

Nitto UK Limited

Directors' report and financial statements

Registered number 1858291

31 March 2008



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2008

Principal activities

The principal activity of the company is that of an agent for sales of products manufactured and distributed by the immediate parent company

Business review

The directors are optimistic about the long-term prospects and will continue to pursue existing markets and new markets as a priority Profit for the year after taxation was £53,339 (2007 profit £15,351)

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 March 2008 (2007 £nil)

Directors and directors' interests

The directors who held office during the year were as follows

H Takasaki (resigned 25 June 2007)

Y Nakahira (appointed 25 June 2007)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

Y Nakahira
Director



Date

11 08 . 2008 .

Unit 2, Berkshire Business Centre
Berkshire Drive
Thatcham
Berkshire
RG19 4EW

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditors' report to the members of Nitto UK Limited

We have audited the financial statements of Nitto UK Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 auditors' report to the members of Nitto UK Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

15 September 2008

Profit and loss account
for the year ended 31 March 2008

	<i>Note</i>	2008	2007
		£	£
Turnover		683,284	593,624
Cost of sales		-	-
Gross profit		683,284	593,624
Administrative expenses		(620,859)	(557,644)
Operating profit	<i>2-4</i>	62,425	35,980
Other interest receivable and similar income	<i>5</i>	11,261	10,055
Profit on ordinary activities before taxation		73,686	46,035
Tax on profit on ordinary activities	<i>6</i>	(20,347)	(30,684)
Profit after taxation for the financial year	<i>15</i>	53,339	15,351

The company's turnover and operating profit are derived exclusively from continuing activities

There are no recognised gains or losses other than the results for the years as reported above

Balance sheet
at 31 March 2008

	<i>Note</i>	2008 £	£	2007 £	£
Fixed assets					
Tangible assets	7		6,882		10,753
Current assets					
Debtors	8	177,046		243,065	
Cash at bank and in hand		120,436		443,461	
		<u>297,482</u>		<u>686,526</u>	
Creditors: amounts falling due within one year	10	(107,886)		(554,140)	
		<u></u>		<u></u>	
Net current assets			189,596		132,386
Provisions for liabilities	11		(75,000)		(75,000)
			<u></u>		<u></u>
Total assets less current liabilities			121,478		68,139
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	12	50,000		50,000	
Profit and loss account	13	71,478		18,139	
		<u></u>		<u></u>	
Equity shareholders' funds	14		121,478		68,139
			<u></u>		<u></u>

These financial statements were approved by the board of directors on 11. Aug. '08 and were signed on its behalf by


Y Nakahira
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cash flows of the company within its own published consolidated financial statements

As the company is a wholly-owned subsidiary of Nitto Europe NV, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Nitto Europe NV, within which the results of this company are included, can be obtained from the address given in note 17

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

IT equipment	-	33⅓% per annum
Machinery	-	20% per annum
Fixtures and fittings	-	20% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Pension contributions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover for the year represents agency commission receivable from the parent company for the procurement of orders for sales of manufactured items

Notes (continued)

2 Remuneration of directors

Directors' remuneration was as follows

	2008 £	2007 £
Directors' emoluments	-	-
Pension contributions	-	-
Compensation for loss of office in respect of former directors	-	20,241

During the year, the company made contributions to the money purchase pension scheme. There were no directors for which the company made contributions (2007 £nil)

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees 2008	2007
Administration	7	7
	<u>7</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows

	2008 £	2007 £
Wages and salaries	270,677	282,770
Social security costs	32,676	52,624
Pension costs	12,125	12,365
	<u>315,478</u>	<u>347,789</u>

Notes (continued)

4 Profit on ordinary activities before taxation

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation	4,303	1,967
Auditors' remuneration		
Audit of these financial statements	8,000	8,000
Other services relating to taxation	5,000	6,000
Operating lease rentals – land and buildings	40,989	31,117
Gain on sale of fixed assets	-	370
	<u> </u>	<u> </u>

5 Other interest receivable and similar income

	2008 £	2007 £
Interest receivable on bank balances	11,261	10,055
	<u> </u>	<u> </u>

6 Taxation

Analysis of charge in period

	2008 £	£	2007 £	£
<i>UK corporation tax</i>				
Current tax on income for the period	23,500		13,436	
Adjustments in respect of prior periods	291		15,485	
	<u> </u>		<u> </u>	
Total current tax		23,791		28,921
<i>Deferred tax (see note 9)</i>				
Origination and reversal of timing differences	7,317		1,763	
Rate difference on prior year closing gross timing differences	497		-	
Adjustments in respect of prior periods	(11,258)		-	
	<u> </u>		<u> </u>	
Total deferred tax		(3,444)		1,763
		<u> </u>		<u> </u>
Tax on profit on ordinary activities		20,347		30,684
		<u> </u>		<u> </u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The differences are explained below

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	73,686	46,035
	<hr/>	<hr/>
Current tax at 30% (2007 30%)	22,105	13,810
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,854	1,389
Capital allowances in excess of depreciation	(459)	(1,763)
Adjustments to tax charge in respect of previous periods	291	15,485
	<hr/>	<hr/>
Total current tax charge (see above)	23,791	28,921
	<hr/>	<hr/>

7 Tangible fixed assets

	IT equipment £	Office Equipment £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 31 March 2007	25,672	46,426	141,124	213,222
Additions	-	432	-	432
Disposals	(16,265)	(10,330)	-	(26,595)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	9,407	36,528	141,124	187,059
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 31 March 2007	23,655	39,848	138,966	202,469
Charge for year	1,009	2,336	958	4,303
On disposals	(16,265)	(10,330)	-	(26,595)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	8,399	31,854	139,924	180,177
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2008	1,008	4,674	1,200	6,882
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	2,017	6,578	2,158	10,753
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

8 Debtors

	2008 £	2007 £
Commission receivable from parent undertaking	81,824	186,272
Other debtors	62,141	6,306
Deferred tax asset (see note 9)	6,943	3,499
Corporation tax	10,409	31,401
Prepayments and accrued income	15,729	15,587
	<u>177,046</u>	<u>243,065</u>

The deferred tax asset is in respect of timing differences between capital allowances and depreciation

9 Deferred tax asset

	2008 £	2007 £
Deferred tax asset (see note 8)	<u>6,943</u>	<u>3,499</u>

	2008 £	2007 £
Difference between accumulated depreciation and amortisation, capital allowances and other short term timing differences	<u>24,796</u>	<u>11,664</u>
Deferred tax asset at 28% (30%)	<u>6,943</u>	<u>3,499</u>

	2008 £	2007 £
Asset at beginning of period	3,499	5,262
Deferred tax movement for the period (see note 6)	3,444	(1,763)
Asset at end of period	<u>6,943</u>	<u>3,499</u>

10 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	3,289	8,435
Amounts owed to parent undertakings	22,474	449,202
Taxation and social security	12,714	13,102
Accruals and deferred income	43,143	34,744
Other creditors	26,266	48,657
	<u>107,886</u>	<u>554,140</u>

Notes (continued)

11 Provisions for liabilities

	2008	2007
Provisions		
At beginning of year	75,000	-
Created in the year	-	75,000
	<u>75,000</u>	<u>75,000</u>
At end of year	<u>75,000</u>	<u>75,000</u>

This amount relates to obligations in connection with the company's buildings

12 Called up share capital

	2008 £	2007 £
Authorised		
Equity 200,000 ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
Equity 50,000 ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

13 Profit and loss account

	2008 £	2007 £
At beginning of year	18,139	2,788
Profit for the financial year	53,339	15,351
	<u>71,478</u>	<u>18,139</u>
At end of year	<u>71,478</u>	<u>18,139</u>

14 Movement on equity shareholders' funds

	2008 £	2007 £
Profit for the financial year	53,339	15,351
Dividends	-	-
	<u>53,339</u>	<u>15,351</u>
Net addition in equity shareholders' funds	53,339	15,351
Opening equity shareholders' funds	68,139	52,788
	<u>121,478</u>	<u>68,139</u>
Closing equity shareholders' funds	<u>121,478</u>	<u>68,139</u>

Notes (continued)

15 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
<i>Operating leases which expire</i>				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	6,504	-	19,464
Over five years	46,000	-	46,000	-
	<u>46,000</u>	<u>6,504</u>	<u>46,000</u>	<u>19,464</u>

16 Pension

The company operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company. Contributions payable to the pension scheme for the year was £12,125 (2007 £12,365). Contributions amounting to £3,149 (2007 £nil) were payable to the scheme and are included within current liabilities.

17 Parent undertaking

The company is a wholly owned subsidiary undertaking of Nitto Europe NV, a company registered in Belgium which is the immediate parent undertaking.

The ultimate holding company is Nitto Denko Corporation, a company incorporated in Japan.

The smallest group in which the results of the company are consolidated is Nitto Europe NV. Copies of these accounts are available from B3600 Genk, 22 Eikelaarstraat, Belgium.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company. Copies of these accounts are available from Nitto Denko Corporation, Osaka 567-8680, Japan.

As the company is a wholly owned subsidiary of Nitto Europe NV, the company has taken advantage of the exemption contained in Financial Reporting Standard No 8 and Financial Reporting Standard No 1 and has not disclosed transactions or balances with entities which form part of the group, or prepared a cash flow statement.