

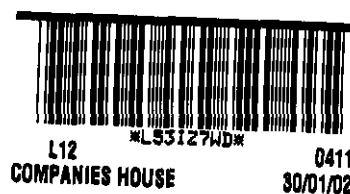
POWELL DUFFRYN (INTERNATIONAL) LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2001

Company Registration No: 1235617



POWELL DUFFRYN (INTERNATIONAL) LIMITED

DIRECTORS' REPORT

Directors: Mr B S Hartiss (resigned 13 September 2001)
Mr A E Darling
Mr R G Lee

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

The directors present their annual report together with the accounts and auditors' report for the year ended 31 March 2001.

1 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. During the year the Company sold Powell Duffryn (USA) Limited and KSE Marine Inc to Prestige (U.S.) Limited.

During the year the Company allotted 2,300,000 ordinary shares with a nominal value of £1 and at a premium of £9 for cash to Powell Duffryn Limited (see Note 8 in the notes to the accounts).

Prestige (No. 1) Limited became the ultimate parent company of Powell Duffryn (International) Limited when its subsidiary, Prestige Acquisitions Limited, acquired the whole share capital of Powell Duffryn plc on 14 December 2000. As a result of the acquisition Powell Duffryn plc de-registered from the Stock Exchange. On 15 February 2001 Powell Duffryn plc changed its name to Powell Duffryn Limited.

2 RESULTS AND DIVIDEND

The directors submit the audited accounts for the year ended 31 March 2001. The profit for the financial year after taxation amounted to £15,394,000 (2000 £1,771,000). The directors do not recommend the payment of a dividend (2000 nil).

3 PAYMENT OF CREDITORS

The Company has no trade creditors.

4 DIRECTORS

The directors have no details that are required to be disclosed under Schedule 7 of the Companies Act 1985. All interests of the directors in the Company's ordinary shares, preference shares, the Powell Duffryn Executive Share Option Scheme, the Powell Duffryn Sharesave Scheme and the Powell Duffryn Restricted Share Plan were released at the time of the acquisition of Powell Duffryn Limited by Prestige Acquisitions Limited.

The directors have no interests in the share capital of Prestige (No. 1) Limited required to be disclosed under Schedule 7 of the Companies Act 1985.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

DIRECTORS' REPORT

(CONTINUED)

5 DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year 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 accounts 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6 AUDITORS

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

Powell Duffryn House
London Road, Bracknell
Berkshire RG12 2AQ.

BY ORDER OF THE BOARD



Date 25 January 2002

R G LEE
Secretary

AUDITORS REPORT**To the Shareholder of Powell Duffryn (International) Limited**

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention, as modified by certain revaluations, 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 the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ARTHUR ANDERSEN
Chartered Accountants and Registered Auditors
180 Strand
London
WC2R 1BL

Date *24 January 2002*

POWELL DUFFRYN (INTERNATIONAL) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2001

	Notes	2001 £000	2000 £000
Income from shares in subsidiary undertakings		505	609
Administrative expenses		(10)	(108)
Amounts written back to fixed asset investments	4	2,672	4,861
Profit/(Loss) on sale of investments		19,325	(6)
Interest receivable		2	-
Interest payable on group loans		(10,043)	(5,344)
Profit on ordinary activities before taxation	2	12,451	12
Taxation	3	2,943	1,759
Retained profit for the financial year	9	15,394	1,771

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

	2001 £000	2000 £000
Retained profit for the year	15,394	1,771
Unrealised surplus on revaluation of investment in subsidiaries	6,235	3,748
Exchange movements on investment in subsidiaries	806	(1,283)
Exchange movements on currency loans	(806)	144
Total gains and losses recognised during the year	21,629	4,380

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2001 £000	2000 £000
Reported profit on ordinary activities before taxation	12,451	12
Realised (profit)/loss on disposal of investments	(19,325)	6
Provision against historical cost of investments for impairment in value	(2,672)	(4,861)
Historical cost loss on ordinary activities before taxation	(9,546)	(4,843)

The accompanying notes are an integral part of these statements.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2001

	<u>Notes</u>	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
FIXED ASSETS			
Investments	4	29,486	49,161
CURRENT ASSETS			
Investments	5	35,212	32,130
Debtors	6	55,899	1,909
Cash at bank		-	20
		91,111	34,059
CREDITORS - amounts falling due within one year	7	(87,705)	(94,957)
NET CURRENT ASSETS/(LIABILITIES)		3,406	(60,898)
NET ASSETS/(LIABILITIES)		32,892	(11,737)
CAPITAL AND RESERVES			
Called up share capital	8	2,563	263
Share premium	8	20,700	-
Revaluation reserve	9	20,420	13,541
Profit and loss account	9	(10,791)	(25,541)
EQUITY SHAREHOLDERS' FUNDS	10	32,892	(11,737)

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

ON BEHALF OF THE BOARD


A E DARLING (DIRECTOR)

24 - 1 - 02
DATE

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 2001

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 for both years.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Prestige (No. 1) Limited which prepares consolidated accounts which are publicly available. The Company is also on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

Investments

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

Equity accounting for 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.

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.

Foreign currencies

Exchange differences arising on the re-translation 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

Corporation tax payable is provided on taxable profit at the current rate. Deferred taxation is provided only to the extent that it can be foreseen with reasonable probability that the liabilities will crystallise.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

YEAR TO 31 MARCH 2001

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The directors of Powell Duffryn (International) Limited are employed by a Holding Company Powell Duffryn Limited. Directors' and Auditors' remuneration has been borne by the holding Company in both the current and prior year.

The Company had no employees during the year. (2000 : nil).

3 TAXATION

Based on the profit for the year:

	2001 £000	2000 £000
UK corporation tax at 30% (2000 : 30%)	214	285
Double taxation relief	(214)	(285)
	-	-
Group relief receivable	(2,953)	(1,691)
Prior year adjustment	10	(68)
	<u>(2,943)</u>	<u>(1,759)</u>

4 INVESTMENTS

All investments are unlisted and are as follows:

	Subsidiary Under- takings £000	Other Investments £000	Total 2001 £000	Total 2000 £000
Valuation or cost at 1 April	49,160	1	49,161	41,861
Cost adjustments	-	-	-	(20)
Revaluations	6,235	-	6,235	3,748
Exchange adjustments	806	-	806	(1,283)
Acquisitions	-	-	-	-
	56,201	1	56,202	44,306
Disposals	(29,388)	-	(29,388)	(6)
	26,813	1	26,814	44,300
Decrease in provision for reduction in value of investments	2,672	-	2,672	4,861
Valuation or cost at 31 March	29,485	1	29,486	49,161

The provision for the reduction in value of investments in subsidiary undertakings is to adjust the cost of the investments to net asset value.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

YEAR TO 31 MARCH 2001

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 CURRENT ASSET INVESTMENTS

	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Hamworthy KSE AS – Norway	17,284	17,284
Hamworthy KSE AB – Sweden	10,821	10,821
Hamworthy KSE GmbH – Germany	2,648	2,648
KSE Marine Inc – USA	-	1,377
Norba AB – Sweden	4,459	-
	<u>35,212</u>	<u>32,130</u>

The above assets are being held as Current Asset Investments prior to their transfer to another Group Company within the next 12 months.

6 DEBTORS

	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Amounts falling due within one year:		
Amounts owed by fellow subsidiaries	52,946	177
Taxation	2,953	1,732
	<u>55,899</u>	<u>1,909</u>

7 CREDITORS

	<u>2001</u> <u>£000</u>	<u>2000</u> <u>£000</u>
Amounts falling due within one year:		
Amount due to fellow subsidiary	10	39
Loans from holding Company	87,695	94,918
	<u>87,705</u>	<u>94,957</u>

The loans from a Holding Company, Powell Duffryn Limited, are denominated in US dollars, French francs, Dutch guilders, Danish krone, Swedish krona and sterling, are interest bearing and have no fixed repayment terms.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

YEAR TO 31 MARCH 2001

8 SHARE CAPITAL AND SHARE PREMIUM

	<u>Authorised</u>		<u>Issued and fully paid</u>		
	<u>No. of shares 000</u>	<u>£'000</u>	<u>No. of shares 000</u>	<u>£'000</u>	<u>Share premium £'000</u>
Equity Share Capital					
Ordinary shares of £1 each as at 1 April 2000	5,000	5,000	263	263	-
Issue of ordinary shares	-	-	2,300	2,300	20,700
Shares in issue					
As at 31 March 2001	<u>5,000</u>	<u>5,000</u>	<u>2,563</u>	<u>2,563</u>	<u>20,700</u>

During the year the Company allotted 2,300,000 ordinary shares with a nominal value of £1 and at a premium of £9 for cash to Powell Duffryn Limited.

9 RESERVES

	<u>Revaluation £000</u>	<u>Profit & Loss £000</u>
Balance at 1 April 2000	13,541	(25,541)
Retained profit for the financial year	-	15,394
Revaluation of investments	6,235	-
Exchange movements on investments	644	162
Exchange movements on currency loans	-	(806)
Balance at 31 March 2001	<u>20,420</u>	<u>(10,791)</u>

No deferred tax has been provided by the Company in respect of the revaluation reserve since the directors consider that no liability to taxation will arise in the foreseeable future.

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001 £000</u>	<u>2000 £000</u>
Opening shareholders' funds	(11,737)	(16,117)
Retained profit for the financial year	15,394	1,771
New share capital subscribed	23,000	-
Revaluation reserve movements	6,235	3,748
Currency exchange movements	-	(1,139)
Closing shareholders' funds	<u>32,892</u>	<u>(11,737)</u>

11 ULTIMATE PARENT COMPANY

The directors regard Prestige (No. 1) Limited, a Company incorporated in Great Britain, registered in England and Wales, as the ultimate controlling party and ultimate parent company. A copy of the Prestige (No. 1) Limited consolidated financial statements may be obtained from the Company Secretary, Prestige (No. 1) Limited, 78 Cannon Street, London EC4P 5LN.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

YEAR TO 31 MARCH 2001

12 SUBSIDIARY UNDERTAKINGS

Listed below are the subsidiary undertakings directly held by Powell Duffryn (International) Limited at 31 March 2001. 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.

<u>COMPANY</u>	<u>COUNTRY OF INCORPORATION</u>
Airoil-Flaregas SA	France
Hamworthy Combustion Engineering SRL	Italy
Airoil-Flaregas SA	Spain
Hamworthy Combustion Engineering Deutschland GmbH	Germany
Hamworthy KSE GmbH	Germany
Powell Duffryn Holdings BV	Holland
Hamworthy Combustion SA	France
Hamworthy KSE a.s.	Norway
Metalair-Filliat SA	France
Hamworthy KSE AB	Sweden
Norba AB	Sweden
Hamworthy Belliss & Morcom Canada Limited	Canada
Hamworthy Engineering (Africa) (Pty) Limited	South Africa
Powell Duffryn Storage (Africa) (Pty) Limited	South Africa
Hamworthy Engineering (FE) PTE Limited	Singapore
Hamworthy KSE Svanehoj A/S	Denmark
Hamworthy Belliss & Morcom Brasil Ltda	Brazil
Powell Duffryn (Australia) Pty Ltd	Australia
Hamworthy Combustion Engineering Australasia Pty Limited	Australia

13 RELATED PARTY TRANSACTIONS

The accounts of Prestige (No. 1) Limited, which owns at least 90% of the voting share capital of the Company, are publicly available.

Accordingly no disclosure of related party transactions between the Company and Prestige (No. 1) Limited or any related parties of Prestige (No. 1) Limited is made in this report and accounts.

POWELL DUFFRYN (INTERNATIONAL) LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

YEAR TO 31 MARCH 2001

14 CONTINGENT LIABILITIES

The Company's parent company is Powell Duffryn Limited. Powell Duffryn Limited has guaranteed all of the obligations of Prestige Acquisitions Limited under borrowing facilities drawn to finance the acquisition of Powell Duffryn Limited and the working capital requirements of Powell Duffryn group companies. The drawings under those facilities at 31 March 2001 totalled £112.7m. The guarantees were secured by fixed charges over properties and by floating charges over the business and assets of Powell Duffryn Limited and certain of its subsidiaries including Powell Duffryn (International) Limited. Since March 2001 the guaranteed obligations have been met by Prestige Acquisitions Limited and Powell Duffryn Limited, and the charges over the Company's properties, business and assets have been released.