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KETLON LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD

1 JANUARY 2005 - 31 MARCH 2006

Company Number 4375868

KETLON LIMITED

FINANCIAL STATEMENTS

For the period ended 31 March 2006

Company registration number	4375868
Registered office	Ketlon Building Transfesa Road Paddock Wood Kent TN12 6UU
Directors:	Brian Barr Debra Barr
Secretary	Alan Latham
Bankers	HSBC Bank Plc Oxford
Solicitors	emw Law
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Central Milton Keynes

KETLON LIMITED

FINANCIAL STATEMENTS

For the period ended 31 March 2006

KETLON LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the period ended 31 March 2006.

Principal activity

The principal activity of the company is the manufacture and sale of motor vehicle components.

Business Review

The loss for the period after taxation is £1,430,844 (2004: Loss £693,452). The directors do not recommend the payment of a dividend.

In the period the sales declined by just under £2.2m. Ketlon's accounting year end was moved to March 2006 making this a 15 month accounting period. On a like for like basis, sales declined by 28%. The main causes of this decline were the sudden demise of MG Rover, the discontinuation of Midland Gears work and the ending of a major Daimler Chrysler contract.

The company was acquired in July 2005 by Seckloe 165 Ltd and is now a sister company to Triplex Components (Machining) Ltd. This change has given the company the opportunity to take on a significant increase in gear manufacturing which with new work that has been won brings the turnover back to acceptable and stable levels.

The gross profit declined from 11.7% in 2005 to 8% in 2006. The main cause of this decline was the " one off" impact of MG Rover and the knock-on effect of supplier claims which could not be passed on.

Other operating costs were reduced significantly as a result of eliminating overheads and exploiting opportunities created by utilising effectively the sister company's resources.

The aforementioned factors resulted in a loss before taxation for the period of £1,774,844 (2004: Loss £1,059,921). The balance sheet shows net current assets of £0.4 million (2004: £1.1 million).

Financial risk management objectives and policies

The company uses various financial instruments these include loans, cash, invoice discounting and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. *In order to manage the company's exposure to those risks, in particular the company's exposure to interest rate risk and currency risk* the company enters into some forward foreign currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements.

About 26% of the company's sales are to customers in continental Europe. Approximately 75% of these sales are priced in Euros and invoiced in Euros. The company policy is to eliminate all currency exposures by borrowing in Euros against the outstanding Euros debtors and paying suppliers who bill the company in Euros.

About 17% of the company's purchases are from European suppliers and are in Euros. The company uses the Euro sales ledger asset to minimise the risk.

The tables below show the extent to which the company has residual financial assets and liabilities, after taking account of forward currency contracts, in currencies other than sterling. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the company.

	Net foreign currency monetary asset/(liability)	
Functional currency of operation	**Euro**	**Total**
	£'000	**£'000**
2006		
Sterling	**(28)**	**(28)**
2005		
Sterling	(379)	(379)

Price risk

The company is not exposed to price risk since it does not have any investments in shares.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities and invoice discounting facilities.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities.

The interest rate exposure of the financial assets and liabilities of the group as at 31 March 2006 is shown in the table below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Interest rate		
	Floating	**Zero**	**Total**
	£'000	**£'000**	**£'000**
Financial assets			
Cash	-	-	-
Trade debtors	-	3,922	3,922
	-	3,922	3,922
Financial liabilities			
Overdrafts	-	-	-
Bank loans	5,109	-	5,109
Trade creditors	-	3,304	3,304
	5,109	3,304	8,413

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trader debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

The company has a cross guarantee with its parent, Seckloe 165 Limited. The details of the guarantee are set out in note 22 of the accounts.

Directors

The membership of the Board at the end of the period is set out below.

The interest of the directors and their families in the shares of the company as at 1 January 2005 and 31 March 2006 (or date of appointment if later) were as follows:

	Ordinary shares of £1 each	
	31-Mar-06	**01-Jan-05**
Brian J Barr (served throughout the period)	-	50
Debra Barr (resigned 27th July 2005, reappointed 22nd March 2006)	-	-

Andrew Barr, Russell Barr, Alan Latham, Paul Cahill and David Nicholas resigned as directors on 27th July 2005.

No director had any right to subscribe in shares of the company during the period, or was granted or exercised any right in the period.

At the period end, the company is a wholly owned subsidiary and the interests of the group director are disclosed in the financial statements of the parent company.

KETLON LIMITED

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Acounting 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 these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 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.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Employee involvement

The company has established a practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through an employee forum comprising representatives from each area of the business, which meets monthly. The forum is used to communicate on business issues that affect the employees. The company also uses communication boards in each area of the site, and issues a monthly newsletter. The company holds monthly management meetings and twice a year employee presentations are given covering important aspects of the business.

Disabled employees

Applications for employment by disabled persons are given full consideration for all vacancies in accordance their particular aptitudes and abilities. In the event of current employees becoming disabled, every effort is made to carry out any retraining necessary in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY THE ORDER OF THE BOARD

A N Latham
Secretary
29 January 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KETLON LIMITED

We have audited the financial statements of Ketlon Limited for the period ended 31 March 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 23. 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 the directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and 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 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 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 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.

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 March 2006 and of its loss for the period then ended; and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Central Milton Keynes

30 **January 2007**

BASIS OF PREPARATION

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

The principal accounting policies of the company remain unchanged from the previous year apart from the adoption of FRS 21 Events after the Balance Sheet date and FRS 25 Financial Instruments: Disclosure and Presentation (IAS 32). These changes are described in more detail below.

CHANGES IN ACCOUNTING POLICIES

In preparing the financial statements for the current period, the company adopted the following Financial Reporting Standards:

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of the equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date. This change in policy has not affected the company's financial position at 31 March 2006 or 31 December 2004.

FRS 25 'Financial Instruments: Disclosures and Presentation (IAS 32)'

The adoption of FRS 25 has resulted in a change in accounting policy in respect of the presentation of dividends and distributions. Dividends and distributions relating to equity instruments are now debited directly to equity. Previously, equity dividends were shown on the face of the profit and loss account. The definition of an equity instrument is given by way of the definition of a financial liability as detailed in the accounting policy for financial instruments below. The share capital has been defined as an equity instrument.

CASH FLOW STATEMENT

The company has taken advantage of the exemption available under FRS 1 not to prepare a cashflow statement on the grounds that its parent company publishes a cashflow statement for the group.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts, and is recognised when goods are despatched.

NEGATIVE GOODWILL

Negative goodwill arising on acquisitions is written back to the profit and loss account to match the recovery of the non-monetary assets acquired.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Assets in the course of construction	Nil
Plant and Machinery	7 years straight line
Office equipment	2 years straight line

LEASED ASSETS

Assets held under finance lease and hire purchase contracts are capitalised in the balance sheet and depreciated over the expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

STOCKS AND WORK IN PROGRESS

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

CONTRIBUTIONS TO PENSION SCHEMES

Defined Contribution Scheme

The pensions costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

KETLON LIMITED

PROFIT AND LOSS ACCOUNT

	Notes	15 MONTH PERIOD ENDED 31.03.2006 £	YEAR ENDED 31.12.2004 £
Turnover	1	**20,620,508**	22,794,657
Cost of Sales		**(18,571,921)**	(20,116,088)
Gross profit		**2,048,587**	2,678,569
Distribution costs		**(328,179)**	(489,656)
Administrative expenses			
- normal		**(2,860,448)**	(3,008,220)
- exceptional	2	**(646,932)**	(464,422)
- total		**(3,507,380)**	(3,472,642)
Other operating income		**227,750**	297,039
Operating loss			
- normal		**(912,290)**	(522,268)
- exceptional		**(646,932)**	(464,422)
- total		**(1,559,222)**	(986,690)
Net interest	3	**(215,622)**	(73,231)
Loss on ordinary activities before taxation		**(1,774,844)**	(1,059,921)
Tax on loss on ordinary activities	5	**344,000**	366,469
Loss for the financial year retained	16	**(1,430,844)**	£ (693,452)

All the results above relate to continuing activities

There are no recognised gains or losses other than the loss for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

KETLON LIMITED

BALANCE SHEET AT 31 MARCH 2006

	Notes	31.03.2006 £	31.03.2006 £	31.12.2004 £	31.12.2004 £
Fixed assets					
Intangible assets- negative goodwill	6		(1,763,660)		(2,500,790)
Tangible assets	7		3,522,016		3,871,246
			1,758,356		1,370,456
Current Assets					
Stocks	8	1,284,353		1,098,884	
Debtors	9	7,602,493		3,412,757	
Cash at bank and in hand		-		500,423	
		8,886,846		5,012,064	
CREDITORS: Amounts falling due within one year	10	(8,517,914)		(3,909,093)	
NET CURRENT ASSETS			368,932		1,102,971
TOTAL ASSETS LESS CURRENT LIABILITIES			2,127,288		2,473,427
CREDITORS: Amounts falling due after more than one year	11		(2,082,206)		(993,501)
Provisions for liabilities and charges	13		-		(4,000)
			45,082		1,475,926
CAPITAL AND RESERVES					
Called up share capital	15		100		100
Profit and loss account	16		44,982		1,475,826
Shareholders' funds	17		45,082		1,475,926

These financial statements were approved by the Board of Directors on 29 January 2007

Brian Barr

The accompanying accounting policies and notes form an integral part of these financial statements.

1. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss on ordinary activities before taxation is attributable to the manufacture and sale of motor vehicle components from the UK. Turnover by destination is:

	2006	2004
	£	£
United Kingdom	15,544,674	16,059,864
Overseas	5,075,834	6,734,793
	20,620,508	22,794,657

The loss on ordinary activities before taxation is stated after:

	2006	2004
	£	£
Auditors' remuneration:		
Audit services	24,000	22,500
Non-audit services	7,000	6,625
Depreciation:		
Tangible fixed assets owned	649,280	573,032
Tangible fixed assets held under finance lease	335,249	248,828
Amortisation of negative goodwill	(737,130)	(618,753)
Hire of plant and machinery under operating leases	-	49,954
Other operating lease rentals	691,497	603,470

2. EXCEPTIONAL COSTS

	2006	2004
	£	£
MG Rover related expenses (redundancy costs, stock and bad debt write offs)	619,744	-
Restructuring expense	27,188	464,422
	646,932	464,422

3. NET INTEREST

	2006	2004
	£	£
Interest payable on bank loan	-	1,466
Invoice discounting charges	128,477	2,881
Lease purchase interest	97,350	72,577
	225,827	76,924
Other debt costs	22,598	37,979
Interest receivable	(32,803)	(41,672)
	215,622	73,231

4. DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	2006	2004
	£	£
Wages and salaries	7,394,349	7,859,136
Social security costs	749,495	806,167
Other pension costs	311,418	270,798
	8,455,262	8,936,101

The average number of employees of the company during the period was:

	2006	2004
	Number	Number
Production	230	309
Administration	26	46
	256	355

Remuneration in respect of directors was as follows:

	2006	2004
	£	£
Emoluments	399,320	782,313
Pension contributions to money purchase pension schemes	61,111	97,489
	460,431	879,802

During the period, 4 directors participated in money purchase schemes (2004: 4).

The amount set out above includes remuneration in respect of the highest paid director as follows:

	2006	2004
	£	£
Emoluments	225,633	255,045
Pension contributions to money purchase pension schemes	24,298	19,438
	249,931	274,483

5. *TAX ON LOSS ON ORDINARY ACTIVITIES*

The tax credit represents:

	2006	2004
	£	£
United Kingdom corporation tax at 30%	-	(347,229)
Adjustment in respect of prior year	-	3,051
Total current tax	-	(344,178)
Origination and reversal of timing differences	(344,000)	(22,291)
Total deferred tax	(344,000)	(22,291)
Tax *on loss on ordinary activities*	*(344,000)*	*(366,469)*

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained as follows:

	2006	2004
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 30%	(442,453)	(317,976)
Effect of:		
Expenses not deductible for tax purposes	42,131	6,484
Depreciation for the period in excess of capital allowances	195,545	114,360
Amortisation of negative goodwill not taxable	(221,139)	(185,626)
Losses carried forward	418,116	35,529
Other timing differences	7,800	-
Adjustment in respect of prior period	-	3,051
	-	(344,178)

6. INTANGIBLE FIXED ASSETS

	Negative goodwill
	2006
	£
Cost	
At 1 January 2005 and 31 March 2006	(5,364,242)
Amortisation	
Accumulated credit as at 1 January 2005	2,863,452
Credit for the period	737,130
At 31 March 2006	3,600,582
Net book amount	
At 31 March 2006	**(1,763,660)**
At 31 December 2004	(2,500,790)

7. TANGIBLE FIXED ASSETS

	Assets in the course of construction	Plant and Machinery	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2005	7,682	5,195,043	460,661	5,663,386
Additions	14,451	231,725	14,205	260,381
Transfer from related company	-	3,309,402	-	3,309,402
Transfer	(7,682)	7,682	-	-
At 31 March 2006	14,451	8,743,852	474,866	9,233,169
Depreciation				
At 1 January 2005	-	(1,455,255)	(336,885)	(1,792,140)
Charge for the period	-	(883,815)	(100,714)	(984,529)
Transfer from related company	-	(2,934,484)	-	(2,934,484)
At 31 March 2006	-	(5,273,554)	(437,599)	(5,711,153)
Net book value				
At 31 March 2006	**14,451**	**3,470,298**	**37,267**	**3,522,016**
At 31 December 2004	7,682	3,739,788	123,776	3,871,246

The figures above include office equipment and plant and machinery held under finance leases at a net book value of £1,179,108 (2004:£1,514,357). Depreciation charged on these assets amounted to £335,249 (2004: £248,828).

8. STOCKS

	2006	2004
	£	£
Raw materials and consumables	806,207	911,731
Work in progress	453,662	151,073
Finished goods	24,484	36,080
	1,284,353	1,098,884

9. DEBTORS

	2006	2004
	£	£
Trade debtors	3,922,293	2,673,820
Other debtors	704,810	204,554
Amounts owed by group undertakings	2,579,308	-
Corporation tax recoverable	-	347,229
Prepayments and accrued income	56,082	187,154
Deferred tax asset	340,000	-
	7,602,493	3,412,757

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2004
	£	£
Bank overdraft - Invoice discounting facility	3,192,591	-
Bank loan	500,000	-
Trade creditors	3,303,768	2,430,080
Corporation tax	-	-
Other taxation and social security	908,951	365,123
Accruals and deferred income	247,580	432,901
Other creditors	60,830	268,359
Obligations under finance leases	304,194	412,630
	8,517,914	3,909,093

The bank loan and invoice discounting facility are secured by a charge over all the assets of the company (except those under finance lease obligations). The obligations under finance leases are secured by a charge over the respective assets of the company.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2004
	£	£
Bank loan	1,415,984	-
Obligations under finance leases	666,222	993,501
	2,082,206	993,501

The bank loan is secured by a charge over all the assets of the company (except those under finance lease obligations). The obligations under finance leases are secured by a charge over the respective assets of the company.

12. BORROWINGS

	Finance leases		Bank loans		Invoice discounting	
	2006	2004	**2006**	2004	**2006**	2004
	£	£	£	£	£	£
Within one year	304,194	412,630	500,000	-	3,192,591	-
After one and within two years	295,070	382,531	500,000	-	-	-
After two and within five years	371,152	610,970	915,984	-	-	-
	970,417	1,406,131	1,915,984	-	3,192,591	-

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation	
	2006	2004
	£	£
Balance at 1 January 2005	4,000	26,291
Credit to profit and loss account	(4,000)	(22,291)
At 31 March 2006	-	4,000

There is a further credit to the profit and loss account of £340,000 which has given rise to a deferred tax asset.

14. DEFERRED TAXATION

The net (asset)/liability recognised in the financial statements is made up as follows:

	Amount provided	
	2006	2004
	£	£
Accelerated capital allowances	9,000	39,529
Other timing differences	(11,000)	-
Losses carried forward	(338,000)	(35,529)
	(340,000)	4,000

The deferred tax asset in respect of losses has been recognised on the basis of future forecast profits over the next three years.

There are further tax losses of approximately £666,000 which represent an unrecognised deferred tax asset of £200,000.

15. SHARE CAPITAL

	2006	2004
	£	£
Authorised		
100 ordinary shares of £1	**100**	100
Allotted, called up and fully paid		
100 ordinary shares of £1	**100**	100

16. PROFIT AND LOSS ACCOUNT

	2006	2004
	£	£
Loss for the period	(1,430,844)	(693,452)
Opening profit and loss account	1,475,826	2,169,278
Closing profit and loss account	44,982	1,475,826

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006	2004
	£	£
Loss for the period	(1,430,844)	(693,452)
Opening shareholders' equity funds	1,475,926	2,169,378
Closing shareholders' equity funds	45,082	1,475,926

18. CAPITAL COMMITMENTS

The company had no capital commitments as at 31 March 2006 (2004: £62,566).

19. PENSIONS

Defined contribution scheme

The company operates a money purchase pension scheme for the benefit of all employees and directors. The assets of the scheme are administered by trustees in funds independent from those of the company.

20. LEASING COMMITMENTS

Operating lease payments amounting to £513,409 (2004: £568,100) are due within one year. The leases to which these amounts relate expire as follows:

	2006 Land and Buildings	**2006 Other**	2004 Land and Buildings	2004 Other
	£	**£**	£	£
In one year or less	-	-	-	61,446
Between one and five years	500,000	13,409	500,000	6,654
	500,000	13,409	500,000	68,100

21. RELATED PARTY TRANSACTIONS

During the period 1 January 2005 to 25th July 2005, the company paid costs on behalf of Triplex Components (Machining) Limited, a company under common ownership. These costs were recharged to Triplex Components (Machining) Limited. During the year ended 31 December 2004, the company sold an asset to Triplex Components (Machining) Limited. The asset was sold at arms length for £19,380.

During the period 1 January 2005 to 25th July 2005, the company paid costs on behalf of Seckloe 165 Limited, a company under common ownership. These costs were recharged to Seckloe 165 Limited. There were no similar transactions or balances in the previous year.

As of 26 July 2005, Ketlon Limited became a wholly owned subsidiary of Seckloe 165 Limited. The company is therefore exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Seckloe 165 Limited, from this date, on the grounds that the accounts are publicly available.

During the year the company paid costs on behalf of ecomold Limited, a company under common ownership. These costs were recharged to ecomold Limited. At the year end included within other debtors is a balance of £1,111 owing from ecomold Limited. There were no similar transactions or balances in the previous year.

22. CONTINGENT LIABILITIES

The company is party to a cross guarantee in respect of group borrowings, secured on the assets of the company. The potential exposure at 31 March 2006 was £14.5 million (2004: Not applicable).

23. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of this company is its parent company Seckloe 165 Limited.

Seckloe 165 Limited is the company's controlling related party by virtue of its shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Seckloe 165 Limited. Copies of the group accounts can be obtained from Companies House.