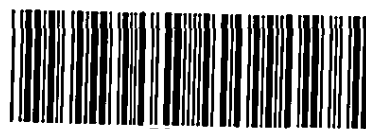


Sanoh UK Manufacturing Limited

Annual report and financial statements
for the year ended 31 March 2008

(Registered No: 2607806)

MONDAY



APRZN9RC

A03

11/05/2009

235

COMPANIES HOUSE

Sanoh UK Manufacturing Limited

Annual report and financial statements for the year ended 31 March 2008

Contents

Directors and Advisers	1
Directors' report for the year ended 31 March 2008	2
Independent auditors' report to the members of Sanoh UK Manufacturing Limited	7
Profit and loss account for the year ended 31 March 2008.....	9
Balance sheet as at 31 March 2008.....	10
Note of historical cost profits and losses for the year ended 31 March 2008	11
Cash flow statement for the year ended 31 March 2008	12
Accounting policies	13
Notes to the financial statements for the year ended 31 March 2008	15

Sanoh UK Manufacturing Limited

Directors and advisers

Directors

P Davis
W J Burke
Y Takeda
R Harada
J Hayashi
Y Sunaga
N Tanaka
S Tanaka

Secretary

W J Burke

Independent Auditors

PricewaterhouseCoopers LLP
Chartered accountants and Registered auditors
31 Great George Street
Bristol
BS1 5QD

Registered office

Grandeur Point
Fourth Way
Avonmouth
Bristol
BS11 8DL

Bankers

Lloyds Bank Plc
15 High Street
Westbury on Trym
Bristol
BS9 3DA

Sanoh UK Manufacturing Limited

Directors' report for the year ended 31 March 2008

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

Principal activities

The company manufactures steel and nylon tubular products for the automotive industry from four factories, two in Bristol, one in Gloucester and a smaller unit in Derby which started to ship production quantities in February 2007.

Review of business

The results for the company show a pre-tax profit of £1,021,000 (2007: £1,357,000) and turnover of £17,151,000 (2007: £15,665,000). The company has net cash of £177,000 (2007: net debt of £258,000). Net cash inflow from operating activities was £1,733,000 (2007: £1,705,000).

The directors are pleased with the current year's trade. It was identified last year as enjoying a temporarily increased level of business, due to the re-alignment of supply contracts by one major customer, but it also had the benefit of an unprecedented level of demand across the automotive industry generally.

Key performance indicators

	2008	2007	
Growth in sales	9%	7%	Year on year sales growth expressed as a percentage
Customer rejects	28	74	Average of customer rejects per million parts delivered as reported by our major customers.
On time deliveries	99.9%	99.8%	Average of on time delivery performance as reported by our major customers who demand timed delivery schedules each day

Future developments

Business environment

As noted above the car companies responded to the booming economy in 2007/08 in much the same way as other business sectors, by ramping up output. This amplified the impact on the automotive industry of the downturn in the world economy during 2008, with new car sales falling by about 30%. The impact on component suppliers was far worse, however, as the car companies had built up excess stocks of finished vehicles, which they have not wanted to carry through a recession.

At the same time sterling has been under great pressure in the currency markets, so that at the end of 2008 the GBP/JPY exchange rate was forty to fifty percent down on the average for the second half of 2007. Since the majority of our materials are priced in yen this has been another damaging factor for the company. We do have exchange rate agreements with our major customers to provide some protection but, as ever with this type of arrangement, there is lag before any movements are reflected in prices.

Strategy

Customers continue to demand the highest levels of service and product quality and, despite the distractions of the worsening business environment, we remain committed to meeting their expectations.

We continue to seek new business and follow up all possible sales leads in pursuit of further growth. However it is important to recognise that the timeframe for significant new contracts means that we are likely to be out of this recession before any new opportunity bears fruit.

Sanoh UK Manufacturing Limited

During the previous period of growth the company continually expanded the workforce and production resources to meet demand. That practice has been carried into the recession, with decisive action taken to reduce costs as volumes have reduced.

Future outlook

Once the car companies have eliminated their excess stocks we expect our volumes to stabilise at the level of new car sales, somewhat below the volumes experienced before the recession began but well above the first half of 2009.

We also look forward to a period of greater stability in currency markets that will again bring our material costs and sales prices much more closely into line from October 2009.

Using customers' volume forecasts, which have lost several shades of optimism as the recession has progressed to the point where they may now be a little pessimistic, we project that the company will return to profitability in a small way from October 2009. Any improvement in those volume forecasts as the economy starts to recover will be an added bonus.

Looking further ahead, we have our first contract with Nissan starting production in the first half of the 2010/11 financial year and look forward to developing this new relationship with another substantial customer.

Subsequent Events

The company has been badly affected by the changes in the business environment since the balance sheet date and has responded by taking fairly drastic action to reduce costs as sales volumes have fallen. Nevertheless we would not have survived without generous financial support from our parent company.

Our major cost is materials and, though we reduced purchase orders as soon as customers cut their volumes, our extended lead times for Japan based purchases meant that we have excess stocks for the first half of 2009. Plans are in place to run these down and release the cash they utilise.

Material prices denominated in yen have nearly doubled in sterling terms in little over a year and the speed of the change has meant that the exchange rate agreements with our major customers have not kept sales prices in line. At present the lag between exchange rate movements and sales price changes built into these agreements varies from eight to fifteen months. Requests to customers to shorten this timescale have to date produced no movement. There is some improvement in the position with new prices in April 2009 and this will be improve again in October.

Labour costs have been cut by a program to reduce manning that continued for about six months to February 2009, so that we now have less than half the number of employees reported in the notes to the financial statements. The operating procedures have been changed to eliminate shift working and even introduce short time working during the period of lowest customer demand. We are grateful for the co-operation of staff at all levels that has made this possible.

We were fortunate to occupy one property without a long lease and were able to stop production at the Gloucester plant in December before handing it back to the landlord in March 2009. This has allowed an early reduction in fixed costs while there were still months of reduced production ahead of us.

Actions taken over the past year have cut cost drastically but have not been able to prevent significant losses and even larger cash outflows. Without the support of a £4.5M loan from our parent company, Sanoh Industrial Company Ltd, we would not have been able to continue in business. We are continuing to rely on that support, though we will start to pay it back in mid 2009, and will do so for a period of years before we are in a position to finance our business in normal commercial markets.

Sanoh UK Manufacturing Limited

Principal risks and uncertainties

The key business risks affecting the company are set out below:

Competition:

The number of competitors in the UK is limited at present, reflecting the fact that there are a limited number of major contracts available. This does restrict the frequency of tenders but at the same time increases the significance of each bid. It therefore concentrates rather than reduces the competitive nature of the industry. We maintain close communication with our customers at all times, not just at contract negotiation, to ensure we are in a position to meet their needs.

Product Warranty:

Customers are increasingly seeking to pass on consequential losses suffered as a result of quality failures. These are very expensive to insure against in this litigious age and look set to become another overhead cost we will have to accept and build into our quotes. Our main defence will remain a focus on providing quality products to customers thus eliminating the problem at source.

Market:

With our existing market limited to a small number of customers, we had always seen the possibility of a UK plant closure by a major, a change in economic forces or customer strategy that resulted in further reductions in car production in the UK would also reduce the market for our products. These would however be major decisions by the car manufacturers who have significant investments in plant in the UK.

Hindsight also shows that volumes can reduce significantly without the loss of a customer or contract and that the impact of sudden large changes in volume can be extremely costly. It is important that we build the financial strength to cope with such changes and customers therefore also need to recognise that this is an important element of our long-term security.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk, interest rate risk and exchange rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors at which point the total exposure to any individual counterparty is considered.

Interest rate risk

The company has occasional interest bearing assets and more significant interest bearing liabilities. The interest bearing assets are short-term cash balances, which may be available from time to time and are invested at variable rate. Should it be required, the company has a policy of funding high value expenditure on external fixed assets at fixed rates to ensure certainty of future interest rates. Short-term

Sanoh UK Manufacturing Limited

borrowings to cover day-to-day fluctuations in cash requirements are arranged on variable interest rates.

Exchange rate risk

The company makes significant purchases in Japanese yen but the majority of these are matched by customer sales price variation agreements linked to the sterling/yen exchange rate. The time lag between exchange rate movements and the corresponding change in sales prices has proved to be a problem during the period of extreme volatility of exchange rates in 2008 and the first part of 2009. The company has sought to reduce this exposure by shortening the base period and increasing the frequency of the price calculations but to date customers have been unwilling to negotiate changes to the existing arrangements. The company also has income from sales in Euros that are partially offset by Euro purchases. The remaining exposures, being spread throughout the year, are subject to a degree of 'averaging' that reduces the exposure to short-term fluctuations but the company will review the costs and benefits of managing the remaining longer-term risk of more permanent exchange rate movements in the light of recent experience.

Liquidity risk

The company has overdraft and invoice discounting facilities in place and has also used longer term finance to fund external purchases of fixed assets. This has proved adequate in the past to provide the funds needed for the company's operations.

The severity of the recession in the automotive sector over the past year, together with the impact of the rapidly strengthening yen, led to exceptional demands for cash which the facilities in place were unable to meet.

Both the amount of the additional borrowing required and the restrictions on available funds in the financial markets meant that there was no way the company could negotiate new external facilities to meet its liabilities.

Without support, in the form of a £4.5m loan, from within The Sanoh Group the company would be insolvent and would have ceased trading.

In addition Sanoh Industrial Company Ltd has provided a letter of support as confirmation that in the best interest of Sanoh Industrial Company Limited it will continue to provide the company with financial and other support to enable it to continue current operations and also that it has the financial resources to meet this obligation.

The directors have relied on the loan and the letter of support to justify the preparation of the financial statements on a going concern basis when they recognise that otherwise it would not have been possible.

Results and dividends

The profit for the year, after taxation, amounted to £972,000 (2007: £1,003,000). The directors have proposed the payment of a dividend of £198,900 (2007: £Nil), representing 51p (2007: Nil) on each ordinary share. The aggregate dividend on the ordinary shares recognised as an expense during the year amounts to £Nil (2007: £Nil).

Directors

The directors of the company during the year and up to the date of signing the financial statements are listed on page 1. There have been no appointments or resignations.

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 of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and they also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2008 and that applicable accounting standards have

Sanoh UK Manufacturing Limited

been followed.

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 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.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By Order of the Board



Director
7 May 2009

Sanoh UK Manufacturing Limited

Independent auditors' report to the members of Sanoh UK Manufacturing Limited

We have audited the financial statements of Sanoh UK Manufacturing Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Note of historical cost profits and losses, the Cash Flow Statement, the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors and advisers and the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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.

Sanoh UK Manufacturing Limited

Opinion

In our opinion:

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

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies on page 13 of these financial statements concerning the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and the validity of this depends on the continuing financial support of the company's parent undertaking. The financial statements do not include any adjustments that would result from a failure to obtain such continued support.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
7 May 2009

Sanoh UK Manufacturing Limited

Profit and loss account for the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Turnover	1	17,151	15,665
Operating costs	2	(16,089)	(14,230)
Operating profit	3	1,062	1,435
Net interest payable and similar charges	6	(41)	(78)
Profit on ordinary activities before taxation		1,021	1,357
Tax on profit on ordinary activities	7	(49)	(354)
Profit on ordinary activities after taxation	21	972	1,003

All activities are continuing.

The company has no recognised gains or losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

Sanoh UK Manufacturing Limited

Balance sheet as at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	9	3,975	3,835
Current assets			
Stocks	11	1,811	1,792
Debtors	12	2,253	2,952
Cash at bank and in hand		204	113
		4,268	4,857
Creditors: amounts falling due within one year	13	(3,808)	(4,910)
Net current assets/(liabilities)		460	(53)
Total assets less current liabilities		4,435	3,782
Creditors: amounts falling due after more than one year	14	(43)	(204)
Provisions for liabilities and charges	18	(166)	(324)
Net assets		4,226	3,254
Capital and reserves			
Called up share capital	15	390	390
Capital redemption reserve	16	1,170	1,170
Profit and loss account	16	2,666	1,694
Total shareholders' funds	21	4,226	3,254

The financial statements on pages 9 to 26 were approved by the board of directors on 7 May 2009 and were signed on its behalf by:



P Davis
Director

Sanoh UK Manufacturing Limited

Note of historical cost profits and losses

	2008	2007
	£'000	£'000
Profit on ordinary activities before taxation	1,021	1,357
Difference between historical cost depreciation and the actual depreciation charge	-	12
Historical cost profit on ordinary activities before taxation	1,021	1,369
Historical cost profit for the year retained after taxation	972	1,015

Sanoh UK Manufacturing Limited

Cash flow statement for the year ended 31 March 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Net cash inflow from operating activities	23		1,733		1,705
Returns on investment and servicing of finance					
Interest received		1		-	
Interest paid		(22)		(45)	
Interest element of finance lease payments		(20)		(33)	
Net cash outflow from returns on investment and servicing of finance			(41)		(78)
Tax paid			(635)		(186)
Capital expenditure					
Purchase of tangible fixed assets		(622)		(772)	
Receipts from sale of tangible fixed assets		-		35	
Net cash outflow from capital expenditure			(622)		(737)
Cash inflow before financing			435		704
Financing					
Capital element of finance lease payments		(173)		(191)	
Repayment of loans		(239)		(224)	
Net cash outflow from financing			(412)		(415)
Increase in cash in the year	25		23		289

Sanoh UK Manufacturing Limited

Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company has taken advantage of the exemption available to medium sized groups and has not prepared consolidated group accounts.

Subsequent to the balance sheet there was a significant downturn in the global economy, felt particularly acutely in the automotive industry. The financial position of the company, together with the factors likely to affect its future development, performance and position, have been summarised within the Directors' Report on pages 2 to 6.

Preparation of these financial statements on a going concern basis assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the company's reliance on support from its ultimate parent company, Sanoh Industrial Co. Ltd., for its current and forecast cash flow requirements, to meet its liabilities as they fall due. If the company were unable to obtain this support, adjustments would have to be made to amend balance sheet assets to their recoverable amount, provide for any further liabilities that might arise in the circumstances and reclassify fixed assets and long term liabilities as current assets and liabilities.

Sanoh Industrial Co. Ltd. has provided a letter indicating that they consider Sanoh UK Manufacturing Limited to be a key operation in supporting their customers globally and that in the best interest of Sanoh Industrial Company Limited they will continue to provide the company with financial and other support to continue current operations. Whilst the directors acknowledge there is a material uncertainty which could cast significant doubt on the company's ability to continue as a going concern, they believe that, having regard to undertakings to provide continuing financial support given by the parent company, it is appropriate in the circumstances for the financial statements to be prepared on a going concern basis.

Turnover

Turnover is stated net of value added tax. It represents the value of goods and services supplied and is recognised at the point of delivery.

Fixed assets

Following the introduction of Financial Reporting Standard 15, 'Tangible fixed assets' in previous years, the company decided to adopt a policy of freezing revalued assets at their current valuation balance, as permitted under the transitional arrangements, and no further revaluation of assets is planned.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Long leasehold land and buildings:	Over the lease term
Plant, machinery and office equipment:	10% - 33 1/3 %
Motor vehicles:	35% (reducing balance)

Sanoh UK Manufacturing Limited

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials:	Purchase cost on a first in, first out basis
Work in progress and finished goods:	Cost of direct materials and labour, plus an appropriate proportion of attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion or disposal.

Provisions are made for obsolete or slow moving item

Recognition of profit on tooling projects

As tooling projects progress attributable profit is recognised on a percentage complete basis.

Deferred taxation

Deferred tax is provided on all material timing differences, whether or not they are expected to reverse in the future. Deferred tax assets and liabilities have not been discounted.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or the length of the lease if shorter. The interest element of rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Pensions

The company operates a defined contribution personal pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Sanoh UK Manufacturing Limited

Notes to the financial statements for the year ended 31 March 2008

1 Turnover

Turnover, which is stated net of value added tax, represents the invoiced value of goods and services supplied.

Turnover is attributable to one activity, the manufacture of components for the car industry.

Analysis of turnover by geographical area is given below.

	2008	2007
	£'000	£'000
United Kingdom	16,575	15,109
Europe	576	556
	17,151	15,665

2 Operating costs

	2008	2007
	£'000	£'000
(Increase)/Decrease in stocks of finished goods and work in progress	(59)	76
Raw materials and consumables	9,047	8,373
Staff costs (Note 4)	5,569	4,812
Depreciation of owned tangible fixed assets	399	387
Depreciation of assets held under finance leases and hire purchase contracts	83	83
Capitalised staff and overhead costs	(135)	(15)
Other operating charges	1,185	514
	16,089	14,230

Sanoh UK Manufacturing Limited

3 Operating profit

	2008	2007
	£'000	£'000
Operating profit is stated after charging:		
Services provided by the		
Company's auditor:		
fees payable for the audit	18	17
fees payable for other services – tax compliance	12	3
Operating lease rentals:		
land and buildings	220	161
plant and equipment	36	38
other	9	9
Loss/(gain) on foreign exchange	18	(421)

4 Staff costs

	2008	2007
	£'000	£'000
Wages and salaries	5,116	4,380
Social security costs	419	399
Other pension costs	34	33
	5,569	4,812

The average number of persons (including directors) employed during the year was as follows:

	2008	2007
	Number	Number
Hourly paid	245	210
Staff	38	35
	283	245

Sanoh UK Manufacturing Limited

5 Directors' emoluments

	2008	2007
	£'000	£'000
Aggregate emoluments	187	168
Company contributions paid to money purchase schemes	3	3

During the year the company paid contributions to the money purchase pension schemes of one (2007: one) director and retirement benefits are accruing to one director (2007: one) under these schemes at 31 March 2008. The ultimate parent company, Sanoh Industrial Company Ltd, also contributes to a Japanese defined benefit pension fund for one UK based director.

Under a cost sharing agreement £17,000 (2007: £34,000) of the above costs are funded by Sanoh Industrial Company Ltd.

The emoluments of Mr Takeda, Mr Harada, Mr Hayashi, Mr Sunaga, and Mr N Tanaka are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of these directors.

6 Net interest payable and similar charges

	2008	2007
	£'000	£'000
Bank overdraft interest	2	2
Interest receivable from HMRC on Tax Refunds	(1)	-
Invoice discounting	11	22
Interest on loans wholly repayable within five years	9	21
Finance charges payable under finance leases and hire purchase contracts	20	33
	41	78

Sanoh UK Manufacturing Limited

7 Tax charge on profit on ordinary activities

(a) Analysis of charge in the year

	2008	2007
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	268	364
Prior year adjustment for over provision	(61)	(46)
Total current tax	207	318
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	(148)	36
Changes in tax rates or laws	(10)	-
Total deferred tax	(158)	36
	49	354

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2007: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2008	2007
	£'000	£'000
Profit on ordinary activities before taxation	1,021	1,357
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2007: 30%)	306	407
Non deductible expenses	(9)	(2)
Depreciation charge in excess of capital allowances and other timing differences	(29)	(41)
Adjustments to tax in respect of previous periods	(61)	(46)
Current tax charge for the year	207	318

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits and losses will be taxed at 28% in the future

8 Dividends

Ordinary shares of £1 each (equity)

	2008	2007
	£'000	£'000
Final paid £Nil (2007: £Nil) per £1 share	-	-

The directors have proposed a dividend of £198,900 representing 51p per ordinary share.

Sanoh UK Manufacturing Limited

9 Tangible fixed assets

	Long leasehold land and buildings	Plant machinery and office equipment	Motor vehicles	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2007	2,297	4,475	43	12	6,827
Additions	7	334	51	230	622
Transfer	5	7	-	(12)	-
Disposals	-	-	-	-	-
At 31 March 2008	2,309	4,816	94	230	7,449
Depreciation					
At 1 April 2007	439	2,536	17	-	2,992
Charge for the year	58	409	15	-	482
Disposals	-	-	-	-	-
At 31 March 2008	497	2,945	32	-	3,474
Net book amount					
At 31 March 2008	1,812	1,871	62	230	3,975
At 31 March 2007	1,858	1,939	26	12	3,835

Assets held under finance leases and hire purchase contracts, capitalised and included in plant and machinery and motor vehicles:

	2008	2007
	£'000	£'000
Cost	696	696
Aggregate depreciation	(256)	(173)
Net book amount	440	523

Included within plant and machinery are assets which were purchased for a cost of £5,000 and revalued to £134,250. The valuation was performed in 1997, on the basis of open market value, by independent qualified valuers. The historical cost and historical net book value of these assets at 31 March 2008 is £5,000 and £Nil respectively.

Sanoh UK Manufacturing Limited

10 Investments

The company has two wholly owned subsidiaries, both incorporated in England.

The company's investments in subsidiaries comprise:

	Shares	Loans	Provisions	Total
	£'000	£'000	£'000	£'000
At 1 April 2007 and 31 March 2008	-	-	-	-

Details of subsidiary undertakings:

Subsidiary undertakings	Description of shares held	Group share of equity	Nature of business	Retained profit/(loss) £'000	Net assets £'000
Bristol Bending Sanoh Automotive Components Limited	Ordinary	100%	Tubular Products	(1)	4
Bristol Bending Sanoh Fluid Handling Components Limited	Ordinary	100%	Dormant	-	-

11 Stocks

	2008 £'000	2007 £'000
Raw materials and consumables	1,435	1,475
Work in progress	276	186
Finished goods and goods for resale	100	131
	1,811	1,792

12 Debtors

	2008 £'000	2007 £'000
Trade debtors	1,737	2,321
Amounts owed by group undertakings	64	86
Amounts due from debt factor	284	282
Corporation tax	65	-
Other debtors and prepayments	103	263
	2,253	2,952

Sanoh UK Manufacturing Limited

13 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Bank Overdraft	107	37
Loans	-	239
Trade creditors	2,867	3,206
Corporation tax	-	363
Other taxation and social security	207	329
Obligations under finance leases and hire purchase contracts (Note 17)	161	173
Other creditors and accruals	466	563
	3,808	4,910

The bank overdraft and loans and amounts forwarded by debt factor are secured by way of fixed and floating charges on the assets of the company.

14 Creditors amounts falling due after more than one year

	2008	2007
	£'000	£'000
Obligations under finance leases and hire purchase contracts (Note 17)	43	204
	43	204

15 Called up share capital

	2008	2007
	£'000	£'000
Authorised		
500,000 Ordinary shares of £1 each	500	500
Allotted, called up and fully paid		
390,000 Ordinary shares of £1 each	390	390

Preference share capital

At 31 March 2008 the company had 1,500,000 (2007: 1,500,000) redeemable preference shares of £1 each which were authorised but not allotted or called up.

Sanoh UK Manufacturing Limited

16 Reserves

	Capital redemption reserve £'000	Profit and loss reserve £'000
At 1 April 2007	1,170	1,694
Retained profit for the year	-	972
At 31 March 2008	1,170	2,666

17 Obligations under finance leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts are analysed as follows:

	2008 £'000	2007 £'000
Within one year	161	173
Between one and two years	43	161
Between two and five years	-	43
	204	377

18 Provisions for liabilities and charges

Deferred taxation

	2008 £'000	2007 £'000
At 1 April	324	288
Charged to profit and loss account	(158)	36
At 31 March	166	324

	2008 £'000	2007 £'000
Short term timing differences	(5)	(8)
Accelerated capital allowances	171	332
Total	166	324

Sanoh UK Manufacturing Limited

19 Capital commitments

	2008	2007
	£'000	£'000
Authorised and contracted for	23	8

20 Financial commitments

	Land and buildings		Other	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Operating leases which expire:				
within one year	1	-	4	7
within one to two years	14	-	3	-
within two to five years	187	173	20	35
after five years	17	17	-	8
	219	190	27	50

21 Reconciliation of movement in shareholders' funds

	2008	2007
	£'000	£'000
Profit for the financial year	972	1,003
Dividends	-	-
Net increase to shareholders' funds	972	1,003
Opening shareholders' funds	3,254	2,251
Closing shareholders' funds	4,226	3,254

22 Pension commitments

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Sanoh UK Manufacturing Limited

23 Reconciliation of operating profit to net cash inflow from operating activities

	2008	2007
	£'000	£'000
Operating profit	1,062	1,435
Depreciation	482	470
Profit/(Loss) on disposal of fixed assets	-	(7)
(Increase) in stocks	(19)	(75)
Decrease/(increase)/ in debtors	766	(459)
(Decrease)/Increase in creditors	(558)	341
Net cash inflow from operating activities	1,733	1,705

24 Reconciliation of net cash flow to movement in net debt

	2008	2007
	£'000	£'000
Increase in cash in the year	23	289
Decrease in debt and lease financing	412	415
Movements in net debt in year	435	704
Net (debt) at 1 April	(258)	(962)
Net cash/(debt) at 31 March	177	(258)

Sanoh UK Manufacturing Limited

25 Analysis of net debt

	At 1 April 2007 £'000	Cash flow £'000	Other non cash Movements £'000	At 31 March 2008 £'000
Cash in hand and at bank	113	91	-	204
Overdraft	(37)	(70)	-	(107)
Amounts forwarded by debt factor	282	2	-	284
-	358	23	-	381
Debt due within 1 year	(239)	239	-	-
Debt due after 1 year	-	-	-	-
Finance leases/HP contracts	(377)	173	-	(204)
	(616)	412	-	(204)
Total	(258)	435	-	177

Sanoh UK Manufacturing Limited

26 Related party disclosures

	2008	2007
	£'000	£'000
<u>Transactions with Sanoh Industrial Company Ltd and associated companies</u>		
Supply of goods and services by Sanoh Industrial Company Ltd	1	23
Supply of goods and services to Sanoh Industrial Company Ltd	57	40
	-	-
Supply of goods and services to Sanoh Europe (France) EURL	496	503
<u>Transactions with the Sojitz Corporation</u>		
Supply of goods and services by Sojitz UK Plc	6,221	5,925
<u>Transactions with Bristol Bending Sanoh Automotive Components Ltd</u>		
Supply of goods and services by Sanoh UK Manufacturing Limited	112	125

Those transactions were undertaken on normal commercial terms and conditions.

Balances due from/(to) related parties at the year end are:

	2008	2007
	£'000	£'000
Sanoh Industrial Company Ltd	82	31
Sanoh Europe (France) EURL	49	52
Sojitz UK Plc	(2,111)	(2,281)
Bristol Bending Sanoh Automotive Components Ltd	1	1

27 Ultimate and immediate parent companies

The immediate and ultimate parent company and the controlling party of the company is Sanoh Industrial Company Ltd of Japan. It is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Sanoh Industrial Company Limited consolidated financial statements can be obtained from Sanoh Industrial Company Ltd, Koga Office, 4-2-27 Honcho, Koga, Ibaraki 306-0023, Japan.