

Registered number 287790

**SIMON ENGINEERING LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2006**

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**SIMON ENGINEERING LIMITED  
DIRECTORS' REPORT  
31 DECEMBER 2006**

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The Directors present their report and the financial statements of the Company for the year ended 31 December 2006

**Adoption of International Financial Reporting Standards**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) The financial statements were prepared in accordance with the UK's Generally Accepted Accounting Principals (GAAP) until 31 December 2004

**Principal activity**

The principal activity of the Company is that of a holding company

**Results**

The loss for the year is shown in the attached statement of income

The Directors do not recommend the payment of a dividend (2005 £ nil)

**Directors and directors' interests**

The directors who held office during the year were as follows

TJM Chadwick	(Resigned 23/08/06)
E Freeman	(Resigned 23/08/06)
AS Keane	(Resigned 23/08/06)
FA Bracke	(Appointed 23/08/06)
CL Cigrang	(Appointed 23/08/06)
JME Rubens	(Appointed 23/08/06)
FLR van Bellingen	(Appointed 23/08/06)
GJ Walker	(Appointed 24/08/06)

The directors had no interest in the shares of the company

The interests of Mr F A Bracke, Mr C L Cigrang, Mr J M E Rubens, Mr F L van Bellingen and Mr G J Walker in the share capital of the parent undertaking, Simon Group Plc are disclosed in the Directors' Report of that company

**SIMON ENGINEERING LIMITED**  
**DIRECTORS' REPORT - continued**  
**31 DECEMBER 2006**

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**Elective resolutions**

The following have been passed as elective resolutions of the company

- pursuant to the provisions of section 252 of the Companies Act 1985, the company has dispensed with the laying of accounts and reports before the company in general meeting,
- pursuant to the provisions of section 366A of the Companies Act 1985, the company has dispensed with the holding of annual general meetings, and
- pursuant to the provisions of section 386 of the Companies Act 1985, the company has dispensed with the obligation to appoint auditors annually

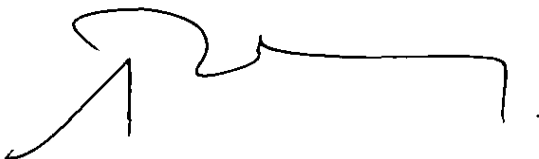
**Auditors**

On 7<sup>th</sup> September 2006 Moore Stephens LLP resigned as the company's auditor Brebners were appointed as auditor the same day

**Company Status**

The Directors Report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies

By order of the board



**J Rubens**  
Director  
5<sup>th</sup> July 2007

**Registered Office**  
Clough Lane  
North Killingholme  
North Lincolnshire  
DN40 3LX

**SIMON ENGINEERING LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**31 DECEMBER 2006**

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**Simon Engineering Limited**

**Statement of Directors' responsibilities**

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 for that year. 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,
- prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

In the case of each person who is a director at the date of approval of the final statements,

- So far as the director is aware, there is no relevant account information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant account information and to establish that the company's auditors are aware of that information

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIMON ENGINEERING LIMITED**

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We have audited the financial statements of Simon Engineering Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity and the related notes. 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 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 auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 and Article 4 of the IAS Regulation. We also report to you if, in our opinion, whether the Directors' Report is 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 other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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.

**INDEPENDENT AUDITOR'S REPORT - continued**  
**TO THE SHAREHOLDERS OF SIMON ENGINEERING LIMITED**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs, as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- and have been properly prepared in accordance with The Companies Act 1985 and Article 4 of the IAS Regulation,
- the information given in the Directors' Report is consistent with the financial statements

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**BREBNERS**  
Registered Auditor  
Chartered Accountants  
The Quadrangle  
180 Wardour Street  
London W1F 8LB

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**SIMON ENGINEERING LIMITED**  
**INCOME STATEMENT**  
**YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £'000	2005 £'000
Net interest payable to group undertakings		(2,532)	(2,487)
<b>Loss before taxation</b>		<b>(2,532)</b>	<b>(2,487)</b>
Taxation	2	760	746
<b>Loss for the year</b>		<b>(1,772)</b>	<b>(1,741)</b>

The notes on pages 9 to 11 form part of these financial statements

**SIMON ENGINEERING LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2006**

**Simon Engineering Limited**

**Balance sheet**  
**31 December 2006**

	Note	2006 £'000	2005 £'000
<b>Assets</b>			
<i>Current assets</i>			
Loans receivable from group undertakings		1,420	674
Interest receivable from group undertakings		66	-
Tax receivable from group undertakings		760	746
		<u>2,246</u>	<u>1,420</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Payables	4	(58,591)	(55,993)
		<u>(56,345)</u>	<u>(54,573)</u>
<b>Capital and reserves</b>			
Called up share capital	5	-	-
Retained earnings		(56,345)	(54,573)
		<u>(56,345)</u>	<u>(54,573)</u>
Shareholders' funds - equity		<u>(56,345)</u>	<u>(54,573)</u>

The notes on pages 9 to 11 form part of these financial statements

The financial statements were approved by the Board of Directors on 5<sup>th</sup> July 2007 and were signed on its behalf by

J Rubens  
Director





**SIMON ENGINEERING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2006**

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	<b>Retained earnings</b>
	<b>£'000</b>
At 1 January 2005	(52,832)
Loss for the year	(1,741)
At 31 December 2005	<u>(54,573)</u>
Loss for the year	(1,772)
At 31 December 2006	<u>(56,345)</u>

**SIMON ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2006**

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**1. Accounting policies**

These financial statements have been prepared under, and comply with, International Financial Reporting Standards ("IFRS")

These financial statements have been prepared in accordance with all new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the company's operations and effective for accounting periods beginning on 1<sup>st</sup> January 2006. The policies set out below have been consistently applied to all the years presented.

These financial statements have been prepared under the historical cost convention.

**Foreign currency translation**

***Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in sterling, which is the Company's functional and presentation currency.

***Transactions and balances***

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates prevailing on the balance sheet date.

**Trade receivables**

Trade receivables are recognised at fair value and subsequently measured at the amortised cost less provision for impairment. The amount of the provision is recognised in the income statement.

**Trade Payables**

Trade payables represent amounts payable by the Company in respect of goods and services received from suppliers.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

**SIMON ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**YEAR ENDED 31 DECEMBER 2006**

**Taxation**

The charge for taxation is based on the profits for the year and takes into account deferred taxation due to temporary differences calculated using the liability method. Temporary differences arise due to differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**Revenue recognition**

Revenue comprises the fair value of the sale of services, net of value added tax, rebates and discounts and after eliminating sales within the company. Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**2. Taxation**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
UK Corporation tax at 30%	<u>760</u>	<u>746</u>
<i>Tax reconciliation</i>		
Loss before taxation	<u>(2,532)</u>	<u>(2,487)</u>
Taxation @ 30% - Group tax relief	<u>760</u>	<u>746</u>

**3. Subsidiary undertakings.**

The principally, wholly owned subsidiary undertakings of the company are as follows

<b>Company</b>	<b>County of Incorporation</b>	<b>Nature of business</b>
Simon UK 1995 Limited	England and Wales	Holding Company
Simon-Holder Limited*	England and Wales	-
SC Cheadle Hulme Limited*	England and Wales	Holding Company
Precis (1905) Limited**	England and Wales	-

\* Subsidiaries of Simon UK 1995 Limited

\*\* Subsidiary of SC Cheadle Hulme Limited

**SIMON ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**YEAR ENDED 31 DECEMBER 2006**

**4. Payables**

	2006 £000	2005 £000
Amounts owed to group undertaking	<u>58,591</u>	<u>55,993</u>

**5. Share capital**

	Authorised		Issued and partly paid	
	2006	2005	2006	2005
	£	£	£	£
Ordinary shares of £1 each, 5p paid	<u>5,000</u>	<u>5,000</u>	<u>250</u>	<u>250</u>

**6. Related party transactions**

- The Company paid interest of £466,000 to Eaton Gate Holdings Limited with interest being charged at base rate,
- The Company paid interest of £2,131,000 to Simon UK 1995 Limited, with interest being charged at base rate,
- The Company received interest of £66,000 from Simon Group plc, with interest being charged at base rate,
- Group tax relief

Amounts owed from Group undertakings are repayable on demand, with interest being charged at the Bank of England base rate

Amounts owed to Group undertakings, with interest at the Bank of England base rate

**Control**

At 31 December 2006 the company is under the control of Eaton Gate Holdings Limited (incorporated in England and Wales) and the ultimate control of Mr Camille Cigrang as disclosed in the directors' report of Simon Group Plc

**7. Ultimate parent company**

The ultimate UK holding company is Simon Group plc, a company incorporated in England and Wales. Group accounts are prepared by Simon Group Plc incorporating the results of Simon Engineering Limited

At 31 December 2006 the directors consider the ultimate parent undertaking to be Compagnie de Manutention Groupe N V a company incorporated in Belgium

**8. Auditors' Remuneration**

Auditors' remuneration, incurred in the audit of this company, is met by the ultimate UK holding company, Simon Group plc