

**GD First (UK) Limited**

**Directors' report and financial  
statements**

Registered number 4955958

31 December 2008

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### **Principal activities**

GD First (UK) Limited is an intermediate holding company within the group headed by Gardner Denver, Inc.

### **Financial position and performance**

The profit for the financial year was £6,362,239 (2007: £3,614,992).

On 25 September 2008, the company subscribed for one ordinary share of £1 in Gardner Denver Holdings Limited for consideration of £1.

Details of changes in other investments indirectly owned by the company are disclosed in the financial statements of its subsidiary undertakings.

### **Dividends**

No dividends were paid during the year (2007: *£nil*) and the directors do not recommend the payment of a final dividend (2007: *£nil*).

### **Directors**

The directors who held office during the year and up to the date of signing were as follows:

H W Cornell (USA)  
T Pagliara (USA) (resigned 25 August 2008)  
J Steele (USA) (appointed 17 September 2008)  
J P Warr

## Directors' report *(continued)*

### Share capital

There have been no changes in the authorised share capital. Note 10 on page 11 gives details of the authorised and issued share capital in tabular form.

### Political and charitable contributions

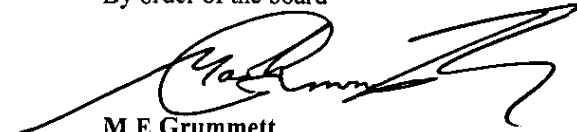
The company made no political or charitable contributions during the year (2007: £nil).

### Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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 to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Plc will therefore continue in office.

By order of the board



M E Grummett  
*Secretary*

Springmill Street  
Bradford  
West Yorkshire  
BD5 7YH

29 June 2009

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 judgments and 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; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditors' report to the members of GD First (UK) Limited**

We have audited the financial statements of GD First (UK) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 auditor's 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

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

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the members of GD First (UK) Limited (*continued*)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

29 June 2009

**Profit and loss account**  
*For the year ended 31 December 2008*

	<i>Notes</i>	2008 £	2007 £
External charges		(38,298)	(6,447)
Foreign exchange losses on intercompany balances		(884,403)	(551,547)
<b>Operating loss</b>	<b>2</b>	<b>(922,701)</b>	<b>(557,994)</b>
Income from shares in group undertakings		11,450,000	9,115,527
Interest receivable	3	4,020,756	2,771,343
Interest payable	4	(9,881,419)	(9,826,463)
<b>Profit on ordinary activities before taxation</b>		<b>4,666,636</b>	<b>1,502,413</b>
Taxation on profit on ordinary activities	5	1,695,603	2,112,579
<b>Profit for the financial year</b>	<b>11</b>	<b>6,362,239</b>	<b>3,614,992</b>

A reconciliation of movements in shareholders' funds is given in note 12.

The financial statements are prepared on an unmodified historical cost basis and there were no recognised gains or losses in either year other than those reflected in the profit and loss account above.

All operating income and expenditure arises from continuing operations.



## Balance sheet

As at 31 December 2008

	Note	£	2008 £	£	2007 £
<b>Fixed assets</b>					
Investments	6		194,338,759		194,338,758
<b>Current assets</b>					
Debtors	7	82,485,295		7,263,219	
Cash at bank		37,170		209,549	
			<u>82,522,465</u>	<u>7,472,768</u>	
Creditors: amounts falling due within one year	8	(149,178,761)		(60,704,842)	
<b>Net current liabilities</b>			<u>(66,656,296)</u>	<u>(53,232,074)</u>	
<b>Total assets less current liabilities</b>			<u>127,682,463</u>	<u>141,106,684</u>	
Creditors: amounts falling due after more than one year	9		(25,725,906)		(45,549,866)
<b>Net assets</b>			<u>101,956,557</u>	<u>95,556,818</u>	
<b>Capital and reserves</b>					
Called up equity share capital	10		71,743		34,243
Share premium account	11		73,274,487		73,274,487
Profit and loss account	11		28,610,327		22,248,088
<b>Equity shareholders' funds</b>	12		<u>101,956,557</u>	<u>95,556,818</u>	

These financial statements were approved by the board of directors on 29 June 2009 and were signed on its behalf by:



**JP Warr**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s228A of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its Group.

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Gardner Denver, Inc., a company incorporated in the USA, which prepares publicly available consolidated financial statements which include a cash flow statement.

As the Company is a wholly owned subsidiary of Gardner Denver Inc., the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Gardner Denver Inc, within which this company is included, can be obtained from the address given in note 14.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The taxation liabilities of group companies are reduced wholly or in part by the surrender of losses by other group companies.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### ***Foreign currencies***

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date or, if hedged forward, at the rate of exchange under the related forward currency contract rate. Gains or losses arising in the ordinary course of business are dealt with in arriving at operating profit.

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### ***Investments***

Fixed asset investments are stated at cost.

The carrying value of fixed asset investment in the subsidiary undertaking is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Notes (continued)**

**2 Profit and loss account**

None of the directors received any remuneration, in respect of services to the company. There were no other employees. Auditors' remuneration has been borne by a fellow group undertaking.

**3 Interest receivable**

	2008 £	2007 £
Interest receivable on loans from affiliated companies	3,981,369	2,771,343
Bank interest receivable	39,387	-
	<hr/>	<hr/>
Total interest receivable	4,020,756	2,771,343
	<hr/>	<hr/>

**4 Interest payable**

	2008 £	2007 £
On bank loans and overdrafts	778,162	1,213,750
On loans from affiliated companies	9,103,257	8,612,713
	<hr/>	<hr/>
Total interest payable	9,881,419	9,826,463
	<hr/>	<hr/>

**5 Taxation on profit on ordinary activities**

	2008 £	2007 £
<i>UK corporation tax</i>		
Current tax credit on income for the year	(1,695,603)	(2,093,765)
Adjustment in respect of prior periods	-	(18,814)
	<hr/>	<hr/>
Total current tax	(1,695,603)	(2,112,579)
	<hr/>	<hr/>

The current tax credit (2007: *credit*) for the period is higher (2007: *higher*) than the standard rate of corporation tax in the UK (28%, 2007: 30%). The differences are explained below:

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,666,636	1,502,413
	<hr/>	<hr/>
Current tax at 28.5% (2007: 30%)	1,329,991	450,724
<i>Effects of:</i>		
Interest disallowed for tax	237,656	190,169
Income not taxable -UK dividends	(3,263,250)	(2,734,658)
Adjustment in respect of prior periods	-	(18,814)
	<hr/>	<hr/>
Total current tax credit (see above)	(1,695,603)	(2,112,579)
	<hr/>	<hr/>

## Notes (continued)

### 6 Fixed asset investments

	Shares in subsidiary undertakings £
<i>Cost and net book value</i>	
At beginning of year	194,338,758
Additions	1
	<hr/>
At end of year	194,338,759
	<hr/>

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

Details of changes to investments during the year are contained in the business review section of the Directors' report.

Details of the principal (directly) owned subsidiary undertakings are set out below:

	Incorporated and trading in	Effective interest  %
Gardner Denver International Limited	UK	100
Gardner Denver Industries Limited	UK	100
Gardner Denver Holdings Limited	UK	100

All holdings are of ordinary shares.

Each company operates in its country of incorporation.

Both Gardner Denver International Limited, Gardner Denver Industries Limited and Gardner Denver Holdings Limited are intermediate holding companies incorporated and operating in the UK. Details of subsidiaries held by these companies are disclosed in their financial statements, available from Companies House.

The subsidiary undertakings named above are part of the Gardner Denver group of companies, a global producer of blowers, compressors, petroleum and water jetting pumps and accessories serving a diverse group of industries and applications.

## Notes (continued)

### 7 Debtors

	2008 £	2007 £
Taxation recoverable	1,695,603	2,010,825
Amounts owed by group undertakings	80,789,692	5,252,394
	<u>82,485,295</u>	<u>7,263,219</u>

### 8 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft	6,197,944	-
Accruals	61,309	123,021
Amounts owed to group undertakings	142,919,508	60,581,821
	<u>149,178,761</u>	<u>60,704,842</u>

### 9 Creditors: amounts falling after more than one year

	2008 £	2007 £
Bank loans	-	19,823,960
Amounts owed to group undertakings	25,725,906	25,725,906
	<u>25,725,906</u>	<u>45,549,866</u>

Amounts owed to group undertakings bear interest at a rate of 7% with no fixed repayment terms. However, the companies concerned have given an undertaking not to demand repayment of £25,725,906 (2007: £25,725,906) for a period of more than one year from the balance sheet date.

### 10 Called up share capital

	2008 £	2007 £
<b>Authorised</b>		
32,000,000 ordinary shares of £1 each	32,000,000	32,000,000
<b>Issued</b>	Number	Number
At start of year	71,743	50,003
Issued in the year	-	21,740
<b>At end of year</b>	<u>71,743</u>	<u>71,743</u>

## Notes (continued)

### 10 Called up share capital (continued)

	2008	2007
	Number	Number
Allotted, called up and fully paid		
At start of year	34,243	12,503
Issued in the year	37,500	21,740
	<hr/>	<hr/>
At end of year	71,743	34,243
	<hr/>	<hr/>

### 11 Reserves

	Profit and loss account £	Share Premium account £
At beginning of year	22,248,088	73,274,487
Profit for the financial year	6,362,239	-
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At end of year	28,610,327	73,274,487
	<hr/>	<hr/>

### 12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Retained profit for the financial year	6,362,239	3,614,992
Issue of share capital	37,500	24,857,820
Opening shareholders' funds	95,556,818	67,084,006
	<hr/>	<hr/>
Closing shareholders' funds	101,956,557	95,556,818
	<hr/>	<hr/>

### 13 Contingent liabilities

The company has guaranteed the bank borrowings of certain group undertakings which at 31 December 2008 amounted to £nil (2007 £nil). The company has guaranteed the VAT liability of certain group undertakings which at 31 December 2008 amounted to £315,728 (2007: £nil).

### 14 Ultimate parent company

The company's ultimate parent undertaking and controlling related party is Gardner Denver, Inc., incorporated in the USA, and its results are included in the consolidated financial statements of that company. The consolidated financial statements of Gardner Denver, Inc. are available to the public and may be obtained from: Gardner Denver, Inc., 1800 Gardner Expressway, Quincy, USA, IL62301.