

Dynatomic Limited

Directors' report and financial
statements

Registered number 6243736

31 March 2010

Contents

Directors and advisors	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	5
Independent auditors' report to the members of Dynamics Limited	6
Profit and Loss Account	8
Balance Sheet	9
Notes	10

Directors and advisors

Directors

U Malhoutra
RK Lawton
VR Sunder
MJ Handley
ID Patterson

Secretary and registered office

AG Atkins
Cheney Manor Industrial Estate
Swindon
Wiltshire
SN2 2PZ

Registered auditors

KPMG LLP
100 Temple Street
Bristol
BS1 6AG

Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2010.

Principal activities

The principal activity of the company is the design, development and manufacture of gear pumps, valves and integrated hydraulic packages, incorporated gear pumps, piston pumps, valves, filter heads and service/measurement ports.

Business review

The results for the year are a pre tax loss of £592,000 (2009: £1,925,000) on a turnover of £10,649,000 (2009: £10,951,000). Equity shareholder funds amount to £206,000 (2009: £646,000).

The results were largely as expected with the second half of the year saw a returning to normal levels of sales demand. The company was well positioned to respond to this having maintained its production capacity throughout the global downturn.

Future outlook

The current order book indicates turnover will continue at current levels in the short term.

The sales presence in North and South America is continuing to provide opportunities for significant increases in the products sold in those markets.

As part of the Dynamatic Technologies Group, the company is well positioned to benefit from increased sales in the coming year as the group realigns its global production and expands into new markets.

There are, however, a number of risks and uncertainties that could affect the level of business and profitability. These are discussed below.

Principal risks and uncertainties

Competition

The company is actively developing lean and agile manufacturing techniques to maintain competitiveness against products from lower cost economies, whilst maintaining production to high quality standards.

Quality

The company's quality programme is stringent and monitored both internally and externally, through third party and customer audits. This programme is designed to prevent any decline in standards and the potential threat this would have to the company's reputation and future sales.

Exchange rate movements

A substantial part of the company's income and debt is in currencies other than Sterling. A sustained shift in exchange rates could have a significant impact on profitability and, where applicable, therefore, the company uses its foreign currency to purchase raw materials and service debt. The company regularly reviews the need to enter into forward contracts for future currency receipts.

Directors' report (continued)

Key performance indicators

The principal performance indicators used by the Board are as follows:

KPI – percentage of sales	2010 %	2009 %
Gross profit	10.7	13.9
EBITDA	0.2	(1.2)

Financial risk management

Price risk

The nature of the company's business exposes it to fluctuations in raw material prices. As the nature and size of the company operations change, it will continue to assess its procurement policy. The company has no exposure to equity securities price risk.

Credit risk

Cash deposits are only placed with financial institutions having a high quality investment grade credit rating.

Credit checks are carried out where appropriate for new and existing customers and for suppliers to whom payments on account are made.

Liquidity risk

The company will take account of cash flow requirements when determining the period of time for which funds are placed on deposit with financial institutions. The company maintains a mixture of long and short term debt.

Cash flow/interest rate risk

The company monitors the level of funds held within the business to ensure that there are sufficient funds available for working capital requirements, capital expenditure and the payment of tax liabilities and dividends. Consideration is also given to the impact of potential downturns in the level of business.

The company has both interest bearing assets and liabilities. Interest bearing assets are short term cash deposits and as such are subject to changes in interest rate levels. Loans from group companies are at fixed interest rates, while bank borrowings are subject to changes in interest rate levels.

The company regularly reviews the appropriateness of its interest rate management.

Results and dividends

The loss for the year after taxation amounted to £440,000 (2009: £1,661,000). No dividend is proposed for the year (2009: £Nil).

Directors

The directors who held office during the year and their date of appointment are given below:

Udayant Malhoutra
RK Lawton
VR Sunder
MJ Handley
ID Patterson

Directors' report *(continued)*

Disclosure of information to auditors

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.

Policy and practice on payment of creditors

It is company policy to comply with the terms of payment agreed with a supplier. Where payment terms are not negotiated, the company endeavours to adhere to the supplier's standard terms. The company pays creditors in accordance with agreed payment terms on receipt of valid invoices. At the end of the year, trade creditors represented the equivalent of 66 days purchases (2009: 56 days).

Employees

The company is committed to the principle of equal opportunity in employment.

Open and regular communication with employees at all levels is an essential part of the management of the company.

Health and safety

Group companies ensure health, safety and environmental affairs continue to receive major attention, not merely to conform to legal requirements, but positively to develop and maintain high standards.

Charitable donations

No charitable donations (2009: £Nil) were made during the year.

Auditors

On 3 February 2010, PricewaterhouseCoopers LLP resigned as auditors and KPMG LLP were appointed to fill the casual vacancy arising. A resolution for the appointment of KPMG LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board



RK Lawton
Director

Cheney Manor Industrial Estate
Swindon
Wiltshire
SN2 2PZ



2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of Dynamatic Limited

We have audited the financial statements of Dynamatics Limited for the year ended 31 March 2010 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Dynamatic Limited
(continued)

Matters on which we are required to report by exception

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

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



A C Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG
United Kingdom

26 July

2010

Profit and Loss Account
for the year ended 31 March 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	10,649	10,951
Cost of sales		(9,504)	(9,432)
		<hr/>	<hr/>
Gross profit		1,145	1,519
Distribution costs		(440)	(506)
Administrative expenses		(1,320)	(1,532)
		<hr/>	<hr/>
Operating loss		(615)	(519)
Interest receivable	3	216	51
Interest payable	4	(193)	(1,457)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	5-7	(592)	(1,925)
Tax credit on loss on ordinary activities	8	152	264
		<hr/>	<hr/>
Loss for the financial year	18	(440)	(1,661)
		<hr/> <hr/>	<hr/> <hr/>

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The company has no recognised gains and losses other than the profits reported above, hence no separate statement of total recognised gains and losses has been presented.

All activities of the company are continuing.

Balance Sheet
at 31 March 2010

	<i>Note</i>	2010 £000	2009 £000
Fixed assets			
Intangible assets	<i>9</i>	14	82
Tangible assets	<i>10</i>	1,567	1,641
		<hr/> 1,581	<hr/> 1,723
Current assets			
Stocks	<i>11</i>	1,673	2,100
Debtors	<i>12</i>	2,455	2,389
Cash at bank and in hand		950	1,109
		<hr/> 5,078	<hr/> 5,598
Creditors: amounts falling due within one year	<i>13</i>	(6,265)	(6,110)
		<hr/> (1,187)	<hr/> (512)
Net current liabilities			
		<hr/> 394	<hr/> 1,211
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	<i>14</i>	(188)	(565)
		<hr/> 206	<hr/> 646
Net assets			
Capital and reserves			
Called up share capital	<i>16</i>	2,250	2,250
Profit and loss account	<i>17</i>	(2,044)	(1,604)
		<hr/> 206	<hr/> 646
Equity shareholders' funds			
	<i>18</i>	<hr/> 206	<hr/> <hr/> 646

These financial statements were approved by the board of directors on 26 July 2010 and were signed on its behalf by:



RK Lawton
Director

Company registered number: 6243736

Notes (forming part of the financial statements)

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Going concern

Notwithstanding net current liabilities of £1,187,000 (2009 £512,000), the directors have prepared the financial statements on a going concern basis which they consider appropriate for the following reasons. Dynatomic Technologies Limited, the company's ultimate parent undertaking, has indicated that for a period of at least 12 months from the date of approval of these financial statements they will provide support to the Company to allow it to continue its operations and to meet its liabilities as they fall due for payment for the foreseeable future.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements they have no reason to believe that it will not do so.

If the Company were unable to trade, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and current liabilities. The financial statements at 31 March 2010 would be materially affected by changes in future funding arrangements.

Turnover

Turnover, which excludes value added tax, is recognised when the significant risks and rewards of ownership are transferred to the customer and is measured at invoice value less returns.

Amortisation of intangible assets

Goodwill arising on the acquisition of the trade and assets of the manufacturing facility are being written off on a straight line basis over 36 months from 15 June 2007, being the period during which economic benefits are forecast to be derived.

Tangible fixed assets

Tangible fixed assets are held at cost and depreciation is calculated to write off the cost of these assets their estimated useful lives at the following rates:

Leasehold improvements	-	12.5% - 33%
Plant and machinery	-	10% - 12.5%
Tooling	-	20% - 33%
Computer hardware/software	-	20%
Fixtures and fittings	-	10% - 33%

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. The cost of products manufactured by the company consists of direct material and labour costs, together with the relevant factory overheads.

Notes (continued)

7

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Research and development

Research and development expenditure is charged to the profit and loss account when it is incurred.

Foreign currencies

Transactions in foreign currency are converted at the rates of exchange ruling when transactions are recorded. Assets and liabilities denominated in foreign currency at the financial year end are adjusted to reflect rates of exchange ruling at that date. All exchange differences are taken to the profit and loss account.

Pension scheme arrangements

Costs in respect of defined contribution schemes are charged to the profit and loss account as incurred. The company provides no other post retirement benefits to its employees.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Related party transactions

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company has taken advantage of the exemption from disclosing transactions with group entities under FRS 8.

Cash flow statement

Under FRS1 the Group and Company are exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2 Turnover

Turnover is derived from substantially the same class of business, namely the supply of gear pumps, valves and integrated hydraulic packages, incorporated gear pumps, piston pumps, valves, filter heads and service/measurement ports.

The geographical markets supplied are as follows:

	2010 £000	2009 £000
United Kingdom	3,388	2,961
Other European community	1,859	3,035
North America	4,379	4,272
Other	1,023	683
	<hr/>	<hr/>
	10,649	10,951
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

3 Interest receivable and similar charges

	2010 £000	2009 £000
Interest receivable	1	51
Foreign exchange gains	215	-
	216	51
	216	51

4 Interest payable and similar charges

	2010 £000	2009 £000
Bank loans	120	174
Loans from group company	52	159
Loan issue cost amortisation	21	39
Foreign exchange losses	-	1,085
	193	1,457
	193	1,457

5 Directors' emoluments

	2010 £000	2009 £000
Aggregate emoluments	140	147
Pension contributions to defined contribution pension scheme	8	7
	148	154
	148	154

Retirement benefits for two directors are paid into the defined contribution pension scheme.

Notes *(continued)*

6 Employee information

The average monthly number of persons (including executive directors) employed by the group during the period were:

	2010 No.	2009 No.
<i>By activity</i>		
Production	89	97
Administration	56	56
	145	153
	145	153

Staff costs for the above persons were:

	2010 £000	2009 £000
Wages and salaries	3,086	3,640
Social security costs	301	359
Other pension costs	117	125
	3,504	4,124
	3,504	4,124

7 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2010 £000	2009 £000
Operating lease costs		
- hire of plant and machinery	37	41
- other	156	374
Amortisation of intangible assets	68	69
Depreciation of tangible assets	352	313
Auditors' remuneration:		
- audit of these financial statements	13	-
- taxation fees	7	-
- other services	7	-
Amounts paid to former auditors	-	52
Loss on disposal of fixed assets	-	41
Foreign exchange losses/(gains)	203	(219)
	203	(219)
	203	(219)

Notes *(continued)*

8 Tax on profit on ordinary activities

Analysis of charge in the year

	2010	2009
	£000	£000
Current tax		
United Kingdom corporation tax at 28 % on profit <i>(2009: 28%)</i> on (loss)/profit	(144)	(190)
Adjustments in respect of prior periods	(8)	(27)
	<hr/>	<hr/>
Total current tax	(152)	(217)
	<hr/> <hr/>	<hr/> <hr/>
Deferred tax		
Origination and reversal of timing differences	-	(47)
Changes in tax rates and laws	-	-
	<hr/>	<hr/>
Total deferred tax	-	(47)
	<hr/>	<hr/>
Tax (credit)/charge on profit on ordinary activities	(152)	(264)
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge for the period

The tax assessed in each period varies from the standard rate of corporation tax in the UK in the relevant periods. The differences are explained below:

	2010	2009
	£000	£000
(Loss)/profit on ordinary activities before tax	(592)	(1,925)
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% <i>(2009: 28%)</i>	(166)	(539)
Permanent differences	1	50
Depreciation charge in excess of capital allowances and other timing differences	21	(13)
Unrecognised tax losses	-	312
Adjustment in respect of prior periods	(8)	(27)
	<hr/>	<hr/>
Current tax (credit)/charge for the year	(152)	(217)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Intangible fixed assets - goodwill

Total	£000
<i>Cost</i>	
Cost brought forward	205
At 31 March	205
<i>Amortisation</i>	
Amortisation brought forward	123
Charge for year	68
At 31 March	191
<i>Net book value</i>	
At 31 March 2010	14
At 31 March 2009	82

10 Tangible fixed assets

Group	Plant and machinery £000	Tools £000	Fixtures and fittings £000	Computer £000	Leasehold £000	Total £000
<i>Cost</i>						
At beginning of year	1,758	150	136	80	34	2,158
Additions	62	177			39	278
At 31 March 2010	1,820	327	136	80	73	2,436
<i>Accumulated depreciation</i>						
At beginning of year	372	51	53	25	16	517
Charge for year	216	70	38	16	12	352
At end of year	588	121	91	41	28	869
<i>Net book value</i>						
At 31 March 2010	1,232	206	45	39	45	1,567
At 31 March 2009	1,386	99	83	55	18	1,641

Notes *(continued)*

11 Stocks and work in progress

	2010	2009
	£000	£000
Raw materials and components	1,315	1,459
Work in progress	76	116
Finished goods	282	525
	1,673	2,100
	1,673	2,100

12 Debtors

	2010	2009
	£000	£000
Amounts falling due within one year		
Trade debtors	1,716	1,439
Other debtors	185	125
Amounts owed by group companies	493	594
Prepayments and accrued income	61	231
	2,455	2,389
	2,455	2,389

13 Creditors: amounts falling due within one year

	2010	2009
	£000	£000
Trade creditors	1,311	947
Corporation tax	-	-
Other taxation and social security payable	99	149
Bank revolving credit	3,688	3,886
Loans from group companies	377	377
Due to group companies	391	347
Other creditors	222	43
Accruals and deferred income	177	361
	6,265	6,110
	6,265	6,110

14 Creditors: amounts falling due after one year

	2010	2009
	£000	£000
Loans from group companies		
1 – 2 years	188	377
2 – 5 years	-	188
	188	565
	188	565

Notes *(continued)*

14 Creditors: amounts falling due after one year *(continued)*

Loans from group companies are unsecured and are at a fixed rate of 7.25%.

15 Provisions for liabilities and charges

Deferred taxation provided in the accounts is as follows:

	2010 £000	2009 £000
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	44	65
Other short term timing differences		-
Losses	(44)	(65)
	-	-
Deferred taxation included in provision for liabilities and charges	-	-

16 Called up share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2,250,000	2,250,000
	2,250,000	2,250,000

On 30 March 2009, the company increased its authorised share capital to 2,250,000 ordinary shares of £1 each. On 30 March 2009 1,000,000 shares were allotted as fully paid to JKM Global PTE Limited (Singapore) in consideration for a £1,000,000 reduction in term loans.

17 Profit and loss reserve

	2010 £000	2009 £000
At beginning of year	(1,604)	57
Retained profit for the financial year	(400)	(1,661)
	(2,004)	(1,604)
At 31 March	(2,044)	(1,604)

Notes *(continued)*

18 Reconciliation of movement in shareholders' funds

	2010 £000	2009 £000
Loss for the financial year	(440)	(1,661)
Share capital issued	-	1,000
	(440)	(661)
Net reduction in shareholders' funds	(440)	(661)
Opening shareholders' funds	646	1,307
	206	646
Closing shareholders' funds	206	646

19 Pension commitments

Defined contribution scheme

The company operates a defined contribution scheme for employees. The charge in 2010 was £117,000 (2009: £125,000). Included in accruals is an amount of £16,000 (2009: £17,000) in respect of unpaid contributions at 31 March 2010.

20 Financial commitments

The company has annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2010 £000	Other 2010 £000	Total 2010 £000	Total 2009 £000
Other lease expiring				
Within one year	156	8	164	-
Between two and five years	-	29	29	415
	156	37	193	193
At end of year	156	37	193	193

21 Ultimate controlling party

The company's immediate controlling party, owning 100% of the share capital, is JKM Global PTE Limited, a company incorporated in Singapore. The company's ultimate controlling party is Dynamatic Technologies Limited, a company incorporated in India. Copies of Dynamatic Technologies Limited annual report and financial statements are available from JKM Darim House, No. 16 Wallace Gardens, 1st Street, Thousand Lights, Chennai 600 006, India.

Financial Statements as at March 31, 2010
Converted to Indian Rupees

DYNAMATIC LIMITED, UK

Profit and Loss Account
for the year ended 31 March 2010

	Notes	2010 GBP	2010 INR	2009 GBP	2009 INR
					000's
Turnover	2	10,649	811,435	10,951	854,064
Cost of Sales		(9,504)	(724,188)	(9,432)	(735,598)
Gross Profit		1,145	87,247	1,519	118,466
Distribution costs		(440)	(33,527)	(506)	(39,463)
Administrative Expenses		(1,320)	(100,582)	(1,532)	(119,480)
Operating Loss		(615)	(46,862)	(519)	(40,477)
Interest receivable	3	216	16,459	51	3,977
Interest payable	4	(193)	(14,706)	(1,457)	(113,631)
Loss on Ordinary activities before tax	5-7	(592)	(45,109)	(1,925)	(150,131)
Tax credit on loss on ordinary activities	8	152	11,582	264	20,589
Loss for the financial year	18	(440)	(33,527)	(1,661)	(129,542)

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The company has no recognised gains and losses other than the profits reported above, hence no separate statement of total recognised gains and losses has been presented.

All activities of the company are continuing.

Note: Rates used for conversion	31-Mar-10	31-Mar-09
Balance Sheet	67.86850	72.49000
Profit & Loss Account	76.19825	77.98960

DYNAMATIC LIMITED, UK
BALANCE SHEET
at 31 March 2010

	Notes	2010 GBP	2010 INR	2009 GBP	000 's 2009 INR
Fixed assets					
Intangible assets	9	14	950	82	5,944
Tangible assets	10	1,567	106,350	1,641	118,956
		1,581	107,300	1,723	124,900
Current Assets					
Stocks	11	1,673	113,544	2,100	152,229
Debtors	12	2,455	166,617	2,389	173,179
Cash at bank and in hand	13	950	64,475	1,109	80,392
		5,078	344,636	5,598	405,800
Creditors: amounts falling due within one year		(6,265)	(425,196)	(6,110)	(442,914)
Net Current Liabilities		(1,187)	(80,560)	(512)	(37,114)
Total assets less current liabilities		394	26,740	1,211	87,786
Creditors: amounts falling due after more than one year		(188)	(12,759)	(565)	(40,957)
Net Assets		206	13,981	646	46,829
Capital and reserves					
Called up share capital		2,250	152,704	2,250	163,103
Profit and loss account		(2,044)	(138,723)	(1,604)	(116,274)
Equity shareholders' funds		206	13,981	646	46,829

These financial statements were approved by the board of directors on 26th July 2010 and were signed on its behalf by:

RK Lawton
 Director

Company registered number : 6243736

Dynamic Limited (UK)

Notes

(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The following accounting policies which have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below:

Going Concern

Notwithstanding net current liabilities of GBP 1,187,000 (INR 80,559,910) (2009 : GBP 512,000 (INR 37,114,880)), the directors have prepared the financial statements on a going concern basis which they consider appropriate for the following reasons. Dynamic Technologies Limited, the company's ultimate parent undertaking, has indicated that for a period of at least 12 months from the date of approval of these financial statements they will provide support to the Company to allow it to continue its operations and to meet its liabilities as they fall due for payment for the foreseeable future.

As with any company placing reliance on other groups entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements they have no reasons to believe that it will not do so.

If the Company were unable to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for any further liabilities that might arise and to re-classify fixed assets and long term liabilities as current assets and current liabilities. The financial statements at 31st March 2010 would be materially affected by changes in future funding arrangements.

Turnover

Turnover, which excludes value added tax, is recognised when the significant risks and rewards of ownership are transferred to the customer and is measured at invoice value less returns.

Amortisation of intangible assets

Goodwill arising on the acquisition of the trade and assets of the manufacturing facility are being written off on a straight line basis over 36 months from June 15, 2007, being the period during which economic benefits are forecast to be derived.

Tangible fixed assets

Tangible fixed assets are held at cost and depreciation is calculated to write off the cost of these assets their estimated useful

Leasehold improvements	12.5%-33%
Plant and machinery	10% - 12.5%
Tooling	20%-33%
Computer Hardware /software	20%
Fixtures and fittings	10% - 33%

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. The cost of products manufactured by the company consists of direct material and labour costs, together with the relevant factory overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except otherwise required by FRS 19.

Research and development

Research and development expenditure is charged in the profit and loss account when it is incurred.

Foreign currencies

Transactions in foreign currency are converted at the rates of exchange ruling when transactions are recorded. Assets and liabilities denominated in foreign currency at the financial year end are adjusted to reflect rates of exchange ruling at that date. All exchange differences are taken to the profit and loss account.

Pension scheme arrangements

Costs in respect of defined contribution schemes are charged to the profit and loss account as incurred.

The company provides no other post retirement benefits to its employees.

Operating Leases

Costs in respect of operating leases are charged of to the profit and loss account on a straight line basis over the lease term

Related party transactions

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company has taken advantage of the exemption from disclosing transactions with group entities under FRS 8

Cash flow statement

Under FRS1, the Group and Company are exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Notes (Continued)

2 Turnover

Turnover is derived from substantially the same class of business, namely the supply of gear pumps, valves and integrated hydraulic packages, incorporated gear pumps, piston pumps, valves, filter heads and services/ measurement ports

The geographic markets supplied are as follows:

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
United Kingdom	3,388	258,160	2,961	230,927
Other European community	1,859	141,652	3,035	236,698
North America	4,379	333,672	4,272	333,172
Other	1,023	77,951	683	53,267
	10,649	811,435	10,951	854,064

3 Interest receivable and similar charges

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Interest receivable	1	76	51	3,977
Foreign Exchange gains	215	16,383	0	0
	216	16,459	51	3,977

4 Interest payable and similar charges

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Bank Loan	120	9,144	174	13,570
Loans from group company	52	3,962	159	12,400
Loan issue cost amortisation	21	1,600	39	3,042
Foreign exchange losses	0	0	1,085	84,619
	193	14,706	1,457	113,631

5 Directors' emoluments

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Aggregate emoluments	140	10,668	147	11,464
Pension contributions to defined contribution pension scheme	8	610	7	546
	148	11,278	154	12,010

Retirement benefits for two directors are paid into the defined contribution pension scheme

6 Employee information

The average monthly number of persons(including executive directors) employed by the group during the period were:

	2,010	2,009
By activity	Nos	Nos
Production	89	97
Administration	56	56
	145	153

Staff costs for the above persons were:

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Wages and salaries	3,086	235,148	3,640	283,882
Social security costs	301	22,936	359	27,998
Other pension costs	117	8,915	125	9,749
	3,504	266,999	4,124	321,629

7 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging /(crediting):

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Operating lease costs				
-hire of plant and machinery	37	2,819	41	3,198
-Other	156	11,887	374	29,168
Amortisation of intangible assets	68	5,181	69	5,381
Depreciation of tangible assets	352	26,822	313	24,411
Auditors' remuneration		0		0
-audit of these financial statements	13	991	0	0
-taxation fees	7	533	0	0
-other services	7	533	0	0
Amount paid to former auditors	0	0	52	4,055
Loss on disposal of fixed assets	0	0	41	3,198
Foreign exchange losses /(gains)	203	15,468	(219)	(17,080)

8 Tax on profit on ordinary activities

Analysis of charge in the year

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Current tax				
United kingdom corporation tax at 28% on profit (2009 : 28%) on (loss)/profit	(144)	(10,972)	(190)	(14,818)
Adjustments in respect of prior periods	(8)	(610)	(27)	(2,106)
Total Current tax	(152)	(11,582)	(217)	(16,924)
Deferred tax				
Origination and reversal of timing difference	0	0	(47)	(3,665)
Changes in tax rates and laws	0	0	0	0
Total Deferred tax	0	0	(47)	(3,665)
Tax (credit)/Charge on profit on ordinary activities	(152)	(11,582)	(264)	(20,589)

Factors affecting tax charge fo the period

The tax assessed in each period varies form the standard rate of corporation tax in the UK in the relevant periods. The differences are explained below:

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
(Loss)/profit on ordinary activities before tax	(592)	(45,109)	(1,925)	(150,130)

(Loss)/profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% (2009: 28%)	(166)	(12,648)	(539)	(42,036)
Permanent differences	1	76	50	3,899
Depreciation charge in excess of capital allowances and other timing differences	21	1,600	(13)	(1,014)
Unrecognised tax losses	0	0	312	24,333
Adjustment in respect of prior periods	(8)	(610)	(27)	(2,106)
Current tax (credit)/charge for the year	(152)	(11,582)	(217)	(16,924)

9 Intangible fixed assets - goodwill

	GBP 000's	INR 000's
Total		
Cost		
Cost brought forwards	205	13,913
At 31 March	<u>205</u>	<u>13,913</u>
Amortisation		
Amortisation brought forward	123	8,916
Charge for year	68	5,181
At 31 March	<u>191</u>	<u>12,963</u>
Net Book Value		
At 31 March 2010	<u>14</u>	<u>950</u>
At 31 March 2009	<u>82</u>	<u>5,944</u>

10 Tangible fixed assets

Group	Plant & Machinery GBP 000s	Tools GBP 000s	Fixtures & Fittings GBP 000s	Computer GBP 000s	Leasehold GBP 000s	Total GBP 000s
Cost						
At the beginning of year	1,758	150	136	80	34	2,158
Additions	62	177			39	278
At 31 March 2010	<u>1,820</u>	<u>327</u>	<u>136</u>	<u>80</u>	<u>73</u>	<u>2,436</u>
Accumulated Depreciation						
At the beginning of the year	372	51	53	25	16	517
Charge for the year	216	70	38	16	12	352
At end of year	<u>588</u>	<u>121</u>	<u>91</u>	<u>41</u>	<u>28</u>	<u>869</u>
Net Book Value						
At 31 March 2010	<u>1,232</u>	<u>206</u>	<u>45</u>	<u>39</u>	<u>45</u>	<u>1,567</u>
At 31 March 2009	<u>1,386</u>	<u>99</u>	<u>83</u>	<u>55</u>	<u>18</u>	<u>1,641</u>
Group						
	Plant & Machinery INR 00s	Tools INR 00s	Fixtures & Fittings INR 00s	Computer INR 00s	Leasehold INR 00s	Total INR 00s
Cost						
At the beginning of year	119,313	10,180	9,230	5,429	2,308	146,460
Additions	4,208	12,013	0	0	2,647	18,868
At 31 March 2010	<u>123,521</u>	<u>22,193</u>	<u>9,230</u>	<u>5,429</u>	<u>4,955</u>	<u>165,328</u>

Accumulated Depreciation

At the beginning of year	25,247	3,461	3,597	1,697	1,086	35,088
Charge for year	14,660	4,751	2,579	1,086	814	23,890
At end of year	39,907	8,212	6,176	2,783	1,900	58,978

Net Book Value

At 31 March 2010	83,614	13,981	3,054	2,646	3,055	106,350
At 31 March 2009	100,471	7,177	6,017	3,987	1,305	118,956

11 Stocks and work in progress

	2010		2009	
	GBP 000's	INR 000's	GBP 000's	INR 000's
Raw materials and components	1,315	89,247	1,459	105,763
work in progress	76	5,158	116	8,409
Finished goods	282	19,139	525	38,057
	1,673	113,544	2,100	152,229

12 Debtors

	2010		2009	
	GBP 000's	INR 000's	GBP 000's	INR 000's
Amounts falling due within on year				
Trade debtors	1,716	116,462	1,439	104,313
Other debtors	185	12,556	125	9,062
Amounts owed by group companies	493	33,459	594	43,059
prepayments and accrued income	61	4,140	231	16,745
	2,455	166,617	2,389	173,179

13 Creditors: amounts falling due within one year

	2010		2009	
	GBP 000's	INR 000's	GBP 000's	INR 000's
Trade creditors	1,311	88,976	947	68,648
corporation tax	0	0	0	0
other taxation and social security payable	99	6,719	149	10,801
Bank revolving credit	3,688	250,299	3,886	281,696
Loans from group companies	377	25,586	377	27,329
Due to group companies	391	26,536	347	25,154
Other creditors	222	15,067	43	3,117
Accruals and deferred income	177	12,013	361	26,169
	6,265	425,196	6,110	442,914

14 Creditors: amounts falling due after one year

	2010		2009	
	GBP 000's	INR 000's	GBP 000's	INR 000's
Loans from group companies				
1-2 years	188	12,759	377	27,329
2-5 years	0	0	188	13,628
	188	12,759	565	40,957

Loans from froup companies are unsecured and are at a fixed rate of 7.25%

15 Provision for liabilities and charges

Deferred taxation is provided in the accounts is as follows

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	44	2,986	65	4,712
Other short term timing differences				
Losses	(44)	(2,986)	(65)	(4,712)
Deferred taxation included in provision for liabilities and charges	0	0	0	0

16 Called up share capital

	2010	2010	2009	2009
	GBP	INR	GBP	INR
Allotted, called up and fully paid Ordinary shares of GBP 1/- each	2,250,000	152,704	2,250,000	163,103

On 30 March 2009 the company increased its authorised share capital to 2,250,000 ordinary shares of GBP 1 each. On March 2009, 1,000,000 shares were allotted as fully paid to JKM Global PTE Limited (Singapore) in consideration for a GBP 1,000,000 reduction in term loans

17 Profit and Loss reserve

	2010	2010	2009	2009
	GBP 000's	INR 000's	GBP 000's	INR 000's
At beginning of year	(1,604)	(108,861)	57	4,132
Retained profit for the financial year	(440)	(29,862)	(1,661)	(120,406)
At 31 March	(2,044)	(138,723)	(1,604)	(116,274)

18 Reconciliation of movement in shareholders' funds

	2,010	2,010	2,009	2,009
	GBP 000's	INR 000's	GBP 000's	INR 000's
Loss for the financial year	(440)	(29,862)	(1,661)	(120,406)
Share capital issued	0	0	1,000	72,490
Net reduction in shareholders' funds	(440)	(29,862)	(661)	(47,916)
Opening shareholders' funds	646	43,843	1,307	94,745
Closing shareholders' funds	206	13,981	646	46,829

19 Pension commitments

Defined contribution scheme

The company operates a defined contribution scheme for employees. The charge in 2010 was GBP 117,000 (INR 8,915,195) (2009 : GBP 125,000 (INR 9,748,700) . Included in accruals is an amount of GBP 16,000 (INR 1,085,896) (2009: GBP 17,000 (INR 1,232,330) in respect of unpaid contribution at 31 March 2010

20 Financial commitments

The company as annual commitments under non-cancellable operating leases as follows;

	Land & Building 2010 GBP 000's	Others 2010 GBP 000's	Total 2010 GBP 000's	Total 2009 GBP 000's
Other lease expiring				
Within one year	156	8	164	0
Between two and five years	0	29	29	415
At end of year	<u>156</u>	<u>37</u>	<u>193</u>	<u>415</u>

	Land & Building 2010 Rs 000's	Others 2010 Rs 000's	Total 2010 Rs 000's	Total 2009 Rs 000's
Other lease expiring				
Within one year	11887	610	12497	0
Between two and five years	0	2210	2210	32366
At end of year	<u>11887</u>	<u>2820</u>	<u>14707</u>	<u>32366</u>

21 Ultimate controlling party

The company's immediate controlling party, owning 100% of the share capital, is JKM Global PTE Limited, a company incorporated in Singapore. The company's ultimate controlling party is Dynamatic Technologies Limited, a company incorporated in India. Copies of Dynamatic Technologies Limited annual report and financial statements are available from JKM Darim House, No 16, wallace Gardens, 1st Street, Thousand Lights, Chennai 600 006, India