

Powell Duffryn (International) Limited
Annual report and financial statements
for the year ended 31 March 2007

Registered Number 1235617

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Powell Duffryn (International) Limited
Annual report and financial statements
for the year ended 31 March 2007
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Powell Duffryn (International) Limited

Directors' report for the year ended 31 March 2007

The directors present their annual report and audited financial statements of the Company for the year ended 31 March 2007

Principal activities and future developments

The principal activity of the Company is that of an investment holding company, empowered to acquire and hold shares, stock, other securities and other forms of property. The Company expects to continue these operations for the foreseeable future.

Business review

The Company made a loss for the year after taxation of £249,000 (2006: profit of £6,916,000). The directors do not recommend the payment of a dividend (2006: £Nil).

During the year the Company sold its investment in the Hamworthy Combustion Brazilian company to another group company.

Principal risks and uncertainties

The business risks affecting the Company are managed at group level.

Key Performance Indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Subsequent Events

On 9 May 2007, Citigroup Inc. acquired a 61.08% stake in Nikko Cordial Corporation, a further 8% in June 2007, and is therefore regarded as the ultimate parent company at the date of signing these financial statements.

Directors

The directors who held office during the year were as follows:

R. G. Lee

J. F. Soden

The directors have no interests in the Company or its ultimate effective parent, NPIL Holdco Limited, that are required to be disclosed under schedule 7 of the Companies Act 1985.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

Powell Duffryn (International) Limited

- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Disclosure of information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) the directors 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.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Auditors

The Company has a resolution in place which dispenses with the requirement to reappoint auditors on an annual basis. PricewaterhouseCoopers LLP will remain as auditors for the ensuing year.

By order of the Board



R G Lee
Secretary

30 November 2007

[Date]

Summit House
London Road
Bracknell
Berkshire
RG12 2AQ

Powell Duffryn (International) Limited

Independent auditors' report to the members of Powell Duffryn (International) Limited

We have audited the financial statements of Powell Duffryn (International) Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

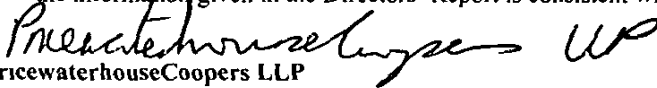
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Independent auditors' report to the members of Powell Duffryn (International) Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

10 December 2007

Powell Duffryn (International) Limited

Profit and loss account for the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Profit on sale of investments	4	1,090	5,968
Exchange movements on currency accounts		(1,339)	948
(Loss)/profit on ordinary activities before taxation	1	(249)	6,916
Tax on (loss)/profit on ordinary activities	3	-	-
(Loss)/retained profit for the financial year	7	(249)	6,916

Statement of total recognised gains and losses for the year ended 31 March 2007

	2007 £'000	2006 £'000
(Loss)/profit for the year	(249)	6,916
Unrealised surplus/(deficit) on revaluation of investments in subsidiaries	-	431
Exchange movements on investment in subsidiaries	-	14
Exchange movements on currency loans	-	(14)
Total gains and losses recognised during the year	(249)	7,347

All transactions relate to continuing operations.

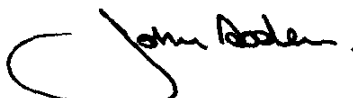
There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical cost equivalents

Powell Duffryn (International) Limited

Balance sheet as at 31 March 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Investments	4	74,021	74,021
Current assets			
Debtors	5	139,065	139,313
Cash at bank and in hand		44	45
Net current assets		139,109	139,358
Net assets		213,130	213,379
Capital and reserves			
Called-up share capital	6	5,300	5,300
Share premium	7	127,446	127,446
Revaluation reserve	7	71,777	71,777
Profit and loss reserve	7	8,607	8,856
Equity shareholders' funds	8	213,130	213,379

The financial statements on pages 5 to 11 were approved by the board of directors on [30/11/07] and were signed on its behalf by


J F Soden
Director

Powell Duffryn (International) Limited

Statement of accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is included in the consolidated financial statements of NPIL Holdco Limited, which are publicly available.

Investments

Investments in subsidiary undertakings are valued at net asset value. Investments in other investments are valued at cost, less any provision for impairment.

Foreign currencies

Exchange differences arising on the retranslation of the opening net investment in subsidiary undertakings and related foreign currency debt are dealt with through reserves. Other differences are dealt with in the operating profit for the year.

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.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Cash flow statement

No cash flow statement has been prepared since Powell Duffryn (International) Limited is a wholly owned subsidiary undertaking, and the effective intermediate parent undertaking, NPIL Holdco Limited, includes a consolidated group cash flow statement in its financial statements for the period ended 31 March 2007 which are publicly available. Copies can be obtained from the address detailed in Note 11.

Powell Duffryn (International) Limited

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

1 (Loss)/profit on ordinary activities before taxation

Fees paid to the Company's auditors for provision of audit and non-audit services have been borne by Powell Duffryn Limited

2 Directors and employees

None of the directors received any remuneration from the Company during the year (2006 None)

The Company had no employees during the year

3 Tax on (loss)/profit on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£'000	£'000
Current tax:		
UK corporation tax at 30% (2006 30%)	-	-
Group relief surrendered/(receivable)	-	-
Tax on (loss)/profit on ordinary activities	-	-

(b) Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2007	2006
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(249)	6,916
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	(75)	2,075
Effects of		
Income not taxable	(327)	(1,790)
Group relief surrendered for no consideration	402	(285)
	-	-

(c) Factors that may affect future tax charges

There are no other factors expected to affect the future tax charge materially

Powell Duffryn (International) Limited

4 Investments

All investments are unlisted and are as follows

	Subsidiary undertakings £'000
Cost and net book value at 1 April 2006	74,021
Additions	68
Disposals	(68)
Cost and net book value at 31 March 2007	74,021

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

Hamworthy Industria, Comercio e Servicos de Sistemas Termicos Ltda was acquired by the Company during the year and transferred to Hamworthy Engineering Ltd as part of a group restructuring exercise. The transfer resulted in a profit of £1,090,000 being recognised during the year.

Details of the investments held are given in note 9

5 Debtors

	2007 £'000	2006 £'000
Loans due from holding company	78,738	75,153
Amounts owed by fellow subsidiaries	59,237	64,160
	137,975	139,313

The loans from a holding company, Powell Duffryn Limited, are denominated in US dollars and sterling, are interest free and have no fixed repayment terms

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6 Called-up equity share capital

	2007	2006
	£'000	£'000
Authorised shares		
8,000,000 ordinary shares of £1 each	8,000	8,000
Issued and fully paid shares		
5,300,000 ordinary shares of £1 each	5,300	5,300

7 Reserves

	Share premium £'000	Revaluation £'000	Profit and loss £'000
Balance at 1 April 2006	127,446	71,777	8,856
Loss for the financial year	-	-	(249)
Balance at 31 March 2007	127,446	71,777	8,607

8 Reconciliation of movement in equity shareholder's funds

	2007	2006
	£'000	£'000
Equity shareholder's funds at 1 April	213,379	206,032
(Loss)/profit for the financial year	(249)	6,916
Revaluation reserve movements	-	431
Exchange movements on investments in subsidiaries	-	14
Exchange movements on currency loans	-	(14)
Equity shareholder's funds at 31 March	213,130	213,379

Powell Duffryn (International) Limited

9 Subsidiary undertakings

Listed below are the subsidiary undertakings directly held by Powell Duffryn (International) Limited at 31 March 2007. 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. The principal activities of the following entities are the manufacture and sale of engineering equipment and holding company operations. However, Hamworthy Engineering (Africa) (Pty) Limited was dormant for the year to 31 March 2007.

Company	Country of incorporation
Powell Duffryn Holdings BV	Holland
Hamworthy Engineering (Africa) (Pty) Limited	South Africa

10 Related party transactions

As an effective subsidiary undertaking of NPIL Holdco Limited, the Company has taken advantage of the exemption in FRS 8, 'Related party disclosures' from disclosing transactions with other members of the group headed by NPIL Holdco Limited.

11 Ultimate parent company

The immediate parent of the Company is Powell Duffryn Limited. The ultimate parent undertaking of the Company for the purposes of s 736 Companies Act 1985 is Prestige (No. 1) Limited. However, the directors consider that Nikko Principal Investments Limited, which holds warrants to subscribe for ordinary shares in the Company's intermediate parent undertaking, Prestige Acquisitions Limited, and which, on exercise, would make it the majority shareholder, has effective control of the Company. NPIL Holdco Limited, a company registered in England and Wales, is the immediate parent undertaking of Nikko Principal Investments Limited and is in turn, 100% owned by Nikko Cordial Corporation, a company incorporated in Japan. Therefore, as at 31 March 2007 the Directors consider Nikko Cordial Corporation to be the ultimate parent company. On 9 May 2007, Citigroup Inc acquired a 61.08% stake in Nikko Cordial Corporation, and is therefore regarded as the ultimate company at the date of signing these financial statements.

NPIL Holdco Limited is the parent undertaking of the smallest and largest group that presents consolidated financial statements including the results of the Company. Copies of the financial statements for NPIL Holdco Limited are available from the Company Secretary, NPIL Holdco Limited, 100 Pall Mall, London SW1Y 5NN.