FR Flow Control Midco Limited

Annual Report and Financial Statements

Year ended

31 December 2020

Registered number 11837578

Contents

	Page
Company Information	1
Strategic Report	2
Directors' Report	15
Statement of Directors' Responsibilities	19
Independent Auditor's Report	20
Consolidated Statement of Income	23
Consolidated Statement of Comprehensive Income	24
Consolidated Statement of Financial Position	25
Company Statement of Financial Position	26
Consolidated Statement of Changes in Equity	27
Company Statement of Changes in Equity	28
Consolidated Statement of Cash Flows	29
Notes Forming Part of the Financial Statements	30

Company Information

Directors

Michael A. Scardigli (appointed 12 June 2020) (USA citizen)
Kerem C. Yilmaz
Ryan N. Zafereo (resigned 12 June 2020)

Company Secretary

Intertrust (UK) Limited

Registered office

1 Bartholomew Lane
London
United Kingdom
EC2N 2AX

Company number

11837578

Independent auditor

BDO LLP
3 Hardman Street
Manchester
M3 3AT

Strategic Report

The directors present their Strategic report for FR Flow Control Midco Limited (the "Company" on a standalone basis or the "Group" or "Trillium Flow Technologies" when referring to the Company and its consolidated subsidiaries) for the year ended 31 December 2020.

Principal activities

The Group engineers and manufactures a full range of pumps, valves, actuators, aftermarket products and services for key markets including nuclear power generation, refining and petrochemical, water and wastewater, general industrial and mining.

Mission and Vision

The Group's vision is to be the most relied upon flow control solutions provider in the world by sustainably, efficiently, and passionately assisting its customers in providing critical products and services to help them meet the needs of today's ever-changing world.

Principal strategies

The key pillar of the Group's strategy is to seamlessly align with its customers while continuously improving customer engagement and service levels.

The Group aims to attract and develop a diverse, energized, and collaborative team focused on its mission. The Group aims to maintain and grow its diversified end market exposure and recurring revenue streams through continuous servicing of its large established installed base.

Business review for the year 1 January 2020 to 31 December 2020

In 2020 the Group has significantly improved our risk profile through strong financial results and cash generation.

We continued our enterprise transformation to better serve our customers, reduce our carbon footprint, streamline our operational footprint, improve our diverse and global team, and continuously improve our financial results.

Strategic Report *(continued)*

The Group's key financial and other performance indicators during the year were as follows:

	Year ended 31 December 2020 $'000	6 Month Period ended 31 December 2019 $'000
Revenue	465,553	233,997
EBITDA	45,399	21,760
EBITDA Margin	9.8%	9.3%
Operating profit (before non-recurring items)	26,569	12,975
Non-recurring items	(8,335)	(31,471)
Loss for the year (after tax and non-recurring items)	(4,777)	(25,896)
Net Cash Generated from Operating Activities	46,284	39,334
Net Working Capital	76,284	82,930
Current assets as % of current liabilities	156%	164%
Net Working Capital Days	60 days	65 days
Average number of employees	2,352	2,533

Industry leading performance amid a global pandemic

On 28 June 2019, the Group acquired the Flow Control Division from the Weir Group Plc group. To assess the strong performance achieved in 2020, we have compared the audited results for the year ended 2020 to the unaudited results from these subsidiaries for the year ended 2019 due to the seasonality in our business.

Despite the lockdowns and restrictions triggered by the pandemic, the Group's financial performance has been strong. Revenue grew to $465.6 million, a 7.1% increase on the year ended 2019, driven by strong sales of original equipment and robust demand throughout Covid-19.

EBITDA of $45.4 million before non-recurring items was achieved, a 44.4% increase on the year ended 2019. The EBITDA Margin increased from 8.0% in the year ended 2019 to 9.8% in the year ended 2020, outperforming similar peers, many of whom saw declines.

The Group has achieved this by focusing on maximising its aftermarket revenue mix and realising efficiencies by, among other activities, streamlining its footprint by closing manufacturing sites and absorbing operations into remaining sites. Initiatives to reduce manufacturing costs, and continued prudence in SG&A management allowed the Group to build on this positive revenue contribution and deliver an increased EBITDA margin.

In 2020 the Group incurred non-recurring costs of $8.3 million, compared to $31.5m post-acquisition in the 6-month period ended 31 December 2019. Although in 2020 the largest portion of these costs, $4.0 million, remained related to initial acquisition of the Group from Weir Group and other M&A activity in the year, this was a significant reduction on the $14.0 million of these costs recognized in the period ended 31 December 2019. In 2020 there was no repeat of the $16.6 million foreign exchange loss on the acquisition hedge contract in 2019, instead the next largest cost was a $2.1 million loss on the sale of a property in Ipswich, USA, a transaction that generated $13.1 million of cash for the Group.

Strategic Report *(continued)*

Working capital optimisation driving free cash flow

In other key financial metrics, Trillium finished 2020 with a cash balance of $59.6 million, up $22.7 million from $36.9 million in 2019.

Cash generated from operating activities was $46.3 million in 2020, reflecting the exceptionally strong operations, management focus on cash generation and reducing the net working capital cycle. The net working capital cycle improved by five days, helping generate significant cash inflow.

We invested $11.0 million in our business through capital expenditures with a focus to maintain our fixed assets, increase operational efficiency and support future organic growth.

Swift response in unprecedented times to keep essential services running

As the pandemic started to spread across the globe, the Group's management team took fast and decisive action to protect their people and continue to serve customers.

The business was granted approvals from authorities around the world to continue operations during lockdowns as the Group's products and services are deemed essential to build and maintain critical infrastructure. All sites swiftly implemented comprehensive contingency plans comprising strict social distancing, shift work, personal protective equipment, and increased hygiene measures to keep facilities operational.

Aftermarket focus

Servicing a wide range of products in various end markets, the Group's business with spare parts and services is well-diversified. With nearly 20 operational centres globally, we are close to and highly responsive to incoming requests to support our customers. In an adverse market environment with country lockdowns and travel restrictions in place, this diversity and customer proximity were decisive success factors. Our people's dedication to serving customers quickly and pragmatically further strengthened customer relationships during these unprecedented times. The Group also made big strides in 2020, actively monitoring its installed base and supporting customers with their needs in a pre-emptive manner.

Sustainability spotlight

We continue to emphasize and advance our strategy and dialogue around environmental, social and governance (ESG). We are committed to ensuring our business practices are sustainable and we recognize our integral role in enabling customers to do the same. We are dedicated to leading the industry in more efficient solutions and developing technologies that enable better and cleaner energy manufacturing and wastewater processing. We are focused on helping customers navigate regulatory changes and technical complexity in their work to manage resources more effectively.

We are committed to leading through all market conditions, ensuring business continuity, and driving long-term sustainability for our customers.

Emphasis on diversity, equity, and inclusion

Our people are our most valuable assets and our primary source for sustained success. As a global Group we have first-hand experience of the strength of diverse teams with diverse perspectives and backgrounds. The tragic events of the past year brought into clear view the inequities that still exist in our society. We remain committed to efforts to continuously encourage a culture of diversity and inclusion at every level of the Group to ensure our workforce reflects the industries and communities we serve.

Strategic Report *(continued)*

2021 outlook

The Group started 2021 with a strong backlog of signed customer contracts yet to be completed. We serve diverse global markets, which remain strong. Key markets include nuclear power generation, refining and petrochemical, water and wastewater, general industrial and mining.

The Group continues to focus on expanding our higher margin aftermarket parts and service portfolio, to supplement our already strong original equipment offerings. Cost saving initiatives completed in 2020 and other operational improvements will result in significant full year savings in 2021, aiding market expansion.

The Group's exposure to upstream and midstream oil, gas and coal-fired power generation is limited. We are well positioned to benefit from transitioning away from coal-fired power into Combined Cycle Gas Turbine (CCGT) and renewable applications. We have a longstanding presence in the global nuclear market and continue to benefit from a significant install base. We are working with our customers to be part of the next generation of safe and cost-effective nuclear power generation.

Although the Group did not feel the magnitude of the impact from the Covid-19 pandemic that some of its competitors experienced, there remains the risk that it may still see some delayed impact of the pandemic and ongoing bookings pressure in 2021. This was considered as part of the 2021 forecasting process and when concluding that the going concern assumption was valid and that goodwill and intangibles were appropriately valued.

Looking forward to 2021, opportunities exist to expand through organic growth and acquisition with current service offerings such as valves, pumps, engineered parts and services will be expanded across territories and sectors.

The Group has an active M&A program, we aim to execute on acquisition opportunities that enhance our product and service offering, increasing our scale and to complement our geographical footprint.

In March 2021, the Group completed its first acquisition, the acquisition of Red Point Alloys BV, incorporated in the Netherlands. Founded in 1987, Red Point specializes in the design, manufacture, and quick delivery of exotic material isolation valves for applications in petrochemical, chemical, fertilizer, oil & gas production, LNG, and other industrial processes.

There are no significant plans to alter the business of the Group in the future.

Principal risks

Risk is inherent in the business activities and as a consequence of operating a sound risk management process the Group has identified the following principal risks and uncertainties, which it believes could have a materially adverse effect on its business, turnover, profit, assets, liquidity, resources and reputation. The nature of risk is such that no list can be comprehensive, and it is possible that other risks may arise, or that risks not currently considered material may become so in the future.

Covid-19

The impact of the outbreak of Covid-19 pandemic in 2020 resulted in extensive government-imposed restrictions on the movement of people across borders globally. The risk to the business is that governments impose and maintain these restrictions for a prolonged period and the economic impact of these continued restrictions. Although the directors have considered these risks, they do not anticipate that they will have a significant impact on the business as, the Group's products and services were generally deemed to be "essential".

Strategic Report *(continued)*

Covid-19 *(continued)*

Our production facilities continued to operate, and the Group was able to deliver products to its customers. Demand for our products has remained. The Group will continue to monitor the evolving situation and directors will take corrective actions as and when required.

Competitor risk

Competitive pressure is a continuing risk for the Group. The Group manages this risk by maintaining commercially sound pricing of its services, whilst providing added value services to customers, and developing innovative solutions to customers' requirements.

Political risks

The Group and its customers operate around the world including in the UK, Europe, South Korea, China, India, Far East, South Africa and North America. While benefiting from the opportunities in these regions, the Group and its customers are exposed to the political and business risks associated with international operations, such as sudden changes in regulation, expropriation of assets, imposition of trade barriers and limits on the export of currency.

Product liability claims

The Group faces an inherent business risk of exposure to product liability and warranty claims if a failure of a product results in, or is alleged to result in, bodily injury, property damage and/or consequential loss. The Group maintains insurance coverage for product liability claims where possible. For warranty claims not covered by insurance, warranty costs may be incurred which the Group may not be able to recover.

Employee issues

Group performance depends on the skills and efforts of its employees and management team across all of its businesses. The Group recognizes that failing to attract new talent and retain existing expertise, knowledge and skills in operations, products and infrastructure areas such as information technology could have a negative impact on its business.

Health & safety

The Group operates in a number of demanding environments and safe working practices are extremely important to protect everyone on the Group's premises. The Group has long established working practices and controls to minimize damage and injury.

Customer relationships

The Group benefits from close commercial relationships with a number of key customers. The loss of any of these key customers, or a significant worsening in commercial terms, could impact on the Group's results. The Group devotes significant resources to supporting these relationships to ensure they continue to operate satisfactorily.

Supply chain risk

The Group subcontracts certain elements of the manufacturing process through supply chains external to the Group. Any failure of the supply chain or movement of goods would represent a risk to the Group's ability to meet customer requirements and achieve its financial goals. The Group's strategy is to simplify the external supply chain and forge deeper strategic relationships with fewer but stronger suppliers while maintained supply chain flexibility.

Strategic Report *(continued)*

Business continuity and disaster recovery

The Group has a Business continuity and disaster recovery plan which is reviewed annually. Risk of disablement of the Group's business critical systems at a key location is mitigated by data back-up designed to ensure that information can be recovered rapidly and independently of any disabled location. In addition, information technology disaster recovery plans are in place for each location in the event of disruption.

Financial risk management objectives & policies

The Group's principal financial instruments comprise cash, intercompany loans and a revolving credit facility. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group has other financial instruments such as trade receivables and trade payables which arise directly from its operations. The principal financial risks to which the Group is exposed are listed below. These risks are managed in accordance with Board approved policies.

Foreign exchange risk

As a result of the Group's business activities, it is exposed to transactional currency risk. Transactional currency exposure arises when a Group subsidiary enters a transaction denominated in a currency other than its functional currency. Foreign currency exposures are identified and managed directly by the Group within the policies and guidelines established by the Group. Transaction exposures may be hedged with the use of forward exchange rate contracts where deemed appropriate and where they can be reliably forecasted. It is Group policy not to engage in any speculative transaction of any kind.

Commodity price risk

The Group's exposure to raw material price risk is generally diminished by restricting bid validity to periods within those quoted by suppliers and by material price escalation clauses.

Credit risk

The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies. The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to a diverse range of countries and customers and there is no significant concentration of risk. Where appropriate, the Group endeavours to minimize risk using trade finance instruments such as letters of credit and insurance. Credit worthiness checks are also undertaken before entering contracts with new customers and credit limits are set as appropriate. Due to long established relationships with most customers, the Group does not consider there to be a significant credit quality issue. The amounts presented in the balance sheet are net of an allowance for expected credit losses, measured in accordance with the impairment requirements of IFRS 9.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and inter-company trading accounts. Liquidity was strong throughout 2020, with cash and cash equivalents of $59.6 million, up $22.7 million from $36.9 million in 2019. Liquidity has remained strong at the start of 2021 and is expected to remain strong for the coming year.

Interest rate risk

The Group's borrowings consist of third-party loans and these are at variable rates of interest. Based on current levels of net debt, interest rate risk is not considered to be material.

Strategic Report *(continued)*

Brexit

Following general elections in 2017 and 2019, Parliament ratified the withdrawal agreement, and the UK left the EU at 11 p.m. GMT on 31 January 2020. The effects of Brexit will in part be determined by the EU–UK Trade and Cooperation Agreement which was agreed on 24 December 2020 and ratified by the UK Parliament on 30 December 2020 and was applied by the EU from 31 December 2020. There is limited visibility at this point regarding the long-term impact of the future relationship, which will determine the extent of the impact of Brexit to the Group. Nevertheless, from a foreign exchange risk standpoint, the Group has limited exposure to Pound Sterling ("GBP") at the operating profit level, therefore, we do not expect a major impact from the fluctuation of GBP against other currencies. The Group's UK service businesses serve mostly customers in the UK, and therefore management assesses that this part of the business will not be impacted by potential trade disruptions, should they occur. Similarly, the Group's manufacturing plant in the UK serves a diverse range of customers globally and has limited direct exposure to continental European customers, which mitigates any further trade disruption risks, should they arise.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Group's employees, customers and suppliers and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct, when making decisions.

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

- Relations with key stakeholders such as employees (and wider workforce e.g contractors), shareholders, regulators, customers, local communities and suppliers are considered in more detail in the details in how we engage in the table starting on page 10.
- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. To ensure the Group is operating in line with good corporate practice, all Directors review all of the reports in the Annual Report as well as the scope and application of section 172. The Board is encouraged to reflect on how the Group engages with its stakeholders and consider opportunities for enhancement in the future. As required, the Senior Legal Counsel and Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues, factors and stakeholders the Directors consider relevant in complying with s172(1)(a)-(f) and how they have formed that opinion.
- The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement by all of the Group's Directors with stakeholders themselves.
- The Board continuously enhances its methods of engagement with the workforce, please see details of this engagement in the table starting on page 10.
- We aim to work responsibly with our stakeholders, including suppliers and the anti-corruption and anti-bribery, equal opportunities and whistleblowing policies are reviewed annually and updated where required.

Strategic Report *(continued)*

The key Board decisions made in the year are set out below:

Significant events / decisions	Key S172 matter(s) affected	Actions and impact
The Covid–19 Pandemic	Employees, Customers, Shareholders	• The business was granted approvals from authorities around the world to continue operations during lockdowns as the Group's products and services are deemed essential to build and maintain critical infrastructure. • All sites swiftly implemented comprehensive contingency plans comprising strict social distancing, shift work, protective clothing, and increased hygiene measures to keep facilities operational. • Limited use of the government furlough scheme was used, employee's health benefits were maintained, and government programs were utilized to ensure employees were compensated to the extent possible. • Costs were reduced as much as possible in order to ensure the long-term stability of the Company.
Sale of Ipswich, USA Property	Employees, Shareholders	• In December 2020 the Group sold and immediately leased back the property in Ipswich, USA. • The Group continues to use the site operationally and there has been no impact on operations. • The cash generated from the sale was used to enhance Group liquidity.
Acquisition of Red Point Ventures B.V.	Employees, Customers, Shareholders	• In March 2021 the Group completed the acquisition of Red Point Ventures B.V. • Founded in 1987, Red Point specializes in the design, manufacture, and quick delivery of exotic material isolation valves for applications in petrochemical, chemical, fertilizer, oil & gas production, LNG, and other industrial processes. • The acquisition will supplement the Group's portfolio and growth potential in future periods.

Strategic Report *(continued)*

At Trillium Flow Technologies, we recognize the importance of operating the Group for the benefit of all of our stakeholders with good business conduct. We further understand, that to be successful, we must have strong working relationships and build trust with the people, communities, groups, and organizations we encounter. We have firmly embedded these principles in our values, strategic framework, and business initiatives.

Through an ongoing strategic process, we have identified the members of our stakeholder community to include customers, employees, suppliers, shareholders, lenders, the community, and the environment.

Stakeholder	Why we engage	How we engage	What's important to the stakeholder and how we respond
Customers	The Directors recognize that we must engage with, create value for, attract, and retain customers to be successful. The cashflows derived from customers are the lifeblood of our business.	Using a mix of original equipment, aftermarket and service sales professionals, engineers, and marketing personnel, we engage with customers to understand their needs further and to offer solutions such that we create value for them. We have targeted key customers which we manage through a defined key account program. Further, we use specific methods and processes to capture the voice of the customer.	**Safety** – Through a comprehensive safety program that focuses on the reduction of hazards, compliance to Group standards, and continuous improvement. **Technology & Quality** – We perform on-going product development based on customer needs and manufacture to the highest industry standards. **Efficiency** – Throughout the design, manufacture and supply of products and services, we deploy lean principles, optimize supply chains and work to improve our performance continuously. **Aftermarket Support** – We focus and deploy resources to support our customer's operations where they operate and, in our facilities, to meet customer's unique aftermarket needs. **Sustainability** – In 2020, we launched a comprehensive sustainability charter, and we are further actioning a broad sustainability initiative intended to improve key sustainability metrics.

Strategic Report *(continued)*

Stakeholder	Why we engage	How we engage	What's important to the stakeholder and how we respond
Shareholders (First Reserve private equity funds) and Lenders	Shareholders invest in, as well as own, the business. They aim to get a fair return on their investment and due to this, have a keen interest in the business strategy and on-going performance. The lender group has provided and continues to provide on-going capital in the form of loans to support operations and incremental investments.	Representatives of both shareholder groups sit on the Board of Directors ("BOD") and attend regularly scheduled monthly calls and quarterly meetings. Further, there is an established Delegation of Authority that involves the BOD in critical decision making. There are active committees and working groups involving board members and management team members. Through quarterly meetings, the Group provides the lender group regular performance updates and engages through regular reporting as required by the lender agreements.	**Clear Strategy & Good Execution** – The business works to a defined strategy that is approved by the Board of Directors which then reviews strategic initiative metrics and performance. Broadly, the Group lender group is aware of the Group's strategy and management provides them regular strategic updates. **Financial Discipline** – Throughout the business, we have implemented financial controls and reporting. **Fair & Timely Returns on Investment** – Management is committed to sustainable and profitable market share growth and has a supporting business plan. **Protecting the Business' Reputation** – In 2019, we launched our Group's values and soon after we drafted and implemented a Code of Conduct which the Group strictly enforces. We have hired a compliance manager charged with continuously improving our processes, systems, and oversight such that we protect the business. We lead in a manner that is consistent with our values, one of which is "Integrity".

Strategic Report *(continued)*

Stakeholder	Why we engage	How we engage	What's important to the stakeholder and how we respond
Workforce	The Group's business is based on manufacturing goods and delivering services through its diverse group of employees. To successfully maintain and grow the business, the Group must work to recruit, retain and develop employees.	Regular communications through newsletters, CEO led town hall events. We foster an open culture of sharing and engagement by annually conducting an employee engagement survey and employing a performance management process for employees. Additionally, we engage with specific local workforce unions.	**Safety, Wellness, Environmental Protection and Community Engagement –** One of our core values is to "Protect People & the Environment" We operate using an established safety program and put safety above all else in our business. We recently launched Trillium Flow Technologies' sustainability charter, where the committee leads the improvement of our environmental impact and further engages in our local communities. **Fair treatment –** Another of our core values is "Integrity" and we believe that we will only succeed if we work as a "Team." As such, we act with fairness and are embedding fairness in our hiring, rewards, promotion and management processes. We recently launched our diversity and inclusion charter and policy, which we will use to build on the foundation to improve diversity and inclusion throughout the organization further. **Alignment of personal & company values –** Our employees are engaged in the development of and know our strategic framework and supporting values. We train, recruit and retain a workforce aligned to our values and remain consistent in that practice. **Being heard and making a difference in the business –** We have established an inclusive culture and are working to make it even better. Further, we ensure all employees know the importance of their role in the business and the impact they have on the business and its other stakeholders.

Strategic Report *(continued)*

Stakeholder	Why we engage	How we engage	What's important to the stakeholder and how we respond
Suppliers	The business, by its nature, requires a broad and diverse set of suppliers for its manufacturing inputs and services. Additionally, the Group relies on a broad group of professional service companies to support its needs.	The Group selects suppliers through formal and informal processes based on the Group's commercial, compliance, and technical needs and transacts through formal contracts. The Group has established supplier quality management and compliance programs within its operations that include regular feedback, audits, and visits.	**Collaborative Relationships to improve mutual benefits** – The Group has established supplier management professionals and programs aimed to align supplier and Group needs and priorities such that both parties' benefit. The Group's supplier management program focuses on total value, timeliness, quality, and technology development. **Trusted Partnership** – The Group has equal opportunity policies for suppliers and works within agreed-upon terms and conditions with its suppliers.
Community & Environment	The business forms part of the wider community and, as such, has a responsibility to use its resources in such a way to support communities and protect the environment.	The Group provides support to local charities. Collaborations with local schools and universities. We promote and support Science, Technology, Engineering and Mathematics programs within our schools and communities. The Group also supports internship and apprenticeship programs.	**Jobs** – We directly provide 2,352 jobs worldwide **Local Investment** – We prudently invest in our facilities to improve our operations and drive growth in our business. **Operate safely and ethically** – We live our values, protect our people, and work ethically. **Positive impact on our communities** – We actively support our communities by donating time and resources. **Responsible stewards of the environment** – We recently launched our sustainability program, which includes developing initiatives to reduce our carbon footprint while working towards a circular economy.

Future outlook

Whilst there remains uncertainty around the markets serviced by the Group, the directors consider the measures taken, as described earlier in the Strategic report, will position the Group for stable and sustainable growth.

Strategic Report *(continued)*

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- That director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditor

BDO LLP were appointed under section 485 of the Companies Act 2006 as the Group's auditors at the Annual General Meeting of the Group on 11 June 2020 and have indicated their willingness to continue in office.

This report was approved by the Board of Directors and signed on its behalf.

Kerem Yilmaz

Kerem C. Yilmaz
Director

29th April 2021

Directors' Report

The directors present their Annual report and the audited financial statements of FR Flow Control Limited (Registered Number 11837578) ('the Company') for the year ended 31 December 2020.

Result and dividend

The loss for the financial year was $4,777k (2019 - $25,896k) related primarily to $4,021k (2019 - $14,039k) of acquisition related expenses and a $2,105k (2019 - Nil) loss on sale of a property, both of which are viewed as non-recurring.

No dividends were paid to the parent undertaking during the year.

Directors

Michael A. Scardigli (appointed 12 June 2020) (USA citizen)
Kerem C. Yilmaz
Ryan N. Zafereo (resigned 12 June 2020)

Principal activities and review of the business

The Strategic report presents a summary of the Company's principal activities and future developments.

Research and development

Expenditure on research and development was directed to the expansion and efficiency improvements of existing product ranges alongside developing new technology and new product ranges.

Employee involvement

Within commercial confidence, information continues to be given to employees about the progress of the Company and on matters of concern to them as employees. Regular meetings are held to discuss matters affecting employees.

During the year, the Company has continued arrangements whereby it periodically makes presentations to employees on the performance of the Company and its objectives in the context of both internal and external economic factors.

Financial instruments

The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are outlined in the Strategic report.

Going concern

The directors have adopted the going concern assumption and the accompanying financial statements have been prepared in accordance with that assumption. Refer to Note 2, *Accounting Policies, Going Concern* for a discussion of the process the directors used to assess and conclude that the Group is a going concern.

Directors' Report *(continued)*

Events after the reporting date

In March 2021, the Group completed the acquisition of Red Point Alloys BV, incorporated in the Netherlands. Founded in 1987, Red Point specializes in the design, manufacture, and quick delivery of exotic material isolation valves for applications in petrochemical, chemical, fertilizer, oil & gas production, LNG, and other industrial processes.

In February 2021 the Group divested the subsidiary Trillium Services South Africa (Pty) Ltd.

Future developments

Future developments affecting the business are discussed in the business review section of the Strategic report.

Directors

The directors of the company during the year and up to the date of this report were:

Michael A. Scardigli (appointed 12 June 2020) (USA citizen)
Kerem C. Yilmaz
Ryan N. Zafereo (resigned 12 June 2020)

Directors' liabilities

The Company's Articles of Association contain a provision that every director or other officer shall be indemnified against all losses and liabilities which they may incur while acting as directors (or officers as the case may be) permitted by the Companies Act 2006 (as amended). These indemnities are uncapped in amount. The Company's parent company-maintained directors and officers liability insurance from Company inception and up to the date of approval of the financial statements in respect of the Company's directors and officers.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues, and that appropriate training is arranged. It is the policy of the Group and Company that the training, career development and promotion of disabled persons, would, as far as possible, be identical to that of other members of the Group.

Independent auditor

BDO LLP were appointed under section 485 of the Companies Act 2006 as the Company's auditors at the Annual General Meeting of the Group on 11 June 2020 and have indicated their willingness to continue in office.

Directors' Report *(continued)*

Greenhouse Gas Emissions

Global Affairs Associates, LLC has estimated Trillium Flow Technologies Scope 1, Scope 2, and supplemental Scope 3 GHG emissions for the period January 2020 to December 2020. The underlining data used to calculate Scope 1 and Scope 2 carbon emissions included electricity, natural gas and other fuels purchased by the company. Scope 3 calculation included water supply and treatment and transmission and distributions losses for electricity and heat.

	Unit of measure	2020 (current)
Direct (Scope 1) CO2 emissions	kg CO2e	1,364,440.84
Indirect (Scope 2) CO2 emissions	kg CO2e	651,421.91
Total Scope 1 and 2		**2,015,862.75**
Other (Scope 3) CO2 emissions		53,242.07

DIRECT	Unit of measure	2020 (current)
Diesel for mobile vehicles	kg CO2e	264,876.21
Propane	kg CO2e	49,964.47
Natural gas	kg CO2e	1,049,600.15
Total Direct		**1,364,440.84**

INDIRECT	Unit of measure	2020 (current)
Electricity	kg CO2e	523,038.91
Heat	kg CO2e	128.383.00
Total Indirect		**651,421.91**

This is the first year that the Company has reported on the level of energy consumed in the UK and although comparisons to the prior year are not yet a requirement. The Company has a target to continually reduce CO2 emissions and achieve a significant reduction in its carbon footprint by 2035.

The underlying energy data used to calculate carbon emissions includes electricity, gas and other fuels purchased for use on-site and for transport. The calculation did not cover the verification of the company's GHG emission sources data and as such this report cannot be construed as a third-party verification certificate that provides "Reasonable Assurance" for the company's GHG emissions data.

Directors' Report *(continued)*

Audit exemptions applied

The following subsidiaries, all of which are registered in England and Wales, are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act:

- Trillium Flow Technologies Holdco Limited, company number 11837831;
- FR Flow Control Valves Bidco Limited, company number 11838101; and
- FR Flow Control Pumps Bidco Limited, company number 11838034

This report was approved by the Board of Directors and signed on its behalf.

Kerem Yilmaz

Kerem C. Yilmaz
Director

29th April 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Company financial statements in accordance with UK 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 the 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 that the Group financial statements have complied with IFRS as adopted by the European Union, subject to any material departures being disclosed and explained;
- state for the Company financial statements whether the applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group'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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to Members of FR Flow Control Midco Limited

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework'); and:
- the financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

We have audited the financial statements of FR Flow Control Midco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of financial position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regarded the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to Members of FR Flow Control Midco Limited *(continued)*

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Independent Auditor's Report to Members of FR Flow Control Midco Limited *(continued)*

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and the sector in which it operated we considered the risks of acts by the Group which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Company accounting policies, IFRS, the Companies Act 2006, relevant tax legislation and Health and Safety.

We determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and revenue cut off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
29th April 2021

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

FR Flow Control Midco Limited

Consolidated Statement of Income
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Revenue	4	465,553	233,997
Cost of sales		(328,469)	(165,701)
Distribution expenses		(44,227)	(22,720)
Administrative expenses		(74,623)	(64,073)
Operating profit before non-recurring items and amortization		28,856	14,354
Non-recurring items	6	(8,335)	(31,471)
Amortization of other intangible assets	12	(2,287)	(1,380)
Operating profit / (loss)	5	18,234	(18,497)
Finance costs	7	(23,898)	(12,256)
Finance income	7	767	763
Loss before income taxes		(4,897)	(29,990)
Income tax benefit	10	120	4,094
Net loss		(4,777)	(25,896)

All amounts relate to continuing activities.

The notes on pages 30 to 79 form part of these financial statements.

FR Flow Control Midco Limited

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Loss for the year		(4,777)	(25,896)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences of foreign operations	26	7,484	565
Pension actuarial gains and losses	26	(82)	360
Total comprehensive profit / (loss) for the year		2,625	(24,971)
Total comprehensive profit / (loss) for the year attributable to:			
Equity shareholders of the company		2,625	(24,971)
		2,625	(24,971)

The notes on pages 30 to 79 form part of these financial statements.

FR Flow Control Midco Limited

Consolidated Statement of Financial Position
As at 31 December 2020

	Note	2020 $'000	2019 $'000
Assets			
Non-current assets			
Property, plant and equipment	14	125,484	163,813
Held for sale assets	15	21,068	-
Right of use assets	16	24,451	11,963
Intangible assets	12	19,668	21,580
Goodwill	13	45,516	42,483
Investments	17	70,000	70,000
Deferred tax assets	10	7,497	4,956
Other non-current assets		256	31
Current assets			
Inventories	18	89,346	93,410
Trade and other receivables	19	183,873	163,166
Cash and cash equivalents	23	59,619	36,858
Total assets		646,778	608,260
Liabilities			
Current liabilities			
Trade and other payables	21	(163,983)	(140,950)
Provisions	20	(34,501)	(31,944)
Lease liabilities	16	(3,721)	(3,399)
Loans and borrowings	22	(14,409)	(4,085)
Total current liabilities		(216,614)	(180,378)
Non-current liabilities			
Deferred tax liabilities	10	(5,069)	(5,333)
Lease liabilities	16	(18,561)	(8,458)
Employee benefit liabilities	28	(8,477)	(8,910)
Loans and borrowings	22	(227,615)	(238,109)
Net assets		170,442	167,072
Capital and reserves			
Share capital	25	(29)	(22)
Share premium		(192,759)	(192,021)
Other reserves	26	(8,327)	(925)
Retained earnings		30,673	25,896
Equity attributable to owners of the parent company		(170,442)	(167,072)
Total equity		(170,442)	(167,072)

The financial statements were approved and authorized for issue by the Board of Directors on 29th April 2021 and were signed on its behalf by:

Kerem Yilmaz

Kerem C. Yilmaz
Director

The notes on pages 30 to 79 form part of these financial statements.

FR Flow Control Midco Limited

Company Statement of Financial Position
As at 31 December 2020

	Note	2020 $'000	2019 $'000
Assets			
Non-current assets			
Loan to subsidiary	19	-	189,999
Investments in subsidiaries		2,789	2,449
Deferred tax assets		3	-
Current assets			
Loan to subsidiary	19	189,999	-
Total assets		192,791	192,448
Current liabilities			
Other payables		(18)	(405)
Net assets		192,773	192,043
Capital and reserves			
Share capital	25	(29)	(22)
Share premium		(192,759)	(192,021)
Retained earnings		15	-
Equity attributable to shareholders		(192,773)	(192,043)
Total equity		(192,773)	(192,043)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income in these financial statements. The loss after tax of the Company for the year was $15k.

The financial statements were approved and authorized for issue by the Board of Directors on 29th April 2021 and were signed on its behalf by:

Kerem Yilmaz

Kerem C. Yilmaz
Director

The notes on pages 30 to 79 form part of these financial statements.

FR Flow Control Midco Limited

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Share Capital $'000	Share Premium $'000	Foreign Currency Translation Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
At 1 January 2019	-	-	-	-	-	-
Issuance of shares	22	192,021	-	-	-	192,043
Loss for the period	-	-	-	-	(25,896)	(25,896)
Exchange gains on translation of foreign operations	-	-	565	-	-	565
Remeasurements on defined benefit plans	-	-	-	360	-	360
At 31 December 2019	22	192,021	565	360	(25,896)	167,072
Issuance of shares	7	738	-	-	-	745
Loss for the year	-	-	-	-	(4,777)	(4,777)
Exchange gains on translation of foreign operations	-	-	7,484	-	-	7,484
Remeasurements on defined benefit plans	-	-	-	(82)	-	(82)
At 31 December 2020	29	192,759	8,049	278	(30,673)	170,442

The notes on pages 30 to 79 form part of these financial statements.

FR Flow Control Midco Limited

Company Statement of Changes in Equity
For the year ended 31 December 2020

	Share Capital $'000	Share Premium $'000	Retained Earnings $'000	Total Equity $'000
At 1 January 2019	-	-	-	-
Issuance of shares	22	192,021	-	192,043
Profit/(loss) for the period	-	-	-	-
At 31 December 2019	22	192,021	-	192,043
Issuance of shares	7	738	-	745
Profit/(loss) for the year	-	-	(15)	(15)
At 31 December 2020	29	192,759	(15)	192,773

The notes on pages 30 to 79 form part of these financial statements.

FR Flow Control Midco Limited

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Operating activities			
Cash generated from operations	24	50,405	40,542
Income taxes paid		(4,121)	(1,208)
Net cash generated from operating activities		46,284	39,334
Investing activities			
Acquisition of business, net of cash	27	-	(326,005)
Receivable from seller for acquisition consideration adjustment		-	(5,987)
Purchases of property, plant and equipment	14	(11,027)	(3,137)
Net proceeds from sale of Ipswich, USA property		13,138	-
Funding of collateral account	17	-	(70,000)
Interest received		1,064	407
Net cash used in investing activities		3,175	(404,722)
Financing activities			
Issue of ordinary shares		745	192,043
Payable to/(from) Topco		(405)	405
Proceeds from borrowings	22	13,753	256,541
Debt issuance costs	7, 22	-	(14,512)
Interest paid on borrowings	7	(19,367)	(10,755)
Loss on acquisition hedge contract		-	(16,649)
Repayments of borrowings	22	(16,050)	(900)
Interest paid on lease liabilities	7	(1,031)	(430)
Principal paid on lease liabilities	16	(4,078)	(1,799)
Net cash used / generated from financing activities		(26,433)	403,944
Net increase in cash and cash equivalents		23,003	38,556
Cash and cash equivalents at the beginning of the year		36,858	-
Foreign currency translation differences		(265)	(1,698)
Cash and cash equivalents at the end of the year		59,619	36,858

The notes on pages 30 to 79 form part of these financial statements.

FR Flow Control Midco Limited

Notes Forming Part of the Financial Statements
For the year ended 31 December 2020

1 General information

FR Flow Control Midco Limited (the "Company" on a standalone basis or the "Group" when referring to the Company and its consolidated subsidiaries) is a private Company, limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page of these financial statements. The principal activities of the Company and the nature of its operations are set out in the Strategic Report. The Company was registered and commenced activities on 20 February 2019.

The Group's and Company's financial statements are presented in U.S. Dollars ("USD") which is the Company's functional currency and all values have been presented in thousands ($'000) except where otherwise indicated.

2 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

The Company has adopted FRS 101 and taken advantage of the following disclosure exemptions:

- The requirements of IFRS 7, *Financial Instruments*: Disclosures.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, *Revenue from Contracts with Customers*.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, *Leases*. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total.
- The requirement in paragraph 38 of IAS 1, *Presentation of Financial Statements* to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16, *Property, Plant and Equipment*;
    - paragraph 118(e) of IAS 38, *Intangible Assets*.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1, *Presentation of Financial Statements*.
- 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*.
- The requirements of paragraph 17 and 18A of IAS 24, *Related Party Disclosures*.
- The requirements in IAS 24, *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36, *Impairment of Assets*.

2 Accounting policies *(continued)*

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of FR Flow Control Midco Limited ("the Company") and enterprises controlled by the Company (its "subsidiaries"). Goodwill is recognized as the excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange.

Cost directly attributable to the acquisition are recorded in the income statement. Identifiable assets acquisition, liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of the non-controlling interest.

The results of subsidiaries acquired or disposed in the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Subsidiaries are entities over which the Group has power to govern the financial and operating policies of the subsidiary, has exposure to variable returns from the subsidiary and has the ability to use its power to affect those variable returns.

All intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidated.

Going concern

The Directors make a combined assessment on going concern with respect to the Group and the Company as the forecasts and range of possible scenarios on the financial position have been assessed as such, with considerations to the principal risks and uncertainties as set out in the Strategic Report.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group ended the period to December 2020 in a strong liquidity position with $59.6 million of cash and cash equivalents, an increase from $36.9 million in December 2019.

2 Accounting policies *(continued)*

Going concern *(continued)*

The Board has considered and debated a range of substantial possible scenarios on the Group's operations, financial position and forecasts covering a period of at least the next 12 months to July 2021. These take into account sensitivity analysis and stress testing performed on the forecasts to assess the impact of Covid-19 on the business and the resulting impact on revenue and cash flows together with mitigating actions taken including cost reductions and utilizing government assistance programs; and the break-even point at which the debt compliance covenants are breached resulting in the bank loans being repayable on demand and the potential resulting need to obtain additional funding.

The primary purpose of these scenarios was to demonstrate mitigating cost reduction actions could be enacted to offset the loss of gross margins if adverse scenarios mentioned above materialized. The Directors highlight, as at the date of approval of these financial statements, there has been no loss of revenue nor decrease in customer quoting activity and the Group's ability to accurately forecast revenue reflects that a high proportion of future sales within the sales pipeline are placed on order. Additionally, other than several weeks in Italy and India, the Group's operating facilities have remained fully operational throughout 2020. The Group continually monitors its financial results and utilizes financial models, which have indicated there is no significant doubt about the Group's ability to meet its debt coverage ratios over the ensuing twelve-month period.

After review of the forecasts along with mitigating factors available to them, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence and to satisfy any upcoming covenant conditions in the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the annual report and financial statements.

Revenue recognition

Revenue is the consideration the Group expects to receive from customers in exchange for goods and services. In accordance with IFRS 15, *Revenue from Contracts with Customers,* revenue is recognized in the consolidated statement of income when control of goods and services is transferred to the customer. Transfer of control is deemed to be over time where the following criteria are met:

- The customer concurrently receives and consumes the benefits from the Group's performance;
- The Group's performance creates or enhances a customer-controlled asset; or
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. That payment provision must cover cost plus a reasonable margin.

Where the above criteria are not met, then revenue is recognized at a point in time when control is transferred to the customer.

The Group reviews its contracts at inception to determine whether the nature of the product or service and the terms of the contract are such that it qualifies for revenue recognition over time.

2 Accounting policies *(continued)*

Revenue recognition

However, due to the nature of the Group's manufacturing processes and products, the customer will typically not obtain control of the product until it is completed and received. As a result, the Group recognizes revenue on the majority of its customer contracts at a point in time – either when the product is shipped or received, based on the individual contract terms.

Revenue is shown net of sales taxes, discounts and after eliminating sales within the Group.

Inventories

Inventories are valued at the lower of cost or net realizable value, with due allowance for any obsolete or slow-moving items. Cost represents the expenditure incurred in bringing inventories to their existing location and condition and includes the cost of raw materials, direct labor costs, other direct costs, and related production overheads. Raw material cost is generally determined on a first-in, first-out basis. Net realizable value is the estimated selling price less costs to complete and sell.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The loss is recognized in the income statement within 'operating costs'.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits repayable on demand.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as currently liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value, which is usually the original invoices amount, and subsequently carried at amortized cost using the effective interest method.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the value of the amount received, net of attributable transactions costs. Subsequently, the borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the year of the borrowing using the effective interest method.

2 Accounting policies *(continued)*

Warranties provision

The Group records a warranties provision in respect of actual warranty claims on goods and services provided in addition to an allowance which has been made for potential warranty claims based on past experience.

Liquidated damages provision

Under the terms of its contracts with customers, the Group can be subject to liquidated damages in the event that specified delivery dates are not met. The Group accounts for liquidated damages, based on the terms of the individual contracts, as a reduction of the related contract revenue.

Loss contract provision

A loss sales contract provision is made in respect of sales contracts entered into for the sale of goods or services in the normal course of business where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received from the contracts. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract.

UK Government Covid-19 assistance

The Group has not been in receipt of any Government loans, it has however taken advantage of the UK Government furlough scheme, which was launched in March 2020.

During the year of 2020 the UK members of the Group received payments of $1,475k under the UK Government furlough scheme.

Finance income

Finance income is recognized in the consolidated statement of income using the effective interest method.

Foreign currency transactions and translation

Foreign currency transactions are translated at the rates ruling when they occurred. Subsequently, gains or losses resulting from movements in the exchange rates are recorded in the statement of income until the ultimate settlement of the monetary asset or liability.

The Group's reporting currency is USD. As a result, the financial results for any subsidiary whose functional currency is not USD are translated into USD at each month-end. The monthly statement of income results are translated at that month's average exchange rate, while the assets and liabilities are translated at the month-end exchange rate. The resulting difference from utilizing different exchange rates for different financial statement components is the cumulative translation adjustment and is included in equity as other comprehensive income.

Non-recurring items

Non-recurring items are those that, in management's judgement, should be disclosed separately in order to determine the underlying profitability of the business, in the absence of acquisition activity, integration activity and one-off items. Items that are material, either individually or in aggregate and non-operating or non-recurring in nature are presented as non-recurring items in the income statement. Items that may give rise to classification as non-recurring items include, but are not limited to, significant Group restructuring and rationalization programs, merger and acquisition costs, asset impairments, negative goodwill, acquisition-related costs and re-measurement of contingent consideration.

2 Accounting policies *(continued)*

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 Accounting policies *(continued)*

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of income as incurred.

The carrying amounts of the Group's assets are reviewed at the date of each consolidated statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Depreciation

Depreciation is charged to expense on a straight-line basis over the estimated useful life of the asset. The estimated useful lives for the various asset classes are as follows:

Asset class	Estimated Useful Life
Leased assets	Duration of lease
Land	Not depreciated
Buildings and improvements	40 years
Plant and machinery	3 – 20 years
Computer equipment	3 – 5 years
Other office equipment	5 years
Fixtures and fittings	13 years
Motor vehicles	4 – 7 years
Patterns and moulds	7 – 10 years

Patents

Patents are measured initially at purchase cost and are tested annually for impairment.

2 Accounting policies *(continued)*

Amortization

The charge to the consolidated statement of income in respect of periodic amortization is derived by estimating the expected useful life of each asset and the expected residual value at the end of its life.

The useful life is determined by management at the time of acquisition. The estimate of useful life is based on historical experience with similar products as well as anticipation of future events which may impact their useful life, such as changes in technology.

Amortization is charged to administrative expenses.

Asset class	Amortization method and life
Tradenames	Indefinite lived – not amortized
Technology	Straight-line – 10-15 years
Customer relationships	Straight-line – 1-12 years

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments

The Group recognizes financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognized when they are discharged or when the contractual terms expire. The Group's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Group classifies its financial assets at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 Accounting policies *(continued)*

Financial assets at amortized cost

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The financial assets measured at amortized cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes - cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Held for sale assets

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be principally recovered through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost of sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Financial liabilities

The Group classifies all of its financial liabilities, including trade and other payables, at amortized cost.

These liabilities are carried at amortized cost, recognized initially at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the consolidated statement of financial position.

2 Accounting policies *(continued)*

Leases

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:
(a) There is an identified asset;
(b) The Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favor of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

2 Accounting policies *(continued)*

Leases *(continued)*

Identifying Leases (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- *If the renegotiation results in one or more additional assets being leased for an amount commensurate* with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiated terms increase the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e., it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2 Accounting policies *(continued)*

Leases *(continued)*

In the capacity of a lessee

The group leases a number of properties in the jurisdictions from which it operates. In these jurisdictions, the periodic rent is fixed over the lease term, with inflationary increases incorporated into the fixed payments stipulated in the lease agreements.

Where rental agreements include market rate escalations, the lease liability is re-measured when the change in cash payments takes effect.

The group also leases certain vehicles. Leases of vehicles comprise only fixed payments over the lease terms.

At 31 December 2020 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because it was considered reasonably certain that the Group would not exercise its right to exercise any right to break the lease.

Defined contribution pension schemes

The Group operates defined contribution pension schemes for employees in various countries in which it operates. Contributions payable to the Group's defined contribution pension schemes are charged to the consolidated statement of income in the year to which they relate. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the schemes are held separately from the Group in independently administered funds.

Defined benefit pension schemes

The Group assumed defined benefit retirement schemes for all qualifying employees in the USA and France as part of the acquisition from The Weir Group plc. The assets of the USA scheme are held separately from those of the Group in an independently administered fund under the control of the trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions. The France scheme is an unfunded plan, and therefore there are no separately identifiable assets associated with the scheme.

Charges are made to the Group's consolidated statement of income for service cost and net interest. Gains and losses arising from differences between estimated and actual performance of plan assets, etc. are charged to consolidated other comprehensive income.

3 Critical accounting estimates and judgements

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed below.

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Taxation (estimate)

The level of current and deferred tax recognized in the financial statements is dependent on subjective judgements as to the interpretation of complex international tax regulations and, in some cases, the outcome of decisions by tax authorities in various jurisdictions around the world, together with the ability of the Group to utilize tax attributes within the limits imposed by the relevant tax legislation.

In all cases, provisions for open tax issues are based on management's interpretation of tax law as supported where appropriate by the Company's external advisors and reflect the single best estimate of likely outcome for each liability. The Company believes it has made adequate provision for such matters.

There is a judgement around the evaluation of the recoverability of deferred tax assets (see Note 10, *Taxation*), which depends on the assessment of the probability that there will be sufficient appropriate taxable profits available in future against which to realize them. This assessment is done using financial forecasting.

Valuation of intangibles at year end

Intangible assets acquired in business combinations are required to be recognized and amortized over their useful life if they are subject to contractual or legal rights, or are separately identifiable and their fair value can be reliably estimated. The Group has separately recognized intangibles in respect of contractual relationships and non-contractual client relationships. The fair value calculation of these assets uses valuation techniques requiring assumptions about future revenue and profits and the Group's cost of capital. Management exercises judgement and uses its knowledge of the business to estimate the fair value of acquired intangible assets as at the acquisition date and the useful life of the asset. The value of intangible assets is tested for impairment upon the potential indication of such.

Percentage of completion revenue recognition

For contracts which qualify for revenue recognition over time, the Group determines at contract inception the most appropriate measure of the progress towards completion of the performance obligation(s). Often, the Group determines that the most appropriate measure of progress towards completion is obtained by comparing costs incurred to total estimated costs for the project (the "cost to cost method"). The costs incurred are captured by the Group's job costing records. Estimates of the total anticipated costs for the project are updated on a periodic basis after discussions between the project and operations management teams.

The resulting estimate of the percentage of completion of the project is multiplied by the expected contractual revenue to determine the project to date revenue. The associated project to date cost of goods sold is determined by reference to the current estimate of total expected project costs as a percentage of the expected contractual revenue. The current year revenue and cost of goods sold recognized for a project is the difference between the calculated project to date amounts and those previously recognized in the consolidated statement of income.

3 Critical accounting estimates and judgements *(continued)*

Liquidated damages

Where a possibility of liquidated damages (LDs) is identified on a customer contract, this is provided with a valuation and set up as a provision. This is accrued at a percentage of the contract price, up to a maximum percentage on the undelivered portion of a purchase order.

Once the final invoice has been settled and we have confirmation from the customer that they will not bring any claims against the Company, it is at this point that the LD provision is released.

4 Revenue

All revenue arises from customer contracts and is accounted for in accordance with IFRS 15, *Revenue from Contracts with Customers*. For determination of when an entity should recognize revenue associated with its contractual performance obligations, IFRS 15 focuses on when the customer obtains control of the promised good or service. Due to the nature of the Group's manufacturing processes and products, the customer will typically not obtain control of the product until it is completed and received. As a result, the Group recognizes revenue on the majority of its customer contracts at a point in time – either when the product is shipped or received, based on the individual contract terms.

However, IFRS 15 does have an exception to the customer control criteria which will allow an entity to recognize revenue over time as performance obligations are completed if (i) the Group has no alternative use for the asset created; and (ii) there is an enforceable right to payment for performance to date (including a reasonable profit margin) in the event the customer terminates the contract for convenience. As such, the Group reviews its contract terms to determine whether they satisfy those criteria and therefore qualify for revenue recognition over time. Progress towards completion for contracts under which the Group qualifies for revenue recognition over time is typically assessed by comparing costs incurred to total estimated costs for the project.

No individual customer contributed more than 10% of the Group's revenue in the year ended 31 December 2020.

Revenue from contracts with customers is analyzed as follows:	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Revenue recognized at a point in time	385,251	203,467
Revenue recognized over time	80,302	30,530
Total revenue	465,553	233,997

4 Revenue *(continued)*

Divisional revenue:	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Pumps division	189,536	90,682
Valves division	276,017	143,315
Total revenue	465,553	233,997

Revenue

Revenue by geographical area:	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
US	135,585	61,687
Italy	104,593	47,137
UK	87,299	48,340
France	65,993	35,360
India	19,021	13,280
China	15,280	6,121
Canada	14,514	5,943
South Korea	14,271	7,555
Other	8,997	8,574
Total revenue	465,553	233,997

FR Flow Control Midco Limited

Notes Forming Part of the Financial Statements
For the year ended 31 December 2020 *(continued)*

5 Operating loss

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
The operating loss is stated after charging:		
Inventories recognized as an expense	(226,522)	(149,739)
Amortization of intangible assets	(2,287)	(1,380)
Depreciation of property, plant and equipment	(16,543)	(7,406)
Short-term lease expense	(2,232)	(1,265)
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	(694)	(763)
Fees payable to the company's auditor for non-audit services	-	-
Research and development expenditures	(4,860)	(2,705)

6 Non-recurring expenses

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Recognized in arriving at operating profit:		
(i) Acquisition related expenses	(4,021)	(14,039)
(ii) Foreign exchange loss on acquisition hedge contract	-	(16,649)
(iii) Reorganization costs	(759)	(783)
(iv) Loss on sale	(2,105)	-
(v) Other	(1,450)	-
	(8,335)	(31,471)

During the year, the Company continued to incur professional service fees related to the acquisition of the Flow Control division from The Weir Group plc in 2019 and additional professional service fees were incurred on acquisition targets where the transaction was not consummated (i). The Company also incurred costs through reorganization activities, including the merger of US Pumps operating sites, the merger of Italy's holding and operating companies and the disposal of its South Africa operation (iii). In addition, the Company made a loss on the sale of its Ipswich property, disposed in December 2020, and the closure of its Aberdeen site (iv). Other expenses include non-recurring consultancy fees and monitoring fees (v).

7 Finance income and costs

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Finance income		
Interest income on bank deposits	767	763
Finance costs		
Interest on bank overdrafts and borrowings	(19,367)	(10,755)
Amortization of debt issuance costs	(2,127)	(1,071)
Commitment fees	(1,373)	-
Interest on lease liabilities	(1,031)	(430)
Total finance costs	(23,898)	(12,256)
Net finance income and costs	(23,131)	(11,493)

8 Employee costs

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
The aggregate payroll costs (including directors' remuneration) were as follows:		
Wages and salaries	120,185	60,030
Social security costs	24,496	11,585
Pension costs	5,396	2,594
	150,077	74,209

The average monthly number of employees during the year was 2,352 (2019 - 2,533) employees comprised of 1,547 (2019 - 1,710) direct labor staff and 805 (2019 – 823) administrative and indirect staff.

9 Directors' remuneration

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Aggregate emoluments	247	-
Aggregate remuneration of highest paid Director	247	-

10 Taxation

The tax charge (benefit) is made up of the following:

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Current income tax		
UK corporation tax		-
Foreign income tax	2,292	3,067
Total current income tax	2,292	3,068
Deferred income tax		
Origination & reversal of temporary differences	(2,412)	(7,161)
Total deferred tax	(2,412)	(7,161)
Income tax benefit	(120)	(4,094)

The tax charge for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are reconciled below.

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Income before tax	(4,897)	(29,989)
Income tax provision at UK statutory corporate income tax rate of 19% (2019 - 19%)	(930)	(5,698)
Effects of:		
Differing tax rates in foreign jurisdictions	938	1,035
Expenses not deductible	266	924
Deferred tax not recognized	(363)	(494)
Other adjustments	(31)	139
Total tax benefit for year	(120)	(4,094)
Effective tax rate	2.5%	13.7%

10 Taxation *(continued)*

For the year ended 31 December 2020, the effective tax rate was impacted by differing tax rates in jurisdictions outside the UK, non-deductible expenses and valuation allowances against deferred tax assets.

Significant components of the Company's deferred tax assets and liabilities were as follows:

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Deferred tax assets		
Allowances and operating liabilities	6,739	6,729
Net operating loss carryforwards	25,906	21,786
Allowance for doubtful accounts	1,912	1,246
Inventory reserve	5,302	5,138
Tax credits	1,705	1,314
Pension	2,298	2,416
Intangible assets	2,460	3,875
Other temporary differences	6,360	4,882
Total deferred tax assets	52,682	47,386
Deferred tax liabilities		
Fixed assets	(17,203)	(17,223)
Other temporary differences	(4,690)	(2,768)
Total deferred tax liabilities	(21,893)	(19,991)
Net deferred tax assets before valuation allowance	30,788	27,395
Valuation allowance	(28,360)	(27,772)
Net deferred tax liabilities	2,428	(377)

The Company records a valuation allowance when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. Management believes that it is not more-likely-than-not that the Company would be able to realize the benefits of its deferred tax assets in China, India, Italy, Luxembourg, South Africa and South Korea and accordingly recognized a valuation allowance for the year ended 31 December 2020.

10 Taxation *(continued)*

The tax effect of net operating loss carry-forwards at 31 December 2020 and expiration dates are summarized below:

	2020 $'000	Expiration	2019 $'000	Expiration
Jurisdiction				
China	1,057	2021 - 2025	1,932	2020 - 2024
India	7,284	2021 - 2028	6,650	2020 - 2027
Italy	8,674	Indefinite	8,583	Indefinite
Luxembourg	1,307	2036-2037	-	
United Kingdom	7,039	Indefinite	4,238	Indefinite
United States	1,913	Indefinite	-	
Other Jurisdictions	290		1,874	
Total net operating losses	27,564		23,277	

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2020 $'000	2019 $'000
Unrecognized tax benefit at 1 January	(3,174)	-
Gross increases - tax positions in prior periods	(106)	(3,174)
Settlement		-
Lapse in statute of limitations	42	-
FX	(281)	-
Unrecognized tax benefit at 31 December	(3,519)	(3,174)

The Company is subject to taxation where it has significant operations in the United Kingdom, United States, France, and Italy, as well as other foreign jurisdictions. Tax years that remain subject to examination in the United Kingdom, United States, France and Italy are the tax years ending December 31, 2019, 2017, 2018, and 2016, respectively.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-UK subsidiaries in those operations. The Company has not, nor does it anticipate the need to, repatriate funds to the United Kingdom to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with domestic debt service requirements. These earnings are considered to be permanently reinvested and no provision for deferred taxes has been made. Distribution of these earnings in the form of dividends or otherwise could result in withholding taxes payable in various foreign countries.

11 Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2020 $'000	2019 $'000
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated	110	154
Fees payable to the Company's auditors for the audit of the Company's subsidiaries pursuant to legislation	584	609
Total audit fees	694	763
Other non-audit services	-	-
Total auditors' remuneration	694	763

12 Intangibles

	Tradenames $'000	Technology $'000	Customer relationships $'000	Total $'000
Cost				
At 1 January 2020	3,594	6,801	12,594	22,989
Impact of foreign exchange	29	51	306	386
At 31 December 2020	3,623	6,852	12,900	23,375
Accumulated Amortization				
At January 2020	-	(305)	(1,103)	(1,408)
Expensed in income statement	-	(578)	(1,709)	(2,287)
Impact of foreign exchange	-	(3)	(9)	(12)
At 31 December 2020	-	(886)	(2,821)	(3,707)
Net book value				
At 31 December 2020	3,623	5,966	10,079	19,668
At 31 December 2019	3,594	6,496	11,490	21,580
Estimated useful life (in years)	N/A	10 -15	1 - 12	

12 Intangibles *(continued)*

At 31 December 2019, all the Company's intangibles were acquired in the purchase of the Weir Flow Control division on 28 June 2019. Upon acquisition, the intangibles were identified to the individual entities acquired and thus have different amortization periods based on their individual underlying characteristics.

Tradenames are not amortized but rather are reviewed on an annual basis for impairment. The Directors' review at 31 December 2020 did not identify any factors which would indicate the tradenames had been impaired.

13 Goodwill

	$'000
At 1 January 2020	42,483
Impairment of asset held for sale (see Note 15, *Assets held for sale*)	1,994
Other current year adjustments	97
Impact of FX	942
At 31 December 2020	45,516

	$'000
At 1 July 2019	41,535
Current year adjustments	-
Impact of FX	948
At 31 December 2019	42,483

The carrying value of the Group's goodwill is not subject to annual amortization and was tested for impairment at 31 December 2020. The recoverable amount has been determined on a value-in-use basis for each cash-generating unit using the 5-year plan for each cash-generating unit. The growth rate into perpetuity is 3.0%. These cash flows are then adjusted to reflect a market participant's view using a pre-tax discount rate of 10.0%, which is derived from the Company's weighted average cost of capital ("WACC"). Given the nature of products and services provided by the Group, the same WACC has been used for each CGU.

Based on the results of the current year impairment review, there is adequate headroom in each cash-generating unit and so no impairment charges have been recognized by the Group in the year ended 31 December 2020. The board has considered various sensitivity analyses in order to appropriately evaluate the carrying value of goodwill including changes in the growth rate and changes in the WACC. Based on these analyses the growth rate of 3.0% would have to reduce to an annual decline of greater than 2.0% or the WACC rate would have to increase by over 3.5% for an impairment to be recognized. Having assessed the anticipated future cash flows, the directors do not consider there to be any reasonably possible changes in assumptions that would lead to such an impairment charge in the year ended 31 December 2020.

13 Goodwill *(continued)*

Goodwill has been allocated to cash-generating units ("CGU") as follows.

	2020 $'000	2019 $'000
Valves divisions	33,107	34,381
Pumps division	12,409	8,002
Total Goodwill	45,516	42,483

	2020 $'000	2019 $'000
UK Valves	18,079	16,868
US Pumps	11,271	8,196
US Valves	9,614	8,678
France	5,563	4,353
Others	989	4,388
Total Goodwill	45,516	42,483

14 Property, plant and equipment

Group	Land and buildings $'000	Plant and equipment $'000	Total $'000
Cost			
At 1 January 2020	93,049	75,858	168,907
Transferred to non-current assets held for sale	(23,000)	(173)	(23,173)
Additions	5,874	5,153	11,027
Disposals	(18,365)	(1,116)	(19,481)
Impact of foreign exchange	3,217	2,170	5,387
At 31 December 2020	60,775	81,892	142,667
Accumulated Depreciation			
At 1 January 2020	(755)	(4,339)	(5,094)
Transferred to non-current assets held for sale	99	12	111
Charge for the year	(3,396)	(8,704)	(12,100)
Eliminated on disposals	686	33	719
Impact of foreign exchange	(110)	(709)	(819)
At 31 December 2020	(3,476)	(13,707)	(17,183)
Net book value			
At 31 December 2020	57,299	68,185	125,484
At 31 December 2019	92,294	71,519	163,813

15 Assets held for sale

	2020 $'000	2019 $'000
Transferred from property, plant and equipment	23,062	-
Impairment	(1,994)	-
Total assets held for sale	21,068	-

In July 2020 Trillium Pumps USA, Inc. entered into a Purchase and Sale Agreement to sell the land, buildings, and cranes at the Salt Lake City, USA facility. These fixed assets have therefore been re-classified as non-current assets held for sale and are held at the lower of the carrying amount and fair value less costs to sell. The resulting impairment has been recognized in goodwill in line with guidance from IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The sale is due to be completed in May 2021.

16 Leases

The Group accounts for leases in accordance with IFRS 16, *Leases*. Most of the leases recognized on the balance sheet at 31 December 2020 were acquired in the acquisition of Weir's Flow Control division on 28 June 2019. As of the acquisition date, the acquired lease liability was calculated by determining the net present value of the remaining lease payments utilizing the Group's incremental borrowing rate of 8.37%.

Lease payments are allocated between interest expense and principal reduction using the effective interest method. Interest expense on lease liabilities for the year ended 31 December 2020 was $1,031k (2019 - $430k). Additionally, the Group recognized expenses of $2,232k (2019 - $1,265k) for short-term leases.

Group	**Land and buildings $'000**	**Plant and equipment $'000**	**Total $'000**
Right of use assets:			
Cost			
At 1 January 2020	11,887	2,090	13,977
Acquired in business combination			
Additions	15,295	1,707	17,002
Terminations	(1,055)	(282)	(1,337)
Impact of foreign exchange	352	296	648
At 31 December 2020	26,479	3,811	30,290
Accumulated Depreciation			
At 1 January 2020	(1,538)	(476)	(2,014)
Charge for the year	(3,193)	(1,249)	(4,442)
Eliminated on termination	534	270	804
Impact of foreign exchange	(134)	(53)	(187)
At 31 December 2020	(4,331)	(1,508)	(5,839)
Net book value			
At 31 December 2020	22,148	2,303	24,451
At 31 December 2019	10,349	1,614	11,963
Lease liabilities:			
At 1 January 2020			(11,857)
Acquired in business combination			
Additions			(15,095)
Principal payments			4,078
Eliminated on termination			(17)
Impact of foreign exchange			609
At 31 December 2020			(22,282)

16 Leases *(continued)*

The maturity of the lease liabilities is as follows:

2020	Within 12 months $'000	2 – 5 years $'000	After 5 years $'000	Total $'000
Lease liability	(3,721)	(3,900)	(14,661)	(22,282)

2019	Within 12 months $'000	2 – 5 years $'000	After 5 years $'000	Total $'000
Lease liability	(3,399)	(8,143)	(315)	(11,857)

17 Investments

	2020 $'000	2019 $'000
Group		
Restricted cash held at bank to collateralize Term Loan C See Note 20, *Loans and borrowings)*	70,000	70,000
Company		
Investment in shares of subsidiaries	2,789	2,449

Details of the Company's subsidiaries are located in the Appendix.

The following subsidiaries, all of which are registered in England and Wales, are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act:

Trillium Flow Technologies Holdco Limited, company number 11837831;
FR Flow Control Valves Bidco Limited, company number 11838101; and
FR Flow Control Pumps Bidco Limited, company number 11838034

FR Flow Control Midco Limited

Notes Forming Part of the Financial Statements
For the year ended 31 December 2020 *(continued)*

18 Inventories

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Raw materials	25,135	27,845	-	-
Work in progress	52,109	52,920	-	-
Finished goods	12,102	12,645	-	-
Total inventory	89,346	93,410	-	-

Inventory is held at the lower of cost or net realizable value at 31 December 2020 and is net of reserves of $26,777k (2019 - $25,557k). No inventory was written off during the year (2019 – nil).

19 Trade and other receivables

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade receivables	134,679	114,872	-	-
Less: provision for expected credit loss on trade receivables	(10,150)	(6,963)	-	-
Net trade receivables	124,529	107,909	-	-
Uninvoiced trade receivables	16,294	13,225	-	-
Construction contract assets	18,721	16,440	-	-
Prepayments	6,688	9,861	-	-
Receivable from seller for acquisition consideration	-	5,987	-	-
Tax receivable	3,027	-	-	
Other receivables	14,614	9,744	-	-
Loan to Trillium Flow Technologies Holdco Limited	-	-	189,999	-
Total current trade and other receivables	183,873	163,166	189,999	-

19 Trade and other receivables *(continued)*

The amounts outstanding more than one year:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Loan to Trillium Flow Technologies Holdco Limited	-	-	-	189,999

As at 31 December 2020, the directors performed a detailed assessment of the funding requirements across the Group and amended the terms and conditions of the loan from FR Flow Control Midco Limited to Trillium Flow Technologies Holdco Limited to reflect this as a non-interest bearing short term loan which is repayable on demand. Therefore, the loan has been reclassified as a current asset within FR Flow Control Midco Limited. Interest is not charged on the loan to Trillium Flow Technologies Holdco Limited.

The Group does not have any significant credit risk exposure to any counterparty or group of counterparties having similar characteristics.

At 31 December 2020, the aging of the trade receivables was as follows:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Current	98,057	76,100	-	-
Past due < 30 days	15,650	8,517	-	-
Past due < 60 days	5,263	4,710	-	-
Past due < 90 days	3,654	3,042	-	-
Past due > 90 days	12,055	22,503	-	-
Total trade receivables	134,679	114,872	-	-

19 Trade and other receivables *(continued)*

As at 31 December 2020, the provision for expected credit loss for trade and other receivables was $(6,963k).

Movement in the provision for expected credit loss on trade receivables was as follows:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Opening balance	(6,963)	(6,031)	-	-
Increase in loss provision	(2,438)	(871)	-	-
Amounts written off during the year as uncollectable and impact of foreign currency translation	(749)	(61)	-	-
Total	(10,150)	(6,963)	-	-

All trade and other receivables are due within 12 months.

20 Provisions

	Warranties $'000	Liquidated damages $'000	Onerous sales contracts $'000	Environmental $'000	All others $'000	Total $'000
At 1 January 2020	(6,079)	(17,577)	(7,206)	(339)	(743)	(31,944)
Provisions created	(1,659)	(5,354)	(6,172)	(263)	(4,705)	(18,153)
Utilization in the year	1,070	3,083	7,081	54	1,982	13,270
Released in the year	1,000	1,790	48	-	1,360	4,198
Impact of FX	(135)	(999)	(723)	-	(15)	(1,872)
At 31 December 2020	(5,803)	(19,057)	(6,972)	(548)	(2,121)	(34,501)
Current	(5,803)	(19,057)	(6,972)	(52)	(2,121)	(34,005)
Non-current	-	-	-	(496)	-	(496)
Total Provisions	(5,803)	(19,057)	(6,972)	(548)	(2,121)	(34,501)

20 Provisions *(continued)*

A warranties provision has been made in respect of actual warranty claims on goods and services provided in addition to an allowance which has been made for potential warranty claims based on past experience.

Under the terms of its contracts with customers, the Group is subject to liquidated damages in the event that specified delivery dates are not met. The Group accounts for liquidated damages, based on the terms of the individual contracts, as a reduction of the related contract revenue.

An onerous sales contract provision has been made in respect of sales contracts entered into for the sale of goods or services in the normal course of business where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received from the contracts. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract.

An environmental provision exists in relation to future environmental cleanup costs, including cleanup activities, consultancy costs and environmental agency costs for Trillium Pumps US, Inc.

All others include a further provision created in respect of the High-Speed Rail construction project in the City of Fresno, impacting Trillium Pumps US, Inc. and provisions for restructuring announced before year end but not yet complete.

21 Trade and other payables

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade payables	(74,531)	(69,928)	-	-
Customer advance payments	(35,900)	(28,578)	-	-
Other payables and accruals	(48,651)	(38,963)	-	-
Income tax payable	(4,901)	(3,481)	-	-
Total trade and other payables	(163,983)	(140,950)	-	-

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the Strategic Report.

22 Loans and borrowings

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
BNP Paribas revolving credit facility				
Cash drawn amount	-	(4,250)	-	-
BNP Paribas term loans B & C				
Within one year	(1,800)	(1,800)	-	-
Between one and two years	(1,800)	(1,800)	-	-
Between two and five years	(5,400)	(5,400)	-	-
After five years	(238,300)	(240,100)	-	-
Less arrangement fees allocated to future periods	11,315	13,441	-	-
Total loans	(235,985)	(239,909)	-	-
India overdraft facility	(2,985)	(2,285)	-	-
France loan	(3,054)	-	-	-
Total loans and borrowings	(242,024)	(242,194)	-	-
Current portion of loans and borrowings	(14,409)	(4,085)	-	-
Non-current portion of loans and borrowings	(227,615)	(238,109)	-	-
Total loans and borrowings	(242,024)	(242,194)	-	-

The Company entered into a US Dollar denominated Credit Agreement with BNP Paribas in New York on 28 June 2019 and the principal terms and the debt repayment schedule are as follows:

- Revolving credit facility: $40,000k expiring 28 June 2025. Interest is charged at 5.5% plus LIBOR. There were $9,600k of letters of credit issued and outstanding against the revolving credit facility at 31 December 2020.
- Term Loan B: $180,000k expiring 28 June 2026. 1% principal amortization annually and interest is charged at 6.0% + LIBOR
- Term Loan C: $70,000k expiring at 28 June 2026. No principal amortization required and interest is charged at 6.0% + LIBOR

The Credit Agreement is secured by substantially all of the assets and shareholdings of the Group, with exception of the Asia Entities. Further, Term Loan C is secured 100% by $70,000k of restricted cash held by the New York branch of Natixis bank. (See Note 17, *Investments*).

At 31 December 2020, the Company had $0 outstanding under an overdraft facility in India. That facility had an interest rate of 9.6% at 31 December 2020.

22 Loans and borrowings *(continued)*

In May 2020, Trillium Flow Technologies France obtained an unsecured EUR 2,500k loan from BNP Paribas in France, as part of a Government Covid Aid package available to all Corporates.

23 Cash and cash equivalents

	2020 $'000	2019 $'000
Cash and cash equivalents	59,619	36,858

24 Cash generated from operations

	Year ended 31 December 2020 $'000	Period ended 31 December 2019 $'000
Loss for the year	(4,777)	(25,896)
Adjustments for:		
Depreciation of property, plant and equipment	16,543	7,406
Amortization of intangible assets	2,287	1,380
Impairment of goodwill	191	-
Loss on disposal of property, plant and equipment	1,131	407
Transactional foreign exchange losses	(166)	17,157
Finance costs	23,898	12,256
Finance income	(767)	(763)
Income tax benefit	(120)	(4,094)
Excess of contributions over defined benefit pension expense	-	(142)
Increase in other leaving/retirement provisions	(138)	605
Decrease in inventories	4,064	438
Increase in other assets	2,540	(556)
Increase in provisions	6,075	845
Increase in trade and other receivables	(18,193)	(6,073)
Increase in trade and other payables	17,837	37,572
Cash generated from operations	50,405	40,542

FR Flow Control Midco Limited

Notes Forming Part of the Financial Statements
For the year ended 31 December 2020 *(continued)*

25 Share capital

	2020 Number	2020 $ (whole number)	2019 Number	2019 $ (whole number)
Authorized, called up and fully paid				
Ordinary shares of each at $.01 par value	2,919,004	29,190	2,174,004	21,740

The shares have attached to them full voting, dividend and capital distribution (on winding up) rights. They do not confer any rights of redemption.

26 Reserves

The Group's capital and reserves are as follows:

Share premium

The share premium account includes the premium in issue of equity shares, net of any issue cost.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Exchange (gains)/losses on translation of foreign operations (cumulative translation adjustment)

This account represents the cumulative difference arising from translating different components of the financial statements of non-USD functional currency subsidiaries to USD using different exchange rates (typically assets and liabilities at period-end rates while equity is translated at historical rates). The balance as at 31 December 2020 is a gain of $ 8,049k.

Remeasurements on defined benefit plans

This account represents the difference in periodic projected and actual performance, particularly in plan asset performance, in determining the period-end net pension liability. The balance as at 31 December 2020 is a gain of $ 278k.

27 Business combinations

On 28 June 2019, the Group acquired from The Weir Group Plc 100% of the share capital of the various subsidiaries and other assets and liabilities which comprised their Flow Control Division. With the exception of a stipulated $45,000k purchase price for certain net assets in the United States, the remainder of the purchase price was stipulated in pounds sterling. The acquisition was an all cash transaction with no contingent consideration provisions.

Total consideration paid at closing was £263,377k (inclusive of the translated $45,000k noted above). As a result of the purchase price adjustment process specified in the Sale and Purchase Agreement, The Weir Group Plc subsequently refunded £4,515k to the Group. The final consideration of £258,862k which translated to $328,556k was utilized in the Group's accounting for the acquisition.

Details of the fair value of identifiable assets and liabilities acquired are as follows:

	$'000
Property, plant and equipment	167,112
Right of use assets	12,966
Intangible assets – acquired	22,467
Other receivables	41,753
Inventories	94,228
Trade and other receivables	115,123
Cash and cash equivalents	2,552
Trade and other payables	(106,102)
Provisions	(31,260)
Lease liabilities	(12,762)
Deferred taxation	(7,853)
Other leaving/retirement provision	(11,205)
Net identifiable assets	287,019
Goodwill on acquisition	41,537
Final consideration	328,556
Cash acquired	(2,552)
Net cash outflow	326,004

The $115,123k fair value of trade and other receivables in the table above includes management's assessment that approximately $6,000k of the contractual cash flows were not expected to be collected.

27 Business combinations *(continued)*

Acquisition costs relating to professional fees totalling $12,806k were expensed in 2019 as incurred and recognized in the consolidated statement of income as non-recurring administrative expenses. Additionally, as noted above, the majority of the initial acquisition price was payable in pounds sterling. However, the incoming funds from both share issuances and borrowings were denominated in United States dollars ("USD"). As such, in March 2019, the Group entered into a foreign currency forward exchange contract for the purchase of £240,000k in order to limit the risk of the pound sterling strengthening against the USD. However, the pound sterling weakened against the USD between the forward exchange contract date and the acquisition date – resulting in a foreign exchange loss on that contract of $16,649k.

$10,600k *of goodwill arising from the acquisition of the United States and Canada subsidiaries* is expected to be deductible for tax purposes.

The operations of the acquired business began being consolidated into the Group financial results as of 1 July 2019 and all of the revenue and cost of sales were reported on the consolidated statement of income in 2019.

28 Pension commitments

The Group assumed defined benefit retirement schemes for all qualifying employees in the USA and France as part of the acquisition from The Weir Group plc. The assets of the USA schemes are held separately from those of the Group in an independently administered fund under the control of the trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The France scheme is an unfunded plan, therefore there are no separately identifiable assets associated with the scheme.

For the USA (Fresno) scheme, the Group recorded expense of $153k in the consolidated income statement for the year. That expense represents contributions payable to the trust fund for this scheme by the Group at rates specified in the rules of the scheme. The unfunded benefit obligation for this reflected on the consolidated balance sheet as at 31 December 2020 is $4,723k. For the USA (Salt Lake City) scheme, the Group recorded expense of $17k in the consolidated income statement for the year. That expense represents contributions payable to the trust fund for this scheme by the Group at rates specified in the rules of the scheme. The unfunded benefit obligation for this reflected on the consolidated balance sheet as at 31 December 2020 is $537k.

For the France scheme, the Group recorded expense of $259k in the consolidated income statement for the year. That expense represents contributions payable to the trust fund for this scheme by the Group at rates specified in the rules of the scheme. The unfunded benefit obligation for this scheme reflected on the consolidated balance sheet as at 31 December 2020 is $3,218k.

The total employee benefits liabilities as per IAS19 are as follows:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
USA (Fresno)	4,722	5,385	-	-
USA (Salt Lake City)	537	516	-	-
France	3,218	3,009	-	-
Total employee benefit liabilities	8,477	8,910	-	-

28 Pension commitments *(continued)*

USA (Fresno) Defined benefit pension plan:

IAS 19 Defined benefit cost, USA (Fresno)	**2020 $'000**	**2019 $'000**
Current service cost	-	-
Administrative expenses	400	250
Past service cost	-	-
Settlement (gain)/loss	-	-
Total service cost	400	250
Interest expense on DBO	657	361
Interest income on plan assets	(504)	(261)
Net interest cost	153	100
Subtotal expense recognized in consolidated statement of income	153	350
Special termination benefits	-	-
Expense recognized in consolidated statement of income	153	350
Key assumptions		
Discount rate	3.04%	3.35%
Mortality table	Aggregate RP-2006 based table projected generationally with Scale MP—2019	Aggregate RP-2006 based table projected generationally with Scale MP—2018
Measurement date	7/1/2020	7/1/2019

	2020 $'000	**2019 $'000**
Additional information		
Expected benefit payments during year	1,448	706
Expected contributions during year	1,521	492
Defined benefit obligation	22,332	22,428
Market value of assets	16,947	16,213

28 Pension commitments *(continued)*

IAS 19 Disclosure, USA (Fresno)

	2020 $'000	2019 $'000
Movement in defined benefit obligation		
Defined benefit obligation at start of the year / period	22,332	22,428
Current service cost (excluding administrative expenses)	-	-
Interest expense on DBO	657	361
Past service costs	-	-
Actuarial loss / (gain) – Financial assumption changes	1,874	-
Actuarial loss / (gain) – Demographic changes	(195)	-
Actuarial loss / (gain) – Unexpected experience	285	361
Plan participant contributions	-	-
Actual benefits paid	(1,464)	(818)
Effect of curtailment	-	-
Effect of settlement	-	-
Special termination benefits	-	-
Defined benefit obligation at end of the year / period	23,489	22,332
Movement in plan assets		
Fair value of plan assets at start of year / period	16,947	16,213
Interest income on plan assets	504	261
Unexpected return on plan assets	2,018	1,040
Employer contributions	1,222	492
Plan participant contributions	-	-
Administrative expenses – Expected	(400)	(250)
Administrative expenses – Actual under / (over) expected	(59)	8
Effect of settlement	-	-
Actual benefits paid	(1,464)	(818)
Fair value of plan assets at end of the year / period	18,766	16,947
Unfunded liability	4,722	5,385
Effect of asset ceiling	-	-
Net pension liability at end of the year / period	4,722	5,385

28 Pension commitments *(continued)*

IAS 19 Disclosure, USA (Fresno) *(continued)*

	2020 $'000	2019 $'000
Components of amounts recognized in the consolidated statement of income		
Current service cost	-	-
Administrative expenses	400	250
Past service costs	-	-
Effect of settlement	-	-
Total service cost	400	250
Interest expense on DBO	657	361
Interest income on plan assets	(504)	(261)
Total net interest cost	153	100
Total expense recognized in the consolidated statement of income	553	350
Remeasurements recognized in other comprehensive income (OCI)		
Liability loss / (gain) – from change in financial assumptions	1,874	-
Liability loss / (gain) – from change in demographic assumptions	(195)	-
Other liability experience loss / (gain)	285	361
Asset loss / (gain) arising during the year / period	(1,957)	(1,049)
Change in asset ceiling	-	-
Total remeasurement recognized in OCI	7	(688)
Balance sheet reconciliation		
Net defined liability, at start of the year / period	5,385	6,215
Expense recognized in consolidated statement of income	553	350
Remeasurement amounts recognized in OCI	6	(688)
Employer contributions during the year / period	(1,222)	(492)
Curtailment charge during the year / period	-	-
Settlement charge during the year / period	-	-
Net defined liability at end of the year / period	4,722	5,385

28 Pension commitments *(continued)*

IAS 19 Disclosure, USA (Fresno) *(continued)*

	2020 $'000	2019 $'000
Weighted average assumptions for balance sheet liability at the end of the year / period		
Discount rate	2.23%	3.04%
Measure date	31-Dec-20	31-Dec-19
Weighted average assumptions for benefit cost at the beginning of the year / period		
Discount rate	3.04%	3.35%
Estimated future benefit payments		
2020 payouts	$ 1,406	$ 1,448
2021 payouts	$ 1,380	$ 1,422
2022 payouts	$ 1,415	$ 1,408
2023 payouts	$ 1,412	$ 1,441
2024 payouts	$ 1,526	$ 1,454
2025 payouts to 2029	$ 6,982	$ 7,231
Duration of liability	10.00 years	9.90 years
Expected contributions for the year / period	$ 988	$ 1,515

28 Pension commitments *(continued)*

USA (Salt Lake City) Defined benefit pension plan:

IAS 19 Defined benefit cost, USA (Salt Lake City)	**2020 $'000**	**2019 $'000**
Current service cost	3	1
Administrative expenses	-	-
Past service cost	-	-
Settlement (gain) / loss	-	-
Total service cost	3	1
Interest expense on DBO	14	8
Interest income on plan assets	-	-
Net interest cost	14	8
Subtotal expense recognized in consolidated statement of income	17	9
Special termination benefits	-	-
Expense recognized in consolidated statement of income	17	9
Key assumptions		
Discount rate	2.32%	3.07%
Mortality table	Pri-2012 mortality table projected generationally from 2012 with Scale MP-2019	Pri-2012 mortality table projected generationally from 2012 with Scale MP-2019
Measurement date	31-Dec-20	31-Dec-19

	2020 $'000	**2019 $'000**
Additional information		
Expected benefit payments during year	35	35
Expected contributions during year	35	35
Defined benefit obligation	537	516
Market value of assets	-	-

FR Flow Control Midco Limited

Notes Forming Part of the Financial Statements
For the year ended 31 December 2020 *(continued)*

28 Pension commitments *(continued)*

IAS 19 Disclosure, USA (Salt Lake City)

	2020 $'000	2019 $'000
Movement in defined benefit obligation		
Defined benefit obligation at start of the year / period	516	515
Current service cost (excluding administrative expenses)	3	1
Interest expense on DBO	14	8
Past service costs	-	-
Actuarial loss / (gain) – Financial assumption changes	44	18
Actuarial loss / (gain) – Demographic changes	(5)	(10)
Actuarial loss / (gain) – Unexpected experience	(38)	-
Plan participant contributions	3	1
Actual benefits paid	-	(17)
Effect of curtailment	-	-
Effect of settlement	-	-
Special termination benefits	-	-
Defined benefit obligation at end of the year / period	537	516
Movement in plan assets		
Fair value of plan assets at start of the year / period	-	-
Interest income on plan assets	-	-
Unexpected return on plan assets	-	-
Employer contributions	(3)	18
Plan participant contributions	3	1
Administrative expenses – Expected	-	-
Administrative expenses – Actual under / (over) expected	-	-
Effect of settlement	-	-
Actual benefits paid	-	(19)
Fair value of plan assets at end of the year / period	-	-
Unfunded liability	537	516
Effect of asset ceiling	-	-
Net pension liability at end of the year / period	537	516

28 Pension commitments *(continued)*

IAS 19 Disclosure, USA (Salt Lake City) *(continued)*

	2020 $'000	2019 $'000
Components of amounts recognized in the consolidated statement of income		
Current service cost	3	1
Administrative expenses	-	-
Past service costs	-	-
Effect of settlement	-	-
Total service cost	3	1
Interest expense on DBO	14	8
Interest income on plan assets	-	-
Total net interest cost	14	8
Total expense recognized in the consolidated statement of income	17	9
Remeasurements recognized in other comprehensive income (OCI)		
Liability loss / (gain) – from change in financial assumptions	44	18
Liability loss / (gain) – from change in demographic assumptions	(5)	(10)
Other liability experience loss / (gain)	(38)	-
Asset loss / (gain) arising during the year / period	-	-
Change in asset ceiling	-	-
Total remeasurement recognized in OCI	1	8
Balance sheet reconciliation		
Net defined liability, at start of the year / period	516	515
Expense recognized in consolidated statement of income	17	9
Remeasurement amounts recognized in OCI	1	8
Employer contributions during year / period	-	(16)
Curtailment charge during year / period	3	-
Settlement charge during year / period	-	-
Net defined liability at end of the year / period	537	516

28 Pension commitments *(continued)*

IAS 19 Disclosure, USA (Salt Lake City) *(continued)*

	2020 $'000	2019 $'000
Weighted average assumptions for balance sheet liability at end of the year / period		
Discount rate	2.23%	3.07%
Measure date	31-Dec-20	31-Dec-19
Weighted average assumptions for benefit cost at beginning of the year / period		
Discount rate	3.07%	3.39%
Estimated future benefit payments		
2020 payouts	$ 35	$ 35
2021 payouts	$ 12	$ 35
2022 payouts	$ 17	$ 12
2023 payouts	$ 27	$ 17
2024 payouts	$ 42	$ 27
2025 payouts to 2029	$ 180	$ 198
Duration of liability	11.62 years	11.62 years
Expected contributions for the year / period	$ 35	$ 35

28 Pension commitments *(continued)*

France defined benefit pension plan:

IAS 19 Disclosure, France

Country	France
Valuation date	31 December 2020
Fiscal Year	31 December 2020
Currency	Euro (€)
Plan	Pension
Actuarial methodology	OCI

	2020 **$'000**	**2019** **$'000**
Movement in defined benefit obligation		
Defined benefit obligation at start of the year / period	3,009	2,479
Current service cost (excluding administrative expenses)	259	193
Interest expense on DBO	32	45
Past service costs	-	-
Actuarial loss / (gain) – Financial assumption changes	(170)	368
Actuarial loss / (gain) – Demographic changes	(32)	53
Actuarial loss / (gain) – Unexpected experience	-	-
Plan participant contributions	-	-
Actual benefits paid	(149)	(129)
Effect of curtailment	-	-
Effect of settlement	-	-
CTA	269	-
Defined benefit obligation at end of the year / period	3,218	3,009

28 Pension commitments *(continued)*

IAS 19 Disclosure, France *(continued)*

Funded status

Valuation date	2020 $'000	2019 $'000
Defined benefit obligation at end of the year / period	(3,218)	(3,009)
Funded status liability	3,218	3,009
Net pension liability	(3,218)	(3,009)

Net liability reconciliation

Valuation date	2020 $'000	2019 $'000
Balance sheet reconciliation		
Net defined liability, at start of the year / period	3,009	2,479
Expense recognized in consolidated statement of income	259	237
Remeasurement amounts recognized in OCI	(170)	422
Employer contributions during year / period	-	-
Actual benefits paid during the year / period	(149)	(129)
Curtailment charge during year / period	-	-
CTA	269	-
Net defined (liability) end of the year / period	3,218	3,009

Expense/(Income)

Valuation date	2020 $'000	2019 $'000
Current service costs	227	192
Interest costs	32	45
Total expenses recognized	259	237

Key assumptions

Discount rate	0.6%
Measurement date	31 December 2020
Salary increase rate	2.40%
Mortality table	TG H/F 2005
Gain/(loss) experience	32

29 Financial instruments and risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Liquidity risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Investment
- Trade and other payables
- Loans and borrowings

Financial instruments by category

Financial Assets – Group	**Financial assets at amortized cost**	
	2020 $('000)	**2019 $('000)**
Cash and cash equivalents	59,619	36,858
Trade and other receivables	178,414	160,918
Investment – cash collateral maintained on deposit	70,000	70,000
Total Financial Assets	308,033	267,776

Financial Liabilities – Group	**Financial liabilities at amortized cost**	
	2020 $('000)	**2019 $('000)**
Trade and other payables	(153,456)	(139,062)
Loans and borrowings	(242,024)	(242,194)
Total Financial Liabilities	(395,480)	(381,256)

29 Financial instruments and risk management *(continued)*

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

Financial risk management

The general objectives and approach to managing risk are discussed in the accompanying Strategic Report.

In addition to that discussion:
- See Note 19, *Trade and other receivables* for further analysis of trade receivable aging and impairment.
- The Group's trade and other payables are due within one year. See Note 22, *Loans and borrowings* for the maturity schedule of those financial liabilities.

30 Related party transactions

During the year, the Group made the following related party transactions:

- Fees to First Reserve under a monitoring fee agreement of $1,139k (2019 - $506k).
- Remuneration to Klaus Stahlmann in capacity as Non-Executive Director of Trillium Flow Technologies Holdco Ltd. of $80k (2019 – nil).
- Loan to Director for investment in Topco Ltd shares of $100k (2019 – nil).

31 Events after the reporting date

Details of all subsequent events are noted in the Directors report on page 11.

32 Controlling party

The Company is wholly owned by FR Flow Control Topco Limited ("Topco"), a company incorporated and registered in Jersey. Topco is owned by funds managed by First Reserve, a private equity firm. Certain members of Group management also hold a beneficial interest in a small percentage of the shares of Topco.

FR Flow Control Topco Limited
Company Number: 128352
22 Greenville Street, St. Helier, Jersey JE4 8PX

Appendix

Subsidiary undertakings

The subsidiary undertaking of the Company as at 31 December 2020 is noted below.

Legal name	Country of incorporation	Registered address	Class of shares	Percentage of shares held	Ownership
Autotork Controls Limited (Dormant)	United Kingdom	Britannia House, Huddersfield Road Elland HX5 9JR	Ordinary	100%	Indirect
Blakeborough Valves Limited (Dormant)	United Kingdom	Westpoint House, 5 Redwood Place East Kilbride G74 5PB	Ordinary	100%	Indirect
FR Flow Control Canada Bidco Limited (dba Trillium Flow Technologies)	Canada	Suite 2600 Bentall Centre, 595 Burrad Street P.O. Box 49314, Vancouver BC V7X ILS	Ordinary	100%	Indirect
FR Flow Control CB LLC	United States	200 Bellevue Parkway Suite 210 Wilmington DE 19809	Ordinary	100%	Indirect
FR Flow Control France Bidco SAS	France	106 Boulevard Paul Raphel 13790 Saint Victoret	Ordinary	100%	Indirect
FR Flow Control Hong Kong Bidco Limited	Hong Kong	3806 Central plaza, 18 Harbour Road Wanchai	Ordinary	100%	Indirect
FR Flow Control Korea Bidco Limited	South Korea	33, 8th street of Teheran Gangnam-district, Seoul	Ordinary	100%	Indirect
FR Flow Control Luxco 1 S.a.r.l.	Luxembourg	6 rue Eugene Ruppert Luxembourg L-2453	Ordinary	100%	Direct
FR Flow Control Luxco 2 S.a.r.l.	Luxembourg	6 rue Eugene Ruppert Luxembourg L-2453	Ordinary	100%	Indirect
FR Flow Control Pumps Bidco Limited	United Kingdom	1 Bartholomew Lane London EC2N 2AX	Ordinary	100%	Indirect
FR Flow Control Pumps US Bidco, Inc.	United States	200 Bellevue Parkway, Suite 210 Wilmington DE 19809	Ordinary	100%	Indirect
FR Flow Control South Africa Bidco (Pty) Limited	South Africa	Highway Gardens Office Park Unit 3D, 71 Minuach Road Highway Gardens, Edenvale 1609	Ordinary	100%	Indirect
FR Flow Control Valves Bidco Limited	United Kingdom	1 Bartholomew Lane London EC2N 2AX	Ordinary	100%	Indirect

Legal name	Country of incorporation	Registered address	Class of shares	Percentage of shares held	Ownership
FR Flow Control Valves US Bidco, Inc. (dba Trillium Valves USA)	United States	120 Orange Street Wilmington DE 19801	Ordinary	100%	Indirect
Hopkinsons Limited (Dormant)	United Kingdom	Westpoint House, 5 Redwood Place East Kilbride G74 5PB	Ordinary	100%	Indirect
Ralph A. Hiller Company	United States	120 Orange Street Wilmington DE 19801	Ordinary	100%	Indirect
Skye Holdco Australia (Pty) Limited	Australia	Level 12, 680 George Street Sydney NSW 2000	Ordinary	100%	Indirect
The Batley Valve Company Limited (Dormant)	United Kingdom	Britannia House, Huddersfield Road Elland HX5 9JR	Ordinary	100%	Indirect
Trillium Control Valves (Suzhou) Co. Limited	China	22 Chunwang Road, Huangdai Town, Xiangcheng District Suzhou, Jiangsu Province	Ordinary	100%	Indirect
Trillium Flow Control (Hong Kong) Limited	Hong Kong	Level 54, Hopewell Center 183 183 Queen's Road East	Ordinary	75%	Indirect
Trillium Flow Services UK Limited	United Kingdom	Britannia House, Huddersfield Road Elland HX5 9JR	Ordinary	100%	Indirect
Trillium Flow Technologies France SAS	France	106 Boulevard Paul Raphel 13790 Saint Victoret	Ordinary	100%	Indirect
Trillium Flow Technologies Holdco Limited	United Kingdom	1 Bartholomew Lane London EC2N 2AX	Ordinary	100%	Direct
Trillium Flow Technologies Holdings Limited	United Kingdom	Westpoint House, 5 Redwood Place East Kilbride G74 5PB	Ordinary	100%	Indirect
Trillium Flow Technologies Hong Kong Limited	Hong Kong	Level 54, Hopewell Center 183 183 Queen's Road East	Ordinary	100%	Indirect
Trillium Flow Technologies India Private Limited	India	No. 1211, 12th Floor, DLF Tower B Jasola District Center, New Delhi 110025	Ordinary	100%	Indirect
Trillium Flow Technologies Korea, Inc.	South Korea	151, Beomjigi-ro, Danwon-gu Ansan-si, Gyeonggi-do, 15434	Ordinary	100%	Indirect

Legal name	Country of incorporation	Registered address	Class of shares	Percentage of shares held	Ownership
Trillium Flow Technologies Malaysia Sdn. Bhd	Malaysia	2nd Floor, No. 2-4 Jalan Manau Kuala Lumpur 50460	Ordinary	100%	Indirect
Trillium Flow Technologies South Africa (Pty) Limited	South Africa	Highway Gardens Office Park Unit 3D, 71 Minuach Road Highway Gardens, Edenvale 1609	Ordinary	100%	Indirect
Trillium Flow Technologies Suzhou Limited	China	No. 1 Changxi Road, Xinzhuang, Changshu Suzhou 215555, Jiangsu Province	Ordinary	100%	Indirect
Trillium Flow Technologies UK Limited	United Kingdom	Britannia House, Huddersfield Road Elland HX5 9JR	Ordinary	100%	Indirect
Trillium France SAS	France	106 Boulevard Paul Raphel 13790 Saint Victoret	Ordinary	100%	Indirect
Trillium Pumps Italy S.p.a.	Italy	Via Gaetana Agensi 1 Nova Milanese 20834	Ordinary	100%	Indirect
Trillium Pumps USA, Inc.	United States	120 Orange Street Wilmington DE 19801	Ordinary	100%	Indirect
Trillium Services South Africa (Pty) Limited	South Africa	2A Rand Street, Extension 11 Middelburg 1050	Ordinary	100%	Indirect