

**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 1997**

**Company Registration No: 1235617**



# **POWELL DUFFRYN (INTERNATIONAL) LIMITED**

## **DIRECTORS' REPORT**

Directors: Mr B S Hartiss (appointed 22 April 1996)  
Mr P J W Shuttleworth (resigned 20 December 1996)  
Mr A E Darling  
Mr R G Lee (appointed 20 December 1996)

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

The directors present their report for the year ended 31 March 1997.

### **1 RESULTS AND DIVIDEND**

The directors submit the audited financial statements for the year ended 31 March 1997. The loss for the financial year after taxation amounted to £12,726,000 (1995/96 £14,186,000). The directors do not recommend the payment of a dividend (1995/96 nil).

### **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 1997 the company sold its interest in Powell Duffryn Storage (Africa) (Pty) Limited for £3,500,000 giving a profit on disposal of £534,000. It also sold 45% of its 50% interest in Japan Hamworthy Company Limited for £111,000, giving a profit on disposal of £103,000.

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

### **3 PAYMENT OF CREDITORS**

The Company has no trade creditors.

### **4 DIRECTORS**

The directors during the year are those listed above.

Mr B S Hartiss and Mr A E Darling 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. The interest of the other director in the ordinary shares of Powell Duffryn plc was as follows:

	<b><u>Owned</u></b>		<b><u>Option rights</u></b>	
	<b><u>1997</u></b>	<b><u>1996</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
R G Lee	3,795	-	-	-

**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

**DIRECTORS' REPORT**

**(CONTINUED)**

The interest of Mr R G Lee in contingent share awards under the Powell Duffryn Restricted Share Plan was as follows:

	<u>Maximum No of Shares</u>	<u>Earliest Vesting Date</u>
At 1 April 1996	nil	
Awarded during year	9,800	19.9.99
At 31 March 1997	9,800	19.9.99

Mr R G Lee had no other interest in the ordinary shares, preference shares or debentures of Powell Duffryn plc or its subsidiaries.

**5 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.

It is the directors' responsibility to ensure that, in the preparation of the financial statements for the year ended 31 March 1997, suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements and estimates have been made, 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.

**6 AUDITORS**

Coopers and Lybrand resigned as auditors on 20 November 1996 and Arthur Andersen were appointed as auditors with effect from the same date.

A resolution to re-appoint the auditors Arthur Andersen will be proposed at the Annual General Meeting.

As required by the Companies Act 1985 a special notice of the resolution has been received by the company.

BY ORDER OF THE BOARD

9 July 1997

Date



R G LEE  
Secretary

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF**  
**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

**To the Shareholders**

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective Responsibilities of directors and auditors**

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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors  
1 Surrey Street  
London  
WC2R 2PS

Date

9 July 1997

**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MARCH 1997**

	Notes	1997 £000	1996 £000
Investment income		3,266	2,976
Amounts written off fixed asset investments	4	(16,744)	(17,461)
Exceptional profit on sale of investments		637	299
Loss on ordinary activities before taxation	2	(12,841)	(14,186)
Taxation	3	115	-
Loss for the financial year	9	(12,726)	(14,186)

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

**STATEMENT OF RECOGNISED GAINS AND LOSSES**

	1997 £000	1996 £000
Loss for the year	(12,726)	(14,186)
Unrealised surplus (deficit) on revaluation of investment in subsidiaries	609	(382)
Realised surplus on disposal of investments	1,938	1,600
Exchange movements on investment in subsidiaries	(5,006)	3,212
Exchange movements on currency loans	2,471	(3,017)
Total gains and losses recognised during the year	(12,714)	(12,773)

**Note of historical cost profits and losses**

	1997 £000	1996 £000
Reported loss on ordinary activities before tax	(12,841)	(14,186)
Realised surplus on disposal of investments	1,938	1,600
Provision against historical cost of investments for diminution in value	16,744	17,461
Historical cost profit on ordinary activities before taxation	5,841	4,875

The accompanying notes are an integral part of these statements.

**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

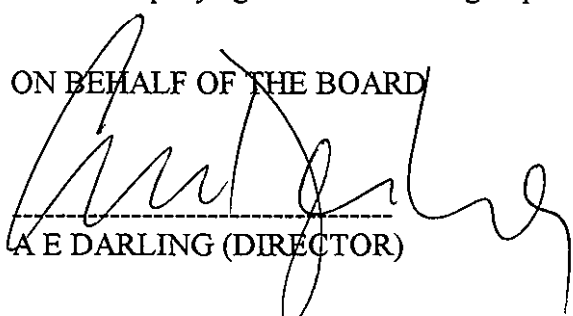
**BALANCE SHEET**

**AS AT 31 MARCH 1997**

	<u>Notes</u>	<u>1997</u> <u>£000</u>	<u>1996</u> <u>£000</u>
<b>FIXED ASSETS</b>			
Investments	4	36,060	52,245
<b>CURRENT ASSETS</b>			
Debtors	5	977	563
Cash at bank		38	49
		<u>1,015</u>	<u>612</u>
<b>CREDITORS</b> - amounts falling due within one year	6	(884)	(648)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>131</u>	<u>(36)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		36,191	52,209
<b>CREDITORS</b> - amounts falling due after more than one year	7	(59,363)	(62,667)
		<u>(23,172)</u>	<u>(10,458)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	263	263
Revaluation reserve	9	8,482	10,139
Profit and loss account	9	(31,917)	(20,860)
Equity shareholders' funds	10	<u>(23,172)</u>	<u>(10,458)</u>

The accompanying notes are an integral part of this balance sheet.

ON BEHALF OF THE BOARD

  
A E DARLING (DIRECTOR)

9 July 1997  
DATE

**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR TO 31 MARCH 1997**

1 **ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Group Financial Statements**

Group financial statements are not prepared as the company is a wholly owned subsidiary undertaking of another company incorporated in Great Britain. Investments in subsidiary undertakings are valued at net asset value. Investments in associated undertakings and other investments are valued at cost, less any permanent diminution in value.

**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.

**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 FINANCIAL STATEMENTS**

**YEAR TO 31 MARCH 1997**

**2 RESULT FOR THE YEAR**

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 in both the current and prior year.

The company employs no staff (1995/96 nil).

**3 TAXATION**

Based on the profit for the year:

	<b><u>1997</u></b> <b><u>£000</u></b>	<b><u>1996</u></b> <b><u>£000</u></b>
United Kingdom taxation at 33% (1996 33%)	1,618	1,485
Double taxation relief	<u>(1,577)</u> 41	<u>(1,485)</u> -
Group relief receivable	(183)	-
Prior year adjustment	<u>27</u> <u>(115)</u>	<u>-</u> <u>-</u>

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

**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR TO 31 MARCH 1997**

**4 INVESTMENTS**

All investments are unlisted and are as follows:

	<b>Subsidiary Under- takings £000</b>	<b>Associated Under- takings £000</b>	<b>Other Investments £000</b>	<b>Total 1997 £000</b>	<b>Total 1996 £000</b>
Valuation or cost at 1 April 1996	52,236	9	-	52,245	67,861
Cost reductions	(7)	-	-	(7)	-
Revaluations	2,547	-	-	2,547	1,218
Exchange adjustments	(5,006)	-	-	(5,006)	3,212
Acquisitions	5,999	-	-	5,999	116
	55,769	9	-	55,778	72,407
Transfers	-	(1)	1	-	-
Disposals	(2,966)	(8)	-	(2,974)	(2,701)
	52,803	-	1	52,804	69,706
Provision for reduction in value of investments	(16,744)	-	-	(16,744)	(17,461)
	36,059	-	1	36,060	52,245

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 £16,744,000.

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.

Details of all the investments held are given in notes 12 and 13.

**5 DEBTORS**

Amounts falling due within one year	<b>1997 £000</b>	<b>1996 £000</b>
Amounts owed by fellow subsidiaries	835	563
Taxation	142	-
	<b>977</b>	<b>563</b>

**POWELL DUFFRYN (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR TO 31 MARCH 1997**

**6 CREDITORS -**

Amounts falling due within one year:	<b><u>1997</u></b> <b><u>£000</u></b>	<b><u>1996</u></b> <b><u>£000</u></b>
Accrual	1	1
Other creditors	-	84
Amount due to fellow subsidiary	48	-
Amount due to holding company	835	563
	<u>884</u>	<u>648</u>

**7 CREDITORS -**

Amounts falling due after more than one year.	<b><u>1997</u></b> <b><u>£000</u></b>	<b><u>1996</u></b> <b><u>£000</u></b>
Loans from holding company	<u>59,363</u>	<u>62,667</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.

**8 CALLED UP SHARE CAPITAL**

	<b><u>1997</u></b> <b><u>£000</u></b>	<b><u>1996</u></b> <b><u>£000</u></b>
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 FINANCIAL STATEMENTS**

**YEAR TO 31 MARCH 1997**

9	<b><u>RESERVES</u></b>	<b>Revaluation £000</b>	<b>Profit &amp; Loss £000</b>
	Balance at 1 April 1996	10,139	(20,860)
	Loss for the financial year	-	(12,726)
	Revaluation of investments	2,547	-
	Disposal of investments	(1,938)	1,938
	Exchange losses on investments	(2,266)	(2,740)
	Exchange profits on currency loans	-	2,471
	Balance at 31 March 1997	<u>8,482</u>	<u>(31,917)</u>

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

	<b>1997 £000</b>	<b>1996 £000</b>
Opening shareholders' funds	(10,458)	2,315
Loss for the financial year	(12,726)	(14,186)
Revaluation reserve movements	2,547	1,218
Currency exchange movements	<u>(2,535)</u>	<u>195</u>
Closing shareholders' funds	<u>(23,172)</u>	<u>(10,458)</u>

11 **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.

12 **SUBSIDIARY UNDERTAKINGS**

Listed below are the subsidiary undertakings directly held by Powell Duffryn (International) Limited at 31 March 1997. 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
Hamworthy Engineering (Africa) (Pty) Limited	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 FINANCIAL STATEMENTS**

**YEAR TO 31 MARCH 1997**

13	<b><u>OTHER INVESTMENTS</u></b>	<b><u>HOLDING</u></b>	<b><u>TOTAL ISSUED SHARE CAPITAL</u></b>	<b><u>COUNTRY OF INCORPORATION</u></b>
----	---------------------------------	-----------------------	--	--

Japan Hamworthy Company Limited	5%	Yen 12,000,000	Japan
---------------------------------	----	----------------	-------

The valuation of investments, which are all unlisted, is not materially different to original cost.

14 **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 financial statements for the year ended 31 March 1997.

15 **RELATED PARTY TRANSACTIONS**

The financial statements of Powell Duffryn plc, which directly owns at least 90% of the voting share capital of the company, are publically available.

Accordingly no disclosure of related party transactions between the company and Powell Duffryn plc or any related parties of Powell Duffryn plc is made in this Report and Financial Statements.

16 **NEGATIVE EQUITY SHAREHOLDERS' FUNDS**

The negative equity shareholders' funds have arisen due to the company's policy of valuing investments at their tangible net asset value. This policy does not take account of the income generating capabilities of these companies on the basis of which the directors consider that the company does not require support from its parent company.