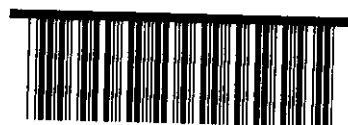


**TYCO ENGINEERED PRODUCTS (UK)
LIMITED**

Report and Financial Statements

30 September 2005



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TYCO ENGINEERED PRODUCTS (UK) LIMITED

2005 REPORT AND FINANCIAL STATEMENTS

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TYCO ENGINEERED PRODUCTS (UK) LIMITED

2005 REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Ward (resigned 23 February 2006)
D Simpson
A Durn

SECRETARY

G Latham

REGISTERED OFFICE

Victoria Road
Leeds
LS11 5UG

BANKERS

National Westminster Bank plc
Manchester City Centre Branch
Spring Gardens
Manchester
M60 2DB

SOLICITORS

Cobbets Solicitors
Ship Canal House
King Street
Manchester
M2 4WB

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

TYCO ENGINEERED PRODUCTS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 30 September 2005.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture and sale of instrumentation valves and other engineering products.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the performance for the year, the year end financial position and prospects to be satisfactory.

RESULTS AND DIVIDENDS

The profit and loss account is shown on page 5. Profit before taxation amounted to £213,000 (2004: £1,457,000) which after tax resulted in a post tax profit of £71,000 (2004: £1,592,000). No dividends were proposed or paid during the year.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and since the year end are listed on page 1.

None of the directors (or their families) had any interest in the share capital of the company or any other subsidiary of Tyco International Limited.

The directors are exempt from disclosing interests in the shares of Tyco International Limited as it is a parent company incorporated outside Great Britain.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

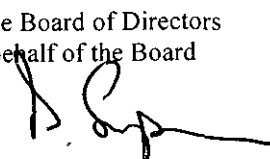
It is the company's policy to comply with the terms of payment agreed with its suppliers. Where payment terms are not yet negotiated, the company endeavours to adhere to supplier's standard terms. The number of creditor days in relation to trade creditors outstanding at the year end was 60 days (2004: 60 days).

AUDITORS

A resolution for the re-appointment of Deloitte & Touche LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

D Simpson
Director

 25 October 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYCO ENGINEERED PRODUCTS (UK) LIMITED

We have audited the financial statements of Tyco Engineered Products (UK) Limited for the year ended 30 September 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 as at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

26 October 2006

TYCO ENGINEERED PRODUCTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 September 2005

	Note	2005 £'000	2004 £'000
TURNOVER	2	5,486	7,966
Cost of sales		(4,145)	(5,082)
Gross profit		1,341	2,884
Distribution costs		(420)	(636)
Administrative expenses (including exceptional costs of £971,000 (2004: £649,000))	5	(1,231)	(1,156)
Operating (loss)/profit		(310)	1,092
(Loss)/profit before interest and tax		(310)	1,092
Interest receivable	6	523	365
Profit on ordinary activities before taxation		213	1,457
Taxation	7	(142)	135
Profit for the year	15	71	1,592

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents. All of the above relate to continuing operations.

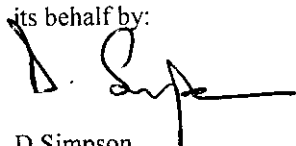
The company has no recognised gains and losses other than the gains and losses above and therefore no separate statement of total recognised gains and losses has been presented.

TYCO ENGINEERED PRODUCTS (UK) LIMITED

BALANCE SHEET 30 September 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	8	<u>289</u>	<u>387</u>
CURRENT ASSETS			
Stock	9	956	895
Debtors	10	13,386	12,880
Cash at bank and in hand		<u>351</u>	<u>607</u>
		14,693	14,382
CREDITORS: Amounts falling due within one year	11	<u>(1,322)</u>	<u>(1,905)</u>
NET CURRENT ASSETS		13,371	12,477
PROVISION FOR LIABILITIES AND CHARGES	13	<u>(725)</u>	<u>-</u>
NET ASSETS		<u>12,935</u>	<u>12,864</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account		<u>12,935</u>	<u>12,864</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>12,935</u>	<u>12,864</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 24 Oct 2006 and signed on its behalf by:



D Simpson
Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been adopted in both the current and prior year.

Basis of accounting

These financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently is set out below.

Cash flow statement and related party disclosures

No cash flow statement has been prepared for the company, as it is exempt from the requirement of Financial Reporting Standard No. 1 to include a cash flow statement in the financial statements. The basis for this exemption being that the company is a wholly owned subsidiary undertaking of a US parent company whose group financial statements include a consolidated cash flow statement and is publicly available.

The company, as a wholly owned subsidiary, has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related Party Disclosures" on the grounds that the consolidated account of the ultimate parent company is publicly available.

Tangible fixed assets

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

Freehold land	nil
Freehold buildings	on a straight line basis at 4% per annum
Plant, machinery and equipment	on a straight line basis between 10% and 100% per annum

Stocks

These are valued on a first-in first-out basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses based on a normal level of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Research and development

Expenditure on research and development is charged against trading profits in the year it is incurred.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences arising from accelerated capital allowances to the extent that such liabilities are expected to become payable in the foreseeable future, reduced by anticipated future tax recoveries relating to short term timing differences.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term. Assets held under finance leases are initially reported at their fair value of the asset, with an equivalent liability categorised under creditors. The asset is depreciated over the shorter of the lease term and its useful economic life.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2005

1. ACCOUNTING POLICIES (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are re-translated into sterling at the rate of exchange ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account.

Pension

Pension contributions for the defined benefit schemes are based upon independent actuarial advice.

Contributions are charged to the profit and loss account over the period during which the company benefits from employee's services. Differences between the amount charged to the profit and loss account and payments made to the scheme are treated as assets and liabilities in the balance sheet. Further details of the company's pension arrangements are set out in note 19.

2. TURNOVER

Turnover represents amounts invoiced by the company in respect of goods and services provided during the year, excluding value added tax. The analysis of turnover by market is.

	2005	2004
	£'000	£'000
United Kingdom	1,875	4,158
Rest of Europe	1,949	2,011
America	493	564
Asian-Pacific	812	868
Middle East and other	357	365
	<u>5,486</u>	<u>7,966</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any remuneration from the company during the year. The emoluments of the directors are paid by other group undertakings that make no recharge to the company as it is not possible to make an accurate apportionment of their emoluments in respect of their services to specific group companies.

The directors did not exercise any share options in the company's parent, Tyco International Limited (2004: nil).

	2005	2004
	No.	No.
Average number of persons employed		
Production	32	34
Selling and distribution	7	8
Administration	5	6
	<u>44</u>	<u>48</u>
Staff costs during the year (including directors)	£'000	£'000
Wages and salaries	1,191	1,338
Social security costs	125	118
Other pension costs	105	111
	<u>1,421</u>	<u>1,567</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2005

4. OPERATING PROFIT

	2005 £'000	2004 £'000
Operating profit is after charging:		
Depreciation:		
Owned assets	115	125
Rentals under operating leases:		
Other	79	136
Foreign exchange losses	23	35
Auditors remuneration:		
Audit fees	28	26
	<u>28</u>	<u>26</u>

5. EXCEPTIONAL COSTS

During the year the company vacated its old site at Stockport. The lease on this site still has 10 years to run. Management have provided for five years of rent after consultation with third parties. Management feel this is the best estimate of the costs incurred in any early termination of the lease. In 2004 the cost of restructuring the company following the transfer of all product lines to another Tyco site and associated restructuring costs have been treated as exceptional in that year.

	2005 £'000	2004 £'000
Restructuring costs	971	649
	<u>971</u>	<u>649</u>

No exceptional tax charge or credit arose in respect of these items.

6. INTEREST RECEIVABLE

	2005 £'000	2004 £'000
Intercompany interest	523	365
	<u>523</u>	<u>365</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
Taxation on the profit for the year		
Deferred taxation	(142)	135

No current year corporation tax charge arises as taxable profits are reduced to nil as a result of group relief surrendered from other Tyco Flow Control companies for nil consideration.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows.

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	213	1,457
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2004: 30%)	64	437
Effects of:		
Expenses not deductible for tax purposes	27	3
Depreciation for the period in excess of capital allowances	(142)	177
Group relief not paid for	51	(617)
Total current tax charge for the year	-	-

8. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost			
At 1 October 2004	99	4,028	4,127
Additions	-	17	17
At 30 September 2005	99	4,045	4,144
Depreciation			
At 1 October 2004	19	3,721	3,740
Charge for year	4	111	115
30 September 2005	23	3,832	3,855
Net book value			
At 30 September 2005	76	213	289
At 30 September 2004	80	307	387

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2005

9. STOCKS

	2005	2004
	£'000	£'000
Raw materials and consumables	589	568
Work in progress	203	117
Finished goods and goods for resale	164	210
	<u>956</u>	<u>895</u>

10. DEBTORS

	2005	2004
	£'000	£'000
Trade debtors	828	709
Amounts due by other group undertakings	12,194	11,760
Prepayments and accrued income	59	37
Deferred taxation (note 12)	189	331
VAT recoverable	116	43
	<u>13,386</u>	<u>12,880</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£'000	£'000
Trade creditors	392	571
Amounts due to other group undertakings	371	376
Accruals and deferred income	502	932
Other taxation and social security	57	26
	<u>1,322</u>	<u>1,905</u>

12. DEFERRED TAXATION

	£'000
At 1 October 2004	331
Charged to profit and loss account	(142)
At 30 September 2005 (note 10)	<u>189</u>

The amounts of deferred taxation provided and unprovided in the accounts is at the rate of 30% (2004: 30%).

There was no unprovided deferred tax in the current year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2005

12. OPERATING LEASE COMMITMENTS

Commitments to operating lease payments, which fall in the following financial years, are as follows:

	2005	2004
	Land and buildings	Land and buildings
	£'000	£'000
On leases expiring:		
After five years	<u>145</u>	<u>136</u>

13. PROVISION FOR LIABILITIES AND CHARGES

	Onerous lease provision
	£'000
Balance as at 1 October 2004	-
Charge for the year	<u>725</u>
Balance as at 30 September 2005	<u>725</u>

14. CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

15. RESERVES

	Profit and loss account
	£'000
At 1 October 2004	12,864
Profit for the financial year	<u>71</u>
At 30 September 2005	<u>12,935</u>

16. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2005	2004
	£'000	£'000
Profit for the financial year	71	1,592
Opening equity shareholders' funds	<u>12,864</u>	<u>11,272</u>
Closing equity shareholders' funds	<u>12,935</u>	<u>12,864</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2005

17. CAPITAL COMMITMENTS

There were no capital commitments contracted but not provided at the year-end.

18. CONTINGENT LIABILITIES

Other contingent liabilities arise in other ordinary course of business in connection with the completion of contracts. In the opinion of the directors no material loss will arise from such contingent liabilities in excess of the amounts provided in the accounts.

19. PENSIONS COMMITMENTS

The company participates in two multi-employer schemes: a defined benefit pension scheme for joiners before 1 November 1999 which is now closed to new entrants, a defined contribution scheme for joiners after that date. The assets of each scheme are held in separate trustee administered funds. Lump sum death-in-service cover for all members is provided under the new defined contribution scheme.

Defined benefit scheme

The Keystone Valve (UK) Limited Retirement Benefits Scheme is a defined benefit scheme which provides benefits based on years of pensionable service in the scheme and pensionable earnings close to retirement or earlier date of leaving. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the attained age method. Previous practice in setting contribution rates has been to amortise surpluses or deficits over the future working lifetime of current members.

The most recent actuarial valuation was at 6 April 2004. This showed that the market value of the scheme's assets was £27,582,000 and the value of liabilities was £40,848,000. Assets were, therefore, sufficient to cover 68% of the value of benefits which had accrued to members after allowing for expected future increase in earnings. The main assumptions used for the valuation were as follows:

Discount rate for valuing liabilities	- pre-retirement	6.0% pa
	- post-retirement	5.25% pa
Increases to pensionable earnings		3.25% pa
Increases to pensions in payment		2.75% pa

The company contribution rate required to fund for future service benefits for the company's membership category was 20.1% of pensionable salaries. If the deficit disclosed of £13,266,000 is amortised over the future working lifetime of members, the total required company contribution for all participating employers in the year following the valuation would increase by £1,634,000. Scheme rules provide for surpluses and deficits to be spread over all employers participating in the scheme unless agreed otherwise by the Trustees.

There are currently four participating employers in the scheme. It is not possible to identify the company's share of the underlying assets and liabilities of the scheme. The company have, therefore, chosen to account for contributions as if the scheme were a defined contribution scheme in accordance with paragraph 9(b) of FRS17. The scheme is accounted for on a defined benefit basis by the company's ultimate parent company, Tyco International Limited, in accordance with US GAAP.

The cost recognised within the profit and loss account is, therefore, equal to the contributions payable to the scheme for the year by the company. This gives a pension charge to the company for the year of £105,000 (2004: £111,000).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2005

19. PENSION COMMITMENTS (continued)

The assets and liabilities of the defined benefit scheme at 30 September along with the expected rates of return on scheme assets, are shown below:

	At 30 September 2005	At 30 September 2004	At 30 September 2003
Rate of increase in salaries	5%	5.5%	5.5%
Rate of increase of pensions in payment and deferment	3.75%	4.0%	3.75%
Discount Rate	2.75%	2.75%	2.75%
Inflation assumption	2.75%	2.75%	2.75%

	Expected rate of return year commencing 30 September 2005	Value at 30 September 2005 £'000s	Expected rate of return year commencing 30 September 2004	Value at 30 September 2004 £'000's	Expected rate of return year commencing 30 September 2003	Value at 30 September 2003 £'000's
Equities	8%	23,239	8%	20,186	8%	18,715
Bonds	4.75%	8,885	5%	6,823	5%	5,083
Cash	4.75%	1,367	3.5%	853	3.5%	609
Property	7.5%	684	8%	569	8%	706
Total market value of assets		34,175		28,431		25,113
Actuarial value of liabilities		(53,754)		(44,705)		(37,948)
Deficit in the scheme		(19,579)		(16,274)		(12,835)
Related deferred tax asset		5,874		4,882		3,851
Net pension liability		(13,705)		(11,392)		(8,984)

20. RELATED PARTY TRANSACTIONS

The company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of Tyco Flow Control (UK) Limited group or investees of the Tyco Flow Control (UK) Limited group.

21. ULTIMATE PARENT UNDERTAKING

At 30 September 2004, the controlling ultimate parent undertaking was Tyco International Limited, a company incorporated in Bermuda. The company's immediate parent undertaking is Tyco Flow Control (UK) Limited's financial statements form a part of the consolidated results of both of these entities.

The financial statements of the ultimate parent undertaking can be obtained from the company secretary at the following address: Zurich Centre, 9 Bitts Bay Road, Pembroke, HM08, Bermuda.