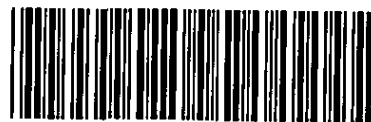


Company Registration No. 1621157 (England and Wales)

MTB EQUIPMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

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COMPANIES HOUSE

MTB EQUIPMENT LIMITED

COMPANY INFORMATION

Directors	J W Mainwaring R Roldan
Secretary	J W Mainwaring
Company number	1621157
Registered office	Sixth Avenue Zone 2 Deeside Industrial Park Deeside Flintshire CH5 2LD
Auditors	Mercer & Hole 420 Silbury Boulevard Central Milton Keynes 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 2006

The directors present their report and financial statements for the year ended 30 September 2006

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 disappointed with the results achieved on the ordinary activities which are primarily due to certain poor performing contracts. These contracts have since terminated, and the company has undergone a reorganisation which has significantly reduced overhead costs

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

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 2005

J W Mainwaring

A D Berrington

R Roldan

J Singlas

(Resigned 1 September 2006)

(Resigned 14 September 2006)

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 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the 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.

On behalf of the board



J.W. Mainwaring

Director

22 June 2007

MTB EQUIPMENT LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MTB EQUIPMENT LIMITED

We have audited the financial statements of MTB Equipment Limited for the year ended 30 September 2006 set out on pages 5 to 18. 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 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 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 (United Kingdom Generally Accepted Accounting Practice).

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 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 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

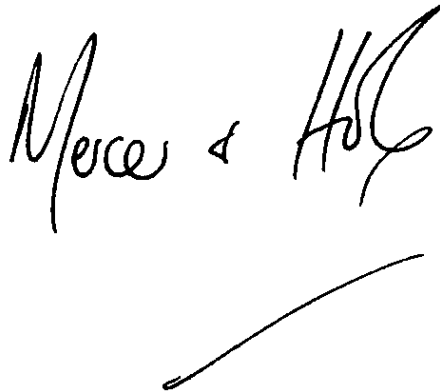
Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended and 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

Mercer & Hole

Chartered Accountants
Registered Auditor

A large, stylized handwritten signature in black ink, appearing to read 'Mercer & Hole', is written over the company name. Below the signature is a long, horizontal, slightly curved line.

22 June 2007

420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

MTB EQUIPMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
Turnover	2	4,309,634	6,992,047
Cost of sales		(3,911,841)	(5,583,207)
Gross profit		397,793	1,408,840
Distribution costs		(227,402)	(224,894)
Administrative expenses		(1,003,448)	(906,488)
Other operating income		76,433	75,908
Operating (loss)/profit	3	(756,624)	353,366
Profit on disposal of fixed assets		390,209	-
(Loss)/profit on ordinary activities before interest		(366,415)	353,366
Other interest receivable and similar income	4	18	-
Interest payable and similar charges	5	(75,074)	(79,266)
(Loss)/profit on ordinary activities before taxation		(441,471)	274,100
Tax on (loss)/profit on ordinary activities	6	153,578	(60,230)
(Loss)/profit for the year	16	(287,893)	213,870

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 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	7		1,618,350		2,268,461
Current assets					
Stocks	8	580,422		860,536	
Debtors	9	889,351		1,052,234	
Cash at bank and in hand		21,526		19,468	
		1,491,299		1,932,238	
Creditors amounts falling due within one year	10	(1,371,910)		(1,992,736)	
Net current liabilities			119,389		(60,498)
Total assets less current liabilities			1,737,739		2,207,963
Creditors amounts falling due after more than one year	11		(895,982)		(971,834)
Provisions for liabilities	12		-		(31,180)
Accruals and deferred income	13		(33,150)		(108,450)
			808,607		1,096,499
Capital and reserves					
Called up share capital	15		100,000		100,000
Profit and loss account	16		708,607		996,499
Shareholders' funds	17		808,607		1,096,499

Approved by the Board and authorised for issue on 22/6/2007

J W Mainwaring
Director

MTB EQUIPMENT LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	£	2006 £	£	2005 £
Net cash inflow/(outflow) from operating activities		(708,959)		56,738
Returns on investments and servicing of finance				
Interest received	18		-	
Interest paid	(75,074)		(79,266)	
Net cash inflow for returns on investments and servicing of finance		(75,056)		(79,266)
Taxation		-		52,421
Capital expenditure				
Payments to acquire tangible assets	(19,607)		(130,504)	
Receipts from sales of tangible assets	900,000		-	
Net cash (outflow)/inflow for capital expenditure		880,393		(130,504)
Net cash (outflow)/inflow before management of liquid resources and financing		96,378		(100,611)
Financing				
Government grant received	-		100,000	
Repayment of long term bank loan	(53,757)		(81,400)	
Net cash inflow/(outflow) from financing		(53,757)		18,600
(Decrease)/increase in cash in the year		42,621		(82,011)

MTB EQUIPMENT LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

1	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities	2006		2005	
		£		£	
	Operating (loss)/profit	(756,624)		353,366	
	Depreciation of tangible assets	159,928		160,877	
	Decrease in stocks	280,114		16,430	
	Decrease/(increase) in debtors	285,281		(67,161)	
	Decrease in creditors within one year	(602,358)		(331,046)	
	Movement on grant provision	(75,300)		(75,728)	
	Net cash (outflow)/inflow from operating activities	(708,959)		56,738	
2	Analysis of net debt	1 October 2005	Cash flow	Other non-cash changes	30 September 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	19,468	2,058	-	21,526
	Bank overdrafts	(410,753)	40,563	-	(370,190)
		<u>(391,285)</u>	<u>42,621</u>	<u>-</u>	<u>(348,664)</u>
	Debt				
	Debts falling due within one year	(31,664)	(22,095)	-	(53,759)
	Debts falling due after one year	(971,834)	75,852	-	(895,982)
		<u>(1,003,498)</u>	<u>53,757</u>	<u>-</u>	<u>(949,741)</u>
	Net debt	(1,394,783)	96,378	-	(1,298,405)
3	Reconciliation of net cash flow to movement in net debt	2006		2005	
		£		£	
	Increase/(decrease) in cash in the year	42,621		(82,011)	
	Cash outflow from decrease in debt	53,757		81,400	
	Movement in net debt in the year	96,378		(611)	
	Opening net debt	(1,394,783)		(1,394,172)	
	Closing net debt	(1,298,405)		(1,394,783)	

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

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	Nil
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. There is a policy of continual maintenance of the property

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

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

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2006

2 Turnover

Geographical market

	Turnover 2006 £	2005 £
United Kingdom	3,850,287	6,654,408
European Economic Community	453,347	407,139
Rest of the World	6,000	5,833
	<u>4,309,634</u>	<u>7,067,380</u>

3 Operating (loss)/profit

	2006 £	2005 £
Operating (loss)/profit is stated after charging		
Depreciation of tangible assets	159,928	160,877
Loss on foreign exchange transactions	-	12,774
Operating lease rentals		
- Plant and machinery	4,677	5,206
Auditors' remuneration	4,604	4,800
and after crediting		
Government grants	75,300	75,728
Profit on foreign exchange transactions	(3,862)	-
	<u>75,300</u>	<u>75,728</u>

4 Investment income

	2006 £	2005 £
Bank interest	18	-
	<u>18</u>	<u>-</u>

5 Interest payable

	2006 £	2005 £
On bank loans and overdrafts	75,074	79,264
On overdue tax	-	2
	<u>75,074</u>	<u>79,266</u>

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2006

6 Taxation	2006	2005
	£	£
Domestic current year tax		
Adjustment for prior years	-	843
	<u>-</u>	<u>843</u>
Current tax charge	-	843
Deferred tax		
Deferred tax charge/credit current year	(153,578)	59,387
	<u>(153,578)</u>	<u>60,230</u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(441,471)	274,100
	<u>(441,471)</u>	<u>274,100</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 - 19.00%)	(83,879)	52,079
	<u>(83,879)</u>	<u>52,079</u>
Effects of		
Non deductible expenses	1,583	293
Capital allowances in excess of depreciation	(67,337)	(1,401)
Losses brought forward	-	(50,971)
Losses carried forward	149,633	-
Adjustments to previous periods	-	843
	<u>83,879</u>	<u>(51,236)</u>
Current tax charge	-	843
	<u>-</u>	<u>843</u>

The company has estimated losses of £ 922,553 (2005 - £ 157,582) available for carry forward against future trading profits

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2006

7 Tangible fixed assets

	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 October 2005	1,235,309	688,171	1,228,467	3,151,947
Additions	-	-	19,607	19,607
Disposals	-	(688,171)	(68,044)	(756,215)
	<u>1,235,309</u>	<u>-</u>	<u>1,180,030</u>	<u>2,415,339</u>
At 30 September 2006	1,235,309	-	1,180,030	2,415,339
Depreciation				
At 1 October 2005	-	181,292	702,193	883,485
On disposals	-	(190,401)	(56,023)	(246,424)
Charge for the year	-	9,109	150,819	159,928
	<u>-</u>	<u>-</u>	<u>796,989</u>	<u>796,989</u>
At 30 September 2006	-	-	796,989	796,989
Net book value				
At 30 September 2006	<u>1,235,309</u>	<u>-</u>	<u>383,041</u>	<u>1,618,350</u>
At 30 September 2005	<u>1,235,309</u>	<u>506,879</u>	<u>526,273</u>	<u>2,268,461</u>

8 Stocks and work in progress

	2006 £	2005 £
Raw materials and consumables	537,805	599,543
Work in progress	42,617	260,993
	<u>580,422</u>	<u>860,536</u>

MTB EQUIPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

9 Debtors	2006	2005
	£	£
Trade debtors	766,046	1,051,327
Other debtors	907	907
Deferred tax asset (see note 12)	122,398	-
	<u>889,351</u>	<u>1,052,234</u>

10 Creditors: amounts falling due within one year	2006	2005
	£	£
Bank loans and overdrafts	423,949	442,417
Trade creditors	673,343	1,060,295
Amounts owed to parent and fellow subsidiary undertakings	208,577	397,325
Taxes and social security costs	60,374	87,232
Accruals and deferred income	5,667	5,467
	<u>1,371,910</u>	<u>1,992,736</u>

The bank overdraft facility and bank loan are secured by a debenture over all the assets and liabilities of the company. There is a first legal mortgage dated 31 December 2003 over Plot 19, Deeside Industrial Park, Deeside, Flintshire.

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2006

11 Creditors, amounts falling due after more than one year	2006	2005
	£	£
Bank loans	895,982	971,834
Analysis of loans		
Not wholly repayable within five years by instalments		
Less than 1 year	53,759	31,664
1-2 years	53,759	33,617
2-5 years	161,276	113,810
More than 5 years	680,947	824,407
	949,741	1,003,498
Included in current liabilities	(53,759)	(31,664)
	895,982	971,834
Instalments not due within five years	680,947	824,407
Loan maturity analysis		
In more than one year but not more than two years	53,759	33,617
In more than two years but not more than five years	161,276	113,810
In more than five years	680,947	824,407
Please see security details above		

MTB EQUIPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2006****12 Provisions for liabilities and charges**

The deferred tax asset (included in debtors, note 9) is made up as follows

	2006 £
Balance at 1 October 2005	31,180
Profit and loss account	(153,578)
Balance at 30 September 2006	<u>(122,398)</u>

	2006 £	2005 £
Accelerated capital allowances	52,887	51,996
Tax losses available	(175,285)	(20,816)
	<u>(122,398)</u>	<u>31,180</u>

13 Accruals and deferred income

	Government grants £
Balance at 1 October 2005	108,450
Taken to the profit and loss account in the year	<u>(75,300)</u>
Balance at 30 September 2006	<u>33,150</u>

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 2006****14 Pension costs****Defined contribution**

	2006	2005
	£	£
Contributions payable by the company for the year	<u>40,546</u>	<u>9,838</u>

15 Share capital

	2006	2005
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2005	996,500
Loss for the year	<u>(287,893)</u>
Balance at 30 September 2006	<u>708,607</u>

17 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
(Loss)/Profit for the financial year	(287,893)	213,870
Opening shareholders' funds	<u>1,096,499</u>	<u>882,629</u>
Closing shareholders' funds	<u>808,607</u>	<u>1,096,499</u>

MTB EQUIPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2006****18 Financial commitments**

At 30 September 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2007

	2006	Other
	£	2005
		£
Operating leases which expire		
Within one year	9,839	-
Between two and five years	48,965	33,431
	<u>58,804</u>	<u>33,431</u>

19 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	144,033	174,575
Company pension contributions to money purchase schemes	38,878	8,249
Compensation for loss of office	24,756	-
	<u>207,667</u>	<u>182,824</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2005 - 2)

MTB EQUIPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 30 SEPTEMBER 2006**20 Employees****Number of employees**

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

	2006	2005
	Number	Number
Executive directors and administration	13	18
Shop floor	33	37
	<u>46</u>	<u>55</u>

Employment costs

	2006	2005
	£	£
Wages and salaries	812,739	866,113
Social security costs	64,257	73,478
Other pension costs	40,546	9,838
	<u>917,542</u>	<u>949,429</u>

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 £464,635 (2005 £736,636) The balance due to Fainsa srl at the year end date was £213,461 (2005 £397,326) The company sold goods to Fainsa srl to the value of £4,883 (2005 £2,816) The balance due from Fainsa srl at the year end date was £4,883 (2005 £Nil) All of the above transactions were undertaken on a normal commercial basis