

WYKO Holdings Limited

Report and Financial Statements for the period ended 31 December 2006

Company Number 3776822



WYKO HOLDINGS LIMITED

Report and Financial Statements for the period ended 31 December 2006

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**Directors' report
for the period ended 31 December 2006**

The directors present their report and audited financial statements of the Company for the period ended 31 December 2006

Principal activity and business review

The principal activity of the company is the holding of investments and the provision of management services to other group companies

On 17 November 2006 the Company's entire issued share capital was acquired by ERIKS UK Holdings Limited. ERIKS UK Holdings Limited is a wholly owned subsidiary of ERIKS Group nv, a company based in the Netherlands

On 5 December 2006 the Company changed its accounting reference date to 31 December to bring it in line with that of its new ultimate holding company

Results for the year

The loss after taxation for the period ended 31 December 2006 was £2,923,000 (Year ended 30 April 2006 £8,146,000). No dividend was proposed or paid during the either period leaving a deficit of £2,923,000 (Year ended 30 April 2006 £8,146,000) to be deducted from reserves

The Company will continue to act as an intermediate holding company and provider of management services within the ERIKS Group of companies and it is not envisaged that it will undertake any other form of business activity. A full business review for the ERIKS Group of companies is given in the report and accounts of the ultimate holding company, ERIKS Group nv

Financial risk management

The Company has no exposure to credit risk. Other risks relating to financing and funding are managed by the Group Treasury department at a Group level

Directors and their interests

The directors who served during the period were

W C N Wilson

M R G Dixon

J C Cook (resigned 15 November 2006)

A S Thompson (resigned 17 November 2006)

A Lawley (resigned 17 November 2006)

D White (appointed 15 November 2006)

**Directors' report
for the period ended 31 December 2006 (continued)****Elective resolutions**

In accordance with an elective resolution passed on 28 January 2001 under Section 366A of the Companies Act 1985, the company has dispensed with holding annual general meetings

Auditors

PricewaterhouseCoopers LLP have expressed a willingness to remain as auditors of the company

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period. Under the 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 and 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, in which case there should be supporting assumptions or qualifications as necessary

Statement of disclosure of information to auditors

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 assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that they have complied with the above requirements in preparing the financial statements for the period ended 31 December 2006

- as far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the board



M R Powell
Secretary
29 October 2007

Independent auditors' report to the members of WYKO HOLDINGS LIMITED

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We have audited the financial statements of WYKO Holdings Limited for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 affairs of the company 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.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Birmingham

31st October 2007

**Profit and loss account
for the period ended 31 December 2006**

	Notes	8 months ended 31 December 2006 £000	Year ended 30 April 2006 £000
Gross profit		-	-
Selling and distribution costs		(4)	(2)
Administrative expenses		(183)	(2,629)
Operating loss	2	(187)	(2,631)
Investment income		-	4,350
Net interest payable	4	(3,748)	(6,720)
Loss on ordinary activities before taxation		(3,935)	(5,001)
Tax on loss on ordinary activities	5	1,012	1,205
Loss for the financial period	13	(2,923)	(3,796)

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents

The above results all relate to continuing operations

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Balance sheet as at 31 December

	Notes	31 December 2006 £000	30 April 2006 £000
Fixed assets			
Investments	6	<u>116,095</u>	<u>116,095</u>
Current assets			
Debtors	7	1,115	1,300
Cash at bank and in hand		<u>426</u>	<u>-</u>
		<u>1,541</u>	<u>1,300</u>
Creditors: amounts falling due within one year			
Borrowings	10	-	(26,044)
Other creditors	8	<u>(32,789)</u>	<u>(1,262)</u>
		<u>(32,789)</u>	<u>(27,306)</u>
Net current liabilities		(31,248)	(26,006)
Total assets less current liabilities		84,847	90,089
Creditors: amounts falling after more than one year			
Borrowings	10	-	(76,063)
Other creditors	9	<u>-</u>	<u>(679)</u>
		<u>-</u>	<u>(76,742)</u>
Net assets		<u>84,847</u>	<u>13,347</u>
Capital and reserves			
Called up share capital	12	2,453	2,453
Share premium account	13	54,530	54,530
Profit and loss account	13	<u>27,864</u>	<u>(43,636)</u>
Total shareholders' funds	14	<u>84,847</u>	<u>13,347</u>

The financial statements on pages 4 to 13 were approved by the Board of Directors on 29 October 2007 and were signed on its behalf by



D White
Director

Notes to the financial statements for the period ended 31 December 2006**1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified for the revaluation of certain land and buildings.

Group accounts

The company is a wholly owned subsidiary of ERIKS Group nv, a company incorporated in The Netherlands, and as provided by S228 Companies Act 1985, is exempt from the preparation of group accounts.

Deferred taxation

In accordance with Financial Reporting Standard (FRS) 19, 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 that result in an obligation to pay more tax in the future or to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange on the day of the transaction or at a contracted rate if it is covered by a forward contract. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date or, if appropriate, any forward contract rates. Exchange differences arising from these translations are taken to the profit and loss account.

Cash flow statement

The company is a wholly owned subsidiary of ERIKS Group nv and the cash flows of the company are included in the consolidated cash flow statement of that company. Consequently the company is exempt under the terms of FRS 1 (revised 1996) from publishing a cash flow statement.

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Notes to the financial statements for the period ended 31 December 2006 (continued)

2 Operating profit

	8 months ended 31 December 2006 £000	Year ended 30 April 2006 £000
Operating profit is stated after charging / (crediting)		
Auditors' remuneration - audit work	4	4
- other work	3	3
Bank charges and refinancing fees	33	2,445
Income from management services provided	<u>(680)</u>	<u>(863)</u>

3 Directors and employees

The average number of persons employed by the company during the year was

	8 months ended 31 December 2006 Number	Year ended 30 April 2006 Number
Group directors	<u>4</u>	<u>4</u>
Their aggregate payroll costs were		£000
Wages and salaries	455	915
Social security costs	91	21
Other pension costs	<u>78</u>	<u>116</u>
	<u>624</u>	<u>1,052</u>

All of the remuneration shown above was in respect of the company's directors

	£000	£000
Highest paid director		
Aggregate emoluments excluding pension contributions	<u>354</u>	<u>326</u>

None of the directors were members of the WYKO Group Retirement Benefit Scheme, a defined benefit pension scheme (30 April 2006 nil)

No payments have been made to a money purchase pension scheme in respect of any director

4 Net interest payable / (receivable)

	8 months ended 31 December 2006 £000	Year ended 30 April 2006 £000
Interest payable		
on bank loans and overdrafts	399	1,931
on Mezzanine debt	1,764	3,467
on shareholder loan stock	104	88
on other loans	-	89
on loans from other Group companies	361	-
Amortisation of debt issue costs	198	507
Write-off of debt issue costs on early repayment of debt	<u>1,009</u>	<u>717</u>
	<u>3,835</u>	<u>6,799</u>
Interest receivable	<u>(87)</u>	<u>(79)</u>
	<u>3,748</u>	<u>6,720</u>

Notes to the financial statements for the period ended 31 December 2006 (continued)

5 Tax on profit on ordinary activities

	8 months ended 31 December 2006 £000	Year ended 30 April 2006 £000
UK corporation tax at 30% (30 April 2006 30%)	-	-
Adjustments in respect of previous periods	(212)	-
Amount payable by fellow subsidiaries in respect of group relief	1,224	1,205
Current year tax credit	1,012	1,205
Deferred taxation		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	1,012	1,205
The tax assessed for the period is lower (Year ended 30 April 2006 lower) than the standard rate of UK corporation tax. The factors affecting tax charge for the period are		
Loss on ordinary activities before tax	(3,935)	(5,001)
Profit on ordinary activities at the standard rate of corporation tax - 30% (30 April 2006 30%)	1,181	1,500
Effects of		
Expenses not deductible for tax purposes	(1)	-
Income not chargeable to tax	-	1,305
Short term timing differences	44	104
Group relief not paid for	(205)	(231)
Adjustments in respect of previous periods	(7)	(1,473)
Current tax credit for the year	1,012	1,205

6 Investments

Investments in subsidiaries	£000
Cost at 1 May 2006 and 31 December 2006	116,095

The company's principal subsidiaries, which are all 100% owned, are as follows

	Activity	Country of Incorporation
WYKO Group Limited	Holding Company	England
WYKO Investments Limited	Holding Company	England
Wyko Industrial Services Limited *	Industrial Services	England
WYKO Tire Technology Limited *	Manufacture of tyre building tooling	England
Revolvco Limited *	Manufacture of specialist bearings	England
Pioneer Weston International Limited *	Manufacture of seals and sealing products	England
Rencol Tolerance Rings Limited *	Manufacture of tolerance rings	England
WYKO Inc *	Manufacture of tyre building tooling	USA

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Notes to the financial statements for the period ended 31 December 2006 (continued)

6 Investments (continued)

	Activity	Country of Incorporation
WYKO Antriebstechnik GmbH *	Industrial Services	Germany
WYKO Aandrijftechniek B V *	Industrial Services	Netherlands
WYKO Aandrijvingen nv *	Industrial Services	Belgium
WYKO Ireland Limited *	Industrial Services	Ireland
WYKO s r o *	Industrial Services	Slovakia

Subsidiaries marked * are held via intermediate holding companies

7 Debtors

	31 December 2006 £000	30 April 2006 £000
Amounts due within one year:		
Amounts owed by fellow subsidiary undertakings	-	1
Corporation tax recoverable	1,012	1,205
Other debtors	81	79
Called-up share capital not paid	13	13
Prepayments and accrued income	4	2
Unamortised finance charges	5	-
	<u>1,115</u>	<u>1,300</u>

8 Creditors: amounts falling due within one year

	31 December 2006 £000	30 April 2006 £000
Borrowings (see note 10)	<u>-</u>	<u>26,044</u>
Other creditors		
Amounts owed to parent undertaking	-	-
Amounts owed to fellow subsidiaries	32,464	-
Other taxation and social security	157	5
Other creditors	-	882
Accruals and deferred income	169	375
	<u>32,790</u>	<u>1,262</u>

Notes to the financial statements for the period ended 31 December 2006 (continued)

9 Creditors: amounts falling after more than one year

	31 December 2006 £000	30 April 2006 £000
Borrowings (see note 10)	-	76,063
Other creditors		
Deferred interest payments	-	679

10 Borrowings

	31 December 2006		30 April 2006	
	Within one Year £000	After one year £000	Within one year £000	After one Year £000
Overdrafts	-	-	26,381	-
Mezzanine debt	-	-	-	23,625
10% unsecured loan stock	-	-	-	53,277
4% Loan notes	-	-	37	-
Gross borrowings	-	-	26,418	76,902
Deferred costs of raising debt finance	-	-	(374)	(839)
	-	-	26,044	76,063

The Mezzanine debt, the 10% unsecured loan stock and the 4% loan notes were repaid on 17 November 2006 following the acquisition of the Company by ERIKS UK Holdings Limited. The repayments were financed by a Deed of Gift from ERIKS UK Holdings Limited of £75 million.

	31 December 2006		30 April 2006	
Analysis by year of repayment:	Bank Loans & Overdrafts £000	Other £000	Bank Loans & Overdrafts £000	Other £000
Due within one year	-	-	26,381	37
Amounts payable by instalments				
Between 1 and 2 years	-	-	-	44,736
Between 2 and 5 years	-	-	-	32,166
	-	-	-	76,902
Gross Borrowings	-	-	26,381	76,939

**Notes to the financial statements for the
period ended 31 December 2006 (continued)**

11 Deferred taxation

A deferred tax asset of £11,634, 000 (30 April 2006 £12,840,000) has not been recognised in respect of accumulated losses, as it is not clear whether these amounts will be utilised in the foreseeable future

12 Called up share capital

	Number	£000
Authorised		
Ordinary share capital		
Ordinary shares of £1 each	475,558	476
'A' ordinary shares of £1 each	2,155,630	2,155
At 1 May 2006 and 31 December 2006	2,631,188	2,631
Preference share capital		
'A' Preference shares of £0 0001 each	2,500,000	-
'B' Preference shares of £0 0001 each	52,035,417	5
At 1 May 2006 and 31 December 2006	54,535,417	5
Total authorised Share capital at 1 May 2006 and 31 December 2006	57,166,605	2,636
Allotted, called-up and fully paid		
Ordinary share capital		
Ordinary shares of £1 each – fully paid	462,650	463
Ordinary shares of £1 each – part paid	12,908	13
'A' ordinary shares of £1 each	1,972,350	1,972
At 1 May 2006 and 31 December 2006	2,447,908	2,448
Preference share capital		
'A' Preference shares of £0 0001 each	2,500,000	-
'B' Preference shares of £0 0001 each	52,035,417	5
At 1 May 2006 and 31 December 2006	54,535,417	5
Total at 1 May 2006 and 31 December 2006	56,983,325	2,453

The rights relating to each class of share in issue at 31 December 2006 are as follows

- 1) the ordinary shares and A ordinary shares rank *pari passu* as if one class of share for the purposes of income,
- 11) the A and B preference shares carry no right to participate in or receive any dividends,

Notes to the financial statements for the period ended 31 December 2006 (continued)

12 Called up share capital (continued)

- iii) in the event of winding up the company or otherwise reducing capital, the assets shall be applied,
- first in repaying to the holders of the A preference shares the amounts paid up on such shares (including any premium),
- secondly in repaying the holders of the B preference shares the amounts paid up on such shares (including any premium),
- thirdly in paying the holders of A ordinary shares £1 per share together with any arrears or accruals of dividends on the shares, then
- in paying the holders of ordinary shares £1 per share, then
- the balance of the assets, up to £1,000,000 per share shall be distributed amongst the holders of the A ordinary share and ordinary shares *pari passu* as if the shares constituted one class,
- iv) the ordinary shares carry one vote per share and the A ordinary shares carry ten votes per share
- v) The Directors consider all issued share capital to be equity in nature

13 Reserves

	Share premium account £000	Profit and loss account £000
At 1 May 2006	54,530	(43,636)
Loss for the year	-	(2,923)
Deed of Gift	-	74,423
At 31 December 2006	54,530	27,864

14 Reconciliation of movements in total shareholders' funds

	31 December 2006 £000	30 April 2006 £000
Loss on ordinary activities after taxation	(2,923)	(3,796)
Dividends	-	-
Loss for the financial period	(2,923)	(3,796)
Deed of Gift	74,423	-
Opening total shareholders' funds	13,347	17,143
Closing total shareholders' funds	84,847	13,347

Notes to the financial statements for the period ended 31 December 2006 (*continued*)**15 Events after the balance sheet date**

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes, which had not been enacted at the balance sheet date and are therefore not included in these financial statements, are the reduction of the rate of Corporation Tax from 30% to 28% with effect from 1 April 2008 and the abolition of balancing adjustments for industrial buildings allowances.

The effect of the changes to be enacted in the Finance Act 2007 would be to reduce the unrecognised deferred tax recoverable at 31 December 2006 by £776,000 in 2007.

16 Related parties

The company has taken advantage of the exemption, allowed by Financial Reporting Standard No. 8, not to disclose transactions and balances with related party undertakings which are at least 90% owned by the Group.

17 Ultimate parent company

The company's immediate parent company is ERIKS UK Holdings Limited, a company registered in England and Wales.

The company's ultimate parent company and controlling party is ERIKS Group nv, a company registered in The Netherlands.

Copies of the ERIKS Group nv consolidated financial statements may be obtained from the company at the following address:

ERIKS Group nv
Arcadialaan 14
Victory Building
PO Box 1088
1810 KB Alkmaar
The Netherlands