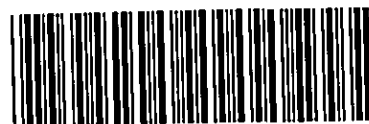


Stanley Electric (U.K.) Company Limited

Annual report for the year ended 31 March 2009

Registered no: 04071741

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Stanley Electric (U.K.) Company Limited

**Annual Report for the year ended
31 March 2009**

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Stanley Electric (U.K.) Company Limited

Directors' report

The directors present their report and the financial statements for the period ended 31 March 2009.

Principal activities

The principal activity of the company is the purchase and sale of lighting products primarily automotive lighting, light emitting diodes, sub miniature lamps accessories for automotive and flash light for camera. The company has a branch in Malmo, Sweden.

Business Review

This past financial year has been unprecedented in terms of the company's income profile. Up to the third quarter of the year it continued with strong sales but the fourth quarter sales were severely affected by the knock on effects of the global banking industry collapse. The subsequent lack of available credit has had a direct impact upon some of our Customer's payment performance.

Stanley's turnover is greatly dependent upon the sales success of the European automotive sector and mobile phone industry both seeing a sharp decline from autumn 2008. Specifically for Automotive, our key UK Customer took the extraordinary step of stopping production for 4 months. The first 2 of these months, including the relevant negative financial impact, being the last 2 months of the recently ended financial year.

Likewise the sales relating to the mobile phones, carrying Stanley's components, for the year, were less than half of the plan.

During the fourth quarter we took immediate measures to reduce our expense including the reduction of headcount, but had to maintain a minimum of operational activity and so could not full offset the affect of the drastic decrease in demand for automotive parts.

At the year ended 31st March 2009, the Company's financial position was stable but not ideal.

The future prognosis for Stanley's automotive related business is a slow starting but sustainable future.

Stanley's forecast for the non related automotive business is optimistic especially as we begin to establish ourselves with new customers, new applications and new product areas.

Financial risk management policies

The company's sales and purchases are denominated mainly in Euros, which provides a natural hedge against foreign exchange risk. No other foreign exchange hedging activities are performed. Price risk is minimised through entering into long term pricing arrangements with major customers: purchases are made solely from the company's parent, group undertakings and strategic aligned partner, and at agreed long term purchase prices. Credit risk is controlled by dealing only with large prestigious automotive manufacturers with which the group has a long trading relationship. Liquidity and cash flow risk are managed through agreeing appropriate payment terms with both customers and with the parent company.

Dividends

The directors propose the payment of dividend in respect of the period ended 31 March 2009 amounting to €1,944,000 (2008: €4,064,000).

Directors

The directors of the company during the period were:

Naomichi Saito	(reappointed 3 June 2008)
Akihiro Nakamura	(reappointed 3 June 2008)
Toshiro Koizumi	(resigned 23 June 2008)
Yoshikiyo Yamazaki	(resigned 23 June 2008)
Makio Natsusaka	(reappointed 3 June 2008)
Kazunori Nakai	(reappointed 3 June 2008)
Yasumi Motokawa	(reappointed 3 June 2008)
Iain Evans	(reappointed 3 June 2008)
Hidehara Yamazaki	(appointed 23 June 2008)

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

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

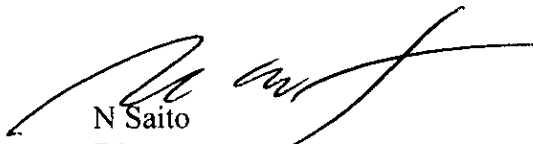
Statement as to disclosure of information to auditors

Each of the directors confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the annual general meeting.

Signed on behalf of the Board of Directors



N Saito
Director

Independent auditors' report to the members of Stanley Electric (U.K.) Company Limited

We have audited the financial statements of Stanley Electric (U.K.) Company Limited for the year ended 31 March 2009 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the 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 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 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.

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 2009 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
23 April 2009

**Profit and loss account
for the year ended 31 March 2009**

		2009	2008
	Note	€	€
Turnover	2	75,375,833	99,049,657
Cost of sales		<u>(65,512,463)</u>	<u>(87,446,980)</u>
Gross profit		9,863,370	11,602,677
Administrative expenses		<u>(4,999,635)</u>	<u>(6,139,377)</u>
Operating profit	3	4,863,735	5,463,300
Interest receivable	6	287,170	443,803
Interest payable		<u>(8,406)</u>	<u>-</u>
Profit on ordinary activities before taxation		5,142,499	5,907,103
Tax on profit on ordinary activities	7	<u>(1,258,446)</u>	<u>(1,846,017)</u>
Profit for the financial year		<u>3,884,053</u>	<u>4,061,086</u>

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

The results above relate to continuing activities.

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

Stanley Electric (U.K.) Company Limited

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Balance sheet as at 31 March 2009

	Notes	2009 €	2008 €
Fixed assets			
Tangible assets	9	<u>65,726</u>	<u>107,189</u>
Current assets			
Stock	10	708,144	2,515,351
Debtors	11	4,228,433	12,502,768
Cash at bank and in hand		<u>11,553,797</u>	<u>14,511,727</u>
		<u>16,490,374</u>	<u>29,529,846</u>
Creditors: amounts falling due within one year	13	<u>(4,366,986)</u>	<u>(15,907,967)</u>
Net current assets		<u>12,123,388</u>	<u>13,621,879</u>
Total assets less current liabilities		12,189,114	13,729,068
Creditors: amounts falling due after more than one year	14	-	(1,159,078)
Provisions for liabilities and charges	15	(46,590)	(247,519)
Net assets		<u>12,142,524</u>	<u>12,322,471</u>
Capital and reserves			
Called up share capital	16	1,229,067	1,229,067
Profit and loss reserve	17	10,913,457	11,093,404
Equity shareholders' funds	18	<u>12,142,524</u>	<u>12,322,471</u>

The financial statements on pages 6 to 16 were approved by the board of directors on 17th April 2009 and were signed on its behalf by:


N Saito
Director

Notes to the financial statements for the year ended 31 March 2009

1 Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies, which have been applied consistently other than as described, are set out below.

Reporting currency

The financial statements have been prepared in euro ("€"). The exchange rate at the balance sheet date was £1 = € 1.0765 (2008: £1 = € 1.2594).

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided on a straight line basis so as to write off the cost of tangible fixed assets over their expected useful lives at the following annual rates:

Computer equipment	50%
Motor vehicles	33 1/3%
Office equipment, furniture and fittings	33 1/3%

Stock

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a moving average basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Debtors

Debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of an inability to pay.

Foreign currency transactions

Assets and liabilities expressed in foreign currencies are translated into euros at the rate of exchange ruling at the 31 March 2009. Transactions in currencies other than euros are recorded at the rate ruling at the prior month end, with any gain or loss being charged to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Provisions

Provisions are made when a constructive obligation arises. The balance for provisions has been calculated as the expected future payments that may occur due to a claim for damages relating to the products sold. The balance provided is the maximum amount expected to be paid by the parent company and has not been discounted to its present value.

Cash flow statement

The company is a wholly owned subsidiary of Stanley Electric Co., Ltd., a company incorporated in Japan. As the group financial statements of Stanley Electric Company Limited are publicly available, the company has taken advantage of the exemption conferred by FRS1 from the inclusion of a cash flow statement.

Related party disclosures

As the company is a wholly owned subsidiary of Stanley Co., Limited, the company has taken advantage of the exemption conferred by FRS 8 and has not disclosed transactions or balances with entities that are a part of the group qualifying as related parties. Consolidated financial statements of Stanley Electric Company Limited within which this company is included can be obtained from the address given in note 21.

Deferred taxation

Financial Reporting Standard 19, Deferred Tax has been adopted. The standard requires full provision to be made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations, where future payment or receipt is more likely than not to occur.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods supplied.

2 Turnover

Turnover represents amounts receivable for goods sold during the period and is exclusive of VAT.

Turnover by destination of customers arose as follows:

	2009	2008
	€	€
United Kingdom	45,977,907	47,857,843
Rest of Europe	4,162,876	5,506,047
China	22,232,052	45,682,738
Other area	3,002,998	3,029
	<u>75,375,833</u>	<u>99,049,657</u>

3 Operating profit

	2009	2008
	€	€
Operating profit is stated after charging:		
Depreciation	71,756	66,883
Property lease	223,684	210,192
Hire of other assets under operating leases	5,451	10,036
Exchange (gain)/losses	(319,252)	1,370,583
Auditors' remuneration for audit services		
- for audit services	25,837	28,675
- for non-audit services - tax compliance services	<u>16,896</u>	<u>13,393</u>

4 Employee costs

	2009	2008
	€	€
Staff costs during the period amounted to:		
Wages and salaries	1,628,017	1,541,008
Social security costs	98,404	95,791
Other staff costs	<u>198,246</u>	<u>184,200</u>
	<u>1,924,667</u>	<u>1,820,999</u>

	2009 Number	2008 Number
The average monthly number of employees (including executive directors) during the period was:		
Selling and distribution	14	12
Administration	8	6
	<u>22</u>	<u>18</u>

5 Directors' emoluments

	2009 €	2008 €
Directors' emoluments (including benefits in kind)	<u>557,027</u>	<u>552,135</u>
Highest paid director		
	2009 €	2008 €
Aggregate emoluments	<u>343,224</u>	<u>357,417</u>

The emoluments of Messrs Nakamura, Koizumi, Y Yamazaki, Natsusaka, Nakai Motokawa and H Yamazaki are paid by the parent company which makes no recharge to the company. It is not possible to make an accurate apportionment of their emoluments in respect of each company. Accordingly, the above details include no emoluments in respect of Messrs Nakamura, Koizumi, Y Yamazaki, Natsusaka, Nakai, Motokawa and H Yamazaki.

6 Interest receivable

	2009 €	2008 €
On cash balances held at bank	<u>287,170</u>	<u>443,803</u>
	<u>287,170</u>	<u>443,803</u>

7 Taxation on profit on ordinary activities

The taxation charge comprises

	2009	2008
	€	€
Current tax:		
UK corporation tax on profits for the period	1,505,677	1,842,528
Adjustments in respect to previous periods	(237,265)	7,761
Total current tax charge	1,268,412	1,850,289
Deferred tax:		
Movement in deferred taxation	(9,966)	(4,272)
Tax on profit on ordinary activities	1,258,446	1,846,017

The tax assessed for the period is lower (2008: higher) than the standard rate of corporation tax in the UK (28%, 30% in 2008). The differences are explained below:

	2009	2008
	€	€
Profit on ordinary activities before tax	5,142,499	5,907,103
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008: 30%)	1,439,900	1,772,131
Effects of:		
Expenses not deductible for tax purposes	55,490	66,857
Depreciation in excess of capital allowances	10,287	3,540
Adjustments to tax charge in respect of previous periods	(237,265)	7,761
Current tax charge for the period	1,268,412	1,850,289

8 Dividends

	2009	2008
	€	€
Equity – Ordinary		
Final dividend for the year of €2.43 per £1 share (2008: €5.08 per share)	<u>4,064,000</u>	<u>1,128,000</u>

The directors have proposed a final dividend for the year ended 31 March 2009 of €2.43 per share that is a total of €1,944,000. This dividend has not been accounted for within the current year financial statements as it has yet to be approved.

9 Tangible assets

	Computer equipment €	Motor vehicles €	Office equipment, furniture and fittings €	Total €
Cost				
At 1 April 2008	129,309	112,316	112,713	354,338
Additions	9,579	-	20,714	30,293
Disposals	-	-	-	-
At 31 March 2009	<u>138,888</u>	<u>112,316</u>	<u>133,427</u>	<u>384,631</u>
Depreciation				
At 1 April 2008	107,174	36,117	103,858	247,149
Charge for the year	21,590	37,439	12,727	71,756
Disposals	-	-	-	-
At 31 March 2009	<u>128,764</u>	<u>73,556</u>	<u>116,585</u>	<u>318,905</u>
Net book value				
At 31 March 2009	<u>10,124</u>	<u>38,760</u>	<u>16,842</u>	<u>65,726</u>
At 31 March 2008	<u>22,135</u>	<u>76,199</u>	<u>8,855</u>	<u>107,189</u>

10 Stock

	2009	2008
	€	€
Goods held for resale	<u>708,144</u>	<u>2,515,351</u>

11 Debtors

	2009	2008
	€	€
Amounts falling due within one year		
Trade debtors	2,419,388	11,514,076
Amounts owed by group undertakings	50,183	27,346
Amounts owed by ultimate parent company	2,503	398
Deferred tax (note 12)	32,273	22,307
Prepayments and accrued income	1,724,086	938,641
	<u>4,228,433</u>	<u>12,502,768</u>

12 Deferred taxation

The deferred tax asset comprises:

	2009	2008
	€	€
Depreciation in excess of capital allowances	<u>32,273</u>	<u>22,307</u>
	2009	2008
	€	€
At 1 April	22,307	18,035
Amount credited to the profit and loss account	<u>9,966</u>	<u>4,272</u>
At 31 March	<u>32,273</u>	<u>22,307</u>

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

13 Creditors - Amounts falling due within one year

	2009	2008
	€	€
Trade creditors	93,194	415,899
Amounts owed to group undertakings	2,120,049	8,643,233
Amounts owed to ultimate parent company	798,816	4,017,632
Corporation tax	673,341	744,730
Taxation and social security	11,631	463,174
Accruals and deferred income	669,955	1,623,299
	<u>4,366,986</u>	<u>15,907,967</u>

14 Creditors - amounts falling due after more than one year

	2009	2008
	€	€
Accruals and deferred income	-	1,159,078

15 Provisions for liabilities and charges

	Warranty	Others	Total
	€	€	€
At 1 April 2008	93,175	154,344	247,519
Charged to the profit and loss account	-	-	-
Utilised during the year	(93,175)	(107,754)	(200,929)
31 March 2009	-	46,590	46,590

The others balance has been provided for the expected future payment in compensation for assembly equipment held by a supplier as the relating production has been terminated to supply to the company according to a production agreement.

16 Called up share capital

	2009	2008
	€	€
Authorised		
800,000 Ordinary £1 shares	1,229,067	1,229,067
Allotted, issued and fully paid		
800,000 Ordinary £1 shares	1,229,067	1,229,067

17 Profit and loss reserve

	€
At 1 April 2008	11,093,404
Dividends	(4,064,000)
Profit for the year	3,884,053
At 31 March 2009	10,913,457

18 Reconciliation of movements in shareholders' funds

	2009	2008
	€	€
Opening shareholders' funds at 1 April 2008	12,322,471	9,389,385
Dividends	(4,064,000)	(1,128,000)
Profit for the year	3,884,053	4,061,086
Closing shareholders' funds at 31 March 2009	12,142,524	12,322,471

19 Financial commitments

At 31 March 2009, the company had annual commitments under non-cancellable operating leases as follows:

	2009		2008	
	Land and Buildings	Other	Land and Buildings	Other
	€	€	€	€
Expiring within one year	4,580	3,094	218,999	-
Expiring between two to five years	174,404	-	-	6,169
	178,984	3,094	218,999	6,169

20 Contingent liabilities

Guarantees have been given to the following:

	2009
H M Customs and Excise	£600,000

21 Ultimate parent company

The directors regard Stanley Electric Holding Europe Company Limited, incorporated in the United Kingdom, as the immediate parent company and Stanley Electric Company Limited, incorporated in Japan, as the immediate and ultimate parent company. Consolidated financial statements can be obtained from Stanley Electric Co., Ltd., 2-9-13 Nakameguro, Meguro-Ku, Tokyo, 153-8636, Japan.