

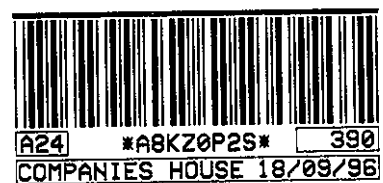
POWELL DUFFRYN (INTERNATIONAL) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 1996

Company Registration No: 1235617



POWELL DUFFRYN (INTERNATIONAL) LIMITED

DIRECTORS' REPORT

Directors: Mr W G Andrews (resigned 18 July 1995)
Mr P J W Shuttleworth
Mr A E Darling

Secretary: Mr P J W Shuttleworth

Registered Office: Powell Duffryn House
London Road
Bracknell
Berkshire RG12 2AQ

The directors present their report for the year ended 31 March 1996.

1 ACCOUNTS AND DIVIDEND

The directors submit the audited accounts for the year ended 31 March 1996. The loss for the financial year after taxation amounted to £14,186,000. The directors do not recommend the payment of a dividend.

2 BUSINESS AND REVIEW OF ACTIVITIES

The business of the company continues to be that of an investment holding company, empowered to acquire and hold shares, stock and other securities and other forms of property.

In March 1996 the company sold its interest in Powell Duffryn Terminals Pty. Limited for £3,000,000 giving a book profit on disposal of £299,000.

In April 1994 the company sold its 50% interest in Proquimica for £4,909,000, giving a book profit on disposal of £4,488,000.

3 DIRECTORS

The directors during the year are those listed above.

All the directors are directors of Powell Duffryn plc, the company's holding company, and their interests in the shares and debentures of Powell Duffryn plc and its subsidiaries are not required to be recorded in the Register of Directors' interests of this company.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

DIRECTORS' REPORT

(CONTINUED)

4 DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, other than the change this year in the treatment of exchange differences, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

5 AUDITORS

A resolution to re-appoint the auditors Coopers & Lybrand and for the directors to fix their remuneration will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

9/9/96

Date



P J W SHUTTLEWORTH
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF
POWELL DUFFRYN (INTERNATIONAL) LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1996 and of its loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

Date 9/9/96

POWELL DUFFRYN (INTERNATIONAL) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 1996

	Notes	1996 £000	Re-stated (See Note 1) 1995 £000
Income from shares in subsidiary undertakings		2,976	2,500
Amounts written off fixed asset investments	4	(17,461)	(5,395)
Exceptional profit on sale of investments		299	4,488
Profit (loss) on ordinary activities before taxation	2	(14,186)	1,593
Taxation	3	-	(36)
Profit (loss) for the financial year	8	(14,186)	1,557
Profit for the year as previously stated			1,280
Exchange rate adjustments			277
			1,557

There were no items of a material nature which are to be treated as discontinued activities within the accounts.

Statement of recognised gains and losses

	1996 £'000	1995 £'000
Profit (loss) for the year	(14,186)	1,557
Unrealised surplus (deficit) on revaluation of investment in subsidiaries	(382)	10,445
Realised surplus on disposal of investment	1,600	-
Exchange movements on investment in subsidiaries	3,212	(4,343)
Exchange movements on currency loans	(3,017)	4,066
Total gains and losses recognised during the year	(12,773)	11,725

Note of historical cost profits and losses

	1996 £000	1995 £000
Reported profit (loss) on ordinary activities before tax	(14,186)	1,593
Realised surplus on disposal of investment	1,600	-
Provision against historical cost of investments for diminution in value	17,461	5,395
Historical cost profit on ordinary activities before taxation	4,875	6,988
Historical cost profit as previously stated		11,054
Exchange movements on currency loans		(4,066)
		6,988

POWELL DUFFRYN (INTERNATIONAL) LIMITED

BALANCE SHEET

AS AT 31 MARCH 1996

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
FIXED ASSETS			
Investments	4	52,245	67,861
CURRENT ASSETS			
Amount owed by fellow subsidiary undertakings		563	513
Cash at bank		49	54
CREDITORS - amounts falling due within one year	5	(648)	(513)
NET CURRENT ASSETS/(LIABILITIES)		(36)	54
TOTAL ASSETS LESS CURRENT LIABILITIES		52,209	67,915
CREDITORS - amounts falling due after more than one year	6	(62,667)	(65,600)
		(10,458)	2,315
CAPITAL AND RESERVES			
Called up share capital	7	263	263
Revaluation reserve	8	10,139	10,445
Profit and loss account	8	(20,860)	(8,393)
Equity shareholders' funds	9	(10,458)	2,315

ON BEHALF OF THE BOARD


A.E. DARLING (DIRECTOR)

9/9/96
DATE

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1996

1 ACCOUNTING POLICIES

Basis of Accounting

The accounts are prepared in accordance with the historical cost convention modified by the revaluation of fixed asset investments. The accounts comply with all relevant accounting standards, and have been consistently applied except as outlined below.

Group Accounts

Group accounts are not prepared as the company is a wholly owned subsidiary undertaking of another company incorporated in Great Britain. At the beginning of the year investments in subsidiary undertakings were valued at cost or at net asset value, if lower. As at 31 March 1995 the valuation policy was changed so that investments in subsidiary undertakings are all valued at net asset value. Investments in associated undertakings are valued at cost or at net asset value, if lower.

Equity accounting for associated undertakings

The company does not account for its associated undertakings on the equity accounting basis because it is a wholly owned subsidiary of another company incorporated in Great Britain.

Associated undertakings

Associated undertakings are those companies which are not subsidiary undertakings but in which the interest of the company is substantial for the long term and over which the company is able to exercise a significant influence having regard to the disposition of the other shareholdings.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. All exchange differences are dealt with as movements in reserves, whereas previously they were dealt with in the profit and loss account. This represents a change in accounting policy in compliance with the requirements of Statement of Accounting Practice No. 20 and the prior year figures have been re-stated accordingly. The accounting policy has been changed as the directors consider that the new policy gives a fairer presentation of the company's results and cash flows as they arise. There is no prior year adjustment as the overall effect on reserves is nil.

Dividend Income

Dividend income is dealt with in the profit and loss account in the year of receipt and is inclusive of withholding tax, where appropriate.

Deferred Taxation

Deferred taxation is provided only to the extent that it can be foreseen with reasonable probability that the liabilities will become payable.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1996

2 RESULT FOR THE YEAR

The result for the year is stated after charging:

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Directors emoluments	NIL	NIL
Staff costs	NIL	NIL
Auditors' remuneration	NIL	NIL

The directors of Powell Duffryn (International) Limited are employed by the holding company Powell Duffryn plc. Directors' and Auditors' remuneration has been borne by the holding company.

The company employs no staff.

3 TAXATION

Based on the profit for the year:

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
United Kingdom taxation at 33%	1,485	1,237
Double taxation relief	<u>(1,485)</u>	<u>(1,237)</u>
Overseas tax	-	5
Prior year adjustment	-	31
	<u>-</u>	<u>36</u>

No capital gains tax liability arises on the sale of the company's interest in Powell Duffryn Terminals Pty. Limited since the investment was transferred to the company's ultimate holding company.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1996

4 INVESTMENTS

All investments are unlisted and are as follows:

	Subsidiary Under- takings £000	Associated Under- takings £000	Total 1996 £000	Total 1995 £000
Valuation or cost at 1 April 1995	67,852	9	67,861	76,846
Cost reductions	-	-	-	(409)
Revaluations	1,218	-	1,218	1,308
Exchange gains (losses)	3,212		3,212	(4,272)
Acquisitions	116	-	116	204
	72,398	9	72,407	73,677
Disposals	(2,701)	-	(2,701)	(421)
	69,697	9	69,706	73,256
Provision for reduction in value of investments	(17,461)	-	(17,461)	(5,395)
	52,236	9	52,245	67,861

The provisions for the reduction in value of investments in subsidiary undertakings is to reduce the cost of the investments to net asset value. This year the provision has been increased by £17,461,000.

The directors are of the opinion that the aggregate value of the investment in subsidiary undertakings is not less than the amount at which these subsidiary undertakings are stated in the balance sheet.

Details of all the investments held are given in notes 11 and 12.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1996

5 **CREDITORS** - amounts falling due within one year.

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Accrual	1	1
Other creditors	84	-
Amount due to holding company	563	512
	<u>648</u>	<u>513</u>

6 **CREDITORS** - amounts falling due after more than one year.

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Loans from holding company	<u>62,667</u>	<u>65,600</u>

The loans from the holding company, Powell Duffryn plc, are denominated in US dollars, French francs, Dutch guilders, Danish kroner and sterling and are currently interest-free and have no fixed repayment terms.

Powell Duffryn plc has confirmed that for so long as Powell Duffryn (International) Limited is a wholly owned subsidiary undertaking and, only to the extent necessitated by the excess of liabilities over assets disclosed at any time by the latest published balance sheet of the Company, it will ensure that resources are made available to the Company, or other steps taken, to enable it to meet its debts as they fall due.

7 **CALLED UP SHARE CAPITAL**

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Authorised: 5,000,000 Ordinary Shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid: 262,930 shares of £1 each	<u>263</u>	<u>263</u>

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1996

8	<u>RESERVES</u>	Revaluation £000	Profit & Loss £000
	Balance at 1 April 1995	10,445	(8,393)
	Loss for the financial year	-	(14,186)
	Revaluation of investments	1,218	-
	Disposal of investments	(1,600)	1,600
	Exchange profits on investments	76	3,136
	Exchange losses on currency loans	-	(3,017)
	Balance at 31 March 1996	<u>10,139</u>	<u>(20,860)</u>

9 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1996 £000	1995 £000
Opening shareholders' funds	2,315	(9,410)
Profit (loss) for the financial year	(14,186)	1,557
Revaluation reserve movements	1,218	10,445
Currency exchange movements	195	(277)
Closing shareholders' funds	<u>(10,458)</u>	<u>2,315</u>

10 **HOLDING COMPANY**

The company's ultimate holding company is Powell Duffryn plc incorporated in Great Britain, registered in England. A copy of the ultimate holding company's consolidated financial statements may be obtained from, the Company Secretary, Powell Duffryn plc, Powell Duffryn House, London Road, Bracknell, Berkshire RG12 2AQ.

11 **SUBSIDIARY UNDERTAKINGS**

Listed below are the subsidiary undertakings directly held by Powell Duffryn (International) Limited at 31 March 1996. The companies operated principally in their country of incorporation and unless otherwise stated are 100% owned and have share capitals consisting solely of ordinary shares.

COMPANY

**COUNTRY OF
INCORPORATION**

Airoil-Flaregas SA	France
Airoil-Flaregas SRL	Italy
Airoil-Flaregas SA	Spain
Airoil-Flaregas GmbH	Germany
Airoil-Flaregas BV	Holland
Powell Duffryn Holdings BV	Holland
Compagnie Francaise Powell Duffryn SA	France
Powell Duffryn Wagon SA	France
Metalair-Filliat SA	France
Powell Duffryn (USA) Limited	USA
Hamworthy Canada Limited	Canada
Powell Duffryn Australia Limited	Australia
Powell Duffryn Storage (Africa) (Pty) Limited	S Africa
Hamworthy Engineering (Africa) (Pty) Limited (80% owned)	S Africa
Hamworthy Engineering (FE) PTE Limited	Singapore
Svanehoj International A/S	Denmark
Hamworthy Marine A/S	Norway

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1996

12	<u>ASSOCIATED UNDERTAKINGS</u>	<u>HOLDING</u>	<u>TOTAL ISSUED SHARE CAPITAL</u>	<u>COUNTRY OF INCORPORATION</u>
	Japan Hamworthy Company Limited	50%	Yen 6,000,000	Japan

The company's share of the aggregate post-tax profits and net assets of this company as at the end of its latest financial year amounted to £10,000 and £261,000 respectively. This company operates principally in the country in which it was incorporated.

13 **CASH FLOW STATEMENT**

No cash flow statement has been prepared since Powell Duffryn (International) Limited is a wholly owned subsidiary undertaking, and the parent undertaking, Powell Duffryn plc, includes a consolidated group cash flow statement in its accounts for the year ended 31 March 1996.