

COMPANY REGISTRATION NUMBER 3788221

True Manufacturing UK Limited

Report and Abbreviated Accounts

31 December 2006

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Independent auditors' report

to True Manufacturing UK Limited pursuant to section 247B of the Companies Act 1985

We have examined the company's abbreviated accounts for the year ended 31 December 2006 which comprise the Balance Sheet and the related notes 1 to 6, which have been prepared in accordance with applicable United Kingdom law, together with the financial statements of the company for the year ended 31 December 2006 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it 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 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 preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and 246(6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and 246(6) of the Act, and the abbreviated accounts are properly prepared in accordance with those provisions.



Ernst & Young LLP
Registered Auditor
Leeds

31/12/2007

True Manufacturing UK Limited

Abbreviated balance sheet at 31 December 2006

	Notes	2006 \$	2005 \$
Fixed assets	3		
Tangible assets		7,347,191	7,533,871
Current assets			
Stocks		2,737,129	2,725,607
Debtors		465,690	390,066
Cash at bank and in hand		346,119	335,900
		3,548,938	3,451,573
Creditors amounts falling due within one year		17,854,666	17,343,656
Net current liabilities		(14,305,728)	(13,892,083)
Total assets less current liabilities		(6,958,537)	(6,358,212)
Government grants	4	551,133	494,424
		(7,509,670)	(6,852,636)
Capital and reserves			
Called up share capital	5	3	3
Profit and loss account		(7,509,673)	(6,852,639)
Shareholder's funds		(7,509,670)	(6,852,636)

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors on their behalf by

2007 and are signed on



S L Trulaske
Director

Oct 24, 2007

Notes to the abbreviated accounts

at 31 December 2006

1. Fundamental accounting concept

The financial statements have been prepared using the going concern concept as the holding company has agreed to provide sufficient funds for the company to meet its liabilities as they fall due for a period of at least one year from the date of signing of the accounts

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Change in functional currency

On 1 January 2006 the company changed its functional currency from sterling to US dollars. Following a review by the directors of the company's economic environment, they have concluded that the functional currency is primarily US dollars.

In accordance with generally accepted accounting principles in the UK, the opening balance sheet and prior year comparatives previously presented in sterling have been restated into US dollars at the relevant closing exchange rate, or where appropriate, at the relevant historic rate. Profit and loss information, previously presented in sterling has been restated by translation into US dollars at the relevant average exchange rate. However US dollars were not used as the functional currency throughout the year ended 31 December 2005.

Differences arising on the translation of prior period comparatives have been dealt with through reserves.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Long leasehold property	- 50 years
Plant and machinery	- 3 to 15 years
Equipment	- 3 to 10 years

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Notes to the abbreviated accounts at 31 December 2005

2. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

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

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Notes to the abbreviated accounts

at 31 December 2006

3. Fixed assets

	<i>Tangible Assets</i> \$
<i>Cost</i>	
At 1 January 2006	8,926,018
Additions	93,848
Disposals	(151,684)
At 31 December 2006	<u>8,868,182</u>
<i>Depreciation</i>	
At 1 January 2006	1,392,147
Charge for year	254,285
On disposals	(125,441)
At 31 December 2006	<u>1,520,991</u>
<i>Net book value</i>	
At 31 December 2006	<u>7,347,191</u>
At 31 December 2005	<u>7,533,871</u>

4 Government grants

	2006 \$	2005 \$
Balance as at 1 January	494,424	565,219
Exchange differences	68,501	(59,150)
Released during the year	(11,792)	(11,645)
Balance as at 31 December	<u>551,133</u>	<u>494,424</u>

5. Share capital

	2006 \$	Authorised 2005 \$
Ordinary shares of £1 each	<u>1,610,000</u>	<u>1,610,000</u>

	<i>Allotted, called up and fully paid</i>			
	2005		2004	
	No	\$	No	\$
Ordinary shares of £1 each	2	<u>3</u>	2	<u>3</u>

6. Ultimate parent company

The company's parent company and the ultimate controlling party is True UK LLC, a company registered in the United States of America. Copies of the financial statements of the parent company are not available for public viewing.