WÄRTSILÄ HAMWORTHY INTERNATIONAL LIMITED
(formerly Hamworthy International Limited)

Company Registration No 05857621

Annual report for the year ended
31st March 2012

MONDAY

L1F83IK2
LD3 13/08/2012 #7
COMPANIES HOUSE

Report of the Directors for the Year Ended 31 March 2012

The directors present their report and the audited financial statements for the year ended 31 March 2012

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal Activities, Review of the Business and Future Prospects

The Company changed its name to Wartsila Hamworthy International Limited on 30 April 2012 following the Hamworthy Group's acquisition by Wartsila Technology OY Ab, a subsidiary of Wartsila Corporation registered in Finland, on 31 January 2012

The principal activity of the Company remains that of an investment holding company, and it receives dividends from its investments in Denmark, Germany and China

The profit on ordinary activities after taxation was £2,718,000 (2011 £5,888,000) An interim dividend of £2,718,000 representing 24 26p per share was paid during the year (2011 £5,888,000 – 52 55p per share) The directors do not propose payment of a final dividend

On 3 October 2011 the Company acquired 100% of the share capital of AW Flow Holdings Limited for cash consideration of £23 5 million AW Flow Holdings Limited is the holding company of a group of UK based companies specialising in the design, manufacture and sale of sea water flow control valves for the marine and oil & gas industries The acquired businesses target similar markets and customers to other parts of the Hamworthy Group and have production and supply-chain models consistent with those of the Group's Pump Systems division The Group therefore expects benefits from the integration of these businesses

The directors are confident that the future prospects of the Hamworthy Group, which include the businesses in which the Company holds its investments, are good

Directors

The following directors held office during the year and to the date of signing

Mr J Oatley – resigned 23 April 2012
Mr P Crompton – resigned 23 April 2012
Mr T Koponen – appointed 23 April 2012
Mr K Hietanen – appointed 23 April 2012

Directors' Interests in Shares

None of the directors had any interest in the share capital of the Company

The interests of J Oatley and P Crompton in the share capital of the ultimate parent undertaking, Wartsila Hamworthy Limited (formerly Hamworthy plc), are dealt with in the financial statements of that company

Risk management

The board of directors, which has responsibility for reviewing and agreeing policies for managing the financial risks faced by the Wartsila Hamworthy Limited Group, do not consider these to be material for the Company due to the size and nature of its business

Going concern

As described above the directors consider that the future prospects of the Wartsila Hamworthy Group, which include the businesses in which the Company holds its investments, are good In respect of the net current liability position, the Company has obtained a letter of support

Report of the Directors for the Year Ended 31 March 2012 (continued)

from its parent Company, Wärtsilä Hamworthy Limited The directors have a reasonable expectation that the Company has adequate resources available to it to continue in operational existence for the foreseeable future and there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors Thus they continue to adopt the going concern basis in preparing the financial statements

Directors' Responsibilities statement

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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

Disclosure of information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that, so far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that they ought to have taken as directors in order to make themselves 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 section 418 of the Companies Act 2006

By order of the board



Peter Dawes
Company Secretary
9 August 2012

Independent auditor's report to the members of Wärtsilä Hamworthy International Limited

We have audited the financial statements of Hamworthy International Limited for the period ended 31 March 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 11 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies in the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the company financial statements

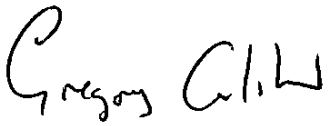
- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors report



Gregory Culshaw ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Southampton, UK

9 August 2012

Profit and loss account for the year ended 31 March 2012

	Note	**2012** **£' 000**	2011 £' 000
Income from shares in Group undertakings		**2,718**	5,460
Profit on ordinary activities before taxation		**2,718**	5,460
Taxation on profit on ordinary activities	3	**-**	428
Profit on ordinary activities after taxation	9	**2,718**	5,888

All results relate to continuing activities

There were no other recognised gains or losses in either year other than the results stated above and therefore no separate statement of total recognised gains and losses has been presented

Wärtsilä Hamworthy International Limited

Company Registration No 05857621

Balance Sheet as at 31 March 2012

	Note	2012 £' 000	2011 £' 000
FIXED ASSETS			
Investments	5	**38,638**	13,640
CURRENT ASSETS			
Debtors	6	**3,038**	196
CREDITORS - amounts falling due within one year	7	**(29,445)**	(2,632)
Net Current Liabilities		**(26,407)**	(2,436)
Total Assets less Current Liabilities		**12,231**	11,204
CREDITORS - amounts falling due after more than one year	7	**(1,027)**	-
NET ASSETS		**11,204**	11,204
CAPITAL AND RESERVES			
Called-up share capital	8	**11,204**	11,204
SHAREHOLDER'S FUNDS	10	**11,204**	11,204

The financial statements on pages 6 to 13 were approved by the board of directors and authorised for issue on 9 August 2012 and were signed on its behalf by

T KOPONEN
Director

Notes to the financial statements 31 March 2012

Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and previous year, is set out below

Basis of accounting

The financial statements have also been prepared under the historical cost basis of accounting and in accordance with applicable United Kingdom Accounting Standards

The financial statements contain information about Hamworthy International Limited as an individual company and do not contain consolidated financial information as the parent of a group The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Wartsila Hamworthy Limited, a company registered in England and Wales

Going concern

As described in the directors' report on page 2 the directors consider that the future prospects of the Hamworthy Group, which include the businesses in which the Company holds its investments, are good In respect of the net current liability position, the Company has obtained a letter of support from its parent Company, Wartsila Hamworthy Limited The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements.

Related party transactions and cash flow statement

The Company is a wholly owned subsidiary of Wartsila Hamworthy Limited and is included in the consolidated financial statements of that company Wartsila Hamworthy Limited prepare consolidated financial statements, which are publicly available Consequently, the Company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (Revised 1996) The Company has also taken advantage of the exemption set out in Financial Reporting Standard 8 relating to subsidiary undertakings and has not disclosed transactions with other group companies

Investments

Fixed asset investments are stated at cost less provisions for any impairment in value

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or at a contracted rate if applicable Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain/loss in the profit and loss account

Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its

Notes to the financial statements 31 March 2012 - continued

Statement of Accounting Policies (continued)

Taxation (continued)

results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Dividends

Dividends are recognised in the same period in which they are fully authorised.

Notes to the financial statements 31 March 2012 - continued

1. Directors' emoluments

The only employees during the current and prior year were the directors They consider that their services to the Company are merely incidental to their services as directors of the ultimate parent company, Wartsila Hamworthy Limited Accordingly no emoluments have been charged in relation to their services in the financial statements of the Company

The total emoluments received by the directors for their services to the Hamworthy Group were

	2012	2011
	£' 000	£' 000
Emoluments	**743**	875
Payment on termination of service agreement	**459**	-
Company contributions to money purchase schemes	**51**	51
	1,253	926

2 Auditor's remuneration

The auditor's remuneration of £5,000 (2011 £5,000) was paid by the parent company, Wartsila Hamworthy Limited, and is included in the total amount charged of £50,000 (2011 £50,000)

3. Taxation on profit for the year

	2012	2011
	£' 000	£' 000
Current tax:		
UK corporation tax on profits for the year	-	-
Adjustment in respect of prior years	-	(428)
	-	(428)

Income tax for the UK is calculated at the standard rate of UK Corporation tax of 26% (2011 28%) on the estimated assessable profit for the year

The total charge for the year can be reconciled to the accounting profit as follows

	2012	2011
	£' 000	£' 000
Profit on ordinary activities before tax	**2,718**	5,460
Tax @ 26%/28% thereon	**707**	1,529
Effect of		
Income not chargeable for tax purposes	**(707)**	(1,529)
Adjustment in respect of prior years	**-**	(428)
Total tax charge for the year	**-**	(428)

Notes to the financial statements 31 March 2012 - continued

4. Equity dividends paid

	2012 £'000	2011 £'000
Interim paid - 24 26p per share (2011 52 55p per share)	**2,718**	5,888
	2,718	5,888

The directors do not propose the payment of a final dividend

5. Investments in subsidiaries

	£'000
Cost and net book value	
1 April 2011	13,640
Additions	24,998
31 March 2012	**38,638**

Additions
On 3 October 2011 the Company acquired 100% of the share capital of AW Flow Holdings Limited for a cash consideration of £23 5 million AW Flow Holdings Limited is the holding company of a group of UK based companies specialists in the design, manufacture and sale of sea water flow control valves for the marine and oil & gas industries

Total consideration comprises

- £17 1 million paid on completion on 3 October 2011, plus
- £2 4 million paid into a joint escrow account at completion This is unconditionally released to the vendors on the first anniversary of the date of completion subject to there being no indemnity or warranty claims against the former vendors, plus
- £1 0 million deferred consideration paid upon the agreement of the acquired balance sheet values on 13 December 2011
- £1 2 million of deferred consideration payable in two equal instalments six months and 12 months following the date of completion and conditional upon one of the former vendors remaining in the employment of acquired Group, and
- £1 9 million of deferred consideration representing a previous business sale from AW Flow Holdings Limited and payable according to the receipt by AW Flow Holdings Limited of that previous sale consideration

Further details of this acquisition is given in the financial statements of the immediate parent undertaking, Wartsila Hamworthy Limited

In September 2011 the Company acquired the 100% interest in Hamworthy Korea Limited at a cost of £1 4 million from it's fellow subsidiary undertaking, Hamworthy Oil & Gas Systems AS

The following information relates to the principal subsidiary undertakings of the Company Unless otherwise stated, all holdings are 100%, the undertaking is incorporated and operates in England and its principal activity is the design, manufacture and sale of equipment for marine and offshore applications

Wartsila Svanehøj AS incorporated and operating in Denmark (formerly Hamworthy Svanehøj AS)
Wartsila Serck Como GmbH - incorporated and operating in Germany (formerly Hamworthy Serck Como GmbH
Hamworthy (Suzhou) Limited - incorporated and operating in the Peoples Republic of China

Notes to the financial statements 31 March 2012 - continued

5. Investments in subsidiaries (continued)

Hamworthy Baltic Design Centre Limited - incorporated and operating in Poland
Hamworthy Greenship BV - incorporated and operating in The Netherlands
Wartsila Krystallon Limited (formerly Hamworthy Krystallon Limited)
Hamworthy Engineering & Equipment (China) Trading Company Limited - incorporated and operating in the Peoples Republic of China
AW Flow Holdings Limited
Wartsila Valves Limited (formerly Flow Group Limited)
John Mills & Sons (Newcastle) Limited
Robert Cort Valves Limited
Hamworthy Korea Limited incorporated and operating in Korea

6. Debtors

	2012	2011
	£' 000	£'000
Amounts owed by fellow subsidiary undertakings	**3,038**	196

No interest was charged on the outstanding balance, which was also unsecured with no repayment terms

7. Creditors

	2012	2011
	£' 000	£' 000
Amounts falling due within one year		
Deferred consideration on investment in subsidiary	**2,042**	-
Amounts owed to immediate parent undertaking	**27,403**	2,632
	29,445	2,632
Amounts falling due after more than one year		
Deferred consideration on investment in subsidiary	**1,027**	-
	1,027	-

8. Called Up Share Capital

	Number	Share Capital	Share Premium	Total
	'000	£'000	£' 000	£' 000
Allotted, issued and fully paid				
At 1 April 2011 and 31 March 2012	**11,204**	**11,204**	**-**	**11,204**

The total authorised share capital is 20 million ordinary shares with a par value of £1 per share

9. Reserves

	Profit and loss account
	£'000
1 April 2011	-
Retained profit for the year	2,718
Dividends paid in the year	(2,718)
At 31 March 2012	**-**

Notes to the financial statements 31 March 2012 - continued

10. Reconciliation of movement in shareholder's funds

	2012	2011
	£'000	£'000
Profit for the financial year	2,718	5,888
Equity dividends paid	(2,718)	(5,888)
Net movement in shareholder's funds	-	-
Opening shareholder's funds at 1 April	11,204	11,204
Closing shareholder's funds at 31 March	11,204	11,204

11. Ultimate parent company

The immediate parent undertaking of the Company is Wartsila Hamworthy Limited Wartsila Hamworthy Limited is both the largest and the smallest group of which the Company is a member and for which consolidated accounts for the year ended 31 March 2012 are prepared

The ultimate parent undertaking of the Company is Wartsila Corporation, a company registered in Finland