WARTSILÄ HAMWORTHY INTERNATIONAL LIMITED

Company Registration No 05857621

Annual report for the period ended
31st December 2012

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COMPANIES HOUSE

Report of the Directors for the Period Ended 31 December 2012

The directors present their report and the audited financial statements for the 9 months ended 31 December 2012 The company has changed its period end to 31 December Accordingly these financial statements are for the period ended 31 December 2012 and the comparative period is for the year ended 31 March 2012

Principal Activities, Review of the Business and Future Prospects

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 There were none paid in the period so as to enable the former Hamworthy companies to align with the Wartsila policy of approving and settling intra-group dividends in the May following the relevant year end

The loss on ordinary activities after taxation was £5,537,000 (year ended 31 March 2012 profit on ordinary activities £2,718,000) No interim dividend was paid during the period (year ended 31 March 2012 £2,718,000 – 24 26p per share) The directors do not propose payment of a final dividend

The directors are confident that the future prospects for the former Hamworthy Group of companies, 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

Risk management

The board of directors has responsibility for reviewing and managing the financial risks faced by the Company in accordance with Wartsila Group policies and as such do not consider these to be material for the Company due to the size and nature of its business

Going concern

The directors consider that the future prospects of the companies in which it holds investments are good and support the year end carrying values An impairment provision of £5 5m was made in the period in respect of the Company's investment in Wärtsila Serck Como GmbH which has been written down in full following a downturn in its trading performance which is not expected to reverse in the short term

In respect of the net current liability position, the Company has obtained a letter of support from its UK 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

Report of the Directors for the Period Ended 31 December 2012 (continued)

Directors' Responsibilities statement

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgements and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 Auditor

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 auditor is 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

Auditors

On 10 October 2012, Deloitte LLP resigned as auditors and KPMG LLP were appointed on 13 December 2012 as auditors Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

T Koponen
Director
30 September 2013

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

We have audited the financial statements of Wartsila Hamworthy International Limited for the 9 month period ended 31 December 2012 set out on pages 5 to 12 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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc.org.uk/auditscopeukprivate

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 December 2012 and of its loss for the 9 month period then ended,
- have been properly prepared in accordance with UK 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 period 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

Harry Mears **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor

Dukes Keep
Marsh Lane
Southampton
SO14 3EX

30 September 2013

	Note	**Period ended 31 Dec 2012**	Year ended 31 Mar 2012
		£' 000	£' 000
Income from shares in Group undertakings		-	2,718
Amounts written off investments	5	**(5,537)**	-
(Loss)/Profit on ordinary activities before taxation		**(5,537)**	2,718
Taxation on profit on ordinary activities	3	-	-
(Loss)/Profit on ordinary activities after taxation	9	**(5,537)**	2,718

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 December 2012

	Note	31-Dec 2012 £' 000	31-Mar 2012 £' 000
FIXED ASSETS			
Investments	5	**33,101**	38,638
CURRENT ASSETS			
Debtors	6	**2,704**	3,038
CREDITORS - amounts falling due within one year	7	**(29,290)**	(29,445)
Net Current Liabilities		**(26,586)**	(26,407)
Total Assets less Current Liabilities		**6,515**	12,231
CREDITORS - amounts falling due after more than one year	7	**(848)**	(1,027)
NET ASSETS		**5,667**	11,204
CAPITAL AND RESERVES			
Called-up share capital	8	**11,204**	11,204
Profit and loss reserve	9	**(5,537)**	-
SHAREHOLDER'S FUNDS	10	**5,667**	11,204

The financial statements on pages 5 to 12 were approved by the board of directors on 30 September 2013 and were signed on its behalf by



T KOPONEN
Director

Notes to the financial statements for the period ended 31 December 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 ultimate parent, Wartsila Corporation, a company registered in Finland

Going concern

As described in the directors' report on page 2 the directors consider that the future prospects of the companies in which it holds 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 which ultimately is owned by Wartsila Corporation and is included in the consolidated financial statements of that company and 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

Notes to the financial statements for the period ended 31 December 2012 - continued

Statement of Accounting Policies (continued)

Taxation (continued)

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 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 for the period ended 31 December 2012 - continued

1. Directors' emoluments

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

The emoluments of T Koponen, including his participation in retirement benefit schemes were charged in Wärtsilä Hamworthy Limited from 1st August 2012 and are disclosed in the financial statements of that company The other director, K Hietanen, is paid by the ultimate parent undertaking and considers his services to be merely incidental to his services for that company as a member of the Board of Management

2. Auditor's remuneration

The auditor's remuneration of £3,500 (2012 £5,000) was paid by the parent company, Wartsila Hamworthy Limited, and is included in the total amount charged of £11,000 (2012 £50,000)

3. Taxation on profit for the year

	31-Dec 2012 £'000	31-Mar 2012 £'000
Current tax:		
UK corporation tax on profits for the year	-	-

Income tax for the UK is calculated at the standard rate of UK Corporation tax of 24% (2012 26%) on the estimated assessable profit for the year

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

	£'000	£'000
(Loss) / profit on ordinary activities before tax	(5,537)	2,718
Tax @ 24%/26% thereon	(1,329)	707
Effect of		
Income not chargeable for tax purposes	-	(707)
Expenses not deductible for tax purposes	1,329	-
Total tax charge for the year	-	-

Notes to the financial statements for the period ended 31 December 2012 - continued

4. Equity dividends paid

	31-Dec 2012 £' 000	31-Mar 2012 £' 000
Interim paid - nil per share (2012 24 26p per share)	-	2,718
	-	2,718

The directors do not propose the payment of a final dividend

5 Investments in subsidiaries

	£' 000
Cost and net book value	
1 April 2012 and 31 December 2012	**38,638**
Provisions for impairment	
Written off	(5,537)
31 December 2012	**(5,537)**
Net book value at 31 December 2012	**33,101**

The impairment loss in the period relates to the Company's investment in Wärtsilä Serck Como GmbH which has been written down in full following a downturn in its trading performance which is not expected to reverse in the short term

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

Wärtsilä Svanehøj AS incorporated and operating in Denmark
Wärtsilä Serck Como GmbH - incorporated and operating in Germany
Wartsila Suzhou Limited - incorporated and operating in the Peoples Republic of China
Wartsila Baltic Design Centre Limited - incorporated and operating in Poland
Wartsila Greenship BV - incorporated and operating in The Netherlands
Wärtsilä Krystallon Limited
Wartsila Engineering & Equipment (China) Trading Company Limited - incorporated and operating in the Peoples Republic of China
AW Flow Holdings Limited
Wärtsilä Valves Limited (indirectly owned)
John Mills & Sons (Newcastle) Limited (indirectly owned)
Robert Cort Valves Limited (indirectly owned)
Wartsila Hamworthy Korea Limited - incorporated and operating in Korea

6. Debtors

	31-Dec 2012 £' 000	31-Mar 2012 £' 000
Amounts owed by fellow subsidiary undertakings	**2,704**	3,038

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

Notes to the financial statements for the period ended 31 December 2012 - continued

7. Creditors

	31-Dec 2012 £' 000	31-Mar 2012 £' 000
Amounts falling due within one year		
Deferred consideration on investment in subsidiary	**459**	2,042
Amounts owed to immediate parent undertaking	**28,831**	27,403
	29,290	29,445
Amounts falling due after more than one year		
Deferred consideration on investment in subsidiary	**848**	1,027
	848	1,027

8 Called Up Share Capital

	Number '000	Share Capital £' 000	Share Premium £' 000	Total £' 000
Allotted, issued and fully paid				
At 1 April 2012 and 31 December 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 2012	-
Retained loss for the period	(5,537)
Dividends paid in the period	-
At 31 December 2012	**(5,537)**

10 Reconciliation of movement in shareholder's funds

	31-Dec 2012 £'000	31-Mar 2012 £'000
(Loss) / profit for the financial period	**(5,537)**	2,718
Equity dividends paid	**-**	(2,718)
Net movement in shareholder's funds	**(5,537)**	-
Opening shareholder's funds at 1 April	**11,204**	11,204
Closing shareholder's funds at 31 December	**5,667**	11,204

Notes to the financial statements for the period ended 31 December 2012 - continued

11. Ultimate parent company

The immediate parent undertaking of the Company is Wartsila Hamworthy Limited

The ultimate parent undertaking of the Company is Wartsila Corporation, a company registered in Finland and is both the largest and the smallest group of which the Company is a member and for which consolidated accounts for the period ended 31 December 2012 are prepared