

# Federal-Mogul Sintered Products Limited

Company Number 116952

Director's Report for the year Ended 31 December 2008

The director presents his report and financial statements for the year ended 31 December 2008.

## Administration

On 1 October 2001, the Company's then ultimate parent undertaking, Federal-Mogul Corporation and its subsidiaries in the United States voluntarily filed for financial restructuring under Chapter 11 of the US Bankruptcy Code. In addition, the majority of Federal-Mogul subsidiaries in the United Kingdom, including the Company, filed jointly for Chapter 11 and Administration under the UK Insolvency Act 1986.

On 26 September 2005, the Administrators entered into a Global Settlement Agreement with Federal-Mogul Corporation, the Plan Proponents and the Pension Protection Fund. The Agreement allowed Federal-Mogul to retain the businesses and other assets of the UK Filing Group in exchange for funding specific creditor payments and reserves used by the Administrators to provide distributions to creditors.

On 10 July 2006 the Administrators issued to the creditors their proposals for Company Voluntary Arrangements ("CVAs") for the Company and 50 other UK filing subsidiaries. These proposals were approved at shareholders and creditors meetings held on 7 September 2006 and were confirmed by the UK Court on 11 October 2006. This had the effect on the Company of a reduction in the net pre-filing receivable balance from a fellow group company of 25%, therefore a write-off of £163,390 was made in the profit and loss account in 2006.

On 1 December 2006, 64 of the UK filing companies, including the Company, exited from UK administration.

On 8 November 2007, the US Bankruptcy Court confirmed Federal-Mogul Corporation's Fourth Amended Joint Plan of Reorganization ("the Plan") and on 14 November 2007 the Plan was affirmed by the US District Court. On 27 December 2007, following a 30 day period when objections to the Plan could be raised, the Plan became effective in accordance with its terms (the "Effective Date") and Federal-Mogul Corporation, together with 59 of the UK filing companies, including the Company, emerged from Chapter 11.

On the Effective Date, the Chapter 11 Cases of a further 75 Federal-Mogul subsidiaries in the UK were dismissed. Each of those UK subsidiaries has either few or, in most cases, no known third-party creditors, has no history of using asbestos or manufacturing, selling or distributing asbestos containing products. None of the UK subsidiaries whose Chapter 11 Cases were dismissed were a party to the Plan.

## Activities

The Company operates, as managing agents for Federal-Mogul Limited, the business of component manufacturer primarily for the motor vehicle industry. The result for the year was £nil (2007: loss of £1,183). The director does not recommend a dividend (2007: £nil).

## Treasury Policies

The Company makes little use of financial instruments other than a small overseas deposit account which was closed during the year. Exposure to price, credit, currency, liquidity and cash flow risks is not material to the assessment of assets, liabilities and profit or loss of the Company.

## Directors

The following served as Directors during (and, unless otherwise indicated, throughout) the year:-

F B Colonna, resigned 17 December 2008  
A. G. Holmes, appointed 17 December 2008



Federal-Mogul Sintered Products Limited

Company Number 116952

Director's Report for the year Ended 31 December 2008 (continued)

Completeness of information to Auditors

In accordance with Section 234ZA of the Companies Act 1985 the director:

- is not aware of any relevant audit information of which the Company's auditors are unaware;
- and
- has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

*On behalf of the Board*



Director

Date: 13/7/09

## FEDERAL-MOGUL SINTERED PRODUCTS LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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;
- state whether applicable UK 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 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 FEDERAL-MOGUL SINTERED  
PRODUCTS LIMITED

We have audited the Company's financial statements for the year ended 31 December 2008 which comprise the Profit & Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. 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 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 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.

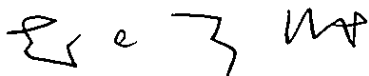
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 FEDERAL-MOGUL SINTERED  
PRODUCTS 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 2008 and of its result 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.



Ernst & Young LLP  
Registered Auditor  
Manchester

14 July

2009

FEDERAL-MOGUL SINTERED PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2008

	Notes	2008 £	2007 £
Bank fees and charges		-	(127)
Foreign exchange loss		-	(1)
Operating expense excluding exceptionals		-	(128)
Exceptional operating charges – net write-off of inter-company balances arising from the Plan	2	-	(1,055)
Operating charges		-	(1,183)
Operating loss	2	-	(1,183)
Loss on ordinary activities before taxation		-	(1,183)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation		-	(1,183)
Loss attributable to shareholders	9	-	(1,183)

A reconciliation of movements in shareholders' funds is given in note 9 of the financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the result for the period.

All results have been derived from continuing operations.

FEDERAL-MOGUL SINTERED PRODUCTS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2008

	Notes	2008 £	2007 £
<u>Fixed Assets</u>			
Investments	6	54,562	54,562
<u>Current Assets</u>			
Cash at bank		-	25
<u>Creditors: amounts falling due within one year</u>	7	(355)	25 (380)
Net current liabilities		(355)	(355)
Net assets		54,207	54,207
<u>Capital and Reserves</u>			
Called up Share Capital	8	220,000	220,000
Profit and loss account	9	(165,793)	(165,793)
Shareholders' funds – equity	9	54,207	54,207

The financial statements on pages 6 to 11 were approved by the Board on 13 July 2009 and were signed on its behalf by:-

  
Director

NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Cash Flow Statement

Under Financial Reporting Standard 1 (Revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Federal-Mogul Corporation, a company which has prepared a consolidated cash flow statement.

(c) Foreign currencies

Transactions in foreign currency are recorded at the rate ruling at the date of transaction. Any assets or liabilities denominated in foreign currency are retranslated at the year end rate. Exchange differences on transactions in foreign currencies are included in the profit and loss account.

(d) Deferred Taxation

The taxation charge is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. 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 right to pay less or to receive more, tax with the following exceptions:

- Provision is made for gains on disposals of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets;
- Deferred tax assets are recognised only to the extent that the director considers 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 a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(e) Fundamental Accounting Concept

The director believes it to be appropriate to prepare the financial statements on the going concern basis due to the continued financial support provided Federal-Mogul Limited, an intermediary holding company.

(f) Related Parties

The Company has taken advantage of the exemption in FRS8 Related Party Disclosures from disclosing transactions with related parties that are part of the Icahn Enterprises group, of which the ultimate parent undertaking is Icahn Enterprises L.P.



FEDERAL-MOGUL SINTERED PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

2. OPERATING LOSS

(a) Exceptional operating charges

In 2007, a write-off of £1,055 was made against an amount due from Federal-Mogul Corporation under the terms of the Plan.

(b) The audit fees of £1,000 (2007: £1,000) were borne by a fellow group company during the year.

3. DIRECTOR

The director has not received any remuneration for services to the Company during the year (2007: £nil).

4. EMPLOYEES

The average number of persons employed by the Company during the year was 325 (2007: 322). All costs relating to these employees are paid directly by Federal-Mogul Limited, on whose behalf they are employed.

5. TAXATION

There is no tax charge/ (credit) for either the current or prior year.

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The difference is reconciled below:

	2008 £	2007 £
Loss on ordinary activities before tax	-	(1,183)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	-	(355)
Expenses not deductible for tax purposes	-	38
Plan adjustments not deductible	-	317
Tax charge/ (credit) for the year	-	-

The Finance Act 2007 included changes which will affect future tax charges. The main change which will affect the Company is a reduction in the rate of Corporation tax from 30% to 28% from 1 April 2008.

6. INVESTMENTS

Loan to fellow subsidiary undertaking

£

At 31 December 2007 and 31 December 2008

54,562

FEDERAL-MOGUL SINTERED PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

	2008 £	2007 £
7. <u>CREDITORS: amounts falling due within one year</u>		
Amounts owed to fellow subsidiary undertaking	355	369
Other creditors	-	11
	<u>355</u>	<u>380</u>

	2008 £	2007 £
8. <u>CALLED UP SHARE CAPITAL</u>		
Authorised, issued and fully paid 880,000 ordinary shares of 25p each	<u>220,000</u>	<u>220,000</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit and loss Account £	Total £
At 1 January 2007	220,000	(164,610)	55,390
Loss for the year 2007	-	(1,183)	(1,183)
At 31 December 2007	220,000	(165,793)	54,207
Loss for the year 2008	-	-	-
At 31 December 2008	220,000	(165,793)	54,207

10. ULTIMATE PARENT COMPANY

The Company's parent company is Fleetside Investments Limited which is registered in England and Wales. The ultimate parent company and controlling party is Icahn Enterprises L.P., which is registered in the USA. Copies of the Icahn Enterprises L.P. Annual Report and Accounts can be obtained from Icahn Enterprises L.P., 767 Fifth Avenue, Suite 4700, New York, NY 10153, USA.

11. COMPOSITE CROSS-GUARANTEE

Contingent liabilities exist in respect of cross-guarantees given by the Company and certain of its fellow UK subsidiaries to support some of the UK banking facilities. At the year-end these facilities amounted to £nil (2007: £nil).