

GD First (UK) Limited

Report and Financial Statements

31 December 2012

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16/09/2013

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COMPANIES HOUSE

Directors

B A Walters

M M Larsen

Secretary

M E Grummett

Auditors

Ernst & Young LLP

City Gate West

Toll House Hill

Nottingham

NG1 5FY

Registered Office

Springmill Street

Bradford

West Yorkshire

BD5 7HW

Registered No 04955958

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation amounted to £94,693 (2011 – loss of £283,699) The directors do not recommend a final dividend (2011 – £nil)

Principal activity and review of the business

GD First (UK) Limited is an intermediate parent undertaking within the group headed by Gardner Denver, Inc

Financial position and performance

There were no changes to directly held investments during the year. Investments indirectly owned by the company are disclosed in the financial statements of its subsidiary undertakings.

Going concern

The Directors note that the company is still in a net current liability position. The Directors do not believe this has a significant impact on the going concern assumption and the company is forecast to remain profitable in the coming years. The company also has the continued support of the ultimate parent undertaking, Gardner Denver Inc.

Principal risks and uncertainties

The Company's principal risk and uncertainties are impairment of investments and foreign exchange exposure on intergroup loans. These are reviewed and managed as considered appropriate at a group level.

Directors

The directors who served the company during the year were as follows:

B A Walters
M M Larsen

Post balance sheet events

On 7th March 2013 Gardner Denver, Inc (the ultimate parent undertaking of the Company) and Kohlberg Kravis Roberts & Co L P (together with its affiliates, "KKR") entered into a definitive merger agreement in a transaction valued at approximately \$3.9 billion, including the assumption of debt.

Under the terms of the merger agreement, KKR acquired all of the outstanding shares of Gardner Denver common stock for \$76 per share in cash. As a result of the completion of the transaction, with effect from 30 July 2013, Gardner Denver common stock ceased to be listed for trading on the New York Stock Exchange.

Political and charitable contributions

The company made no political or charitable contributions during the year (2011 – £nil).

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

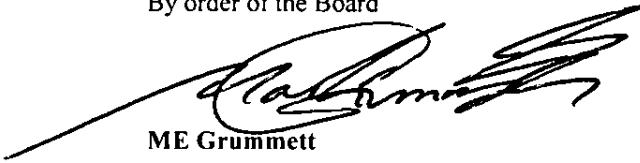
Directors' report

Auditors

KPMG Audit Plc resigned as auditor on 21 November 2012 and Ernst & Young LLP was appointed in their place

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board



ME Grummett

Secretary

Date 30 August 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 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.

Independent auditor's 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 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report

to the members of GD First (UK) Limited

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

Ernst & Young UK

Adrian Roberts (Senior statutory auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Nottingham

Date 13 Sept 13

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Administrative expenses		(358,568)	(389,537)
Foreign exchange gains on intercompany balances		130,346	163,684
Operating loss	2	(228,222)	(225,853)
Income from shares in group undertakings		6,000,000	5,000,000
Interest receivable and similar income	3	-	43,151
Interest payable and similar charges	4	(4,605,569)	(5,913,996)
Profit/(loss) on ordinary activities before taxation		1,166,209	(1,096,698)
Tax on profit/(loss) on ordinary activities	5	(1,071,516)	812,999
Profit/(loss) for the financial year	11	94,693	(283,699)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £94,693 in the year ended 31 December 2012 (2011 – loss of £283,699)

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	6	276,705,603	276,705,603
Current assets			
Debtors	7	55,908	4,226,749
Cash at bank		26,942	28,182
		82,850	4,254,931
Creditors amounts falling due within one year	8	(146,335,556)	(150,602,330)
Net current liabilities		(146,252,706)	(146,347,399)
Total assets less current liabilities		130,452,897	130,358,204
Creditors amounts falling due after more than one year	9	(25,725,906)	(25,725,906)
Net assets		104,726,991	104,632,298
Capital and reserves			
Called up equity share capital	10	71,743	71,743
Share premium account	11	73,274,487	73,274,487
Profit and loss account	11	31,380,761	31,286,068
Equity shareholders' funds	12	104,726,991	104,632,298

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



M M Larsen

Director

Date 30 August 2013

Registration number 04955958

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Group financial statements

The company has taken advantage of the exemption from preparing a statement of cash flows on the grounds that it is a wholly owned subsidiary of Gardner Denver, Inc , a company incorporated in the USA, which prepares publicly available group financial statements which include a statement of cash flows. The group financial statements of Gardner Denver, Inc , within which this company is included, can be obtained from the address given in note 15

Statement of cash flows

Under FRS 1 "statements of cash flows" (revised 1996), the company is exempt from the requirement to prepare a statement of cash flows, on the grounds that, at 31 December 2012, it was a wholly owned subsidiary undertaking of Gardner Denver Inc , a company incorporated in the USA which prepares a group statement of cash flows in its own published group financial statements

Related party transactions

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 are directly or indirectly wholly owned and form part of the Group

Going concern

The financial statements have been prepared on a going concern basis. Although the directors recognise the company has net current liabilities of £146,252,706, appropriate support from other group companies is in place to support the going concern assumption

Investments

Fixed asset investments are stated at cost

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

Taxation

The charge for taxation is based on the results for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable

Notes to the financial statements

at 31 December 2012

1 Accounting policies (continued)

Deferred taxation (continued)

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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

2. Operating loss

The company director is remunerated through another company within the group. The time spent by the director performing his duties in respect of the company is considered trivial and as such no apportionment of their remuneration has been allocated to the company.

No persons were employed by the company during the year (2011 – none)

The auditor's remuneration, in respect of the audit of these financial statements, in both periods was borne by a fellow group undertaking, Gardner Denver Ltd

3. Interest receivable and similar income

	2012 £	2011 £
Interest receivable on loans from affiliated companies	-	43,151

4. Interest payable and similar charges

	2012 £	2011 £
On bank loans and overdrafts	1,828,163	1,455,290
On loans from affiliated companies	2,777,406	4,458,706
Total interest payable	4,605,569	5,913,996

Notes to the financial statements

at 31 December 2012

5. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge/ (credit) is made up as follows

	2012	2011
	£	£
Current tax		
UK corporation tax credit on the profit for the year	55,908	1,615,625
Adjustment in respect of prior years	(1,127,424)	(802,626)
Total current tax (charge)/credit (note 5(b))	<u>(1,071,516)</u>	<u>812,999</u>

(b) Factors affecting current tax charge/(credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below

	2012	2011
	£	£
Profit/(loss) on ordinary activities before tax	<u>1,166,209</u>	<u>(1,096,698)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	(285,721)	290,625
Effects of		
Expenses not deductible for tax purposes	(1,128,207)	-
Income not taxable -UK dividend	1,469,836	1,325,000
Adjustment in respect of prior years	(1,127,424)	(802,626)
Total current tax credit (note 5(a))	<u>(1,071,516)</u>	<u>812,999</u>

(c) Deferred tax

No deferred tax asset has been recognised in respect of non-trade financial losses of £149,252 (2011 - £149,252) on the basis that there are no forecast future gains in the company against which the losses could be utilised

(d) Factors affecting future tax charge

During 2012 the UK corporation tax rate was reduced from 26% to 24%

The 2012 Finance Act introduced a further reduction in the corporation tax rate to 23% (effective from 1 April 2013). This was substantively enacted on 17 July 2012. There will be further reductions in the rate until it reaches 20% in 2015.

Notes to the financial statements

at 31 December 2012

6. Investments

*Subsidiary
undertakings
£*

Cost and net book value

At 1 January 2012 and 31 December 2012

276,705,603

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 directly owned subsidiary undertakings are set out below

	<i>Class of share</i>	<i>Holding</i>
Gardner Denver International Limited	Ordinary	100%
Gardner Denver Industries Limited	Ordinary and deferred	100%
Gardner Denver Holdings Limited	Ordinary	100%

All holdings are of ordinary shares. Each company operates in its country of incorporation. Gardner Denver International Limited, Gardner Denver Industries Limited and Gardner Denver Holdings Limited are intermediate holding companies incorporated and operating in England. 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.

7. Debtors

	<i>2012 £</i>	<i>2011 £</i>
Amount owed by group undertaking – group tax relief	<u>55,908</u>	<u>4,226,749</u>

8. Creditors: amounts falling due within one year

	<i>2012 £</i>	<i>2011 £</i>
Bank overdraft	89,179,301	79,143,582
Accruals	212,655	172,147
Amounts owed to group undertakings	<u>56,943,600</u>	<u>71,286,601</u>
	<u>146,335,556</u>	<u>150,602,330</u>

The company has an unsecured cash pooling overdraft arrangement with other fellow UK group undertakings at HSBC Bank plc that is repayable on demand.

Notes to the financial statements

at 31 December 2012

9. Creditors: amounts falling after more than one year

	2012	2011
	£	£
Amounts owed to group undertakings	<u>25,725,906</u>	<u>25,725,906</u>

All amounts owed to group undertakings bear interest at a rate of 7% with no fixed repayment terms. However, the company concerned has given an undertaking not to demand repayment of £25,725,906 (2011 – £25,725,906) for a period of more than one year from the balance sheet date. The loan is unsecured.

10 Issued share capital

		2012		2011
	No	£	No	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	71,743	<u>71,743</u>	71,743	<u>71,743</u>

11. Movements on reserves

	Profit and loss account	Share Premium account
	£	£
At 1 January 2012	31,286,068	73,274,487
Profit for the financial year	94,693	-
At 31 December 2012	<u>31,380,761</u>	<u>73,274,487</u>

12. Reconciliation of shareholders' funds

	2012	2011
	£	£
Opening shareholders' funds	104,632,298	104,915,997
Profit for the financial year	94,693	(283,699)
Closing shareholders' funds	<u>104,726,991</u>	<u>104,632,298</u>

13. Related party transactions

At the balance sheet date the company was a wholly owned subsidiary of Gardner Denver Inc. The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which are directly or indirectly wholly owned by the group. The group financial statements of Gardner Denver Inc., within which this company is included, can be obtained from the address given in note 16.

14. Other financial commitments

At the end of the year, the company had entered into forward exchange contracts to purchase a total of €5,500,000 (2011 - €nil) for a fixed cost of £4,473,315 (2011 - £nil).

Notes to the financial statements

at 31 December 2012

15. Events since the balance sheet date

On 7th March 2013 Gardner Denver, Inc (the ultimate parent undertaking of the Company) and Kohlberg Kravis Roberts & Co L P (together with its affiliates, "KKR") entered into a definitive merger agreement in a transaction valued at approximately \$3.9 billion, including the assumption of debt.

Under the terms of the merger agreement, KKR acquired all of the outstanding shares of Gardner Denver common stock for \$76 per share in cash. As a result of the completion of the transaction, with effect from 30 July 2013, Gardner Denver common stock ceased to be listed for trading on the New York Stock Exchange.

16. Ultimate parent undertaking and controlling party

At the balance sheet date the company's immediate parent undertaking was Denver International, Inc, a company incorporated in the USA.

At this time the company's ultimate parent undertaking and controlling related party was Gardner Denver, Inc, incorporated in the USA, and its results are included in the financial statements of that company. The group financial statements of Gardner Denver, Inc are available to the public and may be obtained from Gardner Denver, Inc, 1500 Liberty Ridge Dr, Ste 3000 Wayne, PA 19087, USA.

At the date these financial statements have been approved the ultimate controlling party was Kohlberg Kravis Roberts & Co L P (together with its affiliates, "KKR") following the acquisition of Gardner Denver, Inc by this company as disclosed in note 15.