

Bürkert Contromatic Limited

Annual report and abbreviated financial statements
for the year ended 31 December 2007

Registered Number 831741

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Bürkert Contromatic Limited

Annual report

for the year ended 31 December 2007

Contents

Full financial statements for the year ended 31 December 2007 were approved by the board of directors on March 26th, 2008

The directors have prepared the attached financial statements for the year ended 31 December 2007 in compliance with Schedule 8 of the Companies Act 1985 for filing with the Registrar of Companies

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Bürkert Contromatic Limited

Directors and Advisors for the year ended 31 December 2007

Directors

Mr P M Dietschi
Mr H P H Rohrbeck

Secretary and registered office

Mrs D Leonard
Brimscombe Port Business Park
Brimscombe
Stroud
Gloucestershire
GL5 2QQ

Registered Auditors

PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Solicitors

Bretherton Price Elgoods
123 The Promenade
Cheltenham
Gloucestershire
GL50 1NW

Bankers

Barclays Bank plc
18 Southgate Street
Gloucester
GL1 2NJ

Bürkert Contromatic Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Principle activities

Bürkert is a world-class company concentrating on consultancy, systems development, innovation and quality in fluid control products and systems and can be used whenever fluid media and gases need to be measured, controlled and regulated. Whether the application covers filling, level, flow, pressure, temperature or analysis, we have a solution and a uniquely comprehensive range of products including solenoid, process and analytical valves, pneumatic actuation, sensors and controllers. Our key markets cover Gas Handling, Micro Fluidics, Water Treatment & Cooling and Process Control.

Review of business & future developments

We will be launching several new products during 2008, one significant one being a new process controller targeted at the water treatment market. We will be launching this product at a press conference at the largest water exhibition at the NEC in May called IWEX. Additionally we will be focussing on marketing and promoting many of the recent launches to build our market share.

Business review

Sales were down by 3% compared to 2006, however costs were down and gross margin over two percent up against the 2006 figure. Continued close management of operating costs and driving the business forward to win profitable business has kept Burkert on track.

2007 had the usual challenges as UK manufacturing continues to reduce in size and contribution to "UK plc". With that said, we maintained our core activities and the results remained stable. We saw examples of OEM's continuing to move production "off shore", which remains a principle risk in the growth of sales in certain areas / markets.

With the introduction of SAP in July 2005, we now have several full years experience under our belt, which has seen confidence grow. This history also allows for in depth year against year comparisons strengthening and streamlining our analysis.

The company has received no petitions, grievances, summons or fines for any infringements in employment law, health & safety, or environmental pollution. Indeed, a continuous improvement process is in operation which encompasses all elements of the company's business in the UK. No accidents were reported in 2007.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, and liquidity risk. The company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the company. In order to ensure stability of cash, flows are monitored and reviewed on a monthly basis.

Given the size and nature of operations, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company's has exposure to price risk from customers and suppliers. Business is increasingly competitive and margins tight in the industry sector where Bürkert operates. However, maintenance of gross margin and the control of operating costs are two key areas of regular management focus.

Bürkert Contromatic Limited

The company has no exposure to equity securities price risk as it holds no listed or other equity investments

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Exchange rate risk

Approximately 5% of sales and most of the cost of sales are invoiced in Euros and are therefore vulnerable to exchange rate fluctuations. Risk management is maintained by careful monitoring of the prevailing currency rates.

Results and dividends

The profit and loss account for the year is set out on page 6.

The profit for the year before taxation amounted to £300,136 (2006 profit £149,037). The directors do not recommend the payment of a dividend.

Directors

The two directors of the company during the year were Mr P M Dietsch and Mr H Rohrbeck.

Directors' interests in the shares of the company

The directors of the company did not hold any interest in the shares of the company during the year to 31 December 2007.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently during the year. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

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- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board



Peter Dietsch
Director

March 26th, 2008

Independent auditors' report to Bürkert Contromatic Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements set out on pages 6 to 17 together with the financial statements of Bürkert Contromatic Limited for the year ended 31 December 2007 prepared under section 226 of the Companies Act 1985

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with that provision and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the company's directors for the purpose of Section 247B of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements have been properly prepared in accordance with that provision.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

2 April 2008

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Abbreviated profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Gross profit		2,284,939	2,195,836
Net operating expenses	3	(1,996,015)	(2,052,123)
Operating profit		288,924	143,713
Interest receivable and similar income		11,249	5,406
Interest payable and similar charges	6	(37)	(82)
Profit on ordinary activities before taxation	7	300,136	149,037
Tax on profit on ordinary activities	8	(95,240)	(51,093)
Retained profit for the financial year	15	204,896	97,944

The company has no recognised gains and losses other than those included in the gains above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

All of the above results arise from continuing activities

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Balance sheet as at 31 December 2007

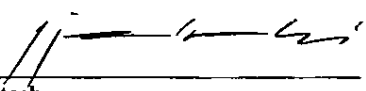
	Note	2007 £	2006 £
Fixed assets			
Tangible assets	9	104,080	84,982
Current assets			
Stocks	10	504,167	548,776
Debtors	11	1,330,288	1,553,319
Cash at bank and in hand		664,588	536,584
		2,499,043	2,638,679
Creditors: amounts falling due within one year	12	(1,073,887)	(1,399,321)
Net current assets		1,425,156	1,239,358
Net assets		1,529,236	1,324,340

Capital and reserves

Called up share capital	14	500,000	500,000
Profit and loss account	15	1,029,236	824,340
Equity shareholders' funds	16	1,529,236	1,324,340

Advantage has been taken of the exemptions for medium-sized companies conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the director's opinion, the company is entitled to benefit from those exemptions as a medium-sized company

Approved by the Board on March 26th, 2008


Peter Dietschi
Director

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Cash flow statement for the year ended 31 December 2007

	Note	2007 £	2006 £
Net cash inflow from operating activities	17	257,236	183,500
Returns on investment and servicing of finance			
Interest received		11,249	5,406
Interest paid		(37)	(82)
Net cash inflow from returns on investments and servicing of finance		268,448	188,824
Taxation			
UK corporation tax		(80,131)	(30,000)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(60,543)	(47,200)
Sale of tangible fixed assets		230	-
Cash inflow/(outflow) before management of liquid resources and financing		128,004	111,624
Financing			
Capital element of finance lease repayments		-	-
Increase/(decrease) in cash in the year	18	128,004	111,624

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Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Improvements to leasehold property	20
Fixtures, fittings and test plant	10
Computer equipment	33 33

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

Turnover comprises the amounts receivable from customers for sales excluding value added tax.

Deferred taxation

Provision for deferred taxation is made in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised to the extent that they are considered recoverable.

Pension scheme arrangements

The company pension scheme is a defined contribution scheme, contribution costs being charged to the profit and loss account as they are incurred.

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Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Accounting policies (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date except where the liability is covered by a forward contract, in which case the contracted rate is used. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

2 Turnover

Turnover consists entirely of sales originating in the United Kingdom. Approximately 6% of sales are made to countries outside of the United Kingdom.

Turnover is all derived from transactions with external customers.

3 Net operating expenses

Net operating expenses are made up as follows:

	2007	2006
	£	£
Distribution costs	1,408,895	1,362,195
Administrative and other operating income and expenses	587,120	689,928
	1,996,015	2,052,123

4 Directors' emoluments

The directors received no emoluments in respect of their services to the company.

5 Employee information

The average weekly number of persons employed by the company (including executive directors) during the year was:

By activity	2007	2006
	Number	Number
Administration	4	5
Sales	14	15
Technical and stores	13	15
	31	35

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Notes to the financial statements for the year ended 31 December 2007 (continued)

5 Employee information (continued)

Staff costs (for the above persons)	2007	2006
	£	£
Wages and salaries	1,188,423	1,136,613
Social security costs	121,323	123,993
Other pensions costs (note 13)	99,149	101,589
Total direct costs of employment	1,408,895	1,362,195

6 Interest payable and similar charges

	2007	2006
	£	£
On bank loans and overdrafts	37	82
	37	82

7 Profit on ordinary activities before taxation

	2007	2006
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss/(gain) on foreign exchange	53,818	(20,640)
Depreciation charge for the year		
- tangible owned fixed assets	39,356	43,737
Fees for the audit of the company	19,928	17,165
Non audit services – tax services	19,335	26,845
Operating leases in respect of		
- plant and machinery	94,349	98,692
- other	53,395	51,900

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Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Tax on profit on ordinary activities

	2007	2006
	£	£
Current tax		
UK corporation tax on profit for the year	97,200	54,453
Adjustment in respect of prior years	(1,960)	(3,360)
Total current tax	95,240	51,093
Total deferred tax	-	-
Tax on profit on ordinary activities	95,240	51,093

The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%)
The differences are explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	300,136	149,037
Profit on ordinary activities multiplied by standard rate in the UK (30%)	90,041	44,711
Effects of		
Expenses not deductible for tax purposes	9,000	9,600
Accelerated capital allowances and other timing differences	(1,841)	142
Adjustment in respect of prior year	(1,960)	(3,360)
Current tax charge for the year	95,240	51,093

Factors affecting future tax charges:

The 2007 budget announced a reduction in the standard rate of corporation tax from 30% to 28% with effect from 1 April 2008. This change will lower rate of tax the company pays in future periods.

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Notes to the financial statements for the year ended 31 December 2007 (continued)

9 Tangible assets

	Leasehold improvements £	Test Plant £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2007	181,787	131,359	59,661	267,760	640,567
Additions	-	4,903	26,752	28,888	60,543
Disposals	-	(13,419)	(6,458)	(54,512)	(74,389)
At 31 December 2007	181,787	122,843	79,955	242,136	626,721
Depreciation					
At 1 January 2007	181,787	111,418	27,186	235,194	555,585
Charge for the year	-	6,048	7,214	26,094	39,356
Disposals	-	(12,387)	(5,798)	(54,115)	(72,300)
At 31 December 2007	181,787	105,079	28,602	207,173	522,641
Net book value					
At 31 December 2007	-	17,764	51,353	34,963	104,080
At 31 December 2006	-	19,941	32,475	32,566	84,982

10 Stocks

	2007 £	2006 £
Stocks of goods for resale	504,167	548,776

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Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Debtors

	2007	2006
	£	£
Amounts falling due within one year		
Trade debtors	1,302,039	1,492,176
Prepayments and accrued income	28,249	61,143
	1,330,288	1,553,319

12 Creditors - Amounts falling due within one year

	2007	2006
	£	£
Amounts falling due within one year		
Trade creditors	129,963	151,979
Amounts owed to parent company	614,652	907,423
Amounts owed to other group companies	140	13,897
Corporation tax	64,667	49,558
Other taxation and social security costs	238,206	245,657
Accruals and deferred income	26,259	30,807
	1,073,887	1,399,321

13 Pension obligations

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounted to £99,149 for the year (2006: £101,589).

14 Called up share capital

	2007	2006
	£	£
Authorised		
600,000 ordinary shares of £1 each	600,000	600,000
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	500,000	500,000

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Notes to the financial statements for the year ended 31 December 2007 (continued)

15 Profit and loss account

	£
At 1 January 2007	824,340
Retained profit for the year	204,896
At 31 December 2007	1,029,236

16 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	1,324,340	1,226,396
Profit for the financial year	204,896	97,944
Closing shareholders' funds	1,529,236	1,324,340

17 Reconciliation of operating profit to net cash flow from operating activities

	2007 £	2006 £
Continuing operations		
Operating profit	288,924	143,713
Depreciation on tangible fixed assets	39,356	43,737
Loss on sale of fixed assets	1,859	-
Decrease/(increase) in stocks	44,609	125,420
Decrease/(increase) in trade debtors	190,137	229,715
Decrease/(increase) in prepayments and accrued income	32,894	(28,738)
(Decrease)/increase in trade creditors	(22,016)	(15,434)
(Decrease)/increase in amounts owed to group undertakings	(306,528)	(311,160)
(Decrease)/increase in other taxation and social security costs	(7,451)	(7,908)
(Decrease)/increase in accruals and deferred income	(4,548)	4,155
Net cash inflow from operating activities	257,236	183,500

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Notes to the financial statements for the year ended 31 December 2007 (continued)

18 Reconciliation of net cash flow to movement in net funds

	2007	2006
	£	£
Increase/(decrease) in cash in the year	128,004	111,624
Movement in net funds in the year	128,004	111,624
Net funds at 1 January 2007	536,584	424,960
Net funds at 31 December 2007	664,588	536,584

19 Analysis of changes in net funds

	1 January 2007	Cash flow	31 December 2007
	£	£	£
Cash at bank and in hand	536,584	128,004	664,588
Net funds	536,584	128,004	664,588

20 Capital commitments

There was no capital expenditure contracted for but not provided for at the balance sheet date

21 Deferred taxation

The potential deferred taxation not provided for in the financial statements comprises as follows of

	2007	2006
	£	£
Tax effect of timing differences due to		
- excess of tax allowances over depreciation	(10,827)	(13,443)
Deferred tax asset (unprovided)	(10,827)	(13,443)

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Notes to the financial statements for the year ended 31 December 2007 (continued)

22 Financial commitments

At 31 December 2007, the company had annual commitments under non-cancellable operating leases as follows

	2007	2007	2006	2006
	Land and buildings	Other	Land and buildings	Other
Operating leases	£	£	£	£
Operating leases which expire				
- within one year	-	25,795	-	6,527
- in the second to fifth years inclusive	53,395	107,020	51,900	123,318
- over five years	-	-	-	47,520
	53,395	132,815	51,900	177,365

23 Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8, available to subsidiary undertakings where 90% or more of the voting rights are controlled within the group and where the consolidated financial statements of that group are publicly available, not to disclose transactions with other group companies within these accounts

24 Ultimate parent company

The directors regard Bürkert Contromatic AG, a company incorporated in Switzerland, as the ultimate parent company and the ultimate controlling party by virtue of its 100% interest in the equity capital of Bürkert Contromatic Ltd