Husky Injection Molding Systems (UK) Limited

Report and Financial Statements

31 July 2006

Registered No 2837366

Directors
D Gagnon
M McKendry
V Neuber

Secretary
R Barone

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

Registered office
Siskin Parkway East
Middlemarsh Business Park
Coventry
CV3 4RJ

Directors' report

The directors present their report and financial statements for the year ended 31 July 2006

Results and dividends

The loss for the year, after taxation, amounted to £1,479,324 The directors do not recommend the payment of any dividends

Principal activities and review of the business

Husky Injection Molding Systems Ltd is the world's largest brand name supplier of injection molding equipment and services to the plastics industry With one of the broadest product lines in the industry, customers use Husky equipment to manufacture a wide range of plastic products such as bottles and caps for beverages, containers for food, automotive components, and consumer electronic parts The UK operation is a Sales and Service operation to meet the commercial and technical requirements of the customer base in the UK & Ireland

During the year it was decided that the Technical Centre that was used in the business for mold tests and machine demonstrations will be sold As a result of this decision the Technical Centre property has been written-down in the accounts to management's estimate of the net realisable value of the property including installed machinery and equipment of £2,100,000

Directors

The directors who served the company during the year were as follows

D J Cook	(resigned 29 September 2006)
T Soul	(resigned 18 September 2006)
D Gagnon	(appointed 18 September 2006)
M McKendry	(appointed 18 September 2006)
V Neuber	(appointed 24 August 2006)
D Round	(resigned 31 August 2007)

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

Disclosure of information to 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 group'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 reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the board

V Neuber

Director

10/18/ 2007

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and 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, 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUSKY INJECTION MOLDING SYSTEMS (UK) LIMITED (continued)

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 July 2006 and of its loss for the year 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

25 October 2007

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUSKY INJECTION MOLDING SYSTEMS (UK) LIMITED

We have audited the company's financial statements for the year ended 31 July 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 15 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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)

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

Profit and loss account
for the year ended 31 July 2006

	Notes	2006 £	2005 £
Turnover	2	1,957,612	2,223,571
Selling, general & administrative expenses		1,284,281	1,365,673
Service expenses		495,366	655,754
Impairment loss on fixed assets	7	1,775,551	-
Total expenses		3,555,198	2,021,428
Operating (Loss)/ Profit and (Loss)/ Profit on ordinary activities before taxation	3	(1,597,586)	202,143
Tax on (loss)/ profit on ordinary activities	6	(118,262)	64,588
(Loss)/ Profit on ordinary activities after taxation and retained for the year		(1,479,324)	137,555

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £1,479,324 attributable to the shareholders for the year ended 31 July 2006 (2005 - profit of £137,555)

Balance sheet
at 31 July 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible fixed assets	7	2,178,180	4,195,095
Current assets			
Debtors	8	47,938	51,888
Cash at bank		5,933	514
		53,871	52,402
Creditors amounts falling due within one year	9	2,689,830	3,045,952
Net current liabilities		(2,635,959)	(2,993,550)
Total assets less current liabilities		(457,779)	1,201,545
Provisions for Liabilities			
Deferred Tax	10	-	180,000
		(457,779)	1,021,545
Capital and reserves			
Called up share capital	13	50,000	50,000
Profit and loss account	14	(507,779)	971,545
Equity shareholders' funds	14	(457,779)	1,021,545

These financial statements were approved by the Board of Directors on the date shown below and the following was authorised to sign them on behalf of the Board

V Neuber
Director

10/13/ 2007

Notes to the financial statements
at 31 July 2006

1. Accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention

Fundamental accounting concept
The company is dependant on continuing finance being made available by its parent company to enable it to continue operating and to meet liabilities as they fall due

The parent company has agreed in writing, to provide sufficient funds to the company for these purposes, it has also agreed not to recall the amounts advanced to the company until all other creditors have been met for a period of at least 12 months from the date of these financial statements The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

Fixed assets
All fixed assets are initially recorded at cost and reviewed for impairment where required

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, 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

Freehold buildings	-	Over 25 years
Plant & machinery	-	Over 10 years
Fixtures & fittings	-	Over 10 years
Motor vehicles	-	Over 3 years

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 exception that 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

Notes to the financial statements
at 31 July 2006

1. Accounting policies (continued)
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

Pension costs
The company operates a defined contribution pension scheme Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

2. Turnover
Turnover, which is stated net of value added tax, represents amounts invoiced to Husky Injection Molding Systems SA, the immediate parent undertaking Turnover is attributable to one continuing activity, the supply and technical support for injection molding machines
An analysis of turnover by geographical market is given below

	2006	*2005*
	£	*£*
Europe	1,957,612	2,223,571

3. Loss on ordinary activities before taxation
This is stated after charging/ (crediting)

	2006	*2005*
	£	*£*
Auditors' remuneration - audit services	7,200	7,000
- non-audit services	-	8,507
Depreciation of owned fixed assets	250,341	267,770
(Gain)/Loss on disposal of fixed assets	(5,760)	1,526
Operating lease charges – Plant & machinery	53,982	43,380

4. Staff costs

	2006	*2005*
	£	*£*
Wages and salaries	660,882	759,699
Social security costs	82,173	95,044
Other pension costs	41,353	32,327
	784,408	887,070

The monthly average number of employees during the year was as follows

	2006	*2005*
	No	*No*
Administration	1	1
Sales and distribution service	13	15
	14	16

Notes to the financial statements
at 31 July 2006

6. Taxation on ordinary activities (continued)

(c) Factors that may affect future tax charges

Legislation changing tax rates was enacted after the balance sheet date that will have an effect on the deferred tax asset of the company The main change that will affect the company is the reduction in the rate of UK Corporation tax from 30% to 28%

There are proposed changes to rates of capital allowances on industrial buildings which have not yet been substantively enacted and therefore the company has not quantified any impact of the changes at this stage

7. Tangible fixed assets

	Freehold property £	*Plant and machinery* £	*Fixtures and fittings* £	*Motor vehicles* £	*Total* £
Cost					
At 1 August 2005	5,049,504	422,060	599,029	126,057	6,196,650
Additions	–	8,502	2,112	–	10,614
Disposals	–	–	–	(76,802)	(76,802)
At 31 July 2006	5,049,504	430,562	601,141	49,255	6,130,462
Depreciation					
At 1 August 2005	1,118,625	274,722	484,265	123,943	2,001,555
Provided during the year	168,181	42,987	38,696	477	250,341
Impairment loss	1,662,698	112,853	–	–	1,775,551
Disposals	–	–	–	(75,165)	(75,165)
At 31 July 2006	2,949,504	430,562	522,961	49,255	3,952,282
Net book value					
At 31 July 2006	2,100,000	–	78,180	–	2,178,180
At 1 August 2005	3,930,878	147,338	114,764	2,114	4,195,095

Included in freehold property is land at £844,981 which is not depreciated During the year it was decided that the Technical Centre that was used in the business for mold tests and machine demonstrations will be sold As a result of this decision the Technical Centre property has been written-down in the accounts to management's estimate of the net realisable value of the property including installed machinery and equipment of £2,100,000

Notes to the financial statements
at 31 July 2006

5. Directors' emoluments

	2006 £	*2005* £
Emoluments	147,500	144,076
Value of company pension contributions to money purchase schemes	8,200	7,487

	2006 *No*	*2005* *No*
Members of money purchase pension schemes	1	1

6. Taxation on ordinary activities

(a) Tax on (loss)/ profit on ordinary activities

The tax charge is made up as follows

	2006 £	*2005* £
Current tax		
UK corporation tax	66,986	78,116
Tax under provided in previous years	–	8,991
Total current tax (note 6(b))	66,986	87,107
Deferred tax		
Relating to origination and reversal of temporary differences	(183,358)	(8,346)
Tax overprovided in previous years	(1,890)	(14,173)
Total deferred tax (note 10)	(185,248)	(22,519)
Tax on (loss)/ profit on ordinary activities	(118,262)	64,588

(b) Factors affecting current tax charge

The differences are reconciled below

	2006 £	*2005* £
(Loss)/ Profit on ordinary activities before tax	(1,597,586)	202,143
Profit on ordinary activities before taxation multiplied by rate of tax 30%	(479,276)	60,643
Expenses not deductible for tax purposes	9,191	9,127
Depreciation in excess of capital allowances	9,319	2,641
Impairment loss on fixed assets	532,665	-
Other timing differences	(4,913)	5,705
Adjustment in respect of previous periods	–	8,991
Total current tax (note 6(a))	66,986	87,107

Notes to the financial statements
at 31 July 2006

8. Debtors

	2006 £	2005 £
Other debtors	21,850	33,456
Deferred tax (note 10)	5,248	–
Prepayments and accrued income	20,840	18,432
	47,938	51,888

9. Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	–	27,082
Amounts owed to group undertakings	2,460,589	2,758,407
Corporation tax	25,675	113,989
Accruals and deferred income	203,566	146,474
	2,689,830	3,045,952

Included within accruals is £17,492 (2005 £33,868) relating to pension contributions not yet paid

10. Deferred tax

	Deferred tax £
At 1 August 2005	(180,000)
Deferred tax charge in profit and loss account	
Current year (note 6(a))	185,248
At 31 July 2006 (note 8)	5,248

Deferred tax recognised in the financial statements is as follows

	2006 Provided £	2006 unprovided £	2005 Provided £	2005 unprovided £
Depreciation in advance of capital allowances	–	353,714	(190,000)	–
Deferred tax charge in profit and loss account				
Other timing differences	5,248	–	10,000	–
Deferred tax asset/ (liability)	5,248	353,714	(180,000)	–

The unprovided deferred tax asset has not been recognised since it is uncertain whether there will be suitable taxable profits or gains from which the future reversal of the underlying timing differences can be deducted

Notes to the financial statements
at 31 July 2006

11. Commitments under operating leases
At 31 July 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Plant & Machinery	
	2006	*2005*
	£	*£*
Within one year	11,091	297
In two to five years	12,923	46,720
	24,014	47,017

12. Related party transactions
The company has taken advantage of the exemption by FRS 8 not to disclose details of transactions with other group companies

13. Share capital

		Authorised
	2006	*2005*
	£	*£*
Ordinary shares of £1 each	50,000	50,000

	Allotted, called up and fully paid			
		2006		*2005*
	No	*£*	*No*	*£*
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

14. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 1 August 2004	50,000	833,990	883,990
Retained Profit for the year	–	137,555	137,555
At 31 July 2005	50,000	971,545	1,021,545
Retained (Loss)/ profit for the year	–	(1,479,324)	(1,479,324)
At 31 July 2006	50,000	(507,779)	(457,779)

15. Ultimate parent company
The immediate parent undertaking is Husky Injection Molding Systems SA which is registered in Luxembourg The company's ultimate holding company is Husky Injection Molding Systems Ltd, a company registered in Canada It has included the company in its group accounts Copies of the accounts of Husky Injection Molding Systems Ltd may be obtained at www husky ca