

Registered No 3167671

Report and Accounts

Intier Automotive Holding (UK) Limited

31 December 2006



Intier Automotive Holding (U.K.) Limited

Registered No 3167671

DIRECTORS

C Pear (appointed 17 September 2007)
R Hupe (appointed 6 February 2006)
D Mortuboys (appointed 1 June 2008)

SECRETARY

J H Davies (resigned 17 September 2007)
M Smith (appointed 17 September 2007)

AUDITORS

Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

BANKERS

Barclays Bank PLC
Sevenoaks Group
80 High Street
Sevenoaks
Kent TN13 1LR

SOLICITORS

Sidley Austin Brown & Wood
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

REGISTERED OFFICE

Apollo Way
Tachbrook Park
Warwick
Warwickshire
CV34 6RW

Intier Automotive Holding (U.K.) Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2006

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £115,383,000 (year to 31 December 2005 –loss of £11,041,000) which will be set against reserves. No dividend is recommended by the directors (year to 31 December 2005 –£Nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of a holding company of operating companies which design, engineer and manufacture a complete range of interior systems, components and tooling for supply to the European automotive industry

As the Company is itself a wholly owned subsidiary undertaking of a SEC registered Canadian company, which draws up accounts in a manner equivalent to the requirements of the EC Seventh Company Law Directive, and in whose accounts the results and net assets of the company have been consolidated, consolidated financial statements have not been prepared for the year in accordance with section 228 of the Companies Act 1985

On 20 April 2006 the Company's authorised share capital was increased by the creation of 100,000,000 redeemable preference shares of £1 each. On the same date, 75,000,000 redeemable preference shares, with an aggregate nominal value of £75,000,000, were issued at par for cash. The proceeds were used to finance the investment in Intier Automotive Interiors Ltd noted below

On 20 April 2006, 43,803,000 redeemable preference shares, with an aggregate nominal value of £43,803,000, were issued to the Company by a subsidiary undertaking, Intier Automotive Interiors Limited, at par for cash

Following a Group restructuring programme on 28 September 2006, Intier Automotive Interiors Limited was transferred to a fellow group undertaking, Magna Steyr Metalforming AG, for consideration of £6.5 million, settled by the transfer from another fellow group undertaking, Magna Automotive Holding AG, of 475 Ordinary €1 shares in Magna Steyr Metalforming AG. As part of this group restructuring exercise, the Company waived in its capacity as shareholder, related party inter-company loan account balances totalling £76,500,000 due from Intier Automotive Interiors Limited

EMPLOYMENT POLICIES

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

EMPLOYEE INVOLVEMENT

The Company is committed to an operating philosophy which is based on fairness for people and has adopted the Magna Inc charter which applies to all Magana Inc companies worldwide. This charter includes principles which strive to create a quality work environment by providing employees fair treatment and a safe and healthful work place, competitive wages and benefits and regular communication between management and employees

Intier Automotive Holding (U.K.) Limited

DIRECTORS' REPORT

POST BALANCE SHEET EVENTS

On 5 January 2007, Lawrence Automotive Interiors Limited, a subsidiary of Intier Automotive Interiors Limited, was sold to an unconnected third party, Huaxiang Group Stock Corporation Limited, a company registered in the People's Republic of China

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 December 2006 were as follows

M E McCarthy (resigned 6 February 2006)
J H Davies (resigned 17 September 2007)
D R Forster (resigned 6 February 2006)

In addition, R Hupe and T J Totten were appointed as directors on 6 February 2006. T J Totten subsequently resigned on 5 July 2006. C Pear was appointed as a director on 17 September 2007. D Mortiboys was appointed as a director on 1 June 2008.

There are no directors' interests requiring disclosure under the Companies Act 1985.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made no political (year ended 31 December 2005 –£nil) or charitable contributions (year ended 31 December 2005 –£nil).

DIRECTOR'S STATEMENT REGARDING DISCLOSURES OF INFORMATION TO THE AUDITORS


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution to re-appoint Ernst & Young LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


Director

6/8/08

Intier Automotive Holding (U.K.) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing 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,
- state whether applicable 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 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

Intier Automotive Holding (U K.) Limited

INDEPENDENT AUDITORS' REPORT

to the members of Intier Automotive Holding (U K) Limited

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom 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.

Intier Automotive Holding (U.K.) Limited

INDEPENDENT AUDITORS' REPORT

to the members of Intier Automotive Holding (U K) Limited

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 2006 and of its loss for the period 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

Ernst & Young LLP
Registered auditor
Birmingham

Date *6/8/2008*

Intier Automotive Holding (U K.) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

		Year to 31 December 2006 £000	Year to 31 December 2005 £000
	Notes		
Impairment of investments	3	(43,803)	(13,964)
Interest receivable	4	7,065	4,495
Interest payable and similar charges	5	(1,535)	(1,327)
Write-off of amount owed by subsidiary undertaking		(76,500)	-
Administrative expenses		-	(250)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(114,773)	(11,046)
Tax on loss on ordinary activities	6	(610)	5
LOSS RETAINED FOR THE YEAR	12	(115,383)	(11,041)

The movements in reserves are shown in note 12 to the financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2006 £000	2005 £000
Loss for the year	(115,383)	(11,041)
Prior year adjustment (explained in note 12)	(4,000)	
Total gains and losses recognised since last annual report and accounts	(119,383)	

Intier Automotive Holding (U.K.) Limited

BALANCE SHEET at 31 December 2006

	Notes	2006 £000	Restated 2005 £000
FIXED ASSETS			
Investments	7	6,500	6,500
CURRENT ASSETS			
Debtors	8	40,380	102,034
CREDITORS amounts falling due within one year	9	(48,093)	(38,167)
NET CURRENT (LIABILITIES)/ ASSETS		(7,713)	63,867
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,213)	70,367
CREDITORS amounts falling due after more than one year	10	-	(31,197)
NET (LIABILITIES) / ASSETS		(1,213)	39,170
CAPITAL AND RESERVES			
Called up share capital	11	197,413	122,413
Profit and loss account	12	(198,626)	(83,243)
		(1,213)	39,170

Approved by the Board on
and signed on its behalf by


Director

6/5/08

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2006

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards. In preparing the financial statements for the current year the company identified a prior year adjustment which has resulted in a restatement to opening reserves as at 1 January 2005. See note 12 for explanation of the adjustment.

Going Concern

The Company is dependent upon continuing financial support being made available by its ultimate parent undertaking, Magna International Inc, to enable it to continue operating and to meet its liabilities as they fall due. The parent undertaking has agreed to provide sufficient funds to the company for these purposes.

The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Group Financial Statements

As the company is itself a wholly owned subsidiary undertaking of a company in whose accounts the results and net assets of the company have been consolidated, consolidated financial statements have not been prepared by the company in accordance with section 228 of the Companies Act 1985.

Cash flow statement and reported party disclosures

As noted within the Directors' Report, the Company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The directors have not prepared a cash flow statement, in accordance with FRS1, as the group is wholly owned by Magna International Inc which prepares publicly available consolidated financial statements, including a cash flow statement, in which the group is included.

The company has utilised the exemption available under FRS8 as a wholly owned subsidiary undertaking not to disclose transactions with other entities that are part of or investees in Magna International Inc.

Deferred taxation

The charge for taxation is based on the profit for the year 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 a right to pay less or to receive more, tax, with the following exceptions:

- 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 the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. DIRECTORS' EMOLUMENTS

In 2006 directors' emoluments have been borne by fellow group companies in respect of Mr J Davies and Mr R Hupe.

The directors of the company are also directors or officers of a number of the companies within the Magna 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.

Intier Automotive Holding (U K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2006

for the year ended 31 December 2006 There were no directors' emoluments paid by the company in the year ended 31 December 2005

No director was a member of the company pension scheme in the period

3 IMPAIRMENT OF INVESTMENTS

The following investments were written down to bring the carrying value into line with their underlying net realisable value,

	Year ended 31 December 2006 £000	Year ended 31 December 2005 £000
Intier Automotive Interiors Limited	43,803	1,705
Magna Kansei Limited	-	12,259
	<u>43,803</u>	<u>13,964</u>

4. INTEREST RECEIVABLE

	Year ended 31 December 2006 £000	Year ended 31 December 2005 £000
External interest receivable	230	123
Interest receivable from group undertakings	6,835	4,372
	<u>7,065</u>	<u>4,495</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2006 £000	Year ended 31 December 2005 £000
Bank loans and overdrafts	1,432	1,284
Interest payable to group undertakings	103	43
	<u>1,535</u>	<u>1,327</u>

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2006

6. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax charge/ (credit) in the year

	2006 £000	2005 £000
Tax charge on loss on ordinary activities	610	-
Adjustment to prior years	-	(5)
	<u>610</u>	<u>(5)</u>

(b) Factors affecting tax charge / credit for the year

The tax charge/ (credit) arising on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 30% (2005 – 30%) The differences are reconciled below

	2006 £000	2005 £000
Loss on ordinary activities before tax	(114,773)	(11,046)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 – 30%)	(34,432)	(3,314)
<i>Effect of</i>		
Disallowed expenses and non-taxable income	35,755	4,130
Group relief losses received for no payment	(713)	(816)
Adjustment in respect of previous periods	-	(5)
Current tax charge/ (credit) for the year	<u>610</u>	<u>(5)</u>

On 21 March 2007 the UK Chancellor of the Exchequer announced a number of corporate tax reforms. The key change to corporation tax that will apply to the company is the reduction in the main corporate tax rate, from 30% to 28%, effective from 1 April 2008

Intier Automotive Holding (U K) Limited

NOTES TO THE ACCOUNTS at 31 December 2006

7. INVESTMENTS

	<i>Subsidiary Undertakings £000</i>	<i>Associated Undertakings £000</i>	<i>Group Undertakings £000</i>	<i>Total £000</i>
Cost				
At 31 December 2005	8,205	12,259	-	20,464
Additions	43,803	-	6,500	50,303
Disposals	(52,008)	-	-	(52,008)
At 31 December 2006	-	12,259	6,500	18,759
Amounts provided				
At 31 December 2005	1,705	12,259	-	13,964
Provided in the year	43,803	-	-	43,803
Disposals	(45,508)	-	-	(45,508)
At 31 December 2006	-	12,259	-	12,259
Net Book Value, At 31 December 2006	-	-	6,500	6,500
At 31 December 2005	6,500	-	-	6,500

On 20 April 2006, 43,803,000 redeemable preference shares, with an aggregate nominal value of £43,803,000, were issued to the Company by a subsidiary undertaking, Intier Automotive Interiors Limited, at par for cash

Following a Group restructuring programme on 28 September 2006, Intier Automotive Interiors Limited was transferred to a fellow group undertaking, Magna Steyr Metalforming AG, for consideration of £6.5 million, settled by the transfer from another fellow group undertaking, Magna Automotive Holding AG, of 475 Ordinary €1 shares in Magna Steyr Metalforming AG

The transfer occurred at net book value, therefore neither a profit nor a loss was made on disposal

Principal subsidiaries

The principal subsidiaries of Intier Automotive Holding (U K) Limited at 31 December 2006, which are all registered in England and Wales were

	<i>Proportion Held</i>	<i>Principal activity</i>
Magna Engineering Center UK Limited	100%	Automotive
Intier Automotive Seating Limited	100%	Automotive
Tricom Group Holdings Limited	100%	Holding company
Tricom Systems Limited	100%	Engineering
Tricom Nominees Limited	100%	Employee Share Scheme
<i>Associated undertaking</i>		
Magna Kansei Limited	50%	Automotive
<i>Group undertakings</i>		
Magna Steyr Metalforming AG	1%	Automotive

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 December 2006

8. DEBTORS

	2006 £000	2005 £000
Amounts due from subsidiary undertakings	2,561	84,942
Amounts due from group undertakings	37,819	7,092
	<u>40,380</u>	<u>102,034</u>

On 28 September 2006, Intier Automotive Interiors Limited was transferred to a fellow group undertaking, Magna Steyr Metalforming AG, for consideration of £6.5 million, settled by the transfer from another fellow group undertaking, Magna Automotive Holding AG, of 475 Ordinary €1 shares in Magna Steyr Metalforming AG. As part of this group restructuring exercise, the Company waived in its capacity as shareholder, related party inter-company loan account balances totalling £76,500,000 due from Intier Automotive Interiors Limited.

9. CREDITORS: amounts falling due within one year

	2006 £000	Restated 2005 £000
Bank overdrafts	40,450	30,817
Amounts owing to subsidiary undertakings	7,032	2,504
Amounts owing to group undertakings	1	696
Amounts owing to associated undertakings	610	150
Other payables	-	4,000
	<u>48,093</u>	<u>38,167</u>

See note 12 for explanation of restatement

10. CREDITORS: amounts falling due after more than one year

	2006 £000	2005 £000
Amounts owing to group undertakings	-	31,197

11. SHARE CAPITAL

	31 December 2006 £	31 December 2005 £
Authorised		
100 ordinary shares of £1 each	100	100
249,999,900 (2005 - 149,999,900) redeemable preference shares of £1 each	249,999,900	149,999,900
	<u>250,000,000</u>	<u>150,000,000</u>

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2006

11. SHARE CAPITAL (CONTINUED)

	31 December 2006 £	31 December 2005 £
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1
197,412,999 (2005 - 122,412, 999) Redeemable Preference shares of £1 each	197,412,999	122,412,999
	<u>197,413,000</u>	<u>122,413,000</u>

On 20 April 2006 the Company's authorised share capital was increased by the creation of 100,000 000 redeemable preference shares of £1 each. On the same date, 75,000,000 redeemable preference shares, with an aggregate nominal value of £75,000,000, were issued at par for cash. The proceeds were used to finance the investment in Intier Automotive Interiors Ltd noted below.

The preference shares, which were issued at par, are redeemable by the company at any time. They carry the same dividend and voting rights as ordinary shares.

On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share.

12. RESERVES

	Restated Profit and loss account £000
At 1 January 2005 as previously reported	(68,202)
Prior year adjustment	(4,000)
At 1 January 2005 as restated	(72,202)
Retained loss for the year	(11,041)
At 1 January 2006	(83,243)
Retained loss for the year	(115,383)
At 31 December 2006	<u>(198,626)</u>

The prior year adjustment relates to amounts payable to third parties arising from the disposal on 1 September 2004 of the Company's investment in ATY Automotive & Industrial Components (UK) Limited (formerly Intier Automotive Seating (UK) Limited). The adjustment resulted in a decrease in brought forward reserves of £4,000,000 and the recognition of a creditor for the same amount (see note 9).

Intier Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS at 31 December 2006

13. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is New Magna Investments SA, a company registered in Belgium

In the directors' opinion the company's ultimate parent undertaking, controlling party and parent undertaking is Magna International Inc, incorporated in Ontario, Canada. The company results are therefore included in the consolidated financial statements of this group. Copies of the financial statements of Magna International Inc are available from 337 Magna Drive, Aurora, Ontario, Canada L4G 7K1

14. POST BALANCE SHEET EVENTS

On 5 January 2007, Lawrence Automotive Interiors Limited, a subsidiary of Intier Automotive Interiors Limited, was sold to an unconnected third party, Huaxiang Group Stock Corporation Limited, a company registered in the People's Republic of China