

Registration number 1826762

Econosto UK Limited

Directors' Report and Financial Statements
for the Year Ended 31 December 2009

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Econosto UK Limited

Company Information

Directors	C Gamble J F A M Van Os F A M Vollering
Secretary	S Hemsley
Registered office	Whiteacres Cambridge Road Whetstone Leicester LE8 6ZG
Bank	Lloyds TSB Bank plc 125 Colmore Row Birmingham B3 3SF
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT

Econosto UK Limited

Directors' Report for the Year Ended 31 December 2009

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2009

Results and dividend

The results for the company are set out in the financial statements

The directors do not recommend the payment of a dividend

Principal activity

The principal activity of the company is that of commission agents, importers, manufacturers' agents and manufacturers of industrial valves

Business review

Fair review of the business

With effect from 12 August 2009 ERIKS Group NV, the company's ultimate parent undertaking, was acquired by SHV Holdings NV, a company registered in The Netherlands. Consequently, from that date, Econosto UK Limited became a subsidiary of SHV Holdings NV

There have been no significant changes in the company's principal activity in the year under review. The directors are not aware of any major changes in the company's activities in the foreseeable future.

Development and performance of the business

	2009	2008	2007
Turnover	£14,454,000	£11,898,000	£11,283,000
Operating profit	£1,076,000	£287,000	£763,000
Profit after tax	£713,000	£40,000	£517,000
Shareholders' funds	£2,004,000	£1,291,000	£1,251,000
Order intake	£12,005,000	£14,333,000	£10,341,000

Turnover for the year is 21% ahead of 2008 reflecting the strong order book brought forward at the start of the year. This was primarily due to the company's increasing involvement in larger value projects, own branded product sales and long term agreements with major clients.

The gross margin percentage has also increased in the year from 23% to 27% due to more stable currency rates between Sterling and the Euro, albeit at a lower exchange rate than in recent years, enabling the company to minimise its exposure to the significant adverse swings in currency movements experienced in the prior year. In addition, there has been a greater focus on the management of working capital and the control of margin erosion which has delivered positive results in the year.

Overhead costs have been maintained at a similar level to the prior year when compared to activity levels.

Future outlook

The directors remain cautious about the outlook for 2010 and beyond as the year started with a more conservative order book than the previous year. However, early indications are that a number of customer projects, that have been on hold for a period of time, may now come to fruition during the year.

Political and charitable donations

The company made no political or charitable donations in the year (2008 - nil)

Econosto UK Limited

Directors' Report for the Year Ended 31 December 2009

continued

Principal risks and uncertainties

Competitive trading risk

The company manages competitive trading risk by providing an added value service to its customers, having fast response times and by maintaining strong relationships with its customer base. The company is not dependent on any single customer for significant portions of its turnover, however significant movements in the oil price generally have a direct impact on the level of the company's business. To counteract this, the company has reduced its dependence on the oil industry by diversifying into the nuclear power and marine industries.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivables balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Foreign exchange risk

The company's transactions are predominantly in Sterling, Euro and US Dollar and the company is therefore exposed to the movement in foreign exchange rates. In line with group policy, the company enters into forward foreign currency contracts to negate the impact of volatility from exchange rates.

Liquidity and interest rate risk

The company is financed on a day to day basis by an overdraft facility with the company's bankers, which is rarely fully utilised. On a long term basis the company has a funding loan from the parent undertaking which has no fixed repayment terms. The company's exposure to liquidity risk and interest rate movements is therefore considered to be low.

Directors

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

- C Gamble
- J F A M Van Os
- O de Vries (resigned 15 February 2009)
- F A M Vollering (appointed 27 February 2009)

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Econosto UK Limited

Directors' Report for the Year Ended 31 December 2009

continued

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 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, and
- prepare the financial statements on a 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.

Disclosure of information to auditors


In the case of each director in office at the date the Directors' report is approved under Section 418 of the Companies Act 2006, the following applies

- (a) so far as each director is aware, there is no relevant audit information, of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Ernst & Young LLP resigned as auditors during the year and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy arising. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be submitted to the Annual General Meeting.

Approved by the Board and signed on its behalf by


S Hemsley
Company Secretary
Date 18/6/10

Independent Auditor's Report to the Members of Econosto UK Limited

We have audited the financial statements of Econosto UK Limited for the year ended 31 December 2009, set out on pages 7 to 19, which comprise the Profit and Loss Account, the Balance Sheet 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 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 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 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 31 December 2009 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 Econosto 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.



Neil Philpott
Senior Statutory Auditor

for and on behalf of
PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Birmingham

Date *18 June 2010.*

Econosto UK Limited

Profit and Loss Account for the Year Ended 31 December 2009

	Note	2009 £ 000	2008 £ 000
Turnover	2	14,454	11,898
Cost of sales		(10,543)	(9,148)
Gross profit		<u>3,911</u>	<u>2,750</u>
Distribution costs		(381)	(274)
Administrative expenses		(2,454)	(2,189)
Operating profit	3	<u>1,076</u>	<u>287</u>
Other interest receivable and similar income		-	1
Interest payable and similar charges	6	(66)	(207)
Profit on ordinary activities before taxation		<u>1,010</u>	<u>81</u>
Tax on profit on ordinary activities	7	(297)	(41)
Profit for the financial year	13	<u><u>713</u></u>	<u><u>40</u></u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

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

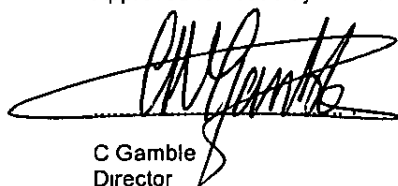
The notes on pages 9 to 19 form an integral part of these financial statements

Econosto UK Limited

Balance Sheet as at 31 December 2009

		2009		2008	
	Note	£ 000	£ 000	£ 000	£ 000
Fixed assets					
Tangible assets	8		141		139
Current assets					
Stocks	9	3,277		3,851	
Debtors	10	2,246		3,294	
Cash at bank and in hand		1,365		1,102	
		<u>6,888</u>		<u>8,247</u>	
Creditors: Amounts falling due within one year	11	<u>(5,025)</u>		<u>(7,095)</u>	
Net current assets			<u>1,863</u>		<u>1,152</u>
Net assets			<u>2,004</u>		<u>1,291</u>
Capital and reserves					
Called up share capital	12		8		8
Profit and loss reserve	13		<u>1,996</u>		<u>1,283</u>
Total shareholders' funds	14		<u>2,004</u>		<u>1,291</u>

Approved for issue by the Board on 18/6/2010 and signed on its behalf by



C Gamble
Director

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

During the year it has come to the attention of the directors that the disclosure of operating lease charges and annual commitments in the prior year financial statements omitted a number of operating leases in error. Accordingly, the disclosure has been re-stated in the current year to increase operating lease charges for the hire of plant and machinery within note 3 by £10,000 and to increase the annual commitments under operating leases in note 17 by £10,000. There is no impact on the profit for the year.

Cash flow statement

As the company is a wholly owned subsidiary and its parent publishes consolidated financial statements, the directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) from including a cash flow statement in the financial statements.

Related party transactions

As a subsidiary undertaking of SHV Holdings NV, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by SHV Holdings NV.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers, arising from one continuing activity.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which usually occurs upon dispatch of goods.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

1 Accounting policies (continued)

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Short leasehold land and buildings	5% straight line basis
Plant and machinery	20% straight line basis
Fixtures and fittings	20-33% straight line basis
Motor vehicles	25% straight line basis

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

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Cost includes all costs incurred in bringing each product to its present location and condition. Cost is calculated on a standard cost basis.

Deferred taxation

Deferred tax 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 a right to pay less or to receive more, tax, with the following exception:

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 are expected to reverse, based on the tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

1 Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Derivatives

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

The company considers that its derivative instruments qualify for hedge accounting when certain criteria are met.

Forward foreign currency contracts

The criteria for forward foreign currency contracts are:

- the instrument must be related to a firm foreign currency commitment,
- it must involve the same currency as the hedged item,
- it must reduce the risk of foreign currency exchange movements on the company's operations,

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed future transaction are not recognised until the transaction occurs.

2 Turnover

An analysis of turnover by geographical market is given below:

	2009 £ 000	2008 £ 000
Sales - UK	12,420	10,177
Sales - Europe	655	817
Sales - Rest of world	1,379	904
	<u>14,454</u>	<u>11,898</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

3 Operating profit

Operating profit is stated after charging/(crediting)

	2009		as restated 2008	
	£ 000	£ 000	£ 000	£ 000
Hire of plant and machinery - operating leases		70		71
Hire of other assets - operating leases		95		95
Auditors' remuneration				
The audit of the company's annual accounts	11		20	
Tax services	6		7	
Other services	-		6	
		17		33
Profit on disposal of tangible fixed assets		-		(3)
Depreciation of owned assets		76		72
Depreciation of assets held under finance leases and hire purchase contracts		1		7
Finance charges payable - finance leases and hire purchase contracts		-		1

As explained in note 1, the charges for the hire of plant and machinery under operating leases for 2008 have been re-stated to correct an omission in the prior year financial statements

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

4 Particulars of employees

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2009 No.	2008 No
Procurement	1	1
Production	10	9
Sales	33	30
Administration	6	6
	<u>50</u>	<u>46</u>

The aggregate payroll costs of these persons were as follows

	2009 £ 000	2008 £ 000
Wages and salaries	1,507	1,290
Social security costs	164	156
Other pension costs	26	29
	<u>1,697</u>	<u>1,475</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows

	2009 £ 000	2008 £ 000
Directors' remuneration (including benefits in kind)	92	107
Directors' money purchase schemes	5	5
	<u>97</u>	<u>112</u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows

	2009 No	2008 No
Money purchase	<u>1</u>	<u>1</u>

Directors' emoluments for certain of the directors have been borne by another group company. These directors are also directors or officers of a number of companies within the SHV Holdings NV Group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2009 and 2008.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

6 Interest payable and similar charges

	2009 £ 000	2008 £ 000
Interest on loans from group undertakings	99	50
Other interest payable	8	7
Finance charges	-	1
Exchange differences arising on loans from group undertakings	(41)	149
	<u>66</u>	<u>207</u>

7 Tax on profit on ordinary activities

Analysis of current period tax charge

	2009 £ 000	2008 £ 000
Current tax		
UK corporation tax on profit for the period	269	43
Adjustment in respect of prior periods	<u>2</u>	<u>(2)</u>
Total current tax charge	<u>271</u>	<u>41</u>
Deferred tax		
Origination and reversal of timing differences	<u>26</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>297</u>	<u>41</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

7 Tax on profit on ordinary activities (continued)

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28.00% (2008 - 28.50%)

The differences are reconciled below

	2009 £ 000	2008 £ 000
Profit on ordinary activities before taxation	1,010	81
Standard rate corporation tax charge	283	23
Expenses not deductible for tax purposes	10	20
Accelerated capital allowances	4	(5)
Other short term timing differences	(28)	5
Adjustments in respect of prior periods	2	(2)
Total current tax for the year	271	41

Deferred tax

Deferred tax is provided at 28.00% (2008 - 28.00%)

	2009 £ 000	2008 £ 000
Capital allowances in advance of depreciation	16	12
Other timing differences	-	30
	16	42

The movements in deferred tax in the year are as follows

	Deferred tax asset £000
At 1 January 2009	42
Profit and loss account movement	(26)
At 31 December 2009 (note 10)	16

Factors which may affect future tax charges

No deferred tax asset has been recognised in respect of available capital losses of £30,000 (2008 - £30,000) as their recoverability is dependent upon capital gains arising in the future against which the losses can be offset. The company does not anticipate that these losses will be recoverable in the foreseeable future.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

8 Tangible fixed assets

	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Fixtures and fittings £ 000	Motor vehicles £ 000	Total £ 000
Cost					
As at 1 January 2009	50	70	236	38	394
Additions	-	31	48	-	79
As at 31 December 2009	50	101	284	38	473
Depreciation					
As at 1 January 2009	31	56	141	27	255
Charge for the year	3	9	61	4	77
As at 31 December 2009	34	65	202	31	332
Net book value					
As at 31 December 2009	16	36	82	7	141
As at 31 December 2008	19	14	95	11	139

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £nil (2008 - £1,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £1,000 (2008 - £7,000).

9 Stocks

	2009 £ 000	2008 £ 000
Finished goods	3,277	3,851

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

10 Debtors

	2009 £ 000	2008 £ 000
Trade debtors	2,083	3,173
Amounts owed by group undertakings	85	8
Other debtors	2	1
Deferred tax	16	42
Prepayments and accrued income	60	70
	<u>2,246</u>	<u>3,294</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

11 Creditors Amounts falling due within one year

	2009 £ 000	2008 £ 000
Obligations under finance leases and hire purchase contracts	-	3
Trade creditors	1,791	2,435
Amounts owed to group undertakings	2,536	4,089
Corporation tax	145	41
Other taxes and social security	120	295
Other creditors	80	-
Accruals and deferred income	353	232
	<u>5,025</u>	<u>7,095</u>

Loans due to parent undertakings are unsecured, incur interest at 7% per annum and have no fixed date of repayment

12 Called up share capital

	2009 £ 000	2008 £ 000
Authorised, allotted, called up and fully paid		
8,080 Ordinary shares of £1 each	<u>8</u>	<u>8</u>

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

13 Reserves

	Profit and loss reserve £ 000
Balance at 1 January 2009	1,283
Transfer from profit and loss account for the year	713
Balance at 31 December 2009	<u>1,996</u>

14 Reconciliation of movements in shareholders' funds

	2009 £ 000	2008 £ 000
Profit attributable to members of the company	713	40
	<u>713</u>	<u>40</u>
Opening shareholders' funds	1,291	1,251
Closing shareholders' funds	<u>2,004</u>	<u>1,291</u>

15 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £26,000 (2008 - £29,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16 Capital commitments

Expenditure contracted for but not provided in the financial statements

	2009 £ 000	2008 £ 000
Plant and equipment	-	23

Econosto UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

continued

17 Operating lease commitments

As at 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	Land and Buildings		Other	
	2009	as restated	2009	as restated
	£ 000	2008	£ 000	2008
		£ 000		£ 000
Within one year	-	-	10	2
Within two and five years	-	-	49	69
Over five years	95	95	-	-
	<u>95</u>	<u>95</u>	<u>59</u>	<u>71</u>

As explained in note 1, the annual commitments for operating leases for 2008 have been re-stated to correct an omission in the prior year financial statements

18 Ultimate parent undertaking and controlling party

The company's immediate parent company is Ball Valves UK Limited

In the directors' opinion, the company's ultimate parent undertaking and controlling party at the balance sheet date was SHV Holdings NV, which is incorporated in The Netherlands. The parent undertaking of the largest and only group of undertakings for which group financial statements are drawn up and of which the company is a member, is SHV Holdings N V. Copies of its group financial statements, which include those of the company, are available from Rijnkade 1, 3511 LC Utrecht, The Netherlands.