

## **F-M International Limited (formerly T&N International Limited)**

Company Number 1073619

Directors' Report for the Year Ended 31st December 2009

The directors present their report and financial statements for the year ended 31 December 2009

### **Principal activities, review of the business and future developments**

The principal activity of the Company is that of an investment holding company and it is not envisaged that this will change in the foreseeable future

Results for the year can be found on page 6 The Company made a loss after tax of £1,091,469 (2008: profit of £3,848,601)

The directors do not recommend payment of a dividend. (2008 £nil)

On 19 January 2009 the Company changed its name from T&N International Limited to F-M International Limited

### **Treasury Policies**

#### *Financial Instruments*

The Company's financial instruments comprise of balances with group undertakings and cash at bank. These financial instruments are used to fund the Company's operations It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken

#### *Foreign Currency Risk*

The Company's transactions are in sterling. As a member of a multi-national group, the Company does not hedge currency exposure, and, any gains and losses are reflected in the profit and loss account as they arise

#### *Interest Rate Risk*

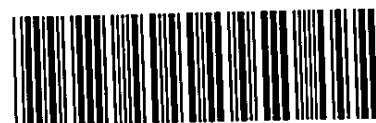
The interest rates applying to loans with fellow group undertakings are linked to a bank rate and so are floating As this interest is with fellow group undertakings and therefore there is no interest rate risk at group level, the Company does not hedge this interest rate exposure

### **Directors**

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

D Bozynski (resigned 27 January 2009)  
E J Milner  
L D Hangran (appointed 27 January 2009)  
B Pynnonen (appointed 14 April 2009)

WEDNESDAY



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COMPANIES HOUSE

**F-M International Limited**

Company Number 1073619

Directors' Report for the Year Ended 31st December 2009 (continued)

**Disclosure of information to auditors**

In accordance with s 418(2) of the Companies Act 2006, each of the directors

- 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*



E J Milner

**Director**

Date 17 June 2010

## F-M INTERNATIONAL LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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 F-M INTERNATIONAL LIMITED

We have audited the Company's financial statements for the year ended 31 December 2009 which comprise the Profit & Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF F-M INTERNATIONAL LIMITED  
(CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Barry Flynn (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Manchester

21 June, 2010

F-M INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2009

	Notes	2009 £	2008 £
Bank fees and charges		(340)	(168)
Foreign currency (loss) / profit		(2,433)	2,184
Other Administrative income		181	1,400
Operating (expense) / income excluding exceptionals		(2,592)	3,416
Exceptional item – Profit on disposal of investments	6	-	422,716
Operating (expense) / income		(2,592)	426,132
Operating (loss) / profit		(2,592)	426,132
Income from shares in group undertakings		730,000	2,775,000
Income from shares in associated undertakings		55,713	157,489
Net interest receivable	3	711,474	527,949
Profit on ordinary activities before taxation		1,494,595	3,886,570
Tax on profit on ordinary activities	5	(2,586,064)	(37,969)
Retained (loss)/profit on ordinary activities after taxation	11	(1,091,469)	3,848,601

A reconciliation of movements in shareholders' funds is given in note 11 of the financial statements

All results have been derived from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the years ended 31 December 2009 and 31 December 2008

F-M INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2009

	Notes	2009 £	2008 £
<u>Fixed Assets</u>			
Investments	6	17,040,303	13,550,949
<u>Current Assets</u>			
<u>Debtors</u> amounts falling due within one year	7	6,597,930	8,630,800
<u>Debtors</u> amounts falling due after more than one year	8	227,613,409	226,524,516
Total Debtors		234,211,339	235,155,316
Cash at bank		1,207,091	126,197
		235,418,430	235,281,513
<u>Creditors</u> amounts falling due within one year	9	(24,234,212)	(19,516,472)
Net current assets		211,184,218	215,765,041
Net assets		228,224,521	229,315,990
<u>Capital and Reserves</u>			
Called up share capital	10	110	110
Share premium account	11	9,577,260	9,577,260
Revaluation reserve	11	360,000	360,000
Profit & loss account	11	218,287,151	219,378,620
Shareholders' funds – equity		228,224,521	229,315,990

The financial statements on pages 6 to 14 were approved by the Board on 17 June 2010 and were signed on its behalf by -



E J Milner  
Director

## F-M INTERNATIONAL LIMITED

### NOTES FORMING PART OF THE ACCOUNTS

#### 1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable UK Accounting Standards and under the historical cost convention as modified by the revaluation of certain fixed assets

(b) Foreign currency translation

Transactions in foreign currency are recorded at the rate ruling at the date of transaction. Any monetary assets or liabilities denominated in foreign currency are retranslated at the year end rate.

Exchange differences arising in the ordinary course of business are included in profit on ordinary activities before taxation.

(c) Investments

Investments are held in the financial statements at Directors' valuation less provision for permanent diminution in value.

(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 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 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) Cash flow statement

Under Financial Reporting Standard 1, 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 prepares a consolidated cash flow statement.



## F-M INTERNATIONAL LIMITED

### NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### (f) Basis of Consolidation

The Company and all of its subsidiary undertakings are included in consolidated accounts for a larger group, Federal-Mogul Corporation, drawn up to the same date in the same financial year and those accounts are drawn up in accordance with the provisions of the Seventh Directive (83/349/EEC) or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up. Accordingly the Company, in accordance with the exemption in s 401 of the Companies Act, has not prepared consolidated accounts.

##### (g) Related parties

The Company has taken advantage of the exemption in FRS 8 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.

#### 2 OPERATING PROFIT

The audit fees of £6,500 (2008 £6,500) were borne by a fellow group company during the year. There were audit fees and fees for other services payable to the Company's auditor and its associates during the year in respect of the Company's subsidiary undertakings amounting to £35,251 (2008 £49,275).

#### 3 NET INTEREST RECEIVABLE

	2009	2008
	£	£
Interest receivable from group companies	306,584	611,029
Interest payable to group companies	-	(83,080)
Interest receivable on bank accounts	6,779	-
Interest receivable on UK taxation balance	398,111	-
Net interest receivable	<u>711,474</u>	<u>527,949</u>

#### 4 DIRECTORS AND EMPLOYEES

None of the directors of the Company received any emoluments in respect of their services as a director of the Company (2008 £Nil).

There are no employees of the Company (2008 Nil).

F-M INTERNATIONAL LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

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TAXATION

(a) Analysis of charge in the period

	2009 £	2008 £
Current tax		
<u>UK Corporation tax</u>		
UK corporation tax @ 28% (2008 – 28.5%) on profits of the period	18,416	47,623
Double taxation relief	(18,416)	(47,623)
Adjustments in respect of previous periods	2,577,049	14,346
	<u>2,577,049</u>	<u>14,346</u>
<u>Foreign tax</u>		
Current year	9,015	23,623
Total current tax (note 5(b))	<u>2,586,064</u>	<u>37,969</u>

(b) Factors affecting tax charge for period

The tax charge for the period is higher (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>1,494,595</u>	<u>3,886,570</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	418,487	1,107,672
Effect of		
Non-taxable income	-	(399)
Group relief received for nil payment	(402,887)	(946,016)
Adjustment in respect of previous periods	2,577,049	14,346
Underlying tax	(6,585)	(17,160)
Non-taxable gain on capital disposal	<u>-</u>	<u>(120,474)</u>
Current tax charge for period (note 5(a))	<u>2,586,064</u>	<u>37,969</u>

F-M INTERNATIONAL LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

5

TAXATION (continued)

(c) Factors that may affect future tax charges

The Company has unrestricted capital losses available to carry forward of £1,591,304 (2008 £1,098,000) The Company has unrecognised ACT carried forward of £6,867,587(2008 £2,506,176), the future recoverability of which is uncertain

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures

No deferred tax has been provided for tax that may become payable if re-valued assets were disposed of at their re-valued amounts

6

FIXED ASSET INVESTMENTS

	Subsidiary Undertakings Equity	Associated Undertakings Equity	Total
	£	£	£
<u>Valuation/Cost</u>			
At 1 January 2009	11,923,262	1,627,687	13,550,949
Additions	-	3,489,354	3,489,354
At 31 December 2009	11,923,262	5,117,041	17,040,303
<u>Provisions</u>			
At 1 January 2009	-	-	-
At 31 December 2009	-	-	-
<u>Net book value</u>			
At 31 December 2009	11,923,262	5,117,041	17,040,303
At 31 December 2008	11,923,262	1,627,687	13,550,949

There were no listed investments in Subsidiary Undertakings held by the Company

The Associated Undertaking is a listed investment Its market value at 31 December 2009 is £23 4m (2008 £2 3m)

# F-M INTERNATIONAL LIMITED

## NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

### 6 FIXED ASSET INVESTMENTS (continued)

On a historical cost basis the above investments would have been included at -

	Subsidiary Undertakings Equity	Associated Undertakings Equity	Total
	£	£	£
<u>Original Cost</u>			
At 31 December 2008	11,563,262	1,627,687	13,190,949
At 31 December 2009	11,563,262	5,117,041	16,680,303
<u>Provisions</u>			
At 31 December 2008	-	-	-
At 31 December 2009	-	-	-
<u>Net book value</u>			
At 31 December 2009	11,563,262	5,117,041	16,680,303
At 31 December 2008	11,563,262	1,627,687	13,190,949

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are disclosed below

Name of Company	Country of incorporation if outside Great Britain	Holding	Proportion of voting rights and shares held %	For the year ending (*)	Aggregate amount of capital and reserves at the end of its most recent financial year £	Profit or (loss) for the year £	Nature of Business
Curzon Insurance Limited	Guernsey	Ordinary Shares	100	31 12 2009	2,110,556	70,975	Insurance & Re-insurance
Federal-Mogul Friction Products SA	Spain	Subscribed Shares	100	31 12 2008	20,315,904	(167,375)	Friction products
K-B Autosys Co Limited (formerly known as Korea Beral)	South Korea	Common stock	33.61	31 12 2008	24,475,264	1,859,460	Friction products

(\*) Financial information taken from the latest audited financial statements

The principal subsidiaries and associated undertakings are set out in note 12. In accordance with FRS11, the directors have compared the carrying value of investments to their value in use to the Company and recorded an impairment charge for any individual investments that they considered impaired.

The value in use has been derived from discounted cash flow projections using a nominal discount rate of 11.5% (2008: 12.5%) on a pre-tax basis. Long-term growth rates consistent with each applicable global industry sector, ranging from 1.6% to 3%, have been assumed for all years.

F-M INTERNATIONAL LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

7	<u>DEBTORS</u> Amounts falling due within one year	2009 £	2008 £
	Amounts owed by fellow subsidiary undertakings	6,597,930	8,586,941
	UK taxation	-	43,859
		<u>6,597,930</u>	<u>8,630,800</u>

8	<u>DEBTORS</u> Amounts falling due after more than one year	2009 £	2008 £
	Amounts owed by fellow subsidiary undertaking	227,613,409	226,524,516
		<u>227,613,409</u>	<u>226,524,516</u>

9	<u>CREDITORS</u> Amounts falling due within one year	2009 £	2008 £
	Amounts owed to fellow subsidiary undertakings	24,234,212	19,516,472
		<u>24,234,212</u>	<u>19,516,472</u>

10	<u>SHARE CAPITAL</u>	<u>2009</u> £	<u>2008</u> £
	Authorised 150 ordinary shares of £1 each	150	150
		<u>      </u>	<u>      </u>
	Issued and fully paid 110 ordinary shares of £1 each	110	110
		<u>      </u>	<u>      </u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Share Premium Account	Revaluation Reserve	Profit and loss Account	Total
	£	£	£	£	£
At 1 January 2008	110	9,577,260	360,000	215,530,019	225,467,389
Profit for the year 2008	-	-	-	3,848,601	3,848,601
At 31 December 2008	110	9,577,260	360,000	219,378,620	229,315,990
Loss for the year 2009	-	-	-	(1,091,469)	(1,091,469)
At 31 December 2009	110	9,577,260	360,000	218,287,151	228,224,521

## F-M INTERNATIONAL LIMITED

### NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

#### 12 GROUP COMPANIES

The following information is given regarding the Company's principal subsidiaries as at 31st December 2009. The companies are incorporated in the countries indicated. The share capital of these companies is wholly-owned by F-M International Limited directly and consists of ordinary shares or stock.

	<u>Country of incorporation</u>	<u>Principal products or activity</u>
Federal-Mogul Friction Products SA	Spain	Friction products
Curzon Insurance Limited	Guernsey	Insurance

#### 13 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS8 (amended 2008) Related Party Disclosures not to disclose related party transactions with wholly owned subsidiaries.

K-B Autosys Co Limited does not qualify as a related company as the Company has no directors on their board and has no influence over their operating and financial policies.

There are no other related party transactions.

#### 14 ULTIMATE PARENT COMPANY

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

#### 15 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 (2008: £nil).