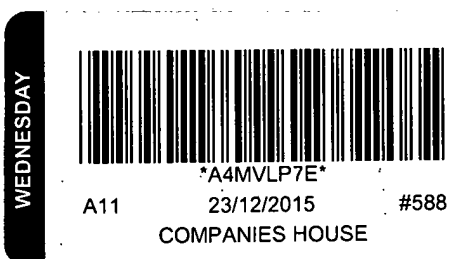


Registered number: 2607806

SANOH UK MANUFACTURING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015



SANOH UK MANUFACTURING LIMITED

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SANOH UK MANUFACTURING LIMITED

COMPANY INFORMATION

DIRECTORS

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

COMPANY SECRETARY

W J Burke

REGISTERED NUMBER

2607806

REGISTERED OFFICE

Grandeur Point
Fourth Way
Avonmouth
Bristol
BS11 8DL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

BANKERS

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

Bank of Tokyo-Mitsubishi UFJ Limited
25 Ropemaker Street
London
EC2Y 9AN

SANOH UK MANUFACTURING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present the Strategic Report of Sanoh UK Manufacturing Limited ("the company") for the year ended 31 March 2015.

BUSINESS REVIEW

For the second year in a row, total turnover remained fairly static. The expected reduction from the loss of the contract to supply part processed tube to an associated company in Europe was restricted to less than £1M, as the transfer date on most of the work was delayed beyond the end of the financial year. The projected growth in our Land Rover business did occur but was required to offset a lower volume from Honda and some softening of the Nissan business as the Juke is now a mature product. One result of these changes is that Jaguar Land Rover became our largest customer this year.

Though it happened late in the year and so had little impact on this year's results, the start of production on the XE model is notable as being our first work for Jaguar and so a very important step for the future. The successful introduction of this project by the Jaguar Land Rover team, while their existing Land Rover business was also increasing, is a testament to the experience and professionalism of our workforce.

The Swindon production facility inside the Honda factory was expanded in the middle of the year to include the bending operations on the pipes that were already being assembled there. The completion of this joint project by the two companies has seen a further reduction in transport costs, together with the environmental benefits of saving several Bristol/Swindon round trips by lorry each day.

Towards the end of the year solar panel systems were installed on the two factories we own in Bristol. These are not only effective cost saving systems, with environmental benefits, but also an indication that the company now has the financial strength to be able to consider discretionary investments that do not directly support the core business. Fixed asset spend also included the first small instalment on an extension to the Grandeur Point factory that will be completed during 2015/16.

Business Environment

For some years China has been the engine providing the growth that it was hoped would pull the world out of the doldrums economically. It was also the main driver of growth in the car industry. A slowdown in the rate of growth in China has now resulted in a fall in car sales there and the tensions between Russia and the West have led to sanctions and lower car sales in Russia. However the slack has been taken up in other areas, such as North America, Europe and the home UK market, so that total world volume is not adversely affected.

It feels like a more normal situation when a range of pluses and minuses in different areas offset one another to result in a small net change to total volumes. Now we have three major customers there is the chance for the same to happen across our customer base and that is what we do see. Jaguar Land Rover are enjoying the benefits of a major company re-structuring that has produced several new vehicle designs. Nissan is making record numbers of cars in its Sunderland plant though the Juke, for which we supply most of our parts there, is a mature product with a steady output. Honda has recently crystallised plans to rationalise production in its plants across the world and we expect to see increased volume from there over the next couple of years.

Strategy

We will continue to focus on the three factors that have been key to the growth of the company for the past twenty years: product quality, customer service and cost saving. Though these have evolved somewhat over recent years to also include our contribution to improvements in the quality, service and cost of our customers' offerings.

Quality now includes better labelling, sometimes at part level, to facilitate improved parts control on customer production lines. Customer service now means much more than meeting delivery timescales. It means maintaining the capability to react at very short notice to significant increases, reductions or changes in product mix as customers tailor their output more closely to demand. Efforts to eliminate unnecessary costs are evidenced by the successful expansion of the production facility within the Honda factory during the year which has considerably reduced their transport costs.

SANOH UK MANUFACTURING LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2015

We do, however, see that this extension of our responsibilities serves another of our aims, in that co-operation with customers on these projects is a good means of further developing our close working relationships with long term trading partners.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Competition

The limited number of competitors in the UK is a reflection of the limited number of car manufacturers in the country and the number of major contracts available. Competition for each contract is still fierce as the automotive companies are adept at managing contract negotiations whatever the number of potential suppliers. We are therefore well aware of the threat from the competition and seek to mitigate it by maintaining close communications with our customers at all times and continually reviewing our manufacturing and business processes to improve the service we offer.

Product warranty

Even with a very good track record, total cover against all warranty costs would be prohibitively expensive but we believe it is right to have a limited cover in place. However, the cost of that limited cover would increase significantly with a poor claims record and so the main defence against warranty costs has to remain a focus on product quality.

Market

There is a clear exposure to market risk, with a small number of customers in one business sector and very little opportunity to expand into exports. We seek to expand our customer base whenever possible but see ourselves continuing to be an automotive component supplier for the foreseeable future. Three years of making reasonable profits has provided the opportunity to rebuild our reserves and develop the strength to help ride out short term market changes and to allow the time to adapt the company structure for longer term changes

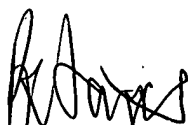
FINANCIAL KEY PERFORMANCE INDICATORS

| | 2015 | 2014 | |
|--------------------|-------|-------|--|
| Growth in sales | -1% | 1% | Year on year sales (reduction)/growth expressed as a percentage |
| Customer rejects | 14.3 | 14 | 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. |

This report was approved by the board on

18/12/15

and signed on its behalf by:



P Davis
Director

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their annual report and the audited financial statements of Sanoh UK Manufacturing Limited (the "Company") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The company manufactures steel and nylon tubular products for the automotive industry from factories in Bristol, Sunderland and Swindon.

RESULTS AND DIVIDENDS

The results for the company show a profit for the financial year of £2,781,000 (2014: £2,866,000) and turnover of £26,194,000 (2014: £26,571,000). The company has net funds of £2,999,000 (2014: £2,434,000). Net cash flow from operating activities was £4,875,000 (2014: £4,165,000).

The directors have proposed the payment of a dividend of £1,911,000 (2014: £1,989,000) representing £4.90 (2014: £5.10) on each ordinary share. The aggregate dividend on the ordinary shares recognised during the year amounts to £1,989,000 (2014: £Nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

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

FUTURE OUTLOOK

Soon after the year end we did finally transfer, to another group company, the last of the work to part process straight pipes for an associated company in Europe. This had been planned for some time as part of a Sanoh Group project to rationalise, strengthen and grow its European business. In the short term it will reduce turnover by nearly 15% but it will also create the space required by growth in other contracts that will more than recover the lost volume over a couple of years.

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 significantly in size or nature.

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

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.

In common with other businesses we must now also recognise that there is a risk to cash and cash deposits with financial institutions. The strength and stability of those with whom we deal is therefore an important factor considered in the selection process.

Interest rate risk

The company has had occasional interest bearing assets and more significant interest bearing liabilities.

The interest bearing assets have been short-term cash balances, which may be available from time to time and have been invested at variable rate. Short-term borrowings on overdraft are arranged on variable interest rates.

Borrowings against the bank loan facility are at rates fixed at the time of each drawing.

Exchange rate risk

The company has always made significant purchases in Japanese yen and the proportion of these that are matched by customer sales price variation agreements linked to the sterling/yen exchange rate has been falling. However, development of a US dollar source for some of these purchases together with some diversification into euro and sterling supplies, means that exchange rate risk is spread across a range of currencies, though the yen still remains the largest.

Being spread throughout the year these exposures are subject to a degree of averaging that reduces the impact of short term fluctuations and the longer term risk is considered very carefully in all the companies pricing decisions.

Liquidity risk

The improved profitability over the past few years has strengthened the balance sheet and created a more favourable cash position. The bank loan facility we have in place has become more of an insurance policy than a facility for regular use. The directors believe that this provides the resources necessary to support the company and its operations.

EMPLOYEE INVOLVEMENT

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving an awareness on the part of employees of the external factors affecting the company plays a role in maintaining both employee satisfaction and company performance.

DISABLED PERSONS

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company seeks to continue employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

SANOH UK MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

DIRECTORS' INSURANCE AND INDEMNITIES

The directors have the benefit of the indemnity provisions contained in the Company's Articles and the company has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the company, the directors and its officers. The company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SANOH UK MANUFACTURING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18/12/15

and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P Davis', with a stylized, cursive script.

P Davis
Director

SANOH UK MANUFACTURING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANOH UK MANUFACTURING LIMITED

Report on the financial statements

Our opinion

In our opinion, Sanoh UK Manufacturing Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2015;
- the Profit and Loss Account for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

SANOH UK MANUFACTURING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANOH UK MANUFACTURING LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 18 December 2015.

SANOH UK MANUFACTURING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

| | Note | 2015 £000 | 2014 £000 |
|---|------|---------------|--------------|
| TURNOVER | 1,2 | 26,194 | 26,571 |
| Change in stocks of finished goods and work in progress | | (356) | 460 |
| Own work capitalised | | 233 | 63 |
| Raw materials and consumables | | (12,991) | (14,126) |
| Other operating charges | | (1,324) | (1,335) |
| Staff costs | 5 | (7,579) | (7,261) |
| Depreciation | | (655) | (635) |
| OPERATING PROFIT | 3 | 3,522 | 3,737 |
| Interest payable and similar charges | 7 | - | (9) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 3,522 | 3,728 |
| Tax on profit on ordinary activities | 8 | (741) | (862) |
| PROFIT FOR THE FINANCIAL YEAR | 15 | 2,781 | 2,866 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and Loss Account above and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial years stated above and their historical cost equivalents.

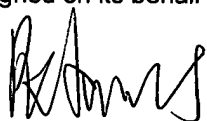
The notes on pages 13 to 23 form part of these financial statements.

SANOH UK MANUFACTURING LIMITED
REGISTERED NUMBER: 2607806

BALANCE SHEET
AS AT 31 MARCH 2015

| | Note | £000 | 2015 £000 | £000 | 2014 £000 |
|---|------|----------------|--------------|----------------|--------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 4,278 | | 3,451 |
| CURRENT ASSETS | | | | | |
| Stocks | 10 | 2,387 | | 3,429 | |
| Debtors | 11 | 4,298 | | 4,629 | |
| Cash at bank and in hand | | 2,999 | | 2,434 | |
| | | <u>9,684</u> | | <u>10,492</u> | |
| CREDITORS: amounts falling due within one year | 12 | (5,811) | | (6,643) | |
| NET CURRENT ASSETS | | | 3,873 | | 3,849 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 8,151 | | 7,300 |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred taxation | 13 | | (129) | | (70) |
| NET ASSETS | | | 8,022 | | 7,230 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 390 | | 390 |
| Capital redemption reserve | 15 | | 1,170 | | 1,170 |
| Profit and loss account | 15 | | 6,462 | | 5,670 |
| TOTAL SHAREHOLDERS' FUNDS | 16 | | 8,022 | | 7,230 |

The financial statements on pages 10 to 23 were approved and authorised for issue by the board and were signed on its behalf on 18/12/15 by:



P Davis
Director

The notes on pages 13 to 23 form part of these financial statements.

SANOH UK MANUFACTURING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

| | Note | 2015 £000 | 2014 £000 |
|---|-------------|----------------------|----------------------|
| Net cash flow from operating activities | 18 | 4,875 | 4,165 |
| Returns on investments and servicing of finance | 19 | - | (9) |
| Taxation | | (840) | (878) |
| Capital expenditure and financial investment | 19 | (1,481) | (549) |
| Equity dividends paid | | (1,989) | - |
| CASH INFLOW BEFORE FINANCING | | 565 | 2,729 |
| Financing | 19 | - | (1,000) |
| INCREASE IN CASH IN THE YEAR | | 565 | 1,729 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 MARCH 2015

| | 2015 £000 | 2014 £000 |
|--|----------------------|----------------------|
| Increase in cash in the year | 565 | 1,729 |
| Cash outflow from decrease in debt and lease financing | - | 1,000 |
| MOVEMENT IN NET DEBT IN THE YEAR | 565 | 2,729 |
| Net funds/(debt) at 1 April | 2,434 | (295) |
| NET FUNDS AT 31 MARCH | 2,999 | 2,434 |

The notes on pages 13 to 23 form part of these financial statements.

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Turnover

Turnover is stated net of value added tax. It represents the value of goods supplied and is recognised at the point of delivery, when the risks and rewards of ownership pass to the customer.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---------------------------------------|---|---|
| Long term leasehold property | - | Over the lease term |
| Plant, machinery and office equipment | - | 10% to 33 1/3% on a straight line basis |
| Motor vehicles | - | 35% on a reducing balance basis |
| Assets in the course of construction | - | Nil |

1.4 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 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 items.

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.6 Current and deferred taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the Balance Sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.8 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.9 Recognition of profit on tooling projects

Tooling projects are considered on a contract specific basis and profit recognised when earned in line with the terms of the contract.

1.10 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase agreements 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 the Profit and Loss Account on a straight line basis over the term of the lease.

1.11 Dividend distribution

A final dividend distribution to the company shareholders is recognised as a liability when it is appropriately authorised and no longer at the discretion of the company. Interim dividends are recognised when paid.

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2. TURNOVER

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

A geographical analysis of turnover is as follows:

| | 2015 | 2014 |
|----------------|---------------|---------------|
| | £000 | £000 |
| United Kingdom | 22,339 | 22,461 |
| Europe | 3,846 | 4,100 |
| Rest of world | 9 | 10 |
| | 26,194 | 26,571 |

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2015 | 2014 |
|--|-------------|-------------|
| | £000 | £000 |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 655 | 635 |
| Operating lease rentals: | | |
| - plant and equipment | 13 | 13 |
| - land and buildings | 135 | 131 |
| Difference on foreign exchange | 94 | (25) |
| Profit/loss on sale of tangible assets | (1) | 192 |

4. AUDITORS' REMUNERATION

| | 2015 | 2014 |
|---|-------------|-------------|
| | £000 | £000 |
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | 20 | 20 |
| Fees payable to the Company's auditors in respect of: | | |
| Taxation compliance services | 5 | 7 |
| Other non-audit services | 2 | 2 |

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

| | 2015 | 2014 |
|-----------------------|--------------|--------------|
| | £000 | £000 |
| Wages and salaries | 6,962 | 6,694 |
| Social security costs | 534 | 526 |
| Other pension costs | 83 | 41 |
| | 7,579 | 7,261 |

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

5. STAFF COSTS (continued)

The average number of employees, including the directors, during the year was as follows:

| | 2015 Number | 2014 Number |
|-------------|------------------------|------------------------|
| Hourly paid | 284 | 271 |
| Staff | 41 | 42 |
| | 325 | 313 |

6. DIRECTORS' REMUNERATION

| | 2015 £000 | 2014 £000 |
|---|----------------------|----------------------|
| Aggregate remuneration | 230 | 197 |
| Company pension contributions to defined contribution pension schemes | 6 | 5 |

During the year retirement benefits were accruing to 2 directors (2014: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £166,000 (2014: £137,000).

The emoluments of Mr Takeda, Mr Harada, Mr Hayashi, Mr N Tanaka and from January 2015, Mr S 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. For the first nine months of the year the emoluments of Mr S Tanaka were paid by an associated company in Germany which provides a sales and general administration service to the other subsidiaries in mainland Europe. His service to this company is of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to the mainland European companies. Accordingly, the above details include no emoluments in respect of these directors.

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2015 £000 | 2014 £000 |
|--|----------------------|----------------------|
| Interest on loans wholly repayable within five years | - | 7 |
| Invoice discounting | - | 2 |
| | - | 9 |

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Analysis of tax charge in the year | | |
| Current tax | | |
| UK corporation tax charge on profit for the year | 682 | 916 |
| Deferred tax (see note 13) | | |
| Origination and reversal of timing differences | 59 | (54) |
| Tax on profit on ordinary activities | <u>741</u> | <u>862</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 3,522 | 3,728 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%) | 740 | 857 |
| Effects of: | | |
| Expenses not deductible for tax | 14 | 15 |
| Accelerated capital allowances and other timing differences | (73) | 44 |
| Short term timing differences | 1 | - |
| Current tax charge for the year | <u>682</u> | <u>916</u> |

Factors that may affect future tax charges

The March 2013 Budget Statement announced changes to the UK Corporation tax rates that were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These reduced the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements.

The July 2015 Budget Statement announced further changes to the UK Corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes have not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

Accordingly, the deferred tax balance has been calculated using a rate of 20%.

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

9. TANGIBLE FIXED ASSETS

| | Long Term Leasehold Property £000 | Plant, machinery and office equipment £000 | Motor vehicles £000 | Assets in the course of construction £000 | Total £000 |
|---------------------------------|--|--|---------------------------|--|---------------|
| Cost | | | | | |
| At 1 April 2014 | 2,414 | 6,821 | 141 | 77 | 9,453 |
| Additions | 187 | 888 | - | 407 | 1,482 |
| Disposals | - | (26) | - | - | (26) |
| Transfer between classes | - | 142 | - | (142) | - |
| At 31 March 2015 | 2,601 | 7,825 | 141 | 342 | 10,909 |
| Accumulated depreciation | | | | | |
| At 1 April 2014 | 776 | 5,165 | 61 | - | 6,002 |
| Charge for the year | 70 | 557 | 28 | - | 655 |
| On disposals | - | (26) | - | - | (26) |
| At 31 March 2015 | 846 | 5,696 | 89 | - | 6,631 |
| Net book value | | | | | |
| At 31 March 2015 | 1,755 | 2,129 | 52 | 342 | 4,278 |
| At 31 March 2014 | 1,638 | 1,656 | 80 | 77 | 3,451 |

10. STOCKS

| | 2015 £000 | 2014 £000 |
|-------------------------------------|--------------|--------------|
| Raw materials | 1,842 | 2,529 |
| Work in progress | 338 | 769 |
| Finished goods and goods for resale | 207 | 131 |
| | <u>2,387</u> | <u>3,429</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

11. DEBTORS

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 3,905 | 4,167 |
| Amounts owed by group undertakings | 290 | 342 |
| Prepayments and accrued income | 103 | 120 |
| | <u>4,298</u> | <u>4,629</u> |

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

12. CREDITORS: Amounts falling due within one year

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 3,754 | 4,286 |
| Amounts owed to group undertakings | 342 | 349 |
| Corporation tax | 307 | 465 |
| Other taxation and social security | 600 | 671 |
| Accruals and deferred income | 808 | 872 |
| | <u>5,811</u> | <u>6,643</u> |

The bank overdraft is secured by way of fixed and floating charges on the assets of the company.

Preference share capital

At 31 March 2015 the company had 1,500,000 (2014: 1,500,000) redeemable preference shares of £1 (2014: £1) each which were authorised but not allotted or called up.

13. DEFERRED TAXATION

| | 2015 £000 | 2014 £000 |
|-------------------------------------|--------------|--------------|
| At beginning of year | 70 | 124 |
| Charge for/(recognised during) year | 59 | (54) |
| | <u>129</u> | <u>70</u> |

The provision for deferred taxation is made up as follows:

| | 2015 £000 | 2014 £000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | 141 | 79 |
| Short term timing differences | (12) | (9) |
| | <u>129</u> | <u>70</u> |

14. CALLED UP SHARE CAPITAL

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 390,000 (2014: 390,000) Ordinary shares of £1 (2014: £1) each | <u>390</u> | <u>390</u> |

SANOH UK MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

15. RESERVES

| | Capital redemption reserve £000 | Profit and loss account £000 |
|-------------------------------|--|------------------------------------|
| At 1 April 2014 | 1,170 | 5,670 |
| Profit for the financial year | - | 2,781 |
| Dividends: Equity capital | - | (1,989) |
| At 31 March 2015 | <u>1,170</u> | <u>6,462</u> |

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2015 £000 | 2014 £000 |
|-------------------------------|--------------|--------------|
| Opening shareholders' funds | 7,230 | 4,364 |
| Profit for the financial year | 2,781 | 2,866 |
| Dividends (Note 17) | (1,989) | - |
| Closing shareholders' funds | <u>8,022</u> | <u>7,230</u> |

17. DIVIDENDS

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Dividends paid equivalent to £5.10 per £1 share (2014: £Nil) | <u>1,989</u> | <u>-</u> |

18. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Operating profit | 3,522 | 3,737 |
| Depreciation of tangible fixed assets | 655 | 635 |
| (Profit)/loss on disposal of tangible fixed assets | (1) | 192 |
| Decrease in stocks | 1,042 | 13 |
| Decrease/(increase) in debtors | 331 | (174) |
| Decrease in creditors | (674) | (238) |
| Net cash inflow from operating activities | <u>4,875</u> | <u>4,165</u> |

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2015 £000 | 2014 £000 |
|--|----------------------|----------------------|
| Returns on investments and servicing of finance | | |
| Interest paid | - | (9) |
| | <u> </u> | <u> </u> |
| | 2015 £000 | 2014 £000 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (1,482) | (549) |
| Sale of tangible fixed assets | 1 | - |
| | <u> </u> | <u> </u> |
| Net cash outflow from capital expenditure | (1,481) | (549) |
| | <u> </u> | <u> </u> |
| | 2015 £000 | 2014 £000 |
| Financing | | |
| Repayment of loans | - | (1,000) |
| | <u> </u> | <u> </u> |

20. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 April 2014 £000 | Cash flow £000 | Other non-cash changes £000 | 31 March 2015 £000 |
|--------------------------|----------------------------------|---------------------------|--|-----------------------------------|
| Cash at bank and in hand | <u>2,434</u> | <u>565</u> | <u>-</u> | <u>2,999</u> |
| Net funds | <u>2,434</u> | <u>565</u> | <u>-</u> | <u>2,999</u> |

21. 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. There was £16,729 outstanding contributions payable at the end of the year (2014: £14,155).

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

22. OPERATING LEASE COMMITMENTS

At 31 March, the Company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|-------------------------|---------------------------|-------------|
| | 2015 | 2014 |
| | £000 | £000 |
| Expiry date: | | |
| Within 1 year | 35 | 16 |
| Between 2 and 5 years | 52 | 70 |
| After more than 5 years | 17 | 17 |
| Total | 104 | 103 |

23. RELATED PARTY TRANSACTIONS

| | 2015 | 2014 |
|---|--------------|--------------|
| | £000 | £000 |
| Supply of goods and services by Sanoh Europe (France) EURL | 35 | 25 |
| Supply of goods and services by Sanoh America Inc. | 864 | 821 |
| Supply of goods and services to Sanoh Europe (France) EURL | 3,430 | 4,024 |
| Supply of goods and services by Able Sanoh | 6 | 27 |
| Supply of goods and services to Sanoh Industrial Co Limited | 1 | - |
| Supply of goods and services to Sanoh Magyer | 6 | - |

Transactions with Alconix Corporation:

| | | |
|---|--------------|--------------|
| Supply of goods and services by Alconix Corporation | 6,015 | 7,271 |
|---|--------------|--------------|

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

| | | |
|----------------------------|----------------|----------------|
| Sanoh America Inc. | (327) | (355) |
| Sanoh Europe (France) EURL | 273 | 342 |
| Alconix Corporation | (1,960) | (2,574) |
| Able Sanoh Industries | - | (14) |

Those transactions were undertaken on normal commercial terms and conditions.

Directors loans

| | 2015 | 2014 |
|-----------------------------|-------------|-------------|
| | £ | £ |
| Directors loans outstanding | 280 | - |

All loans were repaid within 9 months of the year end.

SANOH UK MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent company and the controlling party of the company is Sanoh Industrial Company Limited 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.