

**Phoenix Oil & Marine Limited**

**Directors' report and financial  
statements**

**Registered number 4012370**

**31 December 2007**



## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Phoenix Oil & Marine Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

## Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2007.

### Principal activities and review of business

The principal activity of the company is that of a holding company. The principal activity of the subsidiary undertaking, Dunlop Oil & Marine Limited, is the manufacture and sale of oil and marine hoses.

### Review of the business

During the year the company did not trade, nor does it expect to trade in the ensuing year.

### Results and dividends

The profit and loss account is set out on page 5 and shows a loss for the year. The directors do not recommend the payment of a dividend (2006: £nil).

### Directors and their interests

The directors who served during the year were:

B Allison (resigned 23 May 2007)  
G Frolich (appointed 23 May 2007, resigned 25 February 2008)  
M Sloan (appointed 25 February 2008)  
ARK Zandiyeh (appointed 25 February 2008)

No director had any beneficial interest in the share capital of the company.

In accordance with company's exemption under Statutory Instrument Number 802 1985, the directors are not required to disclose their interests in the shares of the group, the company being a wholly owed subsidiary of a company incorporated outside the United Kingdom.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

KPMG LLP is deemed to have been re-appointed in accordance with the elective resolution passed on 17 September 2001 under section 386 of the Companies Act 1985.

By order of the board

M Sloan  
Director



Moody Lane  
Pyewipe  
Grimsby  
NE Lincolnshire  
DN31 2SY

19 January 2009

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditors' report to the members of Phoenix Oil & Marine Limited**

We have audited the financial statements of Phoenix Oil & Marine Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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.

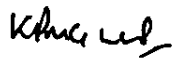
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Phoenix Oil & Marine Limited**  
*(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements 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.



**KPMG LLP**

*Chartered Accountants  
Registered Auditor*

19 January 2009

**Profit and loss account**  
*for the year ended 31 December 2007*

	<i>Note</i>	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
<b>Turnover</b>		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
<b>Operating loss</b>	<b>3</b>	-	-
Other interest receivable and similar income	<b>4</b>	<b>66</b>	<b>271</b>
Interest payable and similar charges	<b>5</b>	<b>(379)</b>	<b>(554)</b>
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(313)</b>	<b>(283)</b>
Taxation on loss on ordinary activities	<b>6</b>	<b>94</b>	<b>85</b>
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(219)</b>	<b>(198)</b>
Accumulated loss brought forward		<b>(1,618)</b>	<b>(1,420)</b>
		<hr/>	<hr/>
<b>Accumulated loss carried forward</b>		<b>(1,837)</b>	<b>(1,618)</b>
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains or losses in the current and prior year are included in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented.

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

The accompanying notes are an integral part of this profit and loss account.

**Balance sheet**  
*at 31 December 2007*

	<i>Note</i>	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
<b>Fixed assets</b>			
Investments	7	<u>20,056</u>	<u>20,056</u>
<b>Current assets</b>			
Debtors	8	94	5,811
<b>Creditors: amounts falling due within one year</b>	9	<u>(4,987)</u>	<u>(10,485)</u>
<b>Net current liabilities</b>		<u>(4,893)</u>	<u>(4,674)</u>
<b>Total assets less current liabilities</b>		<u>15,163</u>	<u>15,382</u>
<b>Capital and reserves</b>			
Called up share capital	10	17,000	17,000
Profit and loss account		<u>(1,837)</u>	<u>(1,618)</u>
<b>Equity shareholders' funds</b>		<u>15,163</u>	<u>15,382</u>

These financial statements were approved by the board of directors on 19 January 2009 and are signed on its behalf by:

M Sloan  
Director



The accompanying notes are an integral part of this balance sheet.



## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

#### *Consolidated financial statements*

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its parent. The financial statements therefore present information about the company as an individual undertaking and not about it as a group.

#### *Cash flow statement*

Under FRS 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Continental AG and the company is included in consolidated financial statements.

#### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment.

#### *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Information regarding directors and employees

No director received any emoluments during the current year (2006: £nil)

The average number of employees (including directors) during the year was one (2006: one).

### 3 Operating loss

The auditors' remuneration was borne by a fellow subsidiary undertaking in the current year.

### 4 Other interest receivable and similar income

	2007 £'000	2006 £'000
Loans to group undertakings	66	271

**Notes** (continued)

**5 Interest payable and similar charges**

	2007 £'000	2006 £'000
Loans from group undertakings	379	554

**6 Tax on loss on ordinary activities**

The tax credit comprises:

	2007 £'000	2006 £'000
Group relief	94	85

The tax assessed for the period is equal to the standard rate of corporate tax in the UK of 30% (2006: 30%).

**7 Fixed asset investment**

	Group undertaking £'000
<i>Cost</i>	
At 31 December 2006 and 31 December 2007	20,056
<i>Net book value</i>	
At 31 December 2006 and 31 December 2007	20,056

*Subsidiary undertaking*

The company's principal subsidiary undertaking which is incorporated and operating in England, is:

	Class of share capital held	Proportion of share capital held	Nature of business
Dunlop Oil & Marine Limited	Ordinary	100%	Manufacture and sale of oil and marine hoses

**8 Debtors**

	2007 £'000	2006 £'000
Amounts owed by group undertakings	94	5,811

All amounts shown under debtors fall due for payment within one year.

**Notes (continued)**

**9 Creditors: amounts falling due within one year**

	2007 £'000	2006 £'000
Amounts owed to group undertakings	4,987	10,485

**10 Called up share capital**

	2007 £'000	2006 £'000
<b>Authorised</b> 20,000,000 Ordinary shares of £1 each	20,000	20,000
<b>Allotted, called up and fully paid</b> 17,000,000 Ordinary shares of £1 each	17,000	17,000

**11 Reconciliation of movements in equity shareholders' funds**

	2007 £'000	2006 £'000
Loss for the financial year	(219)	(198)
Opening equity shareholders' funds	15,382	15,580
<b>Closing equity shareholders' funds</b>	15,163	15,382

**12 Ultimate parent company**

The immediate parent company is Phoenix Fluid Handling GmbH, a company incorporated in Germany. The largest group in which the results of the company are consolidated is that headed by Continental AG, also incorporated in Germany. These consolidated financial statements of this company are available from Vahrenwalder Strasse 9, D-30165 Hanover.

Continental AG acquired Phoenix AG on 1 November 2004 and since that date has been regarded by the directors as the ultimate controlling entity and ultimate parent company.

**13 Related party disclosure**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, "Related Party Disclosure", not to disclose transactions with members or investees of the group headed by Continental AG on the groups that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.