

KCC Group Limited

**Directors' report and financial statements
for the period ended 31 December 2007**

Registered number 3456033



KCC Group Limited

Directors' report and financial statements for the period ended 31 December 2007

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KCC Group Limited

Directors' report for the period ended 31 December 2007

The Directors present their annual report and the audited financial statements for the period ended 31 December 2007.

Principal activities

The company is an intermediate holding company.

Review of results

The results for the period are shown in the profit and loss account on page 5. The Directors regard the result as satisfactory.

No dividends were paid during the period (2006: £nil).

Key performance Indicators

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.

Directors and their interests

The Directors who served during the period, and subsequently are as follows:

K B Rowland (resigned 17 January 2007)
K Fleming
G Mackie
N Winterbourne

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

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

KCC Group Limited

Directors' report for the period ended 31 December 2007 (continued)

Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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.

Statement on disclosure of information to the auditors

As far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

Each director has taken all the steps he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



Director

1 December 2008

Independent auditors' report to the members of KCC Group Limited

We have audited the financial statements of KCC Group Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet 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 in to 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 judgements 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.

Independent auditors' report to the members of KCC Group 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 December 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
East Midlands

29 December 2008

KCC Group Limited

Profit and loss account for the period ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit			-
Administrative expenses		(244)	(23)
Operating loss	3	(244)	(23)
Interest receivable	4	19	22
Loss on ordinary activities before taxation		(225)	(1)
Tax on loss on ordinary activities	5	-	(5)
Loss for the financial period	11	(225)	(6)

There were no recognised gains or losses in the year other than those shown above. All results were derived from continuing operations.

There is no material difference between the results included above and their historical cost equivalent.

KCC Group Limited

Balance sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Investments	6	255	255
		255	255
Current assets			
Debtors	7	269	546
Cash at bank and in hand		118	56
		387	602
Creditors: amounts falling due within one year	8	(348)	(338)
Net current assets		39	264
Net assets		294	519
Capital and reserves			
Called up share capital	9	253	253
Profit and loss account	10	41	266
Total shareholders' funds	11	294	519

These financial statements on pages 5 to 13 were approved by the Board of Directors on and were signed on its behalf by:

1 December 2008

G Mackie

G Mackie
Director

KCC Group Limited

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

1 Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. Where a choice of treatment is available the directors have applied the most appropriate accounting policies and estimation techniques in accordance with FRS 18. A summary of the significant accounting policies, which have been applied consistently, are set out below.

Basis of consolidation

As permitted by section 228 of the Companies Act 1985, no group financial statements are presented as the company is a wholly owned subsidiary undertaking of Petreco International Limited (incorporated in England and Wales).

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provisions for impairment.

Interest costs

Interest costs are taken to the profit and loss account as incurred.

Taxation

The charge for taxation is based on the profit for the period and takes into account timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which they are recognised for accounting purposes. Deferred taxation is recognised as a liability or asset, using the full provision method, if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or right to pay less taxation in the future. A deferred tax asset is recognised to the extent that it is regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account.

Cash flow statement

The company has taken advantage of the exemptions available in FRS 1 (Revised) and accordingly a cash flow statement is not presented in these accounts. The company is entitled to such exemption as it is more than 90% owned by another company whose financial statement are publicly available (see note 13).

KCC Group Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

2 Directors' emoluments and staff

There were no employees during the year other than directors.

No directors received remuneration in respect of their services for the year ended 31 December 2007.

3 Operating loss

Operating loss is stated after charging:	2007	2006
	£'000	£'000
Auditors Remuneration	3	4

4 Interest receivable

	2007	2006
	£'000	£'000
Bank interest	19	22

KCC Group Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

5 Taxation

	2007	2006
	£'000	£'000
Current tax		
UK corporation tax		
Current tax on income for the period	-	5
Total current tax	-	5
Deferred tax	-	-
	-	5

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007	2006
	£'000	£'000
Current tax recognition		
Loss on ordinary activities before tax	(225)	(1)
Current tax at 30%	(68)	-
Expenses not deductible for tax purposes	1	-
Capital allowances in excess of depreciation	(1)	(1)
Other timing differences	14	6
Group relief surrendered not paid	54	-
Total current tax charge (see above)	-	5

The company has an unprovided deferred tax asset of £37,000 (2006: £28,000). This asset has not been recognised due to uncertainties over its recoverability.

KCC Group Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

6 Fixed asset investments

			2007	2006	
			£'000	£'000	
Cost					
As at 1 January 2007 and 31 December 2007			255	255	
Details of subsidiary undertakings					
	Principal activity	Country of incorporation	Class of share	Number held	% held
Petresco International (Middle East) Limited (formerly KCC Process Equipment (International) Limited)	Oil & Gas Treatment	England & Wales	£1 ordinary	1,000	100
KCC Resources (Jersey) Limited	Overseas Employment	Jersey	£1 ordinary	2	100
KCC Process Equipment Limited	Dormant	England & Wales	£1 ordinary	253,000	100
RJB Engineering (UK) Limited	Dormant	England & Wales	£1 ordinary	2	100

KCC Group Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

7 Debtors

	2007	2006
	£'000	£'000
Amounts receivable from group companies	203	246
Other debtors	6	242
Vat recoverable	8	6
Corporation tax	52	52
	269	546

8 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Trade creditors	28	4
Amounts owed to group undertakings	317	317
Accruals and deferred income	3	17
	348	338

KCC Group Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

9 Called up share capital

	2007	2006
	£'000	£'000
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
253,000 ordinary shares of £1 each	253	253

10 Reserves

	Profit and Loss account
	£'000
At 1 January 2007	266
Loss for the period	(225)
As at 31 December 2007	41

KCC Group Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Reconciliation of movements in shareholders' funds

	2007	2006
	£'000	£'000
Loss for the period	(225)	(6)
Opening shareholders' funds	519	525
Closing shareholders' funds	294	519

12 Commitments and contingencies

The company has no commitments under non-cancellable operating leases at 31 December 2007 or 31 December 2006.

13 Immediate and ultimate parent company and controlling party

The smallest group into which the accounts of KCC Group Limited are consolidated is that of Petreco International Limited. The consolidated financial statements of Petreco International Limited can be obtained at 111 Windmill Road, Sunbury On Thames, Middlesex, TW16 7EF.

The company's ultimate holding company and controlling party is Cameron International Corporation, a Company incorporated and registered in the United States. Cameron International Corporation is the parent of the largest group into which the accounts of KCC Group Limited are consolidated.