Grant Thornton

Financial statements Cambridge Fluid Systems Limited

For the Year Ended 31 December 2009

Company No. 2129153

Officers and professional advisers

Company registration number	2129153
Registered office	Frays Mill Cowley Road Uxbridge Middlesex UB8 2AF
Directors	Mr A J Goodbrand Mr P J D Hunter Mr S Klee Mr A W Higgins Mr F M Burditt
Secretary	Mr P J D Hunter
Bankers	HSBC Bank plc 60 Fenchurch Street London EC3M 4BA
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Churchill House Chalvey Road East Slough Berkshire SL1 2LS

Contents

Report of the directors

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

Principal activities and business review

The principal activities of the company continue to be those of engineering, designing, manufacturing and installing fluid handling systems The activity of this company will continue in this direction

During the year the company has seen growth in the OEM business which more than offset the lower activity in the projects business

In 2010, the OEM business continues to perform well and further growth is expected for the year Some improvement in the projects business is being seen

The company uses the following key performance indicators to compare expected and actual performance for the year sales, operating profit and percentage return on sales, inventory turnover and percentage customer delivery on time

Results and dividends

The profit for the year, after taxation, amounted to £688,204 The directors have not recommended a dividend

Principal risks and uncertainties

The strength of the Euro and US dollar has put pressure on margins during 2009 but action has been taken to resource the purchases from UK suppliers and pricing has been renegotiated with customers

Financial risk management objectives and policies

The company uses a variety of financial instruments including cash, trade debtors and trade creditors, that arise directly from its operations The main purpose of these financial instruments is to provide working capital for the company's operations

The directors are of the view that main risks arising from the group's financial instruments are currency risk and credit risk Given the strong financial position of the company the directors do not consider interest rate risk and liquidity risk to be significant to the company at this time The directors set and review policies for managing each of these risks and they are summarised below These policies have remained unchanged from previous years

Currency risk

The company is exposed to translation and foreign exchange risk This risk is mitigated, where possible, by undertaking transactions with overseas customers and suppliers in sterling The company has the facility to enter into forward currency agreements if deemed necessary given the specific risks of each situation

Credit risk

The principal credit risk arises from its trade debtors In order to manage credit risk the directors set limits for customers and conduct a regular review of trade debtors outstanding Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history

Directors

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

Mr A J Goodbrand
Mr P J D Hunter
Mr S Klee
Mr A W Higgins
Mr F M Burditt

Directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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,
- 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

BY ORDER OF THE BOARD

Mr P J D Hunter
Secretary

28/7/10.

Grant Thornton

Report of the independent auditor to the members of Cambridge Fluid Systems Limited

We have audited the financial statements of Cambridge Fluid Systems Limited for the year ended 31 December 2009 which comprise the principal accounting policies, profit and loss account, 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)

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 auditors

As explained more fully in the Directors' Responsibilities Statement 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

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

GrantThornton

Report of the independent auditor to the members of Cambridge Fluid Systems 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

Grant Thornton UK LLP

Perry Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Slough

Date 10 August 2010

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

The directors have reviewed the principal accounting policies of the company and consider they remain the most appropriate The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 3 to 4 The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996)'Cash Flow Statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents amounts receivable in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery	-	15% straight line
Fixtures & Fittings	-	25% straight line
Motor Vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company contributes to group personal pension plans for the benefit of employees The assets of these plans are held separately from those of the company The amount charged to the profit and loss account represents the contributions payable in respect of the accounting period

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

Foreign currencies

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Dividends

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

Profit and loss account

	Note	2009 £	2008 £
Turnover	1	**12,386,442**	9,798,203
Cost of sales		**(10,167,817)**	(7,786,390)
Gross profit		**2,218,625**	2,011,813
Other operating charges	2	**(1,169,453)**	(1,204,441)
Operating profit	3	**1,049,172**	807,372
Interest receivable		**3,934**	14,184
Profit on ordinary activities before taxation		**1,053,106**	821,556
Tax on profit on ordinary activities	6	**(364,902)**	(236,296)
Profit for the financial year	16	**688,204**	585,260

All of the activities of the company are classed as continuing

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

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	8	**217,633**	109,787
Current assets			
Stocks	9	**1,160,347**	866,478
Debtors	10	**2,344,592**	1,811,285
Cash in hand		**1,985,804**	750,642
		5,490,743	3,428,405
Creditors: amounts falling due within one year	11	**(2,966,016)**	(1,498,923)
Net current assets		**2,524,727**	1,929,482
Total assets less current liabilities		**2,742,360**	2,039,269
Provisions for liabilities			
Deferred taxation	12	**(14,887)**	–
		2,727,473	2,039,269
Capital and reserves			
Called-up equity share capital	15	**59,375**	59,375
Profit and loss account	16	**2,668,098**	1,979,894
Shareholders' funds	17	**2,727,473**	2,039,269

These financial statements were approved by the directors and authorised for issue on 28/7/10 , and are signed on their behalf by

Director
Mr A S Goldbrand
Company Registration Number 2129153

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2009	2008
	£	£
United Kingdom	**4,027,227**	5,576,933
Overseas	**8,359,215**	4,221,270
	12,386,442	9,798,203

2 Other operating charges

	2009	2008
	£	£
Administrative expenses	**1,169,453**	1,204,441

3 Operating profit

Operating profit is stated after charging

	2009	2008
	£	£
Depreciation of owned fixed assets	**41,935**	41,928
Auditor's remuneration		
Audit fees	**10,850**	10,850
Accountancy fees	**1,800**	1,800
Operating lease costs		
- Plant and equipment	**4,992**	15,166
- Other	**62,591**	56,807
Net loss on foreign currency translation	**38,967**	66,071

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to·

	2009 No	2008 No
Production staff	**18**	22
Administrative staff	**12**	14
Directors	**1**	1
	31	37

The aggregate payroll costs of the above were

	2009 £	2008 £
Wages and salaries	**1,147,764**	1,000,355
Social security costs	**89,054**	95,045
Other pension costs	**29,521**	28,877
	1,266,339	1,124,277

5 Directors

Remuneration in respect of directors was as follows

	2009 £	2008 £
Remuneration	**119,330**	113,010
Value of company pension contributions to money purchase schemes	**4,145**	3,412
	123,475	116,422

The number of directors who accrued benefits under company pension schemes was as follows

	2009 No	2008 No
Money purchase schemes	**1**	1

6 Taxation on profit on ordinary activities

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2008 - 28 50%)	**276,032**	238,034
Consideration paid for loss relief claimed from Group undertakings for previous years	**68,902**	-
Total current tax	**344,934**	238,034
Deferred tax		
Origination and reversal of timing differences	**19,968**	(1,738)
Tax on profit on ordinary activities	**364,902**	236,296

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28 50%)

	2009 £	2008 £
Profit on ordinary activities before taxation	**1,053,106**	821,556
Profit on ordinary activities by rate of tax	**294,870**	234,143
Expenses not deductible for tax purposes	**1,341**	2,702
Capital allowances for period in excess of depreciation	**(20,179)**	1,189
Consideration paid for loss relief claimed from Group undertakings for previous years	**68,902**	-
Total current tax (note 6(a))	**344,934**	238,034

7 Dividends

Dividends on shares classed as equity

	2009 £	2008 £
Dividends paid during the year	**-**	400,000

8 Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2009	458,691	561,931	35,702	1,056,324
Additions	124,315	25,466	–	149,781
At 31 December 2009	583,006	587,397	35,702	1,206,105
Depreciation				
At 1 January 2009	421,856	490,168	34,513	946,537
Charge for the year	12,771	27,975	1,189	41,935
At 31 December 2009	434,627	518,143	35,702	988,472
Net book value				
At 31 December 2009	**148,379**	**69,254**	–	**217,633**
At 31 December 2008	36,835	71,763	1,189	109,787

9 Stocks

	2009 £	2008 £
Work in progress	**754,049**	312,744
Finished goods	**406,298**	553,734
	1,160,347	866,478

10 Debtors

	2009 £	2008 £
Trade debtors	**2,008,734**	1,674,673
Amounts owed by group undertakings	**10,182**	21,036
Other debtors	**291,444**	81,274
Prepayments and accrued income	**34,232**	29,221
Deferred taxation (note 12)	–	5,081
	2,344,592	1,811,285

11 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	2,373,615	1,176,186
Amounts owed to group undertakings	121,946	-
Corporation tax	155,540	101,259
Other taxation and social security	41,918	16,454
Accruals and deferred income	272,997	205,024
	2,966,016	1,498,923

12 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2009	2008
	£	£
Included in debtors (note 10)	-	(5,081)
Included in provisions	14,887	-
	14,887	(5,081)

The movement in the deferred taxation account during the year was

	2009	2008
	£	£
Balance brought forward	(5,081)	(3,343)
Profit and loss account movement arising during the year	19,968	(1,738)
Balance carried forward	14,887	(5,081)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2009	2008
	£	£
Fixed asset timing differences	14,887	(5,081)

13 Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land and buildings	Other Items	Land and buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	4,992	-	4,305
Within 2 to 5 years	62,591	-	32,000	3,321
	62,591	4,992	32,000	7,626

14 Related party transactions

The company is a wholly owned subsidiary of Circor International, Inc and has taken advantage of the exemption afforded by Financial Reporting Standard 8 'Related party disclosures' and not disclosed transactions or balances with entities which form part of its group

15 Share capital

Authorised share capital

	2009	2008
	£	£
20,000,000 Ordinary shares of £0 05 each	**1,000,000**	1,000,000

Allotted, called up and fully paid

	2009		2008	
	No	£	No	£
1,187,500 Ordinary shares of £0 05 each	**1,187,500**	**59,375**	1,187,500	59,375

16 Profit and loss account

	2009	2008
	£	£
Balance brought forward	**1,979,894**	1,794,634
Profit for the financial year	**688,204**	585,260
Equity dividends	**-**	(400,000)
Balance carried forward	**2,668,098**	1,979,894

17 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	**688,204**	585,260
Equity dividends	**-**	(400,000)
Net addition to shareholders' funds	**688,204**	185,260
Opening shareholders' funds	**2,039,269**	1,854,009
Closing shareholders' funds	**2,727,473**	2,039,269

18 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Hale Hamilton (Valves) Limited, a company incorporated in England and Wales

The ultimate parent company and controlling party is Circor International Inc , a company listed on the New York Stock Exchange, and incorporated in the United States of America

The largest and smallest group in which the results are consolidated is that headed by Circor International Inc Copies of the consolidated financial statements of Circor International Inc can be obtained from the US Securities and Exchange Commission or the following address

Circor International Inc
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United States of America