

**FINANCIAL STATEMENTS AS AT MARCH 31, 2011
CONVERTED TO INDIAN RUPEES**

DYNAMATIC LIMITED, UNITED KINGDOM

**Profit and Loss Account
for the year ended 31 March 2011**

	Notes	2011 GBP	2011 INR	2010 GBP	2010 INR
Turnover	2	15,815	1,126,422	10,649	811,435
Cost of Sales		(13,270)	(945,154)	(9,504)	(724,188)
Gross Profit		2,545	181,268	1,145	87,247
Distributions costs		(498)	(35,470)	(440)	(33,527)
Administrative Expenses		(1,738)	(123,789)	(1,320)	(100,582)
Operating Profit		309	22,009	(615)	(46,862)
Interest receivable	3	198	14,103	216	16,459
Interest payable	4	(250)	(17,806)	(193)	(14,706)
Profit on Ordinary activities before tax	5-7	257	18,306	(592)	(45,109)
Tax credit on loss/(charge) on ordinary activities	8	(125)	(8,903)	152	11,582
Profit for the financial year	18	132	9,403	(440)	(33,527)

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 not 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-11	31-Mar-10
Balance Sheet	72.8477	67.8685
Profit & Loss Account	71.2249	76.1983

DYNAMATIC LIMITED
BALANCE SHEET
at 31 March 2011

	Notes	COMPANY				GROUP			
		2011 GBP	2011 INR	2010 GBP	2010 INR	2011 GBP	2011 INR	2010 GBP	2010 INR
Fixed assets									
Intangible assets	9	5,480	399,205	14	950	3,183	231,874	-	-
Tangible assets	10	3,067	223,424	1,567	106,350	4,663	339,689	-	-
Investment in subsidiary undertakings	11	9,226	672,093	-	-	-	-	-	-
Total Non Current Assets		17,773	1,294,722	1,581	107,300	7,846	571,563	-	-
Current Assets									
Stocks	12	3,034	221,020	1,673	113,544	3,034	221,020	-	-
Debtors	13	5,085	370,431	2,455	166,617	5,090	370,794	-	-
Cash at bank and in hand	14	1,083	78,894	950	64,475	1,104	80,424	-	-
		9,202	670,345	5,078	344,636	9,228	672,238	-	-
Creditors:amounts falling due within one year		(18,760)	(1,366,623)	(6,265)	(425,196)	(8,802)	(641,205)	-	-
Net Current Liabilities		(9,558)	(696,278)	(1,187)	(80,560)	426	31,033	-	-
Total assets less current liabilities		8,215	598,444	394	26,740	8,272	602,596	-	-
Creditors:amounts falling due after more than one year	15	(3,556)	(259,046)	(188)	(12,759)	(3,556)	(259,046)	-	-
Provision for liabilities and charges	16	(77)	(5,610)	-	-	(77)	(5,610)	-	-
Net Assets		4,582	333,788	206	13,981	4,639	337,940	-	-
Capital and reserves									
Called up share capital		6,550	477,152	2,250	152,704	6,550	477,152	-	-
Profit and loss account		(1,968)	(143,364)	(2,044)	(138,723)	(1,911)	(139,212)	-	-
Equity shareholders' funds		4,582	333,788	206	13,981	4,639	337,940	-	-

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

RK Lawton
Director
Company registered number : 6243736

Dynamic Limited

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

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons:

The Company is a subsidiary of Dynamic Technologies Limited and the Company bank funding is secured by the group. The Company meets its day to day working capital requirements through its secured financing. The directors have reviewed the cashflows forecasts for the company for a period of twelve months from the date these financial statements are signed. Taking account of reasonably possible changes in trading performance, the directors are satisfied that the Company will generate sufficient cash flows to allow the Company to operate within the facilities in place and to meet its liabilities as they fall due for payment for the foreseeable future. Dynamic Technologies Limited have also confirmed they will provide support to company to meet its liabilities as they fall due for the foreseeable future.

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.

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	20% - 12.5%
Tooling	20% - 33%
Computer Hardware /software	20%
Fixtures and fittings	20% - 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 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 FRS 1, 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.

Basis of consolidation

The consolidated financial statements include the accounts of Dynamatic Limited and its subsidiary companies made up to 31 March 2011. The results of the subsidiaries are consolidated using the acquisition method of accounting. Under this method, the results of the subsidiary companies acquired or disposed of in the period are included in the profit and loss account from the date of acquisition or up to the date of disposal.

In accordance with Section 408 of the Companies Act 2006, Dynamatic Limited is exempt from the requirement to present its own profit and loss account. The result for the period dealt with in the financial statements of Dynamatic Limited is disclosed in note 18, to these financial statements.

Goodwill

Purchased goodwill (representing in excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised and amortised over its expected useful life of 20 years.

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

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:

	2011	2011	2010	2010
	GBP 000's	INR 000's	GBP 000's	INR 000's
United Kingdom	7,478	532,620	3,388	258,160
Other European community	2,865	204,059	1,859	141,652
North America	4,771	339,814	4,379	333,672
Other	701	49,929	1,023	77,951
	15,815	1,126,422	10,649	811,435

3 Interest receivable and similar charges

	2011	2011	2010	2010
	GBP 000's	INR 000's	GBP 000's	INR 000's
Interest receivable	-	-	1	76
Foreign Exchange gains	198	14,103	215	16,383
	198	14,103	216	16,459

4 Interest payable and similar charges

	2011	2011	2010	2010
	GBP 000's	INR 000's	GBP 000's	INR 000's
Bank Loan	193	13,746	120	9,144
Loans from group company	7	499	52	3,962
Loan issue cost amortisation	26	1,852	21	1,600
Foreign exchange losses	-	-	-	-
H P Interest	24	1,709	-	-
	250	17,806	193	14,706

5 Directors' emoluments

	2011	2011	2010	2010
	GBP 000's	INR 000's	GBP 000's	INR 000's
Aggregate emoluments	265	18,875	140	10,668
Pension contributions to defined contribution pension scheme	39	2,778	8	610
	304	21,653	148	11,278

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:

	2,011	2,010
By activity	Nos	Nos
Production	140	89
Administration	75	56
	215	145

Staff costs for the above persons were:

	2011	2011	2010	2010
	GBP 000's	INR 000's	GBP 000's	INR 000's
Wages and salaries	4,350	309,828	3,086	235,148
Social security costs	431	30,698	301	22,936
Other pension costs	136	9,687	117	8,915
	4,917	350,213	3,504	266,999

7 Profit on ordinary activities before taxation

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

	2011	2011	2010	2010
	GBP 000's	INR 000's	GBP 000's	INR 000's
Operating lease costs				
-hire of plant and machinery	125	8,903	37	2,819
-Other	34	2,422	156	11,887
Amortisation of intangible assets	88	6,268	68	5,181
Depreciation of tangible assets	590	42,023	352	26,822
Auditors' remuneration				
-audit of these financial statements	23	1,638	13	991
-taxation services	4	285	7	533
-other services	16	1,140	7	533
Amount paid to former auditors	-	-	-	-
Loss on disposal of fixed assets	(18)	(1,282)	-	-
Foreign exchange losses /(gains)	(71)	(5,057)	203	15,468

8 Tax on profit on ordinary activities

Analysis of charge in the year

	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's
Current tax				
United kingdom corporation tax at 28% on profit (2009 : 28%) on (loss)/profit	151	10,755	(144)	(10,972)
Adjustments in respect of prior periods	-	-	(8)	(610)
Total Current tax	151	10,755	(152)	(11,582)
Deferred tax				
Origination and reversal of timing difference	(26)	(1,852)	-	-
Changes in tax rates and laws	-	-	-	-
Total Deferred tax	(26)	(1,852)	-	-
Tax (credit)/Charge on profit on ordinary activities	125	8,903	(152)	(11,582)

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 relevant periods. The differences are explained below:

	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's
(Loss)/profit on ordinary activities before tax	(257)	(18,305)	(592)	(45,109)
(Loss)/profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% (2009: 28%)	72	5,129	(166)	(12,648)
Permanent differences	56	3,989	1	76
Depreciation charge in excess of capital allowances and other timing differences	17	1,211	21	1,600
Adjustment to tax rate	(3)	(214)	-	-
Adjustment in respect of prior periods	9	641	(8)	(610)
Current tax (credit)/charge for the year	151	10,756	(152)	(11,582)

9 Intangible fixed assets - goodwill

Total	Company		Group	
	GBP 000's	INR 000's	GBP 000's	INR 000's
Cost				
Cost brought forwards	205	14,933	205	14,934
Additions	5,597	407,729	3,251	236,828
Transfers from Group company	6	437	6	437
At 31 March	<u>5,808</u>	<u>423,099</u>	<u>3,462</u>	<u>252,199</u>
Amortisation				
Amortisation brought forward	191	12,963	191	13,914
Charge for the year	137	9,758	88	6,411
At 31 March	<u>328</u>	<u>23,894</u>	<u>279</u>	<u>20,325</u>
Net Book Value				
At 31 March 2011	<u>5,480</u>	<u>399,205</u>	<u>3,183</u>	<u>231,874</u>
At 31 March 2010	<u>14</u>	<u>950</u>	<u>14</u>	<u>1,020</u>

The addition to goodwill of GBP 5,597,000 (INR 407,728,577) arose on the acquisition of yew tree investments from DM 38 Limited on the 31st October 2010. This is further described in Note 11.

10 Tangible fixed assets Group

	Plant & Machinery	Tools	Fixtures & Fittings	Computer	Leasehold	Car	Freehold Property	Total
	GBP 000s	GBP 000s	GBP 000s	GBP 000s	GBP 000s	GBP 000s	GBP 000s	GBP 000s
Cost								
At the beginning of the year	1,815	327	136	80	73	-	-	2,431
Transfer from Group Company	1,703	0	94	69	0	18	0	1,884
Additions	18	198	18	4	1	0	1,613	1,852
Disposals	52	-	25					77
At 31 March 2011	3,484	525	223	153	74	18	1,613	6,090
Accumulated Depreciation								
At the beginning of the year	588	121	91	42	28	0	0	870
Charge for the year	373	137	32	22	8	2	16	590
Disposals	24	-	9	-	-	-	-	33
At end of year	937	258	114	64	36	2	16	1,427
Net Book Value								
At 31 March 2011	2,547	267	109	89	38	16	1,597	4,663
At 31 March 2010	1,227	206	45	38	45	-	-	1,561

With the exception of Freehold Property all tangible assets are held within the company.

Group	Plant & Machinery	Tools	Fixtures & Fittings	Computer	Leasehold	Car	Freehold Property	Total
	INR 000s	INR 000s	INR 000s	INR 000s	INR 000s	INR 000s	INR 000s	INR 000s
Cost								
At the beginning of the year	132,219	23,821	9,907	5,828	5,318	-	-	177,093
Transfer from Group Company	124,060	-	6,848	5,026	-	1,311	-	137,245
Additions	1,311	14,424	1,311	291	73	-	117,503	134,913
Disposals	3,788	-	1,821	-	-	-	-	5,609
At 31 March 2011	253,802	38,245	16,245	11,145	5,391	1,311	117,503	443,642
Accumulated Depreciation								
At the beginning of the year	42,834	8,815	6,629	3,060	2,040	-	-	63,378
Charge for the year	27,172	9,980	2,331	1,603	583	146	1,166	42,981
At end of year	70,006	18,795	8,960	4,663	2,623	146	1,166	106,359
Net Book Value								
At 31 March 2011	183,796	19,450	7,285	6,482	2,768	1,165	116,337	337,283
At 31 March 2010	89,385	15,006	3,278	2,768	3,278	-	-	113,715

11 Investment in Subsidiary Undertakings

On the 31st October 2010 the Company acquired the shares of DM38 Limited for GBP 4,300,000 (INR 313,245,110)from JKM Global PTE by the issue of new share capital. Also on the 31st October 2010,the company acquired the shares of Yew Tree Investments Limited from DM 38 Limited for GBP 10,523,754 via inter company debt.

The total purchase consideration was represented by:

	Book Value GBP '000s	Fair value Adjustment GBP '000s	Final fair Value GBP '000s	Book Value INR 000s	Fair value Adjustment INR 000s	Final fair Value INR 000s
Tangible value						
Stocks	3,504	-	3,504	255,259	-	255,259
Debtors	1,182	-	1,182	86,106	-	86,106
Creditors	2,085	-	2,085	151,887	-	151,887
Taxation-Current	(1,779)	-	(1,779)	(129,596)	-	(129,596)
Taxation-Deferred	(454)	-	(454)	(33,073)	-	(33,073)
Cash	(98)	-	(98)	(7,139)	-	(7,139)
Shares in DM 38 Ltd	486	-	486	35,404	-	35,404
	4,300	-	4,300	313,245	-	313,245
Fair value of Assets Acquired /Investment in subsidiary	9,226	-	9,226	672,093	-	672,093
Goodwill on Acquisition	5,597		5,597	407,729	-	407,729
Total Purchase Consideration			14,823			1,079,822

12 Stocks and work in progress

	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's
Raw materials and components work in progress	1,895	138,046	1,315	89,247
Finished goods	848	61,775	76	5,158
	291	21,199	282	19,139
	3,034	221,020	1,673	113,544

13 Debtors

	Company				Group			
	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's
Amounts falling due within on year								
Trade debtors								
Other debtors	4,231	308,220	1,716	116,462	4,231	308,219	-	-
Amounts owed by group companies	110	8,013	185	12,556	112	8,159	-	-
prepayments and accrued income	529	38,536	493	33,459	529	38,536	-	-
	215	15,662	61	4,140	218	15,881	-	-
	5,085	370,431	2,455	166,617	5,090	370,795	-	-

14	Creditors: amounts falling due within one year	Company				Group			
		2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's
	Trade creditors								
	corporation tax	2,169	158,007	1,311	88,976	2,169	158,007	-	-
	other taxation and social security payable	281	20,470	-	-	299	21,781	-	-
	Bank revolving credit	429	31,252	99	6,719	438	31,907	-	-
	Bank Term Loans	3,493	254,457	3,688	250,299	3,493	254,457	-	-
	Loans from group companies	1,000	72,848	-	-	1,000	72,848	-	-
	Due to group companies	189	13,768	377	25,586	189	13,768	-	-
	Hire Purchase Liability	10,458	761,841	391	26,536	470	34,237	-	-
	Other creditors	181	13,185			181	13,184	-	-
	Accruals and deferred income	307	22,365	222	15,067	307	22,364	-	-
		253	18,430	177	12,013	256	18,649	-	-
		18,760	1,366,623	6,265	425,196	8,802	641,202	-	-

15	Creditors: amounts falling due after one year Bank Loans and Hire purchase	2011		2010	
		GBP 000's	INR 000's	GBP 000's	INR 000's
	1-2 years				
	2-5 years	2,358	171,774	188	12,759
		1,198	87,272	-	-
		3,556	259,046	188	12,759

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

16	Provision for liabilities and charges Deferred taxation is provided in the accounts is as follows	2011		2010	
		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				
	Other than short term timing differences	77	5,610	44	2,986
	Losses	-	-	(44)	(2,986)
	Deferred taxation included in provision for liabilities and charges	77	5,610	-	-

17	Called up share capital	2011		2010	
		GBP	INR 000s	GBP	INR 000's

Allotted, called up and fully paid up

Ordinary shares of GBP 1/- each	6,550,000	477,152	2,250,000	152,704
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On 31 st October 2010, the company increased its authorised share capital to 6,550,000 ordinary shares of GBP 1/- each.

On 31 st October 2010, 4,300,000 shares were allotted as fully paid to JKN Globle PTE Limited(Singapore) in consideration for the acquisition of the share capital of DM 38 Limited.

18 Profit and Loss reserve

	Company				Group			
	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's
At beginning of year								
Retained profit for the financial year	(2,044)	(148,901)	(1,604)	(108,861)	(2,044)	(148,901)	-	-
At 31 March	76	5,536	(440)	(29,862)	133	9,689	-	-
	(1,968)	(143,365)	(2,044)	(138,723)	(1,911)	(139,212)	-	-

19 Reconciliation of movement in shareholder's funds

	Company				Group			
	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's	2011 GBP 000's	2011 INR 000's	2010 GBP 000's	2010 INR 000's
Profit for the financial year								
Share capital issued	77	5,609	(440)	(29,862)	133	9,689	-	-
	4,300	313,245	-	-	4,300	313,245	-	-
Net increase in shareholder's funds								
Opening shareholders' funds	4,377	318,854	(440)	(29,862)	4,433	322,934	-	-
	206	15,007	646	43,843	206	15,007	-	-
	4,583	333,861	206	13,981	4,639	337,941	-	-

20 Pension commitments

Defined contribution scheme

The company operates a defined contribution scheme for employees. The charge in 2011 was GBP 136,000 (INR 9,686,586) (2010 : GBP 117,000 (INR 8,915,195). Included in accruals is an amount of GBP 22,000 (INR 1,602,650) (2010: GBP 16,000 (INR 1,085,896) in respect of unpaid contribution at 31 March 2011

21 Financial commitments

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

	Land & Building	Others	Total	Total
	2011 GBP 000's	2011 GBP 000's	2011 GBP 000's	2010 GBP 000's
Other lease expiring				
Within ine year				
Between two and five years	-	4	4	164
	156	352	508	29
	156	356	512	193
	Land & Building	Others	Total	Total
	2011 INR 000's	2011 INR 000's	2011 INR 000's	2010 INR 000's
Other lease expiring				
Within ine year				
Between two and five years	-	285	285	12,497
	11,111	25,071	36,182	2,210
	11,111	25,356	36,467	14,707

22 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 Dynamatic Park, No:11, Peenya, Bangalore 560 058