

Autofil Worldwide Limited

Report and Financial Statements

31 December 2005



Autofil Worldwide Limited

Registered No: 3091869

Directors

A J Ullmann
M Heck
B Beaumont
P Davis

Secretary

P Davis

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Bankers

Lloyds TSB Bank plc
6-7 Park Row
Leeds
LS1 1NX

Registered office

Sherwood Park
Annesley Woodhouse
Nottingham
Nottinghamshire
NG15 0RS

 ERNST & YOUNG

Directors' report

The directors present their report and financial statements for the year ended 31 December 2005.

Results and dividends

The profit for the year amounted to £152,105, (2004: Loss £2,854). The directors do not recommend the payment of any dividends (2004: £nil).

Principal activities and review of the business

The principal activity of the company is the marketing, development and sale of specialised synthetic yarns for use primarily in the automotive industry.

The company is a wholly owned subsidiary of Autofil Holdings Limited. A review of the business for the Autofil Group is contained in the financial statements of that company.

Directors

The directors who served the company during the year were as follows:

A J Ullmann

M Heck

S P Taylor

Resigned 31 May 2005

B Beaumont

P Davis

The interests of the directors in the shares of the company's parent, Autofil Holdings Limited, are disclosed in the accounts of that company.

Insurance

The company has directors' and officers' liability insurance through the ultimate parent Sinterama Spa. It is intended to maintain such cover for the full term of appointment.

By order of the board



P Davis
Secretary

12 SEPTEMBER 2006

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 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.

Independent auditors' report

to the members of Autofil Worldwide Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under of 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (Generally Accepted Accounting Practice) as 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 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 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.

Independent auditors' report

to the members of Autofil Worldwide Limited (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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

12 September 2006

Profit and loss account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	27,576,270	22,384,175
Cost of sales		(25,822,155)	(20,701,495)
Gross profit		1,754,115	1,682,680
Distribution costs		(1,016,761)	(1,083,754)
Administrative expenses		(567,592)	(652,760)
Operating profit/(loss)	3	169,762	(53,834)
Bank interest receivable	5	2,974	2,228
Profit/(loss) on ordinary activities before taxation		172,736	(51,606)
Tax on profit/(loss) on ordinary activities	6	(20,631)	48,752
Profit/(loss) retained for the financial year		152,105	(2,854)

Statement of total recognised gains and losses

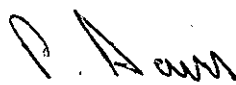
There are no recognised gains or losses other than the profit of £152,105 attributable to the shareholders for the year ended 31 December 2005 (2004: loss of £2,854).

Balance sheet

at 31 December 2005

	Notes	2005 £	2004 £
Current assets			
Debtors	7	3,049,037	2,598,622
Cash at bank and in hand		868,104	726,302
		<u>3,917,141</u>	<u>3,324,924</u>
Creditors: amounts falling due within one year	8	(3,417,577)	(2,977,465)
		<u>499,564</u>	<u>347,459</u>
Net current assets			
		<u>499,564</u>	<u>347,459</u>
Total assets less current liabilities		<u>499,564</u>	<u>347,459</u>
Capital and reserves			
Called up share capital	10	250,002	250,002
Profit and loss account	11	249,562	97,457
		<u>499,564</u>	<u>347,459</u>
Equity shareholders' funds	11	<u>499,564</u>	<u>347,459</u>

ERNST & YOUNG



P Davis
Director

12 SEPTEMBER 2006

Notes to the financial statements

at 31 December 2005

1. Accounting policies

Basis of preparation

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

The company is dependent on financial support being made available by its ultimate parent undertaking, Sinterama Spa, to enable it to meet its liabilities as they fall due. Sinterama Spa has agreed to provide support for at least one year from the date of the Audit Report. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

The company is exempt from the requirement of FRS1 (Revised 1996), to present a cash flow statement, because it is a wholly owned subsidiary of Autofil Holdings Limited which prepares consolidated accounts which include the results of Autofil Worldwide Limited and which are publicly available.

Related parties transactions

The company is a wholly owned subsidiary of Autofil Holdings Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Autofil group.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2005

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. The turnover is attributable to one continuing activity, the sale of specialised synthetic yarns.

An analysis of turnover by geographical market is given below:

	2005 £	2004 £
United Kingdom	5,774,897	5,847,973
Rest of Europe	21,556,178	16,368,529
Other	245,195	167,673
	<u>27,576,270</u>	<u>22,384,175</u>

3. Operating profit/(loss)

This is stated after charging:

	2005 £	2004 £
Auditors' remuneration - audit services	<u>6,000</u>	<u>6,000</u>

4. Staff costs

There are no employees directly employed by Autofil Worldwide Ltd. All personnel are employed through a fellow group company, Autofil Yarns Ltd, who bare all employee related costs.

Directors' emoluments have been borne by the parent company, Autofil Holdings Ltd. The directors of the company are also directors or officers of a number of the companies within the Autofil Holdings Group.

The directors services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2005 and 31 December 2004.

5. Interest receivable

	2005 £	2004 £
Bank interest receivable	<u>2,974</u>	<u>2,228</u>

Notes to the financial statements

at 31 December 2005

6. Taxation on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

The tax charge/(credit) is made up as follows:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	20,631	-
Tax (over)/under provided in previous years	-	(48,752)
Total current tax (note 7(b))	<u>20,631</u>	<u>(48,752)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are reconciled below:

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	<u>172,736</u>	<u>(51,606)</u>
Profit/(loss) on ordinary activities by rate of tax at 30%	51,821	(15,482)
Disallowed expenses and non-taxable income	852	4,753
Capital allowances in excess of depreciation	(15)	(20)
Adjustments in respect of prior periods	-	(48,752)
Utilisation of brought forward tax losses	(27,463)	10,749
Small company relief	(4,564)	-
Total current tax (note 7(a))	<u>20,631</u>	<u>(48,752)</u>

(c) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2005 £	2004 £
Capital allowances in advance of depreciation	45	60
Tax losses available	-	27,463
	<u>45</u>	<u>27,523</u>

7. Debtors

	2005 £	2004 £
Trade debtors	2,668,253	2,216,622
Amounts owed by group undertakings	380,784	380,784
Other debtors	-	1,216
	<u>3,049,037</u>	<u>2,598,622</u>

Notes to the financial statements

at 31 December 2005

8. Creditors: amounts falling due within one year

	2005	2004
	£	£
Bank overdraft	-	9,020
Current instalment due on bank loan	2,277,649	1,772,198
Trade creditors	8,021	43,232
Amounts owed to group undertakings	890,921	874,611
Corporation tax	20,631	-
Other creditors	160,355	228,404
Accruals and other provisions	60,000	50,000
	<u>3,417,577</u>	<u>2,977,465</u>

The company is party to a guarantee with its fellow subsidiary undertakings on loans totalling £4,656,773 (2004: £5,770,597). These loans are secured by a floating charge over the assets of the company and of the group.

9. Related party transactions

As a subsidiary undertaking of Autofil Holdings Limited, the company has taken advantage of the exemption of FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Autofil Holdings Limited.

10. Share capital

	2005	Authorised 2004
	£	£
Ordinary shares of £1 each	<u>251,000</u>	<u>251,000</u>

	Allotted, called up and fully paid			
	2005		2004	
	No.	£	No.	£
Ordinary shares of £1 each	250,002	<u>250,002</u>	250,002	<u>250,002</u>

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 January 2004	250,002	100,311	350,313
Loss for the year	-	(2,854)	(2,854)
At 31 December 2004	<u>250,002</u>	<u>97,457</u>	<u>347,459</u>
Profit for the year	-	152,105	152,105
At 31 December 2005	<u>250,002</u>	<u>249,562</u>	<u>499,564</u>

Notes to the financial statements

at 31 December 2005

12. Ultimate parent company

The smallest group for which the results of the company are consolidated is Autofil Holdings Limited, a company registered in England and Wales. The largest group for which the results of the company are consolidated is Sinterama Spa of 13876 Sandigliano, Via Gramsci 5, Biella, Italy a company registered in Italy. Copies of the consolidated accounts of Autofil Holdings Limited are available from Sherwood Park, Annesley, Nottingham NG15 0RS.