

TAV Engineering Components Limited

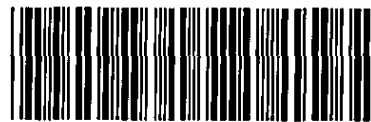
Report and Financial Statements

Year Ended

31 December 2008

Company Number 2938049

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TAV Engineering Components Limited

**Annual report and financial statements
for the year ended 31 December 2008**

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Directors

M C Jamson
J Royan

Secretary and registered office

Barlow Robbins Secretariat Limited, The Oriel, Sydenham Road, Guildford, Surrey, GU1 3SR

Company number

2938049

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

TAV Engineering Components Limited

Report of the directors for the year ended 31 December 2008

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

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

An Interim dividend of 168.4p (2007: 161.6p) per share was paid during the year. The directors do not recommend the payment of a final dividend.

Principal activities

The company's principal activity is the design, manufacture and distribution of fluid handling and associated equipment within the United Kingdom and overseas.

On 1 January 2008 the company changed its name from Cynergy3 Components Limited to TAV Engineering Components Limited. Also on 1 January 2008 the trading assets and liabilities of the business carried on at the Wimborne site of the company were moved to a new company, Cynergy3 Components Limited (formerly Cynergy3 Wimborne Limited).

Directors

The directors of the company during the year were:

M C Jamson
J Royan

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TAV Engineering Components Limited

Report of the directors for the year ended 31 December 2008 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


Barlow Robbins Secretariat Limited

Secretary

Date: 4.11.09

TAV Engineering Components Limited

Independent auditor's report

To the shareholders of TAV Engineering Components Limited

We have audited the financial statements of TAV Engineering Components 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

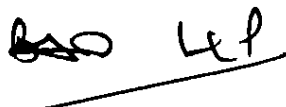
TAV Engineering Components Limited

Independent auditor's report (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss 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.



BDO LLP
*Chartered Accountants
and Registered Auditors*
Southampton
United Kingdom

Date: 5th November 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TAV Engineering Components Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	3	897,555	5,477,435
Cost of sales		620,499	3,905,065
		<hr/>	<hr/>
Gross profit		277,056	1,572,370
Distribution costs		8,318	485,180
Administrative expenses		561,951	668,401
		<hr/>	<hr/>
		(293,213)	418,789
Other operating income		-	1,476
		<hr/>	<hr/>
Operating (loss)/profit	4	(293,213)	420,265
Other interest receivable and similar income		-	3,166
Interest payable and similar charges		(7,224)	(2,347)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(300,437)	421,084
Taxation on (loss)/profit on ordinary activities	6	933	(32,114)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(299,504)	388,970
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

TAV Engineering Components Limited

Balance sheet
at 31 December 2008

<i>Company number 2938049</i>	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	8		21,533		1,416,387
Current assets					
Stocks	9	148,269		572,109	
Debtors	10	1,976,207		2,385,717	
Cash at bank and in hand		11,001		28,507	
		<u>2,135,477</u>		<u>2,986,333</u>	
Creditors: amounts falling due within one year	11	<u>159,583</u>		<u>1,227,246</u>	
Net current assets			<u>1,975,894</u>		<u>1,759,087</u>
Total assets less current liabilities			<u>1,997,427</u>		<u>3,175,474</u>
Creditors: amounts falling due after more than one year	12	-		7,459	
Provisions for liabilities	13	-		28,919	
			<u>-</u>	<u>36,378</u>	
			<u>1,997,427</u>		<u>3,139,096</u>
Capital and reserves					
Called up share capital	15		500,000		500,000
Profit and loss account	16		1,497,427		2,639,096
Shareholders' funds	17		<u>1,997,427</u>		<u>3,139,096</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board of directors and authorised for issue on

2/11/09


M Jamson
Director

The notes on pages 7 to 16 form part of these financial statements.

TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property	- 4 years
Plant and machinery	- 4 to 5 years
Motor vehicles	- 5 years
Office equipment	- 3 to 4 years

Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of direct labour and attributable production overheads.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

TAV Engineering Components Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (*continued*)

1 Accounting policies (*continued*)

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Cynergy3 Components Limited (formerly FRC Investments Limited) on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 *(continued)*

2 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 31 December 2007 is shown below.

	Continuing £	Discontinued £	Total £
Turnover	749,240	4,728,195	5,477,435
Cost of sales	587,859	3,317,206	3,905,065
	<hr/>	<hr/>	<hr/>
Gross profit	161,381	1,410,989	1,572,370
Distribution costs	1,910	483,270	485,180
Administrative expenses	133,096	535,305	668,401
	<hr/>	<hr/>	<hr/>
	26,375	392,414	418,789
Other operating income	-	1,476	1,476
	<hr/>	<hr/>	<hr/>
Operating profit	26,375	393,890	420,265
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 25% (2007 - 59%).

4 Operating (loss)/profit

	2008 £	2007 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,481	303,832
Loss on disposal of tangible fixed assets	-	27,450
Hire of plant and machinery - operating leases	-	14,060
Hire of other assets - operating leases	42,983	169,865
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	8,000	17,000
Auditors' remuneration - taxation services	2,500	3,075
Exchange differences	(37,972)	66,875
Inter-company balance write-off	414,464	-
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TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

5 Directors' remuneration

No director received any emoluments during the current year (2007 - £Nil).

6 Taxation on (loss)/profit on ordinary activities

	2008 £	2007 £
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	-	40,841
<i>Deferred tax</i>		
Origination and reversal of timing differences	(984)	(7,554)
Adjustment in respect of previous periods	51	1,432
Effect of reduced rate on opening liability	-	(2,605)
	<hr/>	<hr/>
Movement in deferred tax provision	(933)	(8,727)
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities	(933)	32,114
	<hr/>	<hr/>

The tax assessed for the year is higher than/lower than the standard rate of corporation tax in the UK applied to the (loss)/profit before tax. The differences are explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(300,437)	421,084
	<hr/>	<hr/>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2007 - 30%)	(84,122)	126,325
Effect of:		
Expenses not deductible for tax purposes	116,453	55,548
Adjustment to tax charge in respect of previous periods	-	40,841
Fixed asset timing differences	656	93,283
Group relief	(32,725)	(387,001)
Other timing differences	327	111,845
Difference in tax value of transferred assets	(589)	-
	<hr/>	<hr/>
Current tax charge for the year	-	40,841
	<hr/>	<hr/>

TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 *(continued)*

7 Dividends

	2008 £	2007 £
Ordinary shares		
Interim paid of 168.4p (2007 - 161.6p) per share	842,165	808,245
	<u> </u>	<u> </u>

8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At 1 January 2008	268,379	3,049,709	3,318,088
Additions	4,128	14,340	18,468
Disposals	(163,960)	(2,665,627)	(2,829,587)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	108,547	398,422	506,969
	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>			
At 1 January 2008	224,564	1,677,137	1,901,701
Provided for the year	-	1,481	1,481
Disposals	(120,144)	(1,297,602)	(1,417,746)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	104,420	381,016	485,436
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At 31 December 2008	4,127	17,406	21,533
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2007	43,815	1,372,572	1,416,387
	<u> </u>	<u> </u>	<u> </u>

TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 *(continued)*

9 Stocks

	2008 £	2007 £
Stocks	39,968	396,596
Work in progress	105,759	155,285
Finished goods and goods for resale	2,542	20,228
	<hr/>	<hr/>
	148,269	572,109
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

10 Debtors

	2008 £	2007 £
Trade debtors	117,787	782,302
Amounts owed by group undertakings	1,794,366	1,325,109
Corporation tax recoverable	-	55,182
Prepayments and accrued income	23,332	81,803
Other debtors	39,789	141,321
Deferred taxation (see note 13)	933	-
	<hr/>	<hr/>
	1,976,207	2,385,717
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts (secured)	-	118,006
Trade creditors	88,844	795,990
Amounts owed to group undertakings	29,198	99,441
Taxation and social security	13,832	63,089
Obligations under finance lease and hire purchase contracts	-	14,917
Other creditors	27,709	135,803
	<hr/>	<hr/>
	159,583	1,227,246
	<hr/>	<hr/>

TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 *(continued)*

12 Creditors: amounts falling due after more than one year

			2008 £	2007 £
Obligations under finance lease and hire purchase contracts			-	7,459
Maturity of debt:				
	Loans and overdrafts 2008 £	Loans and overdrafts 2007 £	Finance leases 2008 £	Finance leases 2007 £
In one year or less, or on demand	-	118,006	-	14,917
In more than one year but not more than two years	-	-	-	7,459

13 Provisions for liabilities

		Deferred taxation £
At 1 January 2008		28,919
Credited to profit and loss account		(933)
Transferred to a fellow subsidiary undertaking		(28,919)
		<hr/>
		(933)
Transferred to debtors (see note 10)		933
		<hr/>
At 31 December 2008		-
		<hr/>
<i>Deferred taxation</i>		
	2008 £	2007 £
Accelerated capital allowances	(605)	32,664
Other timing differences	(328)	(3,745)
	<hr/>	<hr/>
	(933)	28,919

TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £14,220 (2007 - £31,407). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

15 Share capital

	2008 £	Authorised 2007 £	Allotted, called up and fully paid 2008 £	2007 £
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

16 Reserves

	Profit and loss account £
At 1 January 2008	2,639,096
Loss for the year	(299,504)
Dividends	(842,165)
	<hr/>
At 31 December 2008	1,497,427

17 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
(Loss)/profit for the year	(299,504)	388,970
Dividends	(842,165)	(808,245)
	<hr/>	<hr/>
Net deductions from shareholders' funds	(1,141,669)	(419,275)
Opening shareholders' funds	3,139,096	3,558,371
	<hr/>	<hr/>
Closing shareholders' funds	1,997,427	3,139,096

TAV Engineering Components Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 *(continued)*

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 £	Other 2008 £	Land and buildings 2007 £	Other 2007 £
Operating leases which expire:				
Within one year	-	-	-	3,965
In two to five years	-	-	-	7,386
After five years	42,800	-	165,300	-
	<u>42,800</u>	<u>-</u>	<u>165,300</u>	<u>11,351</u>

19 Related party disclosures

Administrative expenses includes £414,464 in respect of a trading balance written off previously owed from Cynergy3 Components Corporation, the ultimate parent company.

Related party transactions and balances

	Sales to related party £	Expenses recharged to related parties £	Expenses recharged from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
2008					
Cynergy3 Components Corporation	-	-	-	-	-
Cynergy3 Components Europe SARL	-	-	-	-	-
Amps Abundant	-	-	-	-	-
2007					
Cynergy3 Components Corporation	277,164	-	-	-	957,663
Cynergy3 Components Europe SARL	-	1,476	-	-	19,989
Amps Abundant	-	-	9,109	428	-

Cynergy3 Components Corporation is the ultimate parent company. Cynergy3 Components Europe SARL and Amps Abundant are fellow subsidiary undertakings of Cynergy3 Components Corporation.

TAV Engineering Components Limited

**Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)**

20 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Cynergy3 Components Corporation which is the ultimate parent company incorporated in the United States of America. The Directors consider Cynergy3 Components Corporation to be the ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Cynergy3 Components Corporation, incorporated in the United States of America. The smallest group in which they are consolidated is that headed by Cynergy3 Components Limited (formerly FRC Investments Limited), incorporated in England. The consolidated accounts of Cynergy3 Components Limited (formerly FRC Investments Limited) are available to the public and may be obtained from the Secretary, Barlow Robbins Secretariat Limited, The Oriel, Sydenham Road, Guildford, Surrey, GU1 3SR.