corporation. This company owns a number of subsidiary undertakings globally all of whom are related parties to Precision Valve UK Limited.

Included within the accounts are the following transactions and balances with these group undertakings

	Period ended 29 May 2010	Period ended 30 May 2009
	£	£
Transactions during the year		
Sales	1,274,849	2,890,587
Royalties payable	(227,582)	(449,729)
Interest payable	(166,640)	(249,969)
(Loss) / profit on sale of fixed assets	(12,674)	54,358
Recharges	(309,248)	(472,562)
Purchases	(7,731,963)	(3,551,796)
Fixed assets and stock transferred	1,619,587	530,811
	<u> </u>	<u> </u>
Balances at the year end	£	£
Debtors	1,242,356	2,007,715
Management fee debtor	224,546	-
Trade creditors	(3,754,856)	(2,737,044)
Royalty creditors	(46,755)	(116,438)
Interest creditors	(28,604)	(43,082)
Management fee creditor	(299,765)	-
	<u> </u>	<u> </u>