Company Registration No. 2989901

TENNECO MANAGEMENT (EUROPE) LIMITED

Report and Financial Statements

31 December 2008

TENNECO MANAGEMENT (EUROPE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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TENNECO MANAGEMENT (EUROPE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T V Bonneu (Belgium)
L M Vogt

SECRETARY

L M Vogt

REGISTERED OFFICE

21 Holborn Viaduct
London
EC1A 2DY

BANKERS

Bank of America NA
ABN AMRO Bank NV

SOLICITORS

Baker & McKenzie LLP

AUDITORS

Deloitte LLP
Chartered Accountants
Birmingham

DIRECTORS' REPORT
Year ended 31 December 2008

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Tenneco Inc. and continued to provide financing and foreign exchange management facilities for various undertakings within the Tenneco Inc. group.

The term "Tenneco group undertakings" used throughout these financial statements refers to Tenneco Inc. and its subsidiary undertakings.

The company regards net interest, the level of net retained income and debt/equity ratio as key measurements of the effectiveness of the company's operations.

	2008 £'000	2007 £'000
Net interest, inclusive of foreign exchange gain	9,847	6,995
Profit for the financial year	6,560	4,828
Debt/Equity Ratio	1.29	2.83

The calculation of the debt/equity ratio is detailed in note 8.

The Tenneco Inc group manages its operations on a divisional basis. For this reason the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

The directors consider the debt/equity ratio of the company, given the nature of its business as a non-bank finance company to the Tenneco Inc group, to be within acceptable levels.

The directors anticipate the same level of profitability in the foreseeable future.

In August 2007, the company entered into a cash pooling agreement with ABN AMRO Bank N.V. Under this agreement, the company acts as principal and together with other Tenneco group undertakings agrees to a cross-currency notional cash pooling arrangement. As a result of this transaction, the majority of outstanding inter-company loans excluding USD owed by Tenneco group undertakings or owed to Tenneco group undertakings were repaid by the end of March 2008.

PRINCIPAL RISKS AND UNCERTAINTIES

As a result of its normal business activities, the company is exposed to a variety of risks, including credit risk, market risk and foreign currency risk.

Credit risk

The company recognises a risk of financial loss where counterparties are not able to meet their obligations as they fall due. The company enters into financing activities primarily with Tenneco group undertakings and therefore considers any credit risk insignificant. Third party credit risk is managed by entering into transactions with major financial institutions that can be expected to fully perform under the terms of such agreements. For banks only independently rated parties with a minimum rating of "A" are accepted. For Tenneco group companies, the company relies on the support of its ultimate holding company, Tenneco Inc.

DIRECTORS' REPORT (continued)
Year ended 31 December 2008

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Market risk

The company's activities expose it to the potential adverse change in company income arising from movements in foreign currency exchange rates and interest rates.

- Interest rate risk

  The company's income comprises interest received/paid on inter-company loans and overnight deposits and overdrafts with banks. The company operates its inter-company loan portfolio denominated in several foreign currencies. Interest rates for inter-company loans are set on a quarterly basis for loans to/from Tenneco group undertakings. Exposure to interest rates movement is minimised as the company both pays on all its loans and receives on all its offsetting investments a variable rate of interest, linked to transactional currency LIBOR.

- Foreign currency risk

  The company's primary exposure to foreign currency exchange risk results from inter-company loans made between Tenneco group undertakings and overnight deposits and overdrafts with banks. The company manages its foreign currency exchange risk using, within predetermined parameters, foreign currency purchase and sale contracts with terms of less than one year.

DIRECTORS

The directors who served during the year were as follows:

T V Bonneu (Belgium)
L M Vogt

DISCLOSURE OF INDEMNITIES

The directors confirm under section 309 of the Companies Act 1985:

- at the time this directors' report is signed a qualifying third party indemnity provision (provided by the parent company, Tenneco Inc) was in force for the benefit of all the directors of the company;
- for the financial year ending 31 December 2008 a qualifying third party indemnity provision (provided by the parent company, Tenneco Inc) was in force for the benefit of all the directors of the company; and
- that there is no qualifying third party indemnity provision provided by the company for one or more directors of an associated company either on the date the directors' report is signed or in the last financial year.

EMPLOYEES

The company had no employees during the year, or prior year, and relies on Tenneco group undertakings for the provision of services.

GOING CONCERN

The directors have assessed that the company has adequate resources to counteract the current economic uncertainty. However, as the company is closely linked to the overall activities of Tenneco Inc. group, further considerations have been made. After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In order to reach their decision, the directors reviewed the disclosures in the annual report of the ultimate holding company, Tenneco Inc. These disclosures related to actions taken to counteract the current economic crisis, future growth in adjacent markets and the outlook of the Tenneco Inc board. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT (continued)
Year ended 31 December 2008

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and

- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The company passed a written resolution in accordance with section 386 of the Companies Act 2006 to dispense with the obligation of appointing auditors annually. This election was in force immediately before 1 October 2007. Therefore, Deloitte LLP are deemed to continue as auditors.

By order of the Board,

Lesley Vogt

L M Vogt
Director

29 June 2009

21 Holborn Viaduct
London
EC1A 2DY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the company 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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 TENNECO MANAGEMENT (EUROPE) LIMITED

We have audited the financial statements of Tenneco Management (Europe) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. 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 directors and auditors

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

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 (continued)

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 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors

Birmingham, United Kingdom

10 July 2009

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2008

	Notes		2008 £'000		2007 £'000
Administrative expenses			(676)		(272)
Operating loss			(676)		(272)
Interest receivable and similar income	2		13,688		11,510
Interest payable and similar charges	3		(3,295)		(3,744)
Foreign exchange loss					
- other gains/(losses)		(2,139)		614	
- fair market value movement of open derivative contracts		1,593	(546)	(1,385)	(771)
Profit on ordinary activities before taxation	4		9,171		6,723
Tax on profit on ordinary activities	5		(2,611)		(1,895)
Profit for the financial year			6,560		4,828

All activities derive from continuing operations in the current and prior year.

There are no recognised gains or losses in either year other than those stated above. Accordingly a statement of total recognised gains and losses is not provided.

The accompanying notes are an integral part of these financial accounts.

BALANCE SHEET
Year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Non current assets			
Debtors	6	-	61,713
Current assets			
Debtors	6, 11	149,361	162,079
Cash in hand and at bank		41,931	34,635
		191,292	196,714
Creditors: Amounts falling due within one year	7, 11	(126,721)	(200,416)
Net current assets		64,571	(3,702)
Net assets		64,571	58,011
Capital and reserves			
Called-up share capital	8	1	1
Share premium account	9	29,999	29,999
Profit and loss account	9	34,571	28,011
Shareholders' funds	10	64,571	58,011

These financial statements were approved by the Board of Directors on 29 June 2009.

Signed on behalf of the Board of Directors

Lesley Vogt

Director

29 June 2009

The accompanying notes are an integral part of these financial accounts.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of forward exchange contracts that are disclosed at fair market value, and in accordance with applicable United Kingdom accounting standards.

As described within the directors' report, the directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Due to the nature of the company's business, turnover, cost of sales and gross profit do not have any meaningful equivalents and are therefore not shown in the profit and loss account.

The company has taken advantage of the exemption available in FRS1 (revised) and does not produce its own cash flow statement on the basis that it is a wholly owned subsidiary of Tenneco Inc., which produces publicly available consolidated financial statements incorporating the results of the company.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

The financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency).

Foreign currency transactions are accounted for under FRS 23: The Effect of Changes in Foreign Exchange Rates. Transactions denominated in foreign currencies are recorded in the company's functional currency, Pounds Sterling, at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the company's functional currency at the balance sheet date are translated at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the profit and loss account.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Cash at bank and in hand comprise cash balances and call deposits.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decision based on their fair value in accordance with the company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value, and changes therein are recognised in profit or loss.

<u>Derivative financial instruments</u>

The company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

The company does not hedge account for cash flow hedges. Changes in fair value are recognised in profit or loss.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in fair market of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

<u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised in profit or loss.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Interest receivable and similar income

Interest receivable and similar income comprises interest income on funds invested, gains in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

1. ACCOUNTING POLICIES (CONTINUED)

Interest payable and similar charges

Interest payable and similar charges comprise interest expense on borrowings, losses in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Determination of fair values

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Financial risk management

Overview

The company has exposure to the following risk in its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company through management procedures, aims to develop a disciplined and constructive control environment in which all parties understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from banks and Tenneco group companies. For banks only independently rated parties with a minimum rating of "A" are accepted. For Tenneco group companies, the company relies on the support of its ultimate holding company, Tenneco Inc.

Guarantees

The company's policy is to provide financial guarantees only in respect of wholly-owned subsidiaries within the Tenneco group. At 31 December 2008 and 2007, a guarantee in respect of premises leased by Tenneco Automotive UK Limited, a Tenneco group company, for £20,000 per annum was outstanding. At 31 December 2008, a guarantee in respect of pension obligations owed by Tenneco Automotive UK Limited to the Tenneco Automotive (UK) Limited Pension Scheme was outstanding. The directors' estimate, based on information from the Scheme actuaries, the guarantee amounts to £5 million at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

1. ACCOUNTING POLICIES (CONTINUED)

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk of damage to the company's reputation. The company also relies on its ultimate holding company, Tenneco Inc., to provide liquidity as and when required.

The company maintains the following lines of credit:

USD 2 million overnight overdraft facility that is secured on pari pasu basis by all the lenders of the second amended and restated credit agreement dated 16 March 2007 between Tenneco Inc and the lenders thereunder. Interest would be payable at the market rates, based on LIBOR. At the end of 2008 and 2007, this facility remained undrawn.

USD 15 million overnight overdraft facility that is unsecured. Interest would be payable at the market rates, based on LIBOR. This facility was provided to the company during 2008 and remained undrawn at the end of the year. The company also had available a daylight overdraft of USD 150 million to support the operation of the ABN AMRO Bank N.V. notional cashpooling arrangement. Information relating to this facility is included in the subsequent event note 12.

Third party credit risk is managed by entering into transactions with major financial institutions that can be expected to fully perform under the terms of such agreements. _For banks only independently rated parties with a minimum rating of "A" are accepted. For Tenneco group companies, the company relies on the support of its ultimate holding company, Tenneco Inc.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The company buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All transactions are carried out within the guidelines set by the Tenneco Inc group policies that have been adopted by the company. The company does not apply hedge accounting.

Currency risk

The company is exposed to currency risk on financings and borrowings denominated in a currency other than its functional currency, primarily the Euro and US Dollars. The primary currencies in which these transactions are denominated are Euro, US Dollars, Australian Dollars and Japanese Yen. Exchange exposures are managed with the approved policy parameters utilising forward foreign exchange contracts.

The exposure to the principal amounts of the company's bank balances and inter-company loans, taken out in currencies other than the company's functional currency have been covered using forward contracts that mature at approximately the interest repayment dates.

In respect of monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying and selling currencies at spot rates when necessary to address short-term imbalances.

Interest rate risk

Interest on loans is denominated in currencies that match the cash flows generated by the underlying loans. The exposure to interest rate risk is covered by forward contracts. Any imbalance between interest income and expense in foreign currencies is covered by forward contracts. The company does not enter into interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £'000	2007 £'000
Interest on bank deposits	6,392	8,202
Interest on amounts owed by Tenneco group undertakings	7,296	3,308
	13,688	11,510

Interest rates on bank deposits are at overnight money market rates quoted and at market rates based on transactional currency LIBOR.

Interest rates on loans included in amounts owed by Tenneco group undertakings are set quarterly based on transactional currency LIBOR.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Interest on bank loans and overdrafts repayable within five years	(2,415)	(650)
Interest on amounts owed to Tenneco group undertakings	(880)	(3,094)
	(3,295)	(3,744)

Interest rates on bank loans and overdrafts are based on overnight currency based on LIBOR

Interest rates on loans included in amounts owed by Tenneco group undertakings are set quarterly based on transactional currency LIBOR.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2008 £'000	2007 £'000
The analysis of auditors' remuneration is as follows:		
- Fees payable to the company's auditors for the audit of the company's annual accounts	40	59
Total audit fees	40	59
Total non-audit fees	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (CONTINUED)

Directors' remuneration:

	2008 £'000	2007 £'000
Emoluments	77	-
The emoluments of the highest paid director were	77	-

Certain directors are paid by other group companies, it is not practical to allocate their services to this company from their services to the group as a whole.

The company has no employees during the year, or prior year, and relies on Tenneco group undertakings for the provision of services.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2008 £'000	2007 £'000
Current tax		
UK corporation tax	(1,038)	(97)
Payment for group relief	(1,576)	(1,798)
Double tax relief	3	97
	(2,611)	(1,798)
Foreign tax		
Current period	(3)	(97)
Current tax charge for year	(2,614)	(1,895)
Adjustment in respect of prior years	3	-
Total tax charge	(2,611)	(1,895)

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 28.5% (2007: 30%).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	9,171	6,723
Tax at 28.5% (2007:30%) thereon	(2,614)	(2,017)
Effects of:		
Movement on short term timing differences	-	122
Current tax charge for year	(2,614)	(1,895)
Adjustment in respect of prior years	3	-
	(2,611)	(1,895)

6. DEBTORS

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts owed by Tenneco group undertakings	148,762	161,960
Derivative financial instruments	599	55
Other debtors	-	64
	149,361	162,079
Amounts falling due after more than one year:		
Amounts owed by Tenneco group undertakings	-	61,713
	149,361	223,792

The fair value of the above items is not considered to be materially different to their carrying value.

The company's principal financial assets are bank balances, derivative financial instruments and amounts owed by Tenneco group undertakings.

Amounts owed by Tenneco group undertakings are made under long term credit agreements. None of the amounts disclosed are past due.

The company's credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Bank overdrafts	104,153	125,203
Amounts owed to Tenneco group undertakings	17,841	71,024
Amounts owed to Tenneco companies for group relief	3,370	2,805
Taxation	1,065	4
Derivative financial instruments	-	1,050
Other creditors	292	330
	126,721	200,416

The fair value of the above items is not considered to be materially different to their carrying value.

Amounts owed to Tenneco group undertakings are made under long term credit agreements.

More information about the company's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 11.

8. CALLED-UP SHARE CAPITAL

	2008 £	2007 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully-paid:		
602 ordinary shares of £1 each	602	602

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The company's directors review the capital structure on a monthly basis. As part of this review, the directors consider the cost of capital.

Net debt is calculated as total borrowings less cash and cash equivalents. Equity is "equity" as shown in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

8. CALLED-UP SHARE CAPITAL (CONTINUED)

During 2008, the company's strategy, which was unchanged from 2007, was to maintain a gearing ratio of less than 8:1, which was in the directors' view an acceptable level for a non-bank finance company. The gearing ratios at 31 December 2008 and 2007 were as follows:

	2008 £'000	2007 £'000
Bank loans and overdrafts	104,153	125,203
Amounts owed to Tenneco group undertakings	17,841	71,024
Amounts owed to Tenneco companies for group relief	3,370	2,805
Total borrowings	125,364	199,032
Less: cash in hand and at bank	(41,931)	(34,635)
Net debt	83,433	164,397
Total equity	64,571	58,011
Debt:Equity Ratio	1.29:1	2.83:1

Based on the directors' recommendations the company expects to increase its gearing ratio closer to 4.2:1 through the payment of dividends.

The company is not subject to externally imposed capital requirements.

9. RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 31 December 2007	29,999	28,011	58,010
Profit for the financial year	-	6,560	6,560
At 31 December 2008	29,999	34,571	64,570

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Profit for the financial year	6,560	4,828
Opening shareholders' funds	58,011	53,183
Closing shareholders' funds	64,571	58,011

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

11. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008 £'000	2007 £'000
Financial assets		
Cash	41,931	34,635
Loans and receivables	148,762	223,737
Fair value through profit or loss		
Derivative instruments	599	55
	191,292	258,427
Financial liabilities		
Bank overdrafts	104,153	125,203
Other liabilities at amortised cost	21,503	74,159
Fair value through profit or loss		
Derivative instruments	-	1,050
	125,656	200,412

Foreign currency exposure

The company's exposure to foreign currency risk was as follows based on notional amounts in local currency:

	AUD000's	EUR000's	JPY000's	USD000's
31 December 2008				
Cash	-	1	-	-
Receivables from related parties	-	2,529	-	176,372
Bank loans and overdrafts	-	-	-	(152,136)
Payable to related parties	(24,678)	-	(515,863)	(2,794)
Other payables	-	-	-	(557)
Gross balance sheet exposure	(24,678)	2,530	(515,863)	20,885
Forward exchange contracts	24,836	(2,565)	511,922	(21,144)
Net exposure	158	(35)	(3,941)	(259)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

11. FINANCIAL INSTRUMENTS (CONTINUED)

	AUD000's	EUR000's	JPY000's	USD000's
31 December 2007				
Cash	448	-	1	89
Receivables from related parties	-	84,219	-	276,764
Bank loans and overdrafts	-	-	-	(248,676)
Payable to related parties	(11,205)	-	(414,343)	(127,547)
Other payables	-	-	-	(564)
Gross balance sheet exposure	(10,757)	84,219	(414,342)	(99,934)
Forward exchange contracts	10,900	(82,969)	413,600	99,773
Net exposure	143	1,250	(742)	(161)

Foreign currency sensitivity analysis

The company is mainly exposed to the currency of Australia (Australian dollar), Japan (Japanese yen), Euroland (Euro) and the United States of America (US dollar).

The following table details the company's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies. The sensitivity only includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in the foreign currency rates.

A positive number below indicates an increase in profit where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would have the opposite sign.

	Euro currency impact		**US Dollar impact**	
	2008	**2007**	**2008**	**2007**
	£'000	**£'000**	**£'000**	**£'000**
Profit and loss	(3)	87	18	(11)

	AUD currency impact		**JPY Dollar impact**	
	2008	**2007**	**2008**	**2007**
	£'000	**£'000**	**£'000**	**£'000**
Profit and loss	6	4	41	1

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

11. FINANCIAL INSTRUMENTS (CONTINUED)

The following significant exchange rates applied during the year:

	Average rate		Reporting date Spot rate	
	2008	2007	2008	2007
AUD	2.18032	2.3834	2.05131	2.267
EUR	1.27308	1.4572	1.04467	1.361
JPY	196.3659	235.638	132.39884	221.442
USD	1.88683	2.008	1.4593	1.987

Interest Rate Risk

The company manages its exposure to interest rate risks to reduce any changes to profit by matching its exposures in foreign currencies by the use of foreign exchange currency contracts. However changes to the Sterling interest rates will have an impact to the level of profit generated. The company estimates that a 1% increase in Sterling interest rates would have resulted in the following increase in profit. A decrease in Sterling interest rates would have had the opposite effect:

	2008 £'000	2007 £'000
Profit and loss	585	555

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying value	
	2008 £'000	2007 £'000
Amounts owed to Tenneco Group companies	148,762	223,673
Other receivables	-	64
Loans and receivables	148,762	223,737
Cash at bank and in hand	41,931	34,635
Other forward exchange contracts	599	55
	191,292	258,427

There is no impairment loss recognised through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

11. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying value £'000	Contractual Cash flows £'000	On demand £'000	0-3 months £'000	3-12 months £'000
31 December 2008					
Non-derivative financial liabilities					
Amounts owed to Tenneco group companies	17,841	17,932	17,932	-	-
Amounts owed to Tenneco companies for group relief	3,370	3,370	-	-	3,370
Bank loans and overdrafts	104,153	104,153	104,153	-	-
Other creditors	292	292	93	199	-
Derivative financial liabilities					
Other forward exchange contracts:					
Outflow	-	-	-	-	-
Inflow		-	-	-	-
	125,656	125,747	122,178	199	3,370

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

11. FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying Value £'000	Contractual Cash flows £'000	On demand £'000	0 - 3 months £'000	1-5 years £'000
31 December 2007					
Non-derivative financial liabilities					
Amounts owed to Tenneco group companies	71,024	71,170	10,225	60,945	-
Amounts owed to Tenneco companies for group relief	2,805	2,805	-	1,005	1,800
Bank loans and overdrafts	125,203	125,977	125,977	-	-
Other creditors	330	330	330	-	-
Derivative financial liabilities					
Other forward exchange contracts:					
Outflow	1,050	72,081	-	72,081	-
Inflow	-	(71,031)	-	(71,031)	-
	200,412	201,332	136,532	63,000	1,800

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2008		31 December 2007	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Amounts owed by Tenneco group companies	148,762	148,762	223,673	223,673
Other receivables	-	-	64	64
Cash at bank and in hand	41,931	41,931	34,635	34,635
Other forward exchange contracts	599	599	(995)	(995)
Bank overdrafts and loans	(104,153)	(104,153)	(125,203)	(125,203)
Amounts owed to Tenneco group companies	(21,211)	(21,211)	(73,829)	(73,829)
Other payables	(1,357)	(1,357)	(334)	(334)
	64,578	64,578	58,011	58,011

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

12. SUBSEQUENT EVENTS

Following post balance sheet date discussions with ABN AMRO Bank N.V., credit facilities have been reduced as follows:

Overnight overdraft facility was reduced from USD 15 million to zero, effective 19 May 2009

Intra-day overdraft facility was reduced from USD 150 million to USD 30 million, effective 19 May 2009, with a further reduction to USD 20 million, effective 1 June 2009. It is anticipated the facility will be further reduced to USD 10 million.

Changes to the way the Tenneco group funds the ABN AMRO notional cashpool on a day-to-day basis have been introduced in order to operate within these revised limits. There is no significant impact with regard to the way liquidity risk is managed within the company.

The company still retains its daylight and overnight overdrafts at Bank of America, London.

The Tenneco group continues to meet its obligations on time and expects to continue to do so in the future.

13. RELATED PARTY TRANSACTIONS

Substantially all of the company's interest income is earned from the financing of various undertakings within the Tenneco Inc. group.

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with Tenneco Inc. or other Tenneco group companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Walker Limited. Its ultimate parent and controlling company is Tenneco Inc., a company incorporated in the State of Delaware, United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by Tenneco Inc. The consolidated financial statements of this group are available to the public, and may be obtained from 21 Holborn Viaduct, London, EC1A 2DY.