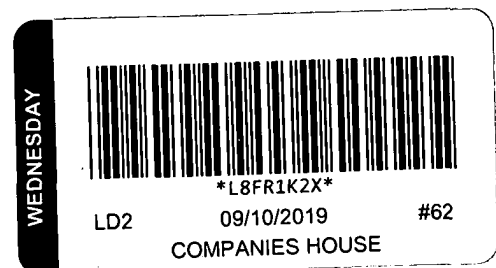


FLOWSERVE INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



FLOWSERVE INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

W Meeke
A Patel

Registered office

One St Peter's Square
Manchester
M2 3DE

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
The Portland Building
25 High Street
Crawley
West Sussex
RH10 1BG

Solicitors

Addleshaw Goddard LLP
100 Barbirolli Square
Manchester
M2 3AB

FLOWSERVE INTERNATIONAL LIMITED

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FLOWSERVE INTERNATIONAL LIMITED

STRATEGIC REPORT

The directors present their strategic report for the company for the financial year ended 31 December 2018.

Principal activities

The company acted as a holding company throughout the financial year. The directors do not expect any change in the principal activity during the next financial year although they will continue to consider opportunities as they arise.

Business review

The loss of £5,195,000 for the financial year is set out in the Statement of comprehensive income on page 11 (2017: loss of £5,195,000). The loss arises from interest payable on the company's outstanding group loans which have financed the company's investments in subsidiaries. During the year a restructuring of the company financing was completed with the £59,373,000 loan to Flowserve EMA V CV being repaid via the issuing of 1,000 new shares to Flowserve France Holdings SNC. The company's net asset position at the year-end is £58,420,000 (2017: £4,241,000). The company will continue to act as a holding company.

The directors have received a formal letter of support from Flowserve Corporation, the ultimate parent supporting the company for at least 12 months from the date of signing of these financial statements, which supports the directors' assessment that the company is a going concern.

Principal risks and uncertainties

Risks are evaluated at both a global divisional and Flowserve Corporation board level and appropriate processes are put in place to monitor and mitigate them. The policies set by the board of directors are implemented by Flowserve's GB finance department. As Flowserve International Limited exists as a holding company for Flowserve GB Limited the company's directors consider the principal risks of Flowserve GB Limited also affect the company. These risks relate to lower levels of market activity, supply chain capabilities and wider global economic conditions. For further details refer to the financial statements of Flowserve GB Limited which can be obtained from One St Peter's Square, Manchester, M2 3DE.

Key performance indicators (KPIs)

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board and signed on its behalf.

W Meeke
Director



Date 1st October 2019

FLOWSERVE INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the financial year ended 31 December 2018.

Dividends

No dividends were proposed for the year (2017: £Nil).

Post balance sheet events

Flowserve International are the Parent company of Flowserve GB Limited who acquired SiHi Sterling Limited for a consideration of £3,122,137 as at January 31st 2019

Directors

The directors who held office during the financial year and up to the date of signing of the financial statements are given below:

W Meeke
A Patel
M Edwards (Resigned 24th August 2018)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

FLOWSERVE INTERNATIONAL LIMITED

DIRECTORS' REPORT

This report was approved by the board and signed on its behalf.



W Meeke
Director

Date 1st October 2019

FLOWSERVE INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOWSERVE INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Flowserve International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

FLOWSERVE INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOWSERVE INTERNATIONAL LIMITED

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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 prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

FLOWSERVE INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOWSERVE INTERNATIONAL LIMITED

We have no exceptions to report arising from this responsibility.

M. Haverson

Matthew Haverson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

| October 2019

FLOWSERVE INTERNATIONAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Administrative expenses		-	-
Operating result	3	-	-
Interest payable and similar expenses	6	(5,195)	(5,195)
Loss before taxation		(5,195)	(5,195)
Tax on loss	7	-	-
Loss for the financial year		(5,195)	(5,195)
Other comprehensive income		-	-
Total comprehensive loss		(5,195)	(5,195)

All results derive from continuing operations.

The notes on pages 13 to 20 form part of these financial statements.

FLOWSERVE INTERNATIONAL LIMITED

Registered Number: 03573433

BALANCE SHEET**AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Fixed assets			
Investments	8	120,289	120,289
		<u>120,289</u>	<u>120,289</u>
 Creditors: amounts falling due within one year	9	(61,870)	(56,675)
 Net current liabilities		<u>(61,870)</u>	<u>(56,675)</u>
Total assets less current liabilities		<u>58,419</u>	<u>63,614</u>
 Creditors: amounts falling due after more than one year	10	-	(59,373)
 Net assets		<u><u>58,419</u></u>	<u><u>4,241</u></u>
 Capital and reserves			
Called up share capital	12	34,920	34,919
Share premium account		92,568	33,196
Other reserves		13,512	13,512
Profit and loss account		(82,581)	(77,386)
 Total shareholders' funds		<u><u>58,419</u></u>	<u><u>4,241</u></u>

The financial statements on pages 10 to 20 were approved by the Board of Directors on 27th September 2019 and signed on its behalf by:


W Meeke
Director

Date: 1st October 2019

FLOWSERVE INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 January 2017	34,919	33,196	13,512	(72,191)	9,436
Loss for the financial year	-	-	-	(5,195)	(5,195)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(5,195)	(5,195)
Balance at 31 December 2017	34,919	33,196	13,512	(77,386)	4,241
Loss for the financial year	-	-	-	(5,195)	(5,195)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(5,195)	(5,195)
Issue of shares	1	59,372	-	-	59,373
Balance at 31 December 2018	34,920	92,568	13,512	(82,581)	58,420

Called up share capital

The balance classified as share capital includes the total par value issued of the company's equity shares, comprising £1 ordinary shares.

Share premium account

The balance held in the share premium account relates to the premium received on each of the £1 ordinary shares issued.

Other reserves

The balance held within other reserves relates to an historic cumulative translation adjustment.

Profit and loss account

The profit and loss reserve represents accumulated comprehensive losses in the current and prior periods.

The notes on pages 13 to 20 form part of these financial statements.

FLOWSERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.1 Basis of preparation

Flowserve International Limited ("the company") is a private limited company limited by shares incorporated in the United Kingdom and domiciled in England. The financial statements are prepared in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment'
- the requirements of IFRS 7, 'Financial Instruments: Disclosures'
- the requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- the requirements of Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment'; (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- the requirements of IAS 7, 'Statement of cash flows'.
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- the requirements of paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

FLOWSERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.2 Going concern

The company's parent has confirmed that it will financially support the entity for a period of at least twelve months following the issuance of these financial statements, confirmed through receipt of a formal letter of support.

1.3 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and all other differences are taken to the Statement of comprehensive income. Differences arising on retranslation of long term loans are recognised in interest payable and similar charges. All other differences arising on retranslation are recognised in administrative expenses.

1.4 Current and deferred taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates relevant for the financial year.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

1.5 Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment. Cost represents the aggregate fair value of consideration paid for shares or otherwise to acquire capital of subsidiary companies. Fixed asset investments are reviewed for impairment when circumstances indicate that they may be impaired.

1.6 Dividends

Dividend income from fixed asset investments is recognised on receipt. Dividends declared by the company are recognised as a distribution when paid.

FLOWSERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.7 Financial liabilities

Obligations for loans and borrowings are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

1.8 Consolidated financial statements

The financial statements contain information about Flowserve International Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken the advantage of the exemption under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements on the basis that the company and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent company, Flowserve Corporation, a company incorporated in United States of America (see note 13).

2 Judgements and key sources of estimation uncertainty

The critical accounting estimates and judgements made by the company regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

Impairment

Management assesses the need for an impairment fixed asset investments whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that may trigger an impairment review include the following: significant underperformance relative to historical or projected future operating results; changes in the manner of the use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends, taking into account market knowledge, professional judgment and historical transactional comparable.

Assumptions relating to tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Tax losses brought forwards are expected to be fully utilized against group profits.

FLowsERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Operating loss

The auditors' remuneration of £10,000 (2017: £10,000) is borne by a fellow group undertaking.

There were no other services provided by the auditors (2017: £Nil).

4 Employees

No persons were employed by the company during the financial year (2017: none).

5 Directors' remuneration

The directors did not receive any emoluments for their services during the financial year (2017: £Nil) and had contracts of employment with other companies within the Flowserve Group. It is not possible to make an accurate apportionment of their emoluments in respect of each company. The services provided to the company are considered incidental compared to their other responsibilities.

6 Interest payable and similar expenses

	2018 £000	2017 £000
On loans from group undertakings	5,195	5,195
	<u>5,195</u>	<u>5,195</u>

FLOWSERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Tax on loss

There is no tax charge for the current or prior year.

Factors affecting the tax charge for the financial year

The tax assessed for the financial year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018	2017
	£000	£000
Loss before taxation	(5,195)	(5,195)
Tax at the UK corporation tax rate of 19% (2017: 19.25%)	(987)	(1,000)
Tax effect of expenses that are not deductible in determining taxable profit	<u>987</u>	<u>1,000</u>
Tax expense for the year	<u>-</u>	<u>-</u>

Unutilised tax losses arising in the financial year have not been recognised in these financial statements. Any subsequent utilisation of these losses will reduce the tax charge recorded in future financial statements. A deferred tax asset has not been recognised in respect of these losses as the company has made losses in recent years and it is uncertain that suitable taxable profits will arise in the future – see note 11.

FLOWERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Investments

	2018	2017
	£000	£000
Investments in subsidiary undertakings		
Cost and net book amount at 1 January	<u>120,289</u>	120,289
Cost and net book amount at 31 December	<u>120,289</u>	<u>120,289</u>

The directors believe that the residual carrying value of the investments is supported by their underlying net assets.

At the year end, the company had an interest in the following undertakings:

	Shareholding	Activity	Country of incorporation
Flowserve GB Limited	100% Ordinary share capital	Pump manufacturer	UK
Sterling Fluid Systems (UK Group) Limited	100% Ordinary share capital	Pump manufacturer	UK
Sterling Fluid Services Limited	100% Ordinary share capital	Pump manufacturer	UK
Sterling Fluid Systems (UK) Limited	100% Ordinary share capital indirectly held	Pump manufacturer	UK

All of the above companies have a registered address of One St Peter's Square, Manchester M2 3DE

In July 2015, Flowserve International Limited acquired the share capital of Sterling Fluid Systems (UK Group) Limited and Sterling Fluid Services Limited from SIHI Group BV as part of a group reorganisation. Sterling Fluid Systems (UK) Limited is owned by Sterling Fluid Systems (UK Group) Limited.

9 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Amounts owed to group undertakings	<u>61,869</u>	56,675
	<u>61,869</u>	<u>56,675</u>

£57,956,000 (2017: £52,761,000) of amounts owed to group undertakings are payable to Flowserve GB Limited. These balances are unsecured and attract no interest.

£3,913,000 (2017: 3,914,000) was owed to Flowserve EMA V C.V. These balances are unsecured and attract no interest.

FLOWSERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Loan notes	-	59,373

Loan notes comprised of loan principal of £Nil (2017: £59,373,045) listed on the Cayman Islands Stock Exchange. The debt issued was wholly held by Flowserve EMA V C.V. Interest accrues on this balance at a fixed rate of 8.63%. All borrowings are denominated in Sterling.

The fair value of debt was not considered to be materially different to the book value recorded in the table above.

During 2018 the loan was repaid as part of a group restructuring following the issue of 1,000 new shares to Flowserve France Holding SNC for a consideration of £59,373,045. The balance being shown in share premium.

The loan notes were due for repayment as follows:

	2018 £000	2017 £000
Loan notes, amounts repayable:		
Within one year	-	-
In more than one year but less than five years	-	59,373

11 Deferred tax

There are no recognised deferred tax assets or liabilities. The unrecognised deferred tax assets are as follows:

	2018 £000	2017 £000
Tax losses	(7,221)	(6,337)

The company has losses arising of £42,473,937 (2017: £37,278,937) that are available indefinitely for offset against future taxable profits of the company or fellow group companies. These assets have not been recognised as, in the directors' view, it is not probable that sufficient, suitable profits will arise to utilise the losses. The above valuation is based on a 17% tax rate.

FLOWSERVE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
34,920,217 (2017: 34,919,217) ordinary shares of £1 each	<u>34,920</u>	<u>34,919</u>

During the year 1,000 shares were issued to Flowserve France Holdings SNC in exchange for £59,373,000 as part of a group restructuring including the repayment of the listed debt previously held by Flowserve EMA V C.V.

13 Ultimate parent undertaking and controlling party

The company's immediate parent company at 31 December 2018 was Flowserve France Holding SNC, a company incorporated in France.

The company's ultimate parent undertaking and controlling party, for which group financial statements are prepared including the results of the company, at 31 December 2018 was Flowserve Corporation, a company incorporated in the United States of America. The ultimate parent is both the largest and smallest company to consolidate the results.

Copies of the group financial statements may be obtained from:

Flowserve Corporation
5215 N O'Conner Boulevard
Suite 2300, Irving, Texas
USA

14 Post balance sheet events

Flowserve International are the parent company of Flowserve GB Limited who acquired Sterling Fluid Systems (UK) Limited for a consideration of book value £3,122,137 as at January 31st 2019.