

Federal-Mogul UK Investments Limited

Company Number SC020152

Directors' Report for the Year Ended 31st December 2015

The directors present their report and financial statements for the year ended 31 December 2015.

Principal activities, review of the business and future developments

The principal activity is that of a holding company and it is not envisaged that this will change in the foreseeable future.

Results for the year can be found on page 5.

The Company made a profit after tax of £38,922,746 (2014: profit £16,723,742). The Company released provisions against investments of £25,512,170 (2014: £nil).

On 27 August 2015, the Company received a dividend of £210,069 from one of its associated undertakings, Federal-Mogul TPR (India) Limited.

On 12 October 2015, the Company received from Federal-Mogul (T&N) Hong Kong Limited a promissory note, book value £13,207,728, by way of a dividend in specie.

The directors do not recommend payment of a dividend. (2014: £Nil).

In preparing this report, the directors have taken advantage of the small companies exemption provided by s.415A of the Companies Act 2006.

Directors

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

E. J. Milner

B. Pynnonen, resigned 11 March 2016

C. Narten was appointed as a director on 11 March 2016.

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

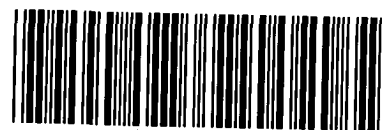


E. J. Milner

Director

Date: 12 August 2016

THURSDAY



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COMPANIES HOUSE

FEDERAL-MOGUL UK INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 AUDITOR'S REPORT TO THE MEMBERS OF FEDERAL-MOGUL UK INVESTMENTS LIMITED

We have audited the financial statements of Federal-Mogul UK Investments Limited for the year ended 31 December 2015 which comprise the Profit & Loss Account, the Balance Sheet and the related notes 1 to 18. 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), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 and of its profit 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FEDERAL-MOGUL UK INVESTMENTS LIMITED (CONTINUED)

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.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Grant Thornton UK LLP

Carla Kennaugh
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

16 August 2016

FEDERAL-MOGUL UK INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2015

	Notes	2015 £	2014 £
Foreign exchange loss		(1,816)	(1,941)
Operating expense excluding exceptional items		(1,816)	(1,941)
Exceptional item – provision against investments written back	6	25,512,170	-
Operating income/(charges)		<u>25,510,354</u>	<u>(1,941)</u>
Operating profit/(loss)		25,510,354	(1,941)
Income from shares in subsidiary undertaking		13,072,728	6,839,761
Income from shares in associated undertakings		210,069	11,350,513
Net interest receivable	7	129,595	212,588
Profit on ordinary activities before taxation		<u>38,922,746</u>	<u>18,400,921</u>
Tax on profit on ordinary activities	8	<u>-</u>	<u>(1,677,179)</u>
Profit for the financial year attributable to the parent company		38,922,746	16,723,742
Profit and loss account at 1 January		<u>(284,770,356)</u>	<u>(301,494,098)</u>
Profit and loss account at 31 December		<u>(245,847,610)</u>	<u>(284,770,356)</u>

FEDERAL-MOGUL UK INVESTMENTS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2015

	Notes	2015 £	2014 £
<u>Fixed Assets</u>			
Investments	9	<u>187,371,912</u>	<u>133,057,425</u>
<u>Current Assets</u>			
<u>Debtors: Amounts falling due within one year</u>	10	18,964	96,360
Cash at bank and in hand		<u>2,975,938</u>	<u>18,473,477</u>
		<u>2,994,902</u>	<u>18,569,837</u>
<u>Creditors: Amounts falling due within one year</u>	11	<u>(99,503,167)</u>	<u>(99,686,361)</u>
Net current liabilities		<u>(96,508,265)</u>	<u>(81,116,524)</u>
Net assets		<u>90,863,647</u>	<u>51,940,901</u>
<u>Capital and Reserves</u>			
Called up share capital	12	20,159	20,159
Share Premium Account	13	336,691,098	336,691,098
Profit & loss account	13	<u>(245,847,610)</u>	<u>(284,770,356)</u>
Shareholders' funds – equity		<u>90,863,647</u>	<u>51,940,901</u>

The accounts on pages 5 to 14 were approved by the Board on 12 August 2016 and were signed on its behalf by:-



E. J. Milner
Director

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

1. COMPANY INFORMATION

Federal-Mogul UK Investments Limited is a limited liability company incorporated in Scotland. Its registered office is at 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL, Scotland. Its principal place of business is Manchester International Office Centre, Styal Road, Manchester M22 5TN, England.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102") and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

This is the first year in which the financial statements have been prepared under FRS102. Refer to note 16 for an explanation of the transition.

The financial statements are presented in Sterling (£) (the Company's functional currency).

The Company's ultimate parent undertaking is Icahn Enterprises L.P., a company incorporated in the USA and listed on the New York Stock Exchange. The Company is included in the consolidated financial statements of Icahn Enterprises L.P., which are available from Icahn Enterprises L.P., 767 Fifth Avenue, Suite 4700, New York, NY10153. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS102.

As stated above, the Company and all of its subsidiary undertakings are included in the consolidated financial statements of Icahn Enterprises L.P. drawn up to the same date in the same financial year and 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 financial statements. The financial statements therefore contain information about Federal-Mogul UK Investments Limited as an individual company and not as a group.

The directors believe it to be appropriate to prepare the accounts on the going concern basis due to the continued financial support provided by Federal-Mogul Limited, an intermediary parent company.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The most significant judgement made in the preparation of these accounts is the impairment review of the Company's fixed asset investments where the carrying value of investments has been compared to their value in use and an impairment charge recorded where individual investments are considered to be impaired, or where a previous impairment loss has subsequently reversed, a credit has been recorded.

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

The value in use is derived from discounted future cash flow projections using nominal discount rates consistent with each applicable global industry sector. A material adjustment could occur if the actual cash flows were significantly different from those used in the impairment review.

As at 31st December 2015 the carrying amounts of the fixed asset investments are:

	£
Subsidiary Undertakings	157,417,848
Associated Undertakings	29,954,064

4. ACCOUNTING POLICIES

Investments

Fixed asset investments are stated at cost less provision for any impairment.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

4. ACCOUNTING POLICIES (CONTINUED)

Taxation(continued)

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and,
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

5. DIRECTORS AND EMPLOYEES

The directors have not received any remuneration for services to the Company during the year (2014: £nil).

There are no employees of the Company (2014: Nil).

6. OPERATING PROFIT

(a) Exceptional item – provision against investments written back

Following an impairment review of the Company's investments it was decided that provisions of £25,512,170 were no longer required and accordingly were written back in the profit and loss account in the current year.

(b) The audit fees of £4,275 (2014: £4,300) 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 £157,302 (2014: £272,037).

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

7.	<u>NET INTEREST RECEIVABLE</u>	2015	2014
		£	£
	Interest receivable on bank accounts	129,595	212,588

8. TAXATION

	<u>(a) Analysis of charge / (credit) in the period</u>	2015	2014
		£	£
	Current tax:		
	UK Corporation tax @ 20.25% (2014: 21.5%) on profits of the period	-	-
	Adjustments in respect of previous periods	-	-
		-	-
	Foreign tax	-	1,677,179
	Total current tax (note 8(b))	-	1,677,179

(b) Factors affecting tax charge / (credit) for period

The tax assessed on the profit on the ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

		2015	2014
		£	£
	Profit on ordinary activities before taxation	38,922,746	18,400,921
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	7,881,856	3,956,198
	Effect of:		
	UK: UK transfer pricing adjustment	(549,457)	(570,670)
	Group relief surrendered for nil payment	523,582	525,381
	Income not taxable	(2,689,766)	(3,910,909)
	Non-taxable release of provision against investments	(5,166,215)	-
	Foreign tax suffered	-	1,677,179
	Current tax charge / (credit) for period (note 8(a))	-	1,677,179

(c) Factors that may affect future tax charges

The Company has non-trade deficits carried forward of £3,522,571 (2014: £3,577,571).

The Company has unrestricted capital losses available for carry forward of £1,518,450 (2014: £1,518,450).

The Company has unrecognised ACT carried forward of £7,147,941 (2014: £7,147,941) the future recoverability of which is uncertain.

No deferred tax has been provided for tax that may become payable if revalued assets were disposed of for their revalued amounts.

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

8. TAXATION(CONTINUED)

(c) Factors that may affect future tax charges (continued)

The Finance Act 2015 included changes which affect future tax charges. The rate of corporation tax will reduce to 19% from 1 April 2017 and will reduce to 18% from 1 April 2019. The rate changes will impact the amount of future cash tax payments made by the Company.

9. INVESTMENTS

	Subsidiary Undertakings Equity £	Associated Undertakings Equity £	Total £
<u>Cost</u>			
At 1 January 2015	222,669,819	29,954,064	252,623,883
Additions	28,802,317	-	28,802,317
At 31 December 2015	251,472,136	29,954,064	281,426,200
<u>Provisions</u>			
At 1 January 2015	(119,566,458)	-	(119,566,458)
Reduction in provision	25,512,170	-	25,512,170
At 31 December 2015	(94,054,288)	-	(94,054,288)
<u>Net book value</u>			
At 31 December 2015	157,417,848	29,954,064	187,371,912
At 31 December 2014	103,103,361	29,954,064	133,057,425

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 %	Nature of Business
Federal-Mogul (Thailand) Ltd	Thailand	Ordinary shares	100	Systems Protection
Federal-Mogul Japan KK	Japan	Ordinary shares	100	Composites
Federal-Mogul (T&N) Hong Kong Limited	Hong Kong	Ordinary shares	100	Holding Company
Federal-Mogul SAS	France	Ordinary shares	100	Holding Company
Federal-Mogul Powertrain Otomotiv A.S.	Turkey	Ordinary shares	50	Piston Products
F-M Motorparts Otomotiv A.S.	Turkey	Ordinary shares	50	Aftermarket
Federal-Mogul TPR (India) Limited	India	Ordinary shares	24.5	Piston Products

In accordance with FRS102, 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 nominal discount rates consistent with each applicable global industry sector, ranging from 11.5% to 15.5% (2014: 11.5% to 12.5%) on a pre-tax basis. A long-term growth rate of 2.5% has been assumed, for the majority of companies. The exception being those Motorparts companies operating in Asia where a growth rate of 7% is deemed to be appropriate.

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

9. INVESTMENTS (CONTINUED)

On 31 December 2014, one of the Company's associated undertakings, Federal-Mogul Piston Segman Gomlek Uretim Tesisleri AS, was dissolved without liquidation. On 1 January 2015 its business began operating in two new companies which had been set up during 2014, Federal-Mogul Powertrain Otomotiv A.S. and F-M Motorparts Otomotiv A.S., in both of which the Company has the equivalent ownership as it had had in the dissolved company.

10. <u>DEBTORS: amounts falling due within one year</u>	2015 £	2014 £
Amount owed by fellow subsidiary undertakings	<u>18,694</u>	<u>96,360</u>

Financial assets are held at amortised cost

11. <u>CREDITORS: amounts falling due within one year</u>	2015 £	2014 £
Amount owed to fellow subsidiary undertakings	<u>99,503,167</u>	<u>99,686,361</u>

Financial liabilities are held at amortised cost

12. <u>CALLED UP SHARE CAPITAL</u>	2015 £	2014 £
Authorised 30,000 ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
Issued and fully paid 20,159 ordinary shares of £1 each	<u>20,159</u>	<u>20,159</u>

13. RESERVES

Called up share capital

This represents the nominal value of shares that have been issued.

Share premium

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account

This includes all current and prior period retained profits and losses.

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

14. DEFERRED TAX

<u>Unprovided assets</u>	2015	2014
	£	£
Losses	634,000	705,000
Surplus ACT	7,148,000	7,148,000
Capital losses	274,000	304,000
	<u>8,056,000</u>	<u>8,157,000</u>

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS102, para 33.1A, not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned.

There are no other related party transactions.

16. TRANSITION TO FRS102

The Company has adopted FRS102 for the year end 2015. There was no impact on the Company's reported position and financial performance.

Creditors – Amounts falling due after more than one year

In accordance with FRS 102, para 4.7, amounts to owed to subsidiary undertakings reported in the 2014 accounts as falling due after more than one year have been reclassified as falling due within one year where the creditor company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date.

Amounts reclassified:	31 December 2014
Creditors – Amounts falling due after more than one year	£
Amounts owed to subsidiary undertakings	<u>66,377,864</u>

17. POST BALANCE SHEET EVENTS

On 5 May 2016, the Company received net dividends after tax of £30,915,953 from its associated undertakings in Turkey.

On 7 June 2016, the Company received a dividend of £12,820,513 from one of its subsidiary undertakings, Federal-Mogul Japan KK.

On 13 May 2016, the Company made an investment of £33,121,200 in one of its subsidiary undertakings, Federal-Mogul SAS and on 17 June 2016, it made an additional investment, again in Federal-Mogul SAS, of £13,156,687.

FEDERAL-MOGUL UK INVESTMENTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS

18. PARENT AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is FDML Holdings Ltd, a company registered in England and Wales. The ultimate parent company and controlling party is Icahn Enterprises L.P. registered in the USA. The group accounts of Icahn Enterprises L.P. are the largest group accounts in which the Company is included. Accounts of this company may be obtained from Icahn Enterprises L.P., 767 Fifth Avenue, Suite 4700, New York, NY 10153, USA. The group accounts of Federal-Mogul Holdings Corporation are the smallest group accounts in which the Company is included. Accounts of this company may be obtained from Federal-Mogul Investor Relations, 27300 West 11 Mile Road, Southfield, MI 48034, USA.