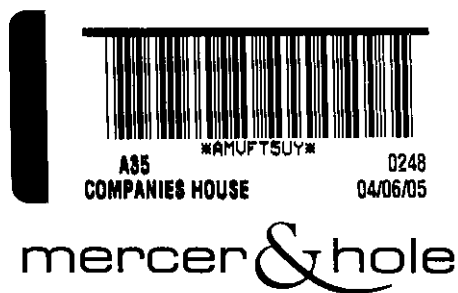


**Company Registration No: 1621157 (England and Wales)**

**MTB EQUIPMENT LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2004**



# **MTB EQUIPMENT LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	J W Mainwaring A D Berrington R Roldan J Singla
<b>Secretary</b>	A D Berrington
<b>Company number</b>	1621157
<b>Registered office</b>	9 Barton Road Water Eaton Bletchley Milton Keynes MK2 3HX
<b>Auditors</b>	Mercer & Hole 420 Silbury Boulevard Milton Keynes Bucks MK9 2AF
<b>Bankers</b>	National Westminster Bank Plc Central Business Exchange Exchange House 478 Midsummer Boulevard Central Milton Keynes MK9 2EA

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**MTB EQUIPMENT LIMITED**

**CONTENTS**

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# MTB EQUIPMENT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2004

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The directors present their report and financial statements for the year ended 30 September 2004.

### 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 consider the results achieved on ordinary activities to be satisfactory in the light of current trading conditions.

### 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 2003:

J W Mainwaring  
A D Berrington  
R Roldan  
J Singla

### Directors' interests

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

	Ordinary shares of £ 1 each	
	30 September 2004	1 October 2003
J W Mainwaring	20,000	20,000
A D Berrington	20,000	20,000
R Roldan	-	-
J Singla	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 2004**

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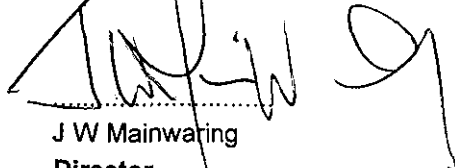
**Directors' responsibilities**

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 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.

On behalf of the board -



J W Mainwaring

**Director**

28.11.05

## **MTB EQUIPMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MTB EQUIPMENT LIMITED**

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We have audited the financial statements of MTB Equipment Limited on pages 5 to 16 for the year ended 30 September 2004. 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, 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**

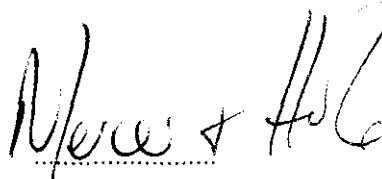
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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Mercer & Hole**

Chartered Accountants  
**Registered Auditor**

28/1/05  


420 Silbury Boulevard  
Milton Keynes  
Bucks  
MK9 2AF

**MTB EQUIPMENT LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	Notes	2004 £	2003 £
Turnover	2	5,283,555	5,296,607
Cost of sales		(4,636,595)	(4,277,231)
<b>Gross profit</b>		646,960	1,019,376
Distribution costs		(211,399)	(189,175)
Administrative expenses		(978,362)	(613,027)
Other operating income		40,940	-
<b>Operating (loss)/profit</b>	3	(501,861)	217,174
Other interest receivable and similar income		50	230
Interest payable and similar charges	4	(33,470)	(7,503)
<b>(Loss)/profit on ordinary activities before taxation</b>		(535,281)	209,901
Tax on (loss)/profit on ordinary activities	5	128,972	(74,103)
<b>(Loss)/profit on ordinary activities after taxation</b>	15	(406,309)	135,798

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 2004**

	Notes	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	6	2,298,834		857,295	
<b>Current assets</b>					
Stocks	7	876,966		645,141	
Debtors	8	1,066,544		1,492,798	
Cash at bank and in hand		7,899		31,081	
		<u>1,951,409</u>		<u>2,169,020</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,228,362)</u>		<u>(1,689,879)</u>	
<b>Net current (liabilities)/assets</b>		<u>(276,953)</u>		<u>479,141</u>	
<b>Total assets less current liabilities</b>		<u>2,021,881</u>		<u>1,336,436</u>	
<b>Creditors: amounts falling due after more than one year</b>	10	(1,055,074)		-	
<b>Provisions for liabilities and charges</b>	11	-		(47,498)	
<b>Accruals and deferred income</b>	12	<u>(84,178)</u>		<u>-</u>	
		<u>882,629</u>		<u>1,288,938</u>	
<b>Capital and reserves</b>					
Called up share capital	14	100,000		100,000	
Profit and loss account	15	782,629		1,188,938	
<b>Shareholders' funds - equity interests</b>	16	<u>882,629</u>		<u>1,288,938</u>	

The financial statements were approved by the Board on 28/1/05

J W Mainwaring  
Director

**MTB EQUIPMENT LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	2004		2003	
	£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>		295,749		(33,216)
<b>Returns on investments and servicing of finance</b>				
Interest received	50		230	
Interest paid	(33,470)		(7,503)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(33,420)		(7,273)
<b>Taxation</b>		(53,261)		(17,238)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(1,571,245)		(95,634)	
<b>Net cash outflow for capital expenditure</b>		(1,571,245)		(95,634)
<b>Net cash outflow before management of liquid resources and financing</b>		(1,362,177)		(153,361)
<b>Financing</b>				
New long term bank loan	1,084,898		-	
Government grant received	125,000		-	
<b>Net cash inflow/(outflow) from financing</b>		1,209,898		-
<b>Decrease in cash in the year</b>		(152,279)		(153,361)

**MTB EQUIPMENT LIMITED**
**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

1	Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities	2004	2003
		£	£
	Operating (loss)/profit	(501,861)	217,174
	Depreciation of tangible assets	129,706	62,683
	Increase in stocks	(231,825)	(221,803)
	Decrease/(increase) in debtors	507,725	(839,626)
	Increase in creditors within one year	432,826	748,356
	Movement on grant provision	(40,822)	-
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>295,749</b>	<b>(33,216)</b>

2	Analysis of net debt	1 October 2003	Cash flow	Other non-30 September cash changes	2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	31,081	(23,182)	-	7,899
	Bank overdrafts	(188,076)	(129,097)	-	(317,173)
		<u>(156,995)</u>	<u>(152,279)</u>	<u>-</u>	<u>(309,274)</u>
	Debt:				
	Debts falling due within one year	-	(29,824)	-	(29,824)
	Debts falling due after one year	-	(1,055,074)	-	(1,055,074)
		<u>-</u>	<u>(1,084,898)</u>	<u>-</u>	<u>(1,084,898)</u>
	<b>Net debt</b>	<b><u>(156,995)</u></b>	<b><u>(1,237,177)</u></b>	<b><u>-</u></b>	<b><u>(1,394,172)</u></b>

3	Reconciliation of net cash flow to movement in net debt	2004	2003
		£	£
	Decrease in cash in the year	(152,279)	(153,361)
	Cash inflow from increase in debt	(1,084,898)	-
	<b>Movement in net debt in the year</b>	<b>(1,237,177)</b>	<b>(153,361)</b>
	Opening net debt	(156,995)	(3,634)
	<b>Closing net debt</b>	<b>(1,394,172)</b>	<b>(156,995)</b>

## **MTB EQUIPMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004**

---

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

##### **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 12.

**MTB EQUIPMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2004****2 Turnover****Geographical market**

	<b>Turnover</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
United Kingdom	4,779,062	5,028,077
European Economic Community	496,681	251,240
Rest of the World	7,812	17,290
	<u>5,283,555</u>	<u>5,296,607</u>

**3 Operating (loss)/profit**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	129,706	62,683
Loss on foreign exchange transactions	-	861
Operating lease rentals	14,099	15,365
Auditors' remuneration	4,600	4,750
and after crediting:		
Government grants	40,822	-
Profit on foreign exchange transactions	(21,784)	-
	<u>40,822</u>	<u>-</u>

Included within administrative expenses is a specific write down of £333,596 relating to bad debts.

**4 Interest payable**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	33,470	7,494
On overdue tax	-	9
	<u>33,470</u>	<u>7,503</u>

**MTB EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2004**

<b>5 Taxation</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U.K. corporation tax	(53,264)	53,264
Adjustment for prior years	(3)	-
	<u>(53,267)</u>	<u>53,264</u>
<b>Current tax charge</b>		
	(53,267)	53,264
<b>Deferred tax</b>		
Deferred tax charge/credit current year	(75,705)	20,839
	<u>(128,972)</u>	<u>74,103</u>
<b>Factors affecting the tax charge for the year</b>		
(Loss)/profit on ordinary activities before taxation	(535,281)	209,901
	<u>(535,281)</u>	<u>209,901</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	(160,584)	62,970
	<u>(160,584)</u>	<u>62,970</u>
Effects of:		
Non deductible expenses	7,157	1,826
Capital allowances in excess of depreciation	(28,287)	(3,409)
Losses carried forward	120,324	-
Marginal rate relief	8,123	(8,123)
	<u>107,317</u>	<u>(9,706)</u>
<b>Current tax charge</b>	<u>(53,267)</u>	<u>53,264</u>

**MTB EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2004**

**6 Tangible fixed assets**

	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2003	-	688,171	762,025	1,450,196
Additions	1,235,309	-	335,937	1,571,246
	<u>1,235,309</u>	<u>688,171</u>	<u>1,097,962</u>	<u>3,021,442</u>
At 30 September 2004	1,235,309	688,171	1,097,962	3,021,442
<b>Depreciation</b>				
At 1 October 2003	-	153,956	438,945	592,901
Charge for the year	-	13,668	116,039	129,707
	<u>-</u>	<u>167,624</u>	<u>554,984</u>	<u>722,608</u>
At 30 September 2004	-	167,624	554,984	722,608
<b>Net book value</b>				
At 30 September 2004	<u>1,235,309</u>	<u>520,547</u>	<u>542,978</u>	<u>2,298,834</u>
At 30 September 2003	<u>-</u>	<u>534,215</u>	<u>323,080</u>	<u>857,295</u>

At the year end, the Directors made an informal valuation of the property in Water Eaton, Bletchley. This valued the property at £860,000. It is held in the accounts at a net book value of £520,548.

**7 Stocks and work in progress**

	2004 £	2003 £
Raw materials and consumables	616,132	496,592
Work in progress	260,834	148,549
	<u>876,966</u>	<u>645,141</u>

**8 Debtors**

	2004 £	2003 £
Trade debtors	960,102	1,470,780
Amounts owed by parent and fellow subsidiary undertakings	340	3,288
Corporation tax	53,264	-
Other debtors	24,631	18,730
Deferred tax asset (see note 11)	28,207	-
	<u>1,066,544</u>	<u>1,492,798</u>

£3,140 is included within other debtors which relates to an advance on a Directors' salary.

**MTB EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2004**

<b>9 Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	346,997	188,076
Trade creditors	1,266,318	794,743
Amounts owed to parent and fellow subsidiary undertakings	587,313	499,898
Corporation tax	-	53,264
Other taxes and social security costs	22,466	116,333
Directors' current accounts	-	3,671
Accruals and deferred income	5,268	33,894
	<u>2,228,362</u>	<u>1,689,879</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.

<b>10 Creditors: amounts falling due after more than one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank loans	<u>1,055,074</u>	<u>-</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments:		
Less than 1 year	29,824	-
1-2 years	31,664	-
2-5 years	107,199	-
Instalments not due within five years	<u>916,211</u>	<u>-</u>
	1,084,898	-
Included in current liabilities	<u>(29,824)</u>	<u>-</u>
	<u>1,055,074</u>	<u>-</u>
Instalments not due within five years	<u>916,211</u>	<u>-</u>

Please see security details above.



**MTB EQUIPMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2004****11 Provisions for liabilities and charges**

The deferred tax asset (included in the debtors, note 8) is made up as follows:

	2004 £	
Balance at 1 October 2003	47,498	
Profit and loss account	(75,705)	
	<u>(28,207)</u>	
Balance at 30 September 2004	<u>(28,207)</u>	

	2004 £	2003 £
Accelerated capital allowances	47,998	47,498
Tax losses available	(76,205)	-
	<u>(28,207)</u>	<u>47,498</u>

**12 Accruals and deferred income**

	Government grants £
Grants received during the year	125,000
Amortisation in the year	(40,822)
	<u>84,178</u>
Balance at 30 September 2004	<u>84,178</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. £40,822 was recognised as income in the year ended 30 September 2004.

**13 Pension costs****Defined contribution**

	2004 £	2003 £
Contributions payable by the company for the year	<u>9,720</u>	<u>9,271</u>

**MTB EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2004**

<b>14 Share capital</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>

**15 Statement of movements on profit and loss account**

**Profit and  
loss  
account  
£**

Balance at 1 October 2003	1,188,938
Retained loss for the year	(406,309)
	<u>          </u>
Balance at 30 September 2004	782,629
	<u>          </u>

<b>16 Reconciliation of movements in shareholders' funds</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	(406,309)	135,798
Opening shareholders' funds	1,288,938	1,153,140
	<u>          </u>	<u>          </u>
Closing shareholders' funds	882,629	1,288,938
	<u>          </u>	<u>          </u>

**17 Financial commitments**

At 30 September 2004 the company had annual commitments under non-cancellable operating leases as follows:

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	-	5,888
Between two and five years	44,563	26,609
	<u>          </u>	<u>          </u>
	44,563	32,497
	<u>          </u>	<u>          </u>

**MTB EQUIPMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

<b>18 Directors' emoluments</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	165,553	191,193
Company pension contributions to money purchase schemes	8,207	7,830
	<u>173,760</u>	<u>199,023</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2).

**19 Employees****Number of employees**

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

	<b>2004</b>	<b>2003</b>
	<b>Number</b>	<b>Number</b>
Executive directors and administration	10	9
Shop floor	30	19
	<u>40</u>	<u>28</u>

**Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	653,286	509,096
Social security costs	56,231	43,936
Other pension costs	9,720	9,271
	<u>719,237</u>	<u>562,303</u>

**20 Control**

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

**21 Related party transactions**

The company purchased goods from Fainsa srl to the value of £1,306,213 (2003: £1,323,276). The balance outstanding at the year end date was £587,313 (2003: £476,019). The company sold goods to Fainsa srl to the value of £49,905 (2003: £7,042). The balance due at the year end date was £340 (2003: £3,288). All of the above transactions were conducted at normal market values.