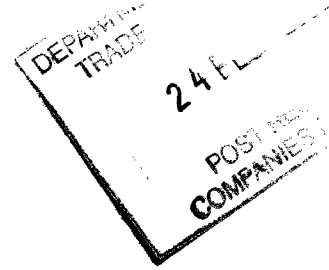




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TK-ECC Limited

Report and Accounts

31 March 2005

Registered No. 2804315

TK-ECC Limited

Registered No. 2804315

DIRECTOR

Dr Heinrich Binder

SECRETARY

Mr Yoichiro Nomura

AUDITORS

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

BANKERS

Bank of Ireland
Castlereagh Branch
1E Ballygowan Road
Belfast
BT5 7LH

SOLICITORS

Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

REGISTERED OFFICE

Mitre House
160 Aldersgate Street
London
EC1A 4DD

DIRECTORS' REPORT

The directors present their report for the year ended 31 March 2005.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £859,005. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

It was announced in February 2004 that the company's operations would be discontinued. Production ceased in March 2004.

The directors acknowledge that the company is no longer a going concern and the financial statements have been prepared on a break up basis.

DIRECTORS AND THEIR INTERESTS

No director had any interest in the share capital of the company during the period.

The directors during the year were as listed on page 2.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the company made no political or charitable contributions.

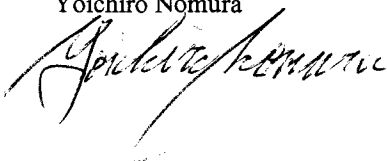
AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to members at the Annual General Meeting.

By order of the board

Secretary

Yoichiro Nomura



Date: *24th January 2006*

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 group and of the profit or loss of the group 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, subject to any material departures disclosed and explained in the financial statements; 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 AUDITORS' REPORT TO THE MEMBERS OF TK-ECC LIMITED

We have audited the group's financial statements for the year ended 31 March 2005, which comprise the Group Profit and Loss Account, Group Balance Sheet, Balance Sheet, Group Cash Flow Statement, Group Statement of Total Recognised Gains and Losses, and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein and have been prepared on the break-up basis.

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 Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 group 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 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 group'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 and of the group as at 31 March 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditor
Belfast

Eust & Long LLP
30 January 2006.

TK-ECC Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 2005

	Notes	2005 £	2004 £
TURNOVER		-	63,861,100
Cost of sales		-	(59,850,596)
GROSS PROFIT/(LOSS)		-	4,010,504
Selling and distribution costs		-	(1,114,081)
Administration costs		-	(2,542,294)
GROUP OPERATING PROFIT/(LOSS)	2	-	354,129
Other income		-	45,302
Bank interest receivable		100,916	104,592
Interest payable		-	(88,016)
Exceptional Costs due to Closure	3	(959,921)	(32,016,247)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(859,005)	(31,600,240)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE YEAR		(859,005)	(31,600,240)

No profit and loss account is presented for TK-ECC Limited as permitted by Section 230 of the Companies Act 1985. The loss dealt with in the accounts of the parent company is £859,005 (2004 – loss £31,600,240).

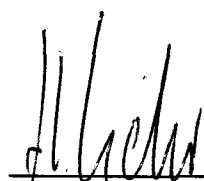
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2005

There are no recognised gains or losses other than the loss attributable to shareholders of the group of £859,005 in the year ended 31 March 2005 and the loss of £31,600,240 in the year ended 31 March 2004.

TK-ECC Limited

GROUP BALANCE SHEET as at 31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	-	-
CURRENT ASSETS			
Tangible Assets	5	-	919,316
Stock	6	-	4,504,699
Debtors	7	278,306	10,528,203
Cash at bank and in hand	8	2,122,167	5,564,766
		<u>2,400,473</u>	<u>21,516,984</u>
CREDITORS: amounts falling due within one year			
Bank overdraft		-	-
Trade and other creditors	9	34,373,826	52,631,332
		<u>34,373,826</u>	<u>52,631,332</u>
NET CURRENT LIABILITIES		<u>(31,973,353)</u>	<u>(31,114,348)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(31,973,353)</u>	<u>(31,114,348)</u>
ACCRUALS AND DEFERRED INCOME			
Deferred government grants		-	-
		<u>(31,973,353)</u>	<u>(31,114,348)</u>
CAPITAL AND RESERVES			
Called up share capital	10	50,600,100	50,600,100
Share premium account	11	3,225,330	3,225,330
Profit and loss account	11	(85,798,783)	(84,939,778)
		<u>(31,973,353)</u>	<u>(31,114,348)</u>

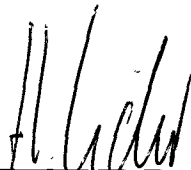

 Heinrich Binder
 Director

24-01-06
 Date

TK-ECC Limited

BALANCE SHEET as at 31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	-	-
CURRENT ASSETS			
Tangible Assets	5	-	919,316
Stock	6	-	4,504,699
Debtors	7	278,306	10,528,203
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Profit and loss account	11	(85,798,783)	(84,939,778)
		<u>(31,973,353)</u>	<u>(31,114,348)</u>


Heinrich Binder
Director

24-01-06
Date

TK-ECC Limited

GROUP CASH FLOW STATEMENT

For the year ended 31 March 2005

	Notes	2005 £	2004 £
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	2(b)	(4,452,504)	5,540,471
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		100,916	104,592
Interest paid		-	(88,016)
NET CASH INFLOW/(OUTFLOW) FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		100,916	16,576
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		-	(1,067,098)
Proceeds of asset disposals		908,989	702,435
Issue of ordinary share capital		-	-
NET CASH INFLOW/(OUTFLOW) FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		908,989	(364,633)
CASH INFLOW BEFORE FINANCING		(3,442,599)	5,192,384
INCREASE/(DECREASE) IN CASH IN THE YEAR	8	(3,442,599)	5,192,384

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2005

1. ACCOUNTING POLICIES

Fundamental Accounting Concept

The financial statements have been prepared on a break-up basis reflecting the closure of the company's operations in March 2004.

The directors of the company's ultimate parent undertaking acknowledge that there will be insufficient assets to repay the amount owed to group undertakings at 31 March 2005 and regard this amount as subordinated in priority to that of the third party creditors and will not seek repayment of these debts.

Accounting convention

The accounts are prepared under the historical cost convention.

Foreign currencies

Assets and liabilities are translated at rates of exchange ruling at the balance sheet date. Income and expenses are translated at average rates prevailing during the period.

Transactions in foreign currencies are recorded at the rate ruling at date of transaction.

All differences are taken to the profit and loss account.

Basis of consolidation

The group accounts consolidate the accounts of TK-ECC Limited and its subsidiary undertaking drawn up to 31 March each year.

TK-ECC Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2005

2. GROUP OPERATING PROFIT/(LOSS)

(a) This is stated after charging:	2005	2004
	£	£
Auditors' remuneration		
- audit services	-	25,000
- non-audit services	-	20,000
Depreciation of fixed assets	-	1,277,286
Research and development	-	217,489
Operating lease rentals		
- plant and machinery	-	2,696
	<u></u>	<u></u>

(b) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities:

Operating profit/(loss)	-	354,129
Depreciation of Fixed Assets	-	1,277,286
Exceptional write-down of assets	-	3,503,000
Exceptional Items	(959,921)	(32,016,247)
(Profit)/Loss on sale of fixed assets	10,327	-
Decrease/(Increase) in debtors	10,249,897	2,084,981
Decrease/(Increase) in stocks	4,504,699	5,071,056
Increase in creditors	(18,257,506)	25,266,266
	<u></u>	<u></u>
Cash inflow/(outflow) from operating activities	(4,452,504)	5,540,471
	<u></u>	<u></u>

3. EXCEPTIONAL ITEMS

The following Exceptional Items have arisen as a result of the closure of TK-ECC

	2005	2004
	£	£
Asset Write-off	-	1,636,647
Redundancy Costs	-	6,383,982
Product Warranty	(2,911,013)	10,688,961
Other Closure Costs	3,870,934	4,156,657
ECC Pension Fund Settlement	-	9,150,000
	<u></u>	<u></u>
	959,921	32,016,247
	<u></u>	<u></u>

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no taxation charge for the year due to the incidence of taxation losses.

TK-ECC Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2005

5. TANGIBLE FIXED ASSETS

Group and company

	<i>Short leasehold land and buildings £</i>	<i>Plant equipment and tooling £</i>	<i>Computers, fixtures and fittings £</i>	<i>Total £</i>
Cost:				
At 1 April 2004	419,277	20,985,376	1,146,697	22,551,350
Additions	-	-	-	-
Disposals	(419,277)	(20,985,376)	(1,146,697)	(22,551,350)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 April 2004	419,277	20,310,589	902,168	21,632,034
Charge for the year	-	-	-	-
Write-off on Closure	-	-	-	-
Disposals	(419,277)	(20,310,589)	(902,168)	(21,632,034)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 31 March 2005	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2004	-	674,787	244,529	919,316
	<hr/>	<hr/>	<hr/>	<hr/>

6. STOCK

	<i>Group and company</i>	
	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>
Raw materials and components	-	4,320,275
Finished goods	-	184,424
	<hr/>	<hr/>
	-	4,504,699
	<hr/>	<hr/>

7. DEBTORS

	<i>Group and company</i>	
	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>
Trade debtors	-	142,400
Due from group companies	119,939	9,456,921
Sundry debtors	158,367	928,882
	<hr/>	<hr/>
	278,306	10,528,203
	<hr/>	<hr/>

TK-ECC Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2005

8. CASH AND BANK BALANCES

(a) Analysis of changes in cash and bank balances during the year:

	£
Balance at 1 April 2004	5,564,766
Cash Outflow	(3,442,599)
Balance at 31 March 2005	<u>2,122,167</u>

(b) Analysis of cash and bank balances as shown in the balance sheet

	2005 £	2004 £	Change in year £
Cash at bank and in hand	2,122,167	5,564,766	(3,442,599)
Bank overdrafts	-	-	-
	<u>2,122,167</u>	<u>5,564,766</u>	<u>(3,442,599)</u>

9. CREDITORS: amounts falling due within one year:

	Group and company	
	2005 £	2004 £
Trade creditors	2,340,757	1,548,397
Due to group companies	26,964,766	21,998,870
Other taxes and social security costs	-	856,252
Other creditors	-	303,292
Accruals	5,068,303	27,924,521
	<u>34,373,826</u>	<u>52,631,332</u>

10. SHARE CAPITAL

Authorised share capital

	2005 £	2004 £
Ordinary shares of £1 each	<u>50,600,100</u>	<u>50,600,100</u>

Allotted, called up and fully paid

	2005 No.	2004 No.	2005 £	2004 £
Ordinary shares of £1 each	<u>50,600,100</u>	<u>50,600,100</u>	<u>50,600,100</u>	<u>50,600,100</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2005

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES*Group*

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Profit and Loss Account</i>	<i>Total</i>
	£	£	£	£
At 31 March 2003	50,600,100	3,225,330	(53,339,538)	485,892
New Share Issue	-	-	-	-
Loss for the year	-	-	(31,600,240)	(31,600,240)
At 31 March 2004	50,600,100	3,225,330	(84,939,778)	(31,114,348)
New Share Issue	-	-	-	-
Loss for the year	-	-	(859,005)	(859,005)
At 31 March 2004	50,600,100	3,225,330	(85,798,783)	(31,973,353)

12. ULTIMATE PARENT UNDERTAKING

TK-ECC Limited is ultimately a wholly owned subsidiary of Takata Corporation, a company incorporated in Japan.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Takata Corporation.

14. SUBSIDIARY UNDERTAKING

The company owns the entire issued share capital of ESS Automotive Limited, a company also incorporated in England.