

Darwins Holdings Limited

Report and Financial Statements

30 November 2005



Darwins Holdings Limited

Registered No: 594788

Directors

P T Herron
P A Bull
B R Weaver
J M Arnold
R McMahon
E Mohrdieck

Secretary

P Bull

Auditors

Ernst & Young LLP
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

Bankers

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3U 9EX

Registered office

Sheffield Road
Tinsley
Sheffield
S9 1RL

Directors' report

The directors present their report and financial statements for the year ended 30 November 2005.

Results and dividends

The loss for the year amounted to £2,000. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The company continues to be engaged in the manufacture of special alloy castings for markets at home and abroad.

It is anticipated that trading conditions in 2006 will continue to be competitive.

Directors

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

P T Herron
P A Bull
B R Weaver
J M Arnold
R McMahon
E Mohrdieck
P O'Kelly

(resigned 30 September 2005)

None of the directors had any interest in the shares of the company or other group undertakings.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



P Bull
Secretary

22 February 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements 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 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditors' report to the members of Darwins Holdings Limited

We have audited the company's financial statements for the year ended 30 November 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of 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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 applicable to small companies. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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 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.

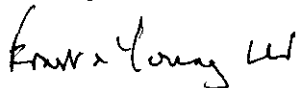
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 Darwins Holdings Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2005 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Leeds

22 February 2006

Profit and loss account

for the year ended 30 November 2005

	Notes	2005 £000	2004 £000
Turnover	2	3,401	3,504
Cost of sales		2,924	2,917
Gross profit		477	587
Distribution costs		150	190
Administrative expenses		337	328
(Loss)/profit on ordinary activities before taxation	3	(10)	69
Tax on (loss)/profit on ordinary activities	6	(8)	13
(Loss)/profit for the financial year transferred (from)/to reserves		(2)	56

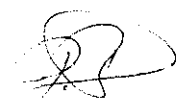
Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £2,000 attributable to the shareholders for the year ended 30 November 2005 (2004 - profit of £56,000).

Balance sheet

at 30 November 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Tangible assets	7	389	404
Current assets			
Stocks	8	203	136
Debtors	9	857	980
		1,060	1,116
Creditors: amounts falling due within one year	10	820	874
Net current assets		240	242
Total assets less current liabilities		629	646
Accruals and deferred income			
Deferred government grants	11	27	42
		602	604
Capital and reserves			
Called up share capital	14	217	217
Revaluation reserve	15	108	108
Profit and loss account	15	277	279
Equity shareholders' funds	15	602	604



P A Bull
Director

22 February 2006

Notes to the financial statements

at 30 November 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company is a wholly owned subsidiary of TBG Holdings NV, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the TBG Holdings NV group.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	- 5% - 10%
Plant & machinery	- 5% - 33%

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis.
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled

Notes to the financial statements

at 30 November 2005

1. Accounting policies (continued)

over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined benefit pension scheme, which requires contributions to be made to separately administered funds. Contributions are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The company also operates defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 30 November 2005

2. Turnover

Turnover arises from one continuing activity, the manufacture of special alloy castings, and comprises the invoice value of goods and services supplied by the company exclusive of VAT.

An analysis of turnover by geographical market is given below:

	2005 £000	2004 £000
United Kingdom	1,861	2,020
Europe	1,516	1,418
Rest of the World	24	66
	<u>3,401</u>	<u>3,504</u>

3. (Loss)/profit on ordinary activities before taxation

This is stated after charging/(crediting):

	2005 £000	2004 £000
Auditors' remuneration - audit services	9	9
- non-audit services	<u>1</u>	<u>1</u>
Depreciation of owned fixed assets	<u>65</u>	<u>86</u>
Operating lease rentals - plant and machinery	23	23
Government grants released re fixed assets	<u>(15)</u>	<u>(15)</u>

4. Staff costs

	2005 £000	2004 £000
Wages and salaries	910	995
Social security costs	71	80
Staff pension contributions (note 16)	<u>100</u>	<u>103</u>
	<u>1,081</u>	<u>1,178</u>

The monthly average number of employees during the year was as follows:

	2005 No.	2004 No.
Production staff	38	40
Distribution staff	3	3
Administrative staff	<u>5</u>	<u>5</u>
	<u>46</u>	<u>48</u>

Notes to the financial statements

at 30 November 2005

5. Directors' emoluments

	2005 £000	2004 £000
Emoluments	<u>70</u>	<u>59</u>

6. Taxation on ordinary activities

(a) Tax on (loss)/profit on ordinary activities

The tax (credit)/charge is made up as follows:

	2005 £000	2004 £000
<i>Current tax:</i>		
UK corporation tax	(2)	28
Tax (over)/under provided in previous years	<u>(4)</u>	<u>9</u>
Total current tax (note 6(b))	<u>(6)</u>	<u>37</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	<u>(2)</u>	<u>(24)</u>
Tax on (loss)/profit on ordinary activities	<u>(8)</u>	<u>13</u>

Notes to the financial statements

at 30 November 2005

6. Taxation on ordinary activities (continued)

(b) Factors affecting current tax (credit)/charge

The tax assessed on the (loss)/profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2004 - 30%).

The differences are reconciled below:

	2005 £000	2004 £000
(Loss)/profit on ordinary activities before tax	(10)	69
(Loss)/profit on ordinary activities multiplied by the rate of tax	(3)	21
Non taxable income	(2)	-
Disallowable expenses	1	1
Depreciation in excess of capital allowances	11	8
Adjustment in respect of prior year	(4)	9
Other timing differences	(9)	(2)
Total current tax (note 6(a))	(6)	37

(c) Deferred tax

The deferred tax included in the Balance Sheet is as follows:

	2005 £000	2004 £000
Included in debtors (note 9)	8	6
Capital allowances in advance of depreciation	(2)	(13)
Other timing differences	10	19
Deferred tax asset	8	6
		£000
At 1 December 2004		6
Profit and loss account movement arising during the year (note 7(a))		2
At 30 November 2005		8

Notes to the financial statements

at 30 November 2005

7. Tangible fixed assets

	<i>Freehold Property £000</i>	<i>Plant & Machinery £000</i>	<i>Total £000</i>
Cost or valuation:			
At 1 December 2004	388	1,407	1,795
Additions	40	10	50
At 30 November 2005	<u>428</u>	<u>1,417</u>	<u>1,845</u>
Depreciation:			
At 1 December 2004	194	1,197	1,391
Provided during the year	17	48	65
At 30 November 2005	<u>211</u>	<u>1,245</u>	<u>1,456</u>
Net book value:			
At 30 November 2005	<u>217</u>	<u>172</u>	<u>389</u>
At 1 December 2004	<u>194</u>	<u>210</u>	<u>404</u>

Freehold property includes land with a value of £108,000 that is not depreciated.

The valuation of the land and buildings was a professional valuation, made in October 1978. On the historical cost basis, certain fixed assets would have been included as follows:

	<i>£000</i>
Cost:	
At 1 December 2004 and 30 November 2005	<u>165</u>
Cumulative depreciation based on cost:	
At 1 December 2004	<u>(87)</u>
At 30 November 2005	<u>(96)</u>

8. Stocks

	<i>2005 £000</i>	<i>2004 £000</i>
Raw materials	39	28
Work in progress	164	108
	<u>203</u>	<u>136</u>

Notes to the financial statements

at 30 November 2005

9. Debtors

	2005 £000	2004 £000
Trade debtors	453	448
Amounts owed by group undertakings	384	512
Prepayments and accrued income	12	14
Deferred taxation (note 6)	8	6
	<u>857</u>	<u>980</u>

10. Creditors: amounts falling due within one year

	2005 £000	2004 £000
Bank overdraft	—	239
Trade creditors	646	465
Amounts owed to group undertakings	55	7
Corporation tax	22	27
Other taxation and social security	35	41
Accruals and deferred income	62	95
	<u>820</u>	<u>874</u>

11. Accruals and deferred income

	<i>Deferred government grants</i>	
	2005 £000	2004 £000
Balance as at 1 December	42	57
Released during the year	(15)	(15)
Balance as at 30 November	<u>27</u>	<u>42</u>

12. Commitments under operating leases

At 30 November 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Other than land and buildings</i>	
	2005 £000	2004 £000
Operating leases which expire:		
Within one year	2	—
In two to five years	24	26
	<u>26</u>	<u>26</u>

13. Contingent liability

The company is a member of the group banking arrangement and has given an unlimited gross guarantee on the bank overdraft facilities of other group companies.

Notes to the financial statements

at 30 November 2005

14. Share capital

		2005 £000	Authorised 2004 £000
Ordinary shares of £0.01 each		2	2
Ordinary shares of £1 each		215	215
		<u>217</u>	<u>217</u>

	No.	2005 £000	Allotted, called up and fully paid 2004 £000
Ordinary shares of £0.01 each	214,648	2	214,648
Ordinary shares of £1 each	214,648	215	214,648
		<u>217</u>	<u>217</u>

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 1 December 2003	217	108	223	548
Profit for the year	—	—	56	56
At 30 November 2004	217	108	279	604
Loss for the year	—	—	(2)	(2)
At 30 November 2005	<u>217</u>	<u>108</u>	<u>277</u>	<u>602</u>

Notes to the financial statements

at 30 November 2005

16. Pension commitments

The Company participates in the Sterling Fluid Services Limited defined benefit pension scheme. Pension costs are assessed on the advice of an independent qualified actuary. Actuarial valuations are prepared at least triennially using the attained age method.

The latest valuation of the SFS scheme was carried out at 6 April 2003. Details of the actuarial valuation of the scheme are contained in the accounts of Sterling Fluid Services Limited. The main assumption is that the investment return of 6.5% per annum would exceed salary escalation by 2.0% per annum and price inflation by 4.0% per annum.

The actuarial review at 6 April 2003 indicated that the market value of the assets of £19,361,000 was sufficient to cover 78% of accrued benefits to members after allowing for expected future increases in earnings.

The company is unable to identify its share of the underlying assets and liabilities. In accordance with FRS 17 the following information relates to the SFS scheme at 30 November:

	2005 £000	2004 £000
Total market value of assets	27,091	23,256
Present value of scheme liabilities	(35,781)	(33,375)
Pension asset before deferred tax	(8,690)	(10,119)
Related deferred tax asset	2,607	3,036
Net pension liability	(6,083)	(7,083)

17. Ultimate parent company

The ultimate controlling party and ultimate parent undertaking is TBG Holdings NV, a company incorporated in Curacao, Netherlands Antilles.

The immediate parent undertaking for which group financial statements are prepared, is Sterling Fluid Systems (UK Group) Limited, a company registered in England and Wales. A copy of the financial statements of the parent company can be obtained from Sterling Fluid Systems (UK Group) Limited, Corinthian Court, 80 Milton Park, Abingdon, Oxfordshire, OX14 4RY.