

SIMULA CAPITAL LIMITED

Report and Financial Statements

31 December 2004



Deloitte & Touche LLP
Newcastle upon Tyne

REPORT AND FINANCIAL STATEMENTS 2004

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr G J Heiar
Mr R Schiller
Mr J Coltman
Mr R Mecredy

SECRETARY

Mr G J Heiar

REGISTERED OFFICE

Gainsborough House
34-40 Grey Street
Newcastle Upon Tyne
NE1 6AE

BANKERS

Barclays Bank plc
Northumberland House
Cramlington
Northumberland
NE23 6QP

SOLICITORS

Eversheds
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

AUDITORS

Deloitte & Touche LLP
Newcastle upon Tyne

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 December 2004.

ACTIVITIES

The company was dormant for the whole year, having sold its assets and liabilities in 2003.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

It is anticipated that the company will not trade again in the future.

DIVIDENDS AND TRANSFERS TO RESERVES

The company has no distributable and therefore the directors' were unable to declare a dividend in the year (2003 - £1,372,660). No transfers to reserves were made (2003 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office during the year ended 31 December 2004 and subsequent to the year end were as follows:

G J Heiar

R Schiller

J Coltman

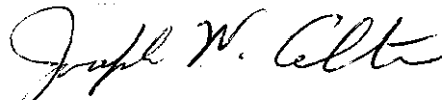
R Mecredy

No director had any beneficial interest in the share capital of the company at either 1 January 2004 or 31 December 2004.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Director of Simula Capital Limited

Date 13/01/06

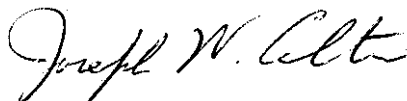
STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial period 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 accounting standards have been followed; 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 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.

Signed on behalf of the Board



Director of Simula Capital Limited

Date 13/01/06

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIMULA CAPITAL LIMITED

We have audited the financial statements of Simula Capital Limited for the year ended 31 December 2004, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 12. 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

As described in the statements of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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 the company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

Date: 16/02/06

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2004

	Note	2004 £	2003 £
TURNOVER	2	-	10,071,895
Cost of sales		-	(8,184,756)
GROSS PROFIT		-	1,887,139
Administrative expenses		-	(1,188,465)
Distribution costs		-	(619)
Other operating income		-	6,984
OPERATING PROFIT	4	-	705,039
Profit on sale of an operation	5	-	50,813
Interest receivable and similar income		-	520
Interest payable and other similar charges	6	-	(44)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	756,328
Tax on profit on ordinary activities	7	-	(96,076)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	660,252
Dividends		-	(1,372,660)
RETAINED PROFIT FOR THE FINANCIAL YEAR	9	-	(712,408)

All activities are now discontinued.

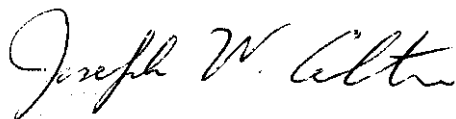
There are no recognised gains or losses for the current financial year or the preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
31 December 2004

	Note	31 December 2004 £	31 December 2003 £
FIXED ASSETS			
Tangible assets		-	-
CURRENT ASSETS			
Stocks		-	-
Debtors		-	-
- due within one year		-	-
- due after one year		-	-
Cash at bank and in hand		1	1
		<u>1</u>	<u>1</u>
CREDITORS: amounts falling due within one year			
		-	-
		<u>-</u>	<u>-</u>
NET CURRENT ASSETS		<u>1</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1	1
CREDITORS: amounts falling due after more than one year			
		-	-
		<u>-</u>	<u>-</u>
NET ASSETS		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	-	-
		<u>-</u>	<u>-</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	9	<u>1</u>	<u>1</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director of Simula Capital Limited

NOTES TO THE ACCOUNTS

Period ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Fixed assets owned by the company are stated at original cost less depreciation. Provision for depreciation is made on all tangible fixed assets other than those still under construction. Plant and machinery is amortised on a per unit basis which takes into account the actual production of each product and the estimate of future production to the end of the product's life. Other assets are depreciated at rates calculated to write off the cost, less estimated residual value, evenly over their expected useful lives as follows;

Short-term leasehold improvements	-	Over 7 to 12 years
Fixtures, fittings, tools and equipment	-	Over 3 to 7 years
Motor vehicles	-	Over 4 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is generally determined on a first in, first out basis and is represented by purchase price and freight costs and where appropriate includes factory labour and attributable overheads. Net realisable value is based on estimated selling price in the normal course of business after allowing for disposal costs. Provision is made where necessary for obsolete and slow-moving stocks.

Deferred taxation

The company has adopted Financial Reporting Standard 19 "Deferred Tax". There were no adjustments to the profit and loss account or balance sheet of the prior period as a result.

Deferred taxation is provided in full on all timing differences arising from the inclusion of items of gains and losses in tax assessment periods different from those in which they are included in the financial statements, that have originated but not reversed at the balance sheet date, calculated at the average tax rate at which it is expected that tax will arise.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. All translation differences are dealt with in the profit and loss account.

Leases

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over the shorter of their lease term or their useful lives. Finance lease rentals are apportioned to allocate finance charges to the profit and loss account and the remainder to reduce the net obligations outstanding.

Operating lease rentals are charged to the profit and loss account as hire or rent charges in equal annual amounts over the lease term.

NOTES TO THE ACCOUNTS
Period ended 31 December 2004

1. ACCOUNTING POLICIES (Continued)

Cash flow statement

A cash flow statement has not been provided as the company is a wholly owned subsidiary undertaking of a group that produces publicly available consolidated financial statements, in which the company's financial statements are included.

Pension costs

The company pays contributions to the private pension plans of certain directors and employees. The contributions are charged to profit and loss in the year in which they become payable to the plans.

Grants

Capital grants receivable by the company in respect of assets owned by the company are credited to revenue over the expected useful life of those assets. The unamortised portion of these grants is included in the balance sheet under "Accruals and deferred income".

Other grants are taken to revenue in the year in which they are receivable, having regard to any related expenditure.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover and pre-tax profit, which arise in the United Kingdom, are attributable to the company's principal activity. All sales are to the immediate parent company, Simula Automotive Safety Devices Inc., in the United States of America.

NOTES TO THE ACCOUNTS
Period ended 31 December 2004

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	31 December 2004 No.	31 December 2003 No.
<i>Employees:</i>		
Average number of persons employed by the company in the year (including directors)		
Production	-	143
Engineering technicians	-	6
Administration	4	39
	<u>4</u>	<u>188</u>
	31 December 2004	31 December 2003
Staff costs incurred during the year in respect of these employees were:	£	£
Wages and salaries	-	1,476,586
Social security costs	-	124,640
Other pension costs	-	16,591
	<u>-</u>	<u>1,617,818</u>

There were no directors' emoluments or pension contributions in respect of directors in the current or preceding years.

4. OPERATING PROFIT

	31 December 2004 £	31 December 2003 £
Operating profit is stated after charging/(crediting):		
Depreciation on tangible assets:		
Owned assets	-	217,066
Leased assets	-	10,213
Rentals under operating leases:		
Other operating leases	-	45,839
Exchange rate gains	-	991
	<u>-</u>	<u>274,110</u>

Auditors' remuneration was paid in the current and preceding years by the parent company.

NOTES TO THE ACCOUNTS
Period ended 31 December 2004

5. PROFIT ON SALE OF AN OPERATION

	2004 £	2003 £
Profit on the sale of assets and liabilities of the company	-	50,813
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	31 December 2004 £	31 December 2003 £
Bank loan and overdraft	-	44
	<u> </u>	<u> </u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge in year

	31 December 2004 £	31 December 2003 £
United Kingdom corporation tax at 30% (2002 - 30%) based on the profit for the year	-	106,940
Adjustment to prior years	-	(10,864)
	<u> </u>	<u> </u>
	-	96,076

b) Factors affecting tax charge for the current year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK – 30% (2002 – 30%).

NOTES TO THE ACCOUNTS
Period ended 31 December 2004

	31 December 2004 £	31 December 2003 £
Profit on ordinary activities before tax	-	756,238
Tax at 30% (2002 - 30%) thereon:	-	226,898
Effects of:		
Expenses not deductible for tax purposes	-	312
Capital allowances in excess of depreciation	-	(118,721)
Movement in short term timing differences	-	(1,549)
Prior year adjustments	-	(10,864)
Current tax charge for year	-	96,076

8. CALLED UP SHARE CAPITAL

	31 December 2004 £	31 December 2003 £
Authorised:		
100 ordinary shares of £1 each	100	100
Called up, allotted and fully paid:		
1 ordinary share of £1	1	1

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Profit and loss account £	Share capital £	31 December 2004 Total Shareholders' Funds £	31 December 2003 Total Shareholders' funds £
Balance at 1 January	-	1	1	1
Profit for the year	-	-	-	-
Dividends	-	-	-	-
Balance at 31 December	-	1	1	1

10. PENSIONS

The company pays contributions into the private pension plans of certain directors and employees. The amounts paid are charged to the profit and loss account in the period in which the contributions become payable. The charge for the period amounted to £nil (2003 - £16,591).

NOTES TO THE ACCOUNTS
Period ended 31 December 2004

11. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption available to subsidiary undertakings in FRS8 (Related Party Disclosures) which allows it not to disclose transactions with other group entities or investees of the group qualifying as related parties. No other related party transactions exist with the company.

12. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The company's immediate parent undertaking is Simula Automotive Safety Devices Inc., a company incorporated in Arizona, USA. That company's registered office is 7360 South, Kyrene Road, Suite 106, Tempe, Arizona, USA.

The company's ultimate parent undertaking is Simula Inc. a company incorporated in Arizona, USA. A copy of the group financial statements of Simula Inc. is available from 2625 South Plaza, Suite 100, Tempe, Arizona 85282, USA.