

Axsia Holdings Limited

**Directors' report and financial
statements**

Registered number 4150927

31 December 2006

THURSDAY



AFNPLY6Q

A51

20/03/2008

269

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Axsia Holdings Limited	3
Profit and Loss Account	5
Balance Sheet	6
Notes	7

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is a holding company for investments in the process engineering sector

Results and dividends

The loss for the year amounted to \$1,981,000 (2005 loss of \$1,285,000) The directors have not recommended a dividend (2005 \$Nil)

Directors

The directors who served the company during the year were as follows

D Hope

R Fitzgerald

(resigned 23 August 2006)

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditor

A resolution to re-appoint KPMG LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 384 of the Companies Act 1985

On behalf of the board



D Hope
Director

Voyager
Apollo Rise
Farnborough
Hampshire
GU14 0NP

20 March 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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)

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 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 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

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 its financial statements comply with the Companies Act 1985. They have a 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



KPMG LLP

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditors' report to the members of Axsia Holdings Limited

We have audited the financial statements of Axsia Holdings Limited for the year ended 31 December 2006 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.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 judgments 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 Axsia Holdings Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

20 March 2008

Profit and Loss Account
for the year ended 31 December 2006

	<i>Note</i>	2006 \$000	2005 \$000
Interest receivable and similar income	<i>5</i>	450	273
Interest payable and similar charges	<i>6</i>	(2,431)	(1,558)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>2-4</i>	(1,981)	(1,285)
Tax on loss on ordinary activities	<i>7</i>	-	-
		<hr/>	<hr/>
Loss for the financial year	<i>13</i>	(1,981)	(1,285)
		<hr/> <hr/>	<hr/> <hr/>


No statement of historical cost profits and losses is included as there is no material difference between the historical cost result and the reported result in either the current or the prior year

There were no recognised gains or losses in the current or prior years other than those shown above which arose from continuing operations

Balance Sheet
at 31 December 2006

	Note	2006 \$000	2005 \$000
Fixed assets			
Investments	8	53,010	53,010
Current assets			
Debtors (including \$6,191,000 (2005 \$5,741,000) due after more than one year)	9	6,191	5,741
		<u>6,191</u>	<u>5,741</u>
Creditors amounts falling due within one year	10	(337)	-
		<u>6,191</u>	<u>5,741</u>
Net current assets		<u>5,854</u>	<u>5,741</u>
Total assets less current liabilities		<u>58,864</u>	<u>58,751</u>
Creditors amounts falling due after more than one year	11	(34,699)	(32,605)
		<u>(34,699)</u>	<u>(32,605)</u>
Net assets		<u>24,165</u>	<u>26,146</u>
Capital and reserves			
Called up share capital	12	26,074	26,074
Profit and loss account	13	(1,909)	72
		<u>24,165</u>	<u>26,146</u>
Equity Shareholders' funds		<u>24,165</u>	<u>26,146</u>

These financial statements were approved by the board of directors on 20 March 2008 and were signed on its behalf by


D Hope
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

In these financial statements the following standard has been adopted for the first time FRS20 "Share-based Payment"

The above standard has not had any material impact on these financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

The company has taken exemption under s228A of the Companies Act 1985 regarding the preparation of group accounts. This is on the grounds that the company and all of its subsidiary undertakings are included in the consolidated accounts of NATCO Group Inc., the ultimate parent undertaking. The parent company accounts are drawn up in the manner equivalent to consolidated accounts in accordance with the provisions of the Seventh Directive (83/349/EEC)

Under FRS 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of NATCO Group Inc, the company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of NATCO Group Inc, within which this company is included, can be obtained from NATCO Group Inc, 11210 Equity Drive, Suite 100, Houston, Texas, 77041, USA

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Investments

Investments are stated at cost less any provision for permanent diminution in value

Notes *(continued)*

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

Auditors' remuneration

	2006 £000	2005 £000
Audit of these financial statements	3	9
Amounts receivable by the auditors and their associates in respect of Other services relating to taxation	1	1
	<u> </u>	<u> </u>

The audit fees in the current and prior years were borne by a subsidiary company

3 Staff numbers and costs

The company had no employees in either year

4 Directors emoluments

The directors' costs are borne by a fellow group company. During the year no director (2005: one) exercised share options.

5 Interest receivable and similar income

	2006 \$000	2005 \$000
Receivable from group undertakings	450	273
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2006 \$000	2005 \$000
Payable to group undertakings	(2,431)	(1,558)
	<u> </u>	<u> </u>

Notes (continued)

7 Taxation on ordinary activities

Analysis of charge in the year

	2006 \$000	2005 \$000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-

Factors affecting the tax charge for the current period

The current tax credit is lower (2005 lower) than the standard rate of corporation tax in the UK (30% (2005 30%)). The differences are explained below

	2006 \$000	2005 \$000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	1,981	1,285
Current tax credit at 30% (2005 30%)	594	386
<i>Effects of</i>		
Short term timing differences realised not previously recognised	277	-
Group relief not paid for	(871)	(386)
Current tax credit for the year	-	-

Notes (continued)

8 Investments

	2006
	\$000
Cost	
At beginning and at end of year	53,010

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows

Subsidiary undertakings

	Country of incorporation	Holding	Proportion of voting rights held	Nature of Business
Axsia Group Limited	United Kingdom	Ordinary shares	100%	Holding company
NATCO UK Limited*	United Kingdom	Ordinary shares	100%	Process engineering
Axsia Howmar Limited*	United Kingdom	Ordinary shares	100%	Non-trading
Richard Mozley Limited*	United Kingdom	Ordinary shares	100%	Non-trading
Axsia Limited*	United Kingdom	Ordinary shares	100%	Holding company
Sreck Baker Limited	United Kingdom	Ordinary shares	100%	Dormant
Howmar Limited	United Kingdom	Ordinary shares	100%	Dormant
Fluid Processing (L) Bhd*	Malaysia	Ordinary shares	100%	Process engineering

*Interest held through an intermediary holding company owned by Axsia Holdings Limited

9 Debtors

	2006	2005
	\$000	\$000
Amounts owed by group undertakings	6,191	5,741

Included in the above figures are amounts totalling \$6,191,000 (2005 \$5,741,000) due from parent companies and subsidiary undertakings which are repayable after more than one year to which an interest rate of 5% has been applied

There was an unprovided deferred tax asset of \$277,000 in the prior year in relation to short term timing differences which was not recognised as the directors did not believe that the availability of suitable future profits was sufficiently certain

10 Creditors, amounts falling due within one year

	2006	2005
	\$000	\$000
Other creditors including taxation and social security	337	-

Notes (continued)

11 Creditors: amounts falling due after more than one year

	2006 \$000	2005 \$000
Amounts owed to group undertakings	34,699	32,605

The amounts due to group undertakings are unsecured loans with no fixed repayment date and to which an interest rate of 8% has been applied

12 Called up share capital

	2006 \$000	2005 \$000
<i>Authorised</i>		
Equity 16,200,000 ordinary shares of £1 each	26,074	26,074
<i>Allotted, called up and fully paid</i>		
Equity 16,200,000 ordinary shares of £1 each	26,074	26,074

13 Profit and loss account

	Profit and loss account \$000
At beginning of year	72
Loss for the year	(1,981)
At end of year	(1,909)

14 Ultimate parent

The company is a subsidiary undertaking of NATCO Group Inc which is the ultimate parent undertaking, incorporated in the USA

The largest group in which the results of the company are consolidated is that headed by NATCO Group Inc. The consolidated accounts of this company are available to the public and may be obtained from NATCO Group Inc, 11210 Equity Drive, Suite 100, Houston, Texas, 77041, USA

Notes *(continued)*

15 Reconciliation of movements in shareholder's funds

	2006 \$000	2005 \$000
Profit/(loss) for the financial year	(1,981)	(1,285)
Opening shareholder's equity funds	26,146	27,431
Closing shareholder's equity funds	<u>24,165</u>	<u>26,146</u>