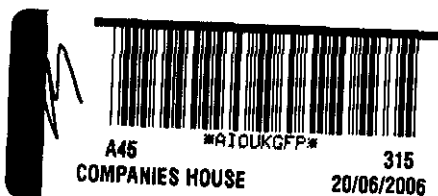


Company Registration No. 1621157 (England and Wales)

MTB EQUIPMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005

mercero&hole



MTB EQUIPMENT LIMITED

COMPANY INFORMATION

Directors

J W Mainwaring
A D Berrington
R Roldan
J Singlas

Secretary

A D Berrington

Company number

1621157

Registered office

Sixth Avenue
Zone 2
Deeside Industrial Park
Deeside
Flintshire
CH5 2LD

Auditors

Mercer & Hole
420 Silbury Boulevard
Milton Keynes
Bucks
MK9 2AF

Bankers

National Westminster Bank Plc
Central Business Exchange
Exchange House
478 Midsummer Boulevard
Central Milton Keynes
MK9 2EA

MTB EQUIPMENT LIMITED

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MTB EQUIPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2005

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

Principal activities and review of the business

The principal activities of the company in the year under review were the assembly and distribution of rail and coach seating and equipment.

The directors are pleased with the results achieved on ordinary activities in the light of current trading conditions.

Results and dividends

The results for the year are set out on page 5.

Future developments

The directors do not anticipate that there will be any fundamental change in the development of the company's business during the coming year.

Directors

The following directors have held office since 1 October 2004:

J W Mainwaring
A D Berrington
R Roldan
J Singlas

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
J W Mainwaring	20,000	20,000
A D Berrington	20,000	20,000
R Roldan	-	-
J Singlas	12,000	12,000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mercer & Hole be reappointed as auditors of the company will be put to the Annual General Meeting.

MTB EQUIPMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

Directors' responsibilities

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;
- 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 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.

On behalf of the board



J W Mainwaring

Director

5 June 2006

MTB EQUIPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MTB EQUIPMENT LIMITED

We have audited the financial statements of MTB Equipment Limited on pages 5 to 18 for the year ended 30 September 2005. These financial statements have been prepared under the historical cost convention and 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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. 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 or 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.

MTB EQUIPMENT LIMITED

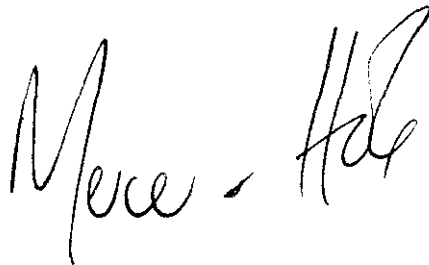
**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF MTB EQUIPMENT LIMITED**

Opinion

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

Mercer & Hole

Chartered Accountants
Registered Auditor



5 June 2006

420 Silbury Boulevard
Milton Keynes
Bucks
MK9 2AF

MTB EQUIPMENT LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

	Notes	2005 £	2004 £
Turnover	2	6,992,047	5,283,555
Cost of sales		(5,583,206)	(4,636,595)
Gross profit		1,408,841	646,960
Distribution costs		(224,894)	(211,399)
Administrative expenses		(906,489)	(978,362)
Other operating income		75,908	40,940
Operating profit/(loss)	3	353,366	(501,861)
Other interest receivable and similar income	4	-	50
Interest payable and similar charges	5	(79,266)	(33,470)
Profit/(loss) on ordinary activities before taxation		274,100	(535,281)
Tax on profit/(loss) on ordinary activities	6	(60,230)	128,972
Profit/(loss) on ordinary activities after taxation	16	213,870	(406,309)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

MTB EQUIPMENT LIMITED

**BALANCE SHEET
AS AT 30 SEPTEMBER 2005**

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	7		2,268,461		2,298,834
Current assets					
Stocks	8	860,536		876,966	
Debtors	9	1,052,234		1,066,544	
Cash at bank and in hand		19,468		7,899	
		<u>1,932,238</u>		<u>1,951,409</u>	
Creditors: amounts falling due within one year	10	<u>(1,992,736)</u>		<u>(2,228,362)</u>	
Net current liabilities			<u>(60,498)</u>		<u>(276,953)</u>
Total assets less current liabilities			2,207,963		2,021,881
Creditors: amounts falling due after more than one year	11		(971,834)		(1,055,074)
Provisions for liabilities and charges	12		(31,180)		-
Accruals and deferred income	13		<u>(108,450)</u>		<u>(84,178)</u>
			<u>1,096,499</u>		<u>882,629</u>
Capital and reserves					
Called up share capital	15	100,000		100,000	
Profit and loss account	16	996,499		782,629	
Shareholders' funds - equity interests	17		<u>1,096,499</u>		<u>882,629</u>

The financial statements were approved by the Board on 5 June 2006


J W Mainwaring
Director

MTB EQUIPMENT LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

	£	2005 £	£	2004 £
Net cash inflow from operating activities		56,738		295,749
Returns on investments and servicing of finance				
Interest received	-		50	
Interest paid	(79,266)		(33,470)	
Net cash outflow for returns on investments and servicing of finance		(79,266)		(33,420)
Taxation		52,421		(53,261)
Capital expenditure				
Payments to acquire tangible assets	(130,504)		(1,571,245)	
Net cash outflow for capital expenditure		(130,504)		(1,571,245)
Net cash outflow before management of liquid resources and financing		(100,611)		(1,362,177)
Financing				
New long term bank loan	-		1,084,898	
Government grant received	100,000		125,000	
Repayment of long term bank loan	(81,400)		-	
Net cash inflow from financing		18,600		1,209,898
Decrease in cash in the year		(82,011)		(152,279)

MTB EQUIPMENT LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit/(loss)	353,366	(501,861)
	Depreciation of tangible assets	160,877	129,706
	Decrease/(increase) in stocks	16,430	(231,825)
	(Increase)/decrease in debtors	(67,161)	507,725
	(Decrease)/increase in creditors within one year	(331,046)	432,826
	Movement on grant provision	(75,728)	(40,822)
	Net cash inflow from operating activities	56,738	295,749

2	Analysis of net debt	1 October 2004	Cash flow	Other non-30 September cash changes	2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	7,899	11,569	-	19,468
	Bank overdrafts	(317,173)	(93,580)	-	(410,753)
		<u>(309,274)</u>	<u>(82,011)</u>	<u>-</u>	<u>(391,285)</u>
	Debt:				
	Debts falling due within one year	(29,824)	(1,840)	-	(31,664)
	Debts falling due after one year	(1,055,074)	83,240	-	(971,834)
		<u>(1,084,898)</u>	<u>81,400</u>	<u>-</u>	<u>(1,003,498)</u>
	Net debt	(1,394,172)	(611)	-	(1,394,783)

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Decrease in cash in the year	(82,011)	(152,279)
	Cash outflow/(inflow) from decrease/(increase) in debt	81,400	(1,084,898)
	Movement in net debt in the year	(611)	(1,237,177)
	Opening net debt	(1,394,172)	(156,995)
	Closing net debt	(1,394,783)	(1,394,172)

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	
Long leasehold land and buildings	2% on cost
Plant and machinery	10-33% on cost

The directors do not consider it necessary to depreciate the freehold land and buildings on the basis that the depreciation charge is immaterial. Expenditure to make good the building has been incurred in repairs and renewals during the year.

1.4 Leasing

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005

1 Accounting policies (continued)

1.9 Government grants

The grant is recognised on the same basis as the conditions attached to the qualification for the grant. The main condition for the grant is that the company maintains minimum employment levels over a 3 year period. Please see note 13.

2 Turnover

Geographical market

	Turnover	
	2005	2004
	£	£
United Kingdom	6,654,408	4,779,062
European Economic Community	407,139	496,681
Rest of the World	5,833	7,812
	<u>7,067,380</u>	<u>5,283,555</u>

3 Operating profit/(loss)

	2005	2004
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	160,877	129,706
Loss on foreign exchange transactions	12,774	-
Operating lease rentals		
- Plant and machinery	5,206	14,099
Auditors' remuneration	4,800	4,600
and after crediting:		
Government grants	75,728	40,822
Profit on foreign exchange transactions	-	(21,784)
	<u>75,728</u>	<u>40,822</u>

4 Investment income

	2005	2004
	£	£
Bank interest	-	50
	<u>-</u>	<u>50</u>

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005

5	Interest payable	2005	2004
		£	£
	On bank loans and overdrafts	79,264	33,470
	On overdue tax	2	-
		<u>79,266</u>	<u>33,470</u>
6	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	-	(53,264)
	Adjustment for prior years	843	(3)
		<u>843</u>	<u>(53,267)</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge / (credit)	59,387	(75,705)
		<u>60,230</u>	<u>(128,972)</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>274,100</u>	<u>(535,281)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 30.00%)	<u>52,079</u>	<u>(160,584)</u>
	Effects of:		
	Non deductible expenses	293	7,157
	Capital allowances in excess of depreciation	(1,401)	(28,287)
	Losses carried forward	(50,971)	120,324
	Adjustments to previous periods	843	-
	Marginal rate relief	-	8,123
		<u>(51,236)</u>	<u>107,317</u>
	Current tax charge	<u>843</u>	<u>(53,267)</u>

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005

7 Tangible fixed assets

	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 October 2004	1,235,309	688,171	1,097,961	3,021,441
Additions	-	-	130,505	130,505
At 30 September 2005	1,235,309	688,171	1,228,466	3,151,946
Depreciation				
At 1 October 2004	-	167,624	554,984	722,608
Charge for the year	-	13,668	147,209	160,877
At 30 September 2005	-	181,292	702,193	883,485
Net book value				
At 30 September 2005	1,235,309	506,879	526,273	2,268,461
At 30 September 2004	1,235,309	520,547	542,978	2,298,834

During the year the directors had the property at Water Eaton valued by Douglas Duff Chartered Surveyors. This valued the property at £1,000,000. It is held in the accounts at a net book value of £506,879.

8 Stocks and work in progress

	2005 £	2004 £
Raw materials and consumables	599,543	616,132
Work in progress	260,993	260,834
	<u>860,536</u>	<u>876,966</u>

MTB EQUIPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

9 Debtors	2005	2004
	£	£
Trade debtors	1,051,327	960,102
Amounts owed by parent and fellow subsidiary undertakings	-	340
Corporation tax	-	53,264
Other debtors	907	24,631
Deferred tax asset (see note 12)	-	28,207
	<u>1,052,234</u>	<u>1,066,544</u>

£907 is included within other debtors which relates to an advance on a Directors' salary.

10 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	442,417	346,997
Trade creditors	1,060,295	1,266,318
Amounts owed to parent and fellow subsidiary undertakings	397,325	587,313
Taxes and social security costs	87,232	22,466
Accruals and deferred income	5,467	5,268
	<u>1,992,736</u>	<u>2,228,362</u>

Bank overdraft and bank loan are secured by a debenture over all the assets and liabilities of the company, by a legal charge dated 30 June 1992 over 7,8 & 9 Barton Road, Water Eaton, Bletchley and by a legal charge dated 31/12/03 over Plot 19 Deeside Industrial Park Deeside Flintshire.

MTB EQUIPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 30 SEPTEMBER 2005

11 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Bank loans	971,834	1,055,074
	<u>971,834</u>	<u>1,055,074</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Less than 1 year	31,664	29,824
1-2 years	33,617	31,664
2-5 years	113,810	107,199
Wholly repayable within five years	824,407	916,211
	<u>1,003,498</u>	<u>1,084,898</u>
Included in current liabilities	(31,664)	(29,824)
	<u>971,834</u>	<u>1,055,074</u>
Instalments not due within five years	824,407	916,211
	<u>824,407</u>	<u>916,211</u>
Loan maturity analysis		
In more than one year but not more than two years	33,617	31,664
In more than two years but not more than five years	113,810	107,199
In more than five years	824,407	916,211
	<u>824,407</u>	<u>916,211</u>

Please see security details above.

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 October 2004	(28,207)
Profit and loss account	59,387
	<hr/>
Balance at 30 September 2005	31,180
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	51,996	47,998
Tax losses available	(20,816)	(76,205)
	<hr/>	<hr/>
	31,180	(28,207)
	<hr/> <hr/>	<hr/> <hr/>

13 Accruals and deferred income

	Government grants £
Balance at 1 October 2004	84,178
Grants received during the year	100,000
Taken to the profit and loss account in the year	(75,728)
	<hr/>
Balance at 30 September 2005	108,450
	<hr/> <hr/>

The above amount represents part of a regional selective assistance grant from the Welsh Assembly. The grant was awarded to help relocate and expand part of the Company's seat manufacturing operations to Deeside. The grant is being recognised as income in the profit & loss account over the period for which minimum employment levels must be maintained under the terms of the grant.

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005

14 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	9,838	9,720

15 Share capital

	2005 £	2004 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2004	782,629
Retained profit for the year	213,870
Balance at 30 September 2005	996,499

17 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit/(Loss) for the financial year	213,870	(406,309)
Opening shareholders' funds	882,629	1,288,938
Closing shareholders' funds	1,096,499	882,629

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005

18 Financial commitments

At 30 September 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2006:

	2005 £	Other 2004 £
Operating leases which expire:		
Between two and five years	33,431	44,563

19 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	174,575	165,553
Company pension contributions to money purchase schemes	8,249	8,207
	182,824	173,760

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004 - 2).

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Executive directors and administration	18	10
Shop floor	37	30
	55	40

Employment costs

	2005 £	2004 £
Wages and salaries	866,113	653,286
Social security costs	73,478	56,231
Other pension costs	9,838	9,720
	949,429	719,237

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2005

21 Control

The company regards Fainsa srl, incorporated in Spain as its ultimate parent company.

22 Related party transactions

The company purchased goods from Fainsa srl to the value of £736,636 (2004: £1,306,213). The balance outstanding at the year end date was £397,326 (2004: £587,313). The company sold goods to Fainsa srl to the value of £2,816 (2004: £49,905). The balance due at the year end date was £Nil (2004: £340). All of the above transactions were conducted at normal market values.