

Registered number 287790

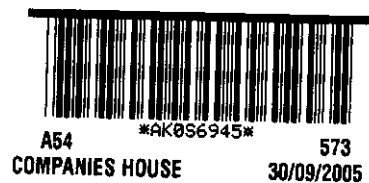
Simon Engineering Limited

Directors' report and financial statements

31 December 2004

Clough Lane
North Killingholme
North Lincolnshire
DN40 3LX

Simon Engineering.doc



Simon Engineering Limited

Directors' report

The Directors present their report and the financial statements of the Company for the year ended 31 December 2004.

1. Principal activities

The Company's activities comprise the owning of the share capital of a subsidiary company.

2. Business review, operating results and dividends

The company did not trade in the year. The results of the year's operations are set out in the attached financial statements.

The loss before tax for 2004 was £ 2,246,000 (2003: £nil).

The Directors do not recommend the payment of a dividend (2003: £ nil).

3. Directors

The directors who held office during the year were as follows:

T J M Chadwick
A S Keane (appointed 4 May 2004)
R J Catt (resigned 31 March 2004)

The interests of T J M Chadwick and A S Keane in the shares of the Company's ultimate holding company, Simon Group plc, are shown in the Report of the Directors of that company.


The Directors had no interest at any time during the year in the shares of the Company, nor in the shares or debentures of any other subsidiary undertaking of Simon Group plc.

AS Keane was appointed company secretary on 4 May 2004.

3. Auditors

The company has taken advantage of Section 386 (1) of the Companies Act 1985, as amended, dispense with the obligation to appoint audits annually.

By order of the Board


A S Keane
Company Secretary

27 July 2005

Clough Lane
Nth Killingholme
Nth Lincolnshire
DN40 3LX

Simon Engineering Limited

Statement of Directors' responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors are required to use a going concern basis in preparing the financial statements unless this is inappropriate.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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.

Simon Engineering Limited

Independent auditors' report to the members of Simon Engineering Limited

We have audited the financial statements on pages 4 to 8.

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

The Directors are responsible for preparing the Directors' Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not 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 transactions with the company is not disclosed.

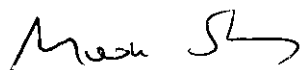
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of the result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Moore Stephens
Chartered Accountants
Registered Auditor
London

15 September 2005

Simon Engineering Limited

Profit and loss account Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Interest payable to group undertakings		(2,246)	-
Loss on ordinary activities before tax		(2,246)	-
Tax on loss on ordinary activities	2	674	-
Loss on ordinary activities after tax		(1,572)	-
Retained loss – brought forward		-	-
Retained loss - carried forward		(1,572)	-

Recognised gains and losses

There are no recognised gains and losses other than those shown above.

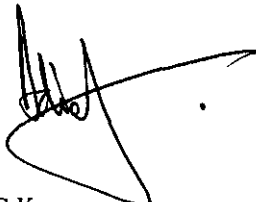
The notes on pages 6 to 8 form part of these financial statements.

Simon Engineering Limited
Balance sheet
31 December 2004

	Note	2004 £ '000	2003 £ '000
Fixed assets			
Investments	3	-	-
Debtors			
Tax receivable from group undertakings		674	-
Creditors: amounts falling due after more than one year	4	<u>(53,506)</u>	<u>(51,260)</u>
Net current liabilities		<u>(53,832)</u>	<u>(51,260)</u>
		<u>(52,832)</u>	<u>(51,260)</u>
Capital and reserves			
Called up share capital	5	-	-
Profit and loss account	6	<u>(52,832)</u>	<u>(51,260)</u>
Shareholder's funds - equity	7	<u>(52,832)</u>	<u>(51,260)</u>

The notes on pages 6 to 8 form part of these financial statements.

The financial statements were approved by the Board of Directors on 27 July 2005 and were signed on its behalf by:



A S Keane
Director

Simon Engineering Limited

Notes to the financial statements Year ended 31 December 2004

1. Accounting policies

(i) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

They have also been prepared on a going concern basis, notwithstanding the fact that the Company had a deficit on shareholder's funds of £(52,832,000) at 31 December 2004. This treatment is on the strength of Simon Group plc's undertaking to provide continued financial support to the Company to enable it to meet its liabilities as they fall due.

(ii) As a wholly-owned subsidiary, the Company is exempt from the requirements to prepare:

- (a) group accounts, and
- (b) a cash flow statement.

(iii) As 100% of the company's voting rights are controlled within the group headed by Simon Group plc, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Simon Group plc, within which this company is included, can be obtained from the address given in note 8.

(iv) Investments

Investments are held at the lower of cost and net realisable value. Where investments are considered to be impaired they are written down to their net realisable value.

2. Tax charge on loss on ordinary activities

	2004 £'000	2003 £'000
UK Corporation tax at 30%	674	-
<i>Tax reconciliation:</i>		
Loss before taxation	(2,246)	-
Taxation @ 30%	674	-

Simon Engineering Limited

Notes to the financial statements Year ended 31 December 2004

3. Fixed asset investment

The Company owns the whole of the issued share capital of the following subsidiary undertaking, which is carried at its cost of £2:

Company	Country of incorporation	Nature of business
Simon UK 1995 Limited	England	Holding company

4. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to parent and fellow subsidiary undertakings	<u>53,506</u>	<u>51,260</u>

Amounts owed to parent and fellow subsidiary undertakings are repayable on demand, with interest being charged at the Bank of England base rate.

5. Share capital

	Authorised		Issued and partly paid	
	2004	2003	2004	2003
	£	£	£	£
Ordinary shares of £1 each, 5p paid	<u>5,000</u>	<u>5,000</u>	<u>250</u>	<u>250</u>

6. Reserves

Profit and loss account	£000
1 January 2004	(51,260)
Loss for the year	<u>(1,572)</u>
31 December 2004	<u>(52,832)</u>

Simon Engineering Limited

Notes to the financial statements Year ended 31 December 2004

7. Reconciliation of movement on equity shareholder's funds

	<u>2004</u>	<u>2003</u>
	£	£
Opening shareholder's funds	(51,260)	(51,260)
Loss for the year	(1,572)	-
Closing shareholder's funds	<u>(52,832)</u>	<u>(51,260)</u>

8. Ultimate parent company

The ultimate parent company is Simon Group plc, a company incorporated and registered in England and Wales. This company's results are included in the consolidated financial statements of Simon Group plc, which can be obtained from Clough Lane, North Killingholme, North Lincolnshire, DN40 3LX.