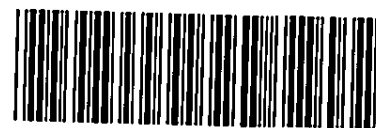


Tamura-Europe Limited
Annual report
for the year ended 31 December 2007

Registered no: 463530

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Tamura-Europe Limited

Annual report

for the year ended 31 December 2007

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Directors and advisors

Executive directors

P J Cleary

S R Cursley - Appointed 1 January 2008

Non-executive directors

M Asada

T Kitamura

Y Nakashima

A Fujiyama

Secretary and registered office

S Cursley

Hopton Park Industrial Estate

London Road

Devizes

Wiltshire

SN10 2EY

Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

Solicitors

TLT Solicitors LLP

One Radcliff Street

Bristol

BS1 6TP

Principal bankers

Bank of Tokyo-Mitsubishi UFJ

12 - 15 Finsbury Circus

London

EC2M 7BT

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Principal activities

The profit and loss account for the year is set out on page 6

The principal activity of the company is the manufacture and sale of transformers, wound components, battery chargers, power supplies and the assembly of switch boxes. The company has branch operations in the Czech Republic, France and Sweden.

Business review and future developments

The results for the company show an operating profit of £1,231,000 (2006: operating loss £186,000) for the year and sales of £36 million (2006: £24 million).

The external commercial environment is expected to remain challenging in 2008, as global competitors continue to seek alternative supplies from countries with a lower cost base. We will also remain subject to risks as a result of the continuing fallout from turbulence in global financial markets. However, we remain confident that we will maintain our current level of performance in the future.

The company's overriding objective is to obtain sustainable rates of growth and returns through organic means. Whilst at the same time ensuring the company's working capital is managed effectively to ensure this objective is financially supported.

We have made significant progress in the year on the company's overriding objective. The board monitors progress on the overall company strategy and the individual elements by reference to three key KPI's:

	2007	2006	Definition, method of calculation and analysis
Growth in sales	51.0 %	22.6%	Year on year sales growth expressed as a percentage. The increase is in line with our growth strategy. Sales have principally increased through organic growth of existing customers as well as adding new customers.
Gross margin	10.1%	7.3%	Gross Margin is the ratio of gross profit before net operating expenses, exceptional items and goodwill amortisation to sales expressed as a percentage. Gross profit is improved on last year mainly as a result of reduced manufacturing costs.
Stock turnover	6.7 times	4.9 times	Stock turn is the number of times cost of sales for the year is divisible by stock at the year end adjusted for any exceptional items. This number has increased this year as a result of improved stock control procedures.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest 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.

Foreign exchange risks

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.

When considered appropriate the company enters into foreign currency forward contracts to manage the foreign currency profile and risk.

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. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is reassessed on a regular basis by the board.

Liquidity risk

The company has guarantees from its parent company to ensure the company has sufficient available funds for operations.

Interest rate and cash flow risks

The company has interest bearing assets and liabilities, which are cash balances. The company has a policy generally of maintaining any debt at fixed rates to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year (2006: £nil). The retained profit for the year of £1,852,000 (2006: retained loss of £254,000) has been taken to reserves.

Directors

The directors of the company during the year to 31 December 2007 were

P J Cleary
M Asada
T Kitamura
Y Nakashima
A Fujiyama

Directors' interests in shares of the company

The directors of the company had no interest in the shares of the company at any time during the year ended 31 December 2007

Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements

Employee involvement

During 2007, the company continued the established pattern of communication and consultation with employees and their representatives. At appropriate times, the directors of the company held joint meetings with managers, supervisors, and staff to review the overall state of the business.

Disabled persons

It is the company's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2007. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".

Each director has taken all the steps (such as making enquires of other directors and the auditors and any other steps required by the director's duty to exercise duty of care, skill and diligence) that he ought to have taken in his duty 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 re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board

S Cursley
Company Secretary

22 April 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMURA EUROPE LIMITED

We have audited the financial statements of Tamura Europe Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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

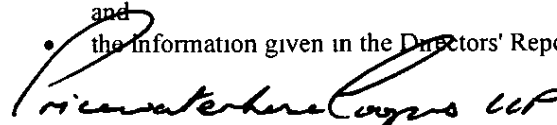
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 December 2007 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

Chartered Accountants and Registered Auditors

Bristol

25 April 2008

**Profit and loss account
for the year ended 31 December 2007**

	Notes	2007 £'000	2006 £'000
Turnover	2	36,389	24,092
Cost of sales		(32,720)	(22,344)
Gross profit		3,669	1,748
Net operating expenses	3	(2,438)	(1,934)
Operating Profit / (loss)	4	1,231	(186)
Net interest payable and similar charges	7	(201)	(170)
Profit / (loss) on ordinary activities before taxation		1,030	(356)
Taxation	8	822	102
Profit / (loss) on ordinary activities after taxation	17	1,852	(254)

All amounts above relate to continuing operations

Statement of total recognised gains and losses

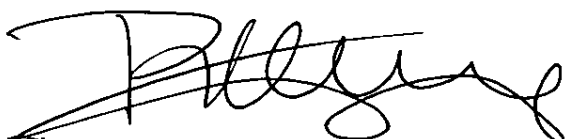
	Notes	2007 £'000	2006 £'000
Profit / (Loss) for the financial year		1,852	(254)
Actuarial gain on pension scheme	15	333	54
Total recognised gains / (losses) relating to the year		2,185	(200)

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

Balance sheet at 31 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	9	724	887
		724	887
Current assets			
Stocks	10	5,422	4,904
Debtors (including £489,000 (2006 £ 102,000) due after more than one year)	11	7,289	4,112
Cash at bank and in hand		-	-
		12,711	9,016
Creditors amounts falling due within one year	12	(9,687)	(7,906)
Net current assets		3,024	1,110
Total assets less current liabilities		3,748	1,997
Creditors amounts falling due after more than one year	13	(2,344)	(2,778)
Net Assets (Net Liabilities)		1,404	(781)
Capital and reserves			
Called up share capital	16	7,094	7,094
Profit and loss account	17	(5,690)	(7,875)
Equity shareholders' deficit	18	1,404	(781)

The financial statements on pages 6 to 18 were approved by the board of directors on 22 April 2008 and were signed on its behalf by


P J Cleary
Director

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

The financial statements are prepared in accordance with the Companies Act 1985 and applicable accounting standards. A summary of more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover

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

Tangible fixed assets

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

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected fixed useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Other plant (including furniture and fittings)	10% - 20%
Computers	20% - 33%
Tooling	10%

Operating leases

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

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes material, direct labour and all attributable overheads appropriate to the relevant stage of production. Net realisable value represents the estimated amount at which stocks and work in progress will be realised after taking into account all relevant marketing, selling and distribution costs.

Deferred taxation

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Cashflow statement

The company is exempt from the requirement of FRS1 to produce a cash flow statement since it is a wholly owned subsidiary of a parent company, which produces group accounts incorporating a consolidated cash flow statement.

Hedging activities

The company has entered into currency forward contracts to buy Euro and Japanese Yen to hedge the settlement of creditors. Unrealised gains/ losses are not recognised until the settlement of the contracts.

Retirement benefits

The company operates a defined benefit pension scheme which is contracted out of the state scheme. The difference between the present value of the defined benefit obligation at the balance sheet date less the fair value of pension assets is accounted for as defined benefit pension plan liability. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit obligation are recognised in the Statement of total recognised gains and losses immediately. Service costs, past service costs and interest costs are recognised immediately in the profit and loss account.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

2 Turnover

The geographical analysis of turnover is as follows

	2007	2006
	£'000	£'000
United Kingdom	2,215	2,058
European Union	29,777	18,806
USA	2,370	1,727
Rest of the world	2,027	1,501
	36,389	24,092

3 Net operating expenses

Operating expenses are made up as follows

	2007	2006
	£'000	£'000
Distribution and selling costs	1,724	1,301
Administration expenses	714	633
	2,438	1,934

4 Operating Profit

Operating Profit is stated after charging the following

	2007	2006
	£'000	£'000
Depreciation charge for the year		
Tangible fixed assets		
- owned	228	250
Operating lease rentals		
- Land and buildings	306	209
- Plant and machinery	6	41
Loss on disposal of fixed assets	-	2
Auditors' remuneration		
- Audit services	35	20
- Non-audit services – tax compliance	5	5

5 Directors' emoluments

The remuneration paid to the directors of Tamura Europe Limited was as follows

	2007	2006
	£	£
Aggregate emoluments	86,678	79,617

Retirement benefits are accruing to one director (2006 one) under the company's defined benefit scheme

Emoluments payable to the highest paid director

	2007	2006
	£	£
Emoluments	86,678	79,617
Accrued Pension	31,794	29,690

6 Employee information

The average weekly number of persons (including executive directors) employed during the year was

	2007	2006
	Number	Number
Production	195	115
Distribution and selling	17	15
Administration	13	12
	225	142

	2007	2006
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	2,149	1,478
Social security costs	370	251
Other pension costs	314	180
	2,833	1,909

7 Net interest payable and similar charges

	2007	2006
	£'000	£'000
Net interest		
Interest payable on bank loans and overdrafts	170	157
Bank interest receivable	(53)	(52)
Other finance charges (note 15)	84	65
	201	170

8 Taxation

a) Analysis of charge in the year

	2007	2006
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	16	-
Total current tax credit	16	-
Deferred tax:-		
Current year	(838)	(102)
Total deferred tax credit	(838)	(102)
Tax credit to profit on ordinary activities	(822)	(102)

8 Taxation (continued)

b) Factors affecting tax charge for year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2007	2006
	£'000	£'000
Profit / (loss) on ordinary activities before taxation	1,030	(356)
Tax charge / (credit) on profit / (loss) on ordinary activities at standard UK corporation tax rate of 30%	309	(107)
Effects of		
Expenses not deductible for tax purposes	6	4
Accelerated capital allowances / other timing differences	(27)	103
Utilisation of losses	(272)	-
Current tax for the year	16	-

9 Tangible fixed assets

	Plant and machinery	Furniture, fixtures, tools and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2007	4,316	956	5,272
Additions	49	16	65
Disposals	-	(6)	(6)
At 31 December 2007	4365	966	5,331
Depreciation			
At 1 January 2007	3,551	834	4,385
Charge for year	186	42	228
Disposals	-	(6)	(6)
At 31 December 2007	3,737	870	4,607
Net book value			
At 31 December 2007	628	96	724
At 31 December 2006	765	122	887

10 Stocks

	2007	2006
	£'000	£'000
Raw materials and consumables	4,489	3,867
Work in progress	152	115
Finished goods and goods for resale	781	922
	5,422	4,904

11 Debtors

	2007	2006
	£'000	£'000
Amounts falling due within one year		
Trade debtors	5,621	3,456
Amounts due by group undertakings	163	330
Other debtors	136	-
Other taxation and social security	-	193
Prepayments and accrued income	430	31
Deferred tax assets (note 14)	450	-
	6,800	4,010
Amounts falling due more than one year		
Deferred tax assets (note 14)	489	102
	7,289	4,112

12 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank Overdraft	1,441	795
Amounts due to group undertakings	2,679	3880
Trade creditors	3,053	2,269
Corporation Tax	16	-
Other taxation and social security	182	57
Accruals and deferred income	2,316	905
	9,687	7,906

Currently there are no set repayment terms or interest being charged on the amounts due to group undertakings

13 Creditors: amounts falling after more than one year

	2007	2006
	£'000	£'000
Pension liabilities (note 15)	2,344	2,778

14 Deferred taxation

Provision for deferred tax assets comprises

	2007	2006
	£'000	£'000
Tax losses	939	102

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. As at 31 December 2007, the unprovided deferred taxation assets are as follows

	2007	2006
	£'000	£'000
Accelerated capital allowance	(19)	(72)
Other timing differences	8	4
Tax losses	565	1,674
Unprovided deferred tax excluding that relating to pension liabilities	554	1,606
Pension liabilities	656	833
	1,210	2,439

15 Pensions

Defined contribution scheme

The company paid contributions to publicly or privately administered pension insurance plans. During the year, the cost of contribution plan was £16,930 (2006: £38,000).

Defined benefit scheme

The company operates a defined benefit pension scheme with assets held in a separately administered fund.

An actuarial valuation of the Tamura Europe Limited Pension Scheme was carried out using the projected unit credit method at 31st December 2007 by Barnett Waddington LLP, qualified independent actuary. The major assumptions used by the actuary were:

The assets in the Scheme and the expected rates of return (net of administrative expenses) were:

	2007	2006	2005
Rate of increase in pensionable salaries	3.0%	3.0%	2.6%
Rate of increase in pensions in payment	3.2%	2.86%	2.6%
Discount rate	5.8%	5.1%	5.0%
Inflation assumption	3.2%	2.8%	2.6%

The assets in the scheme and the expected rates of return (net of administrative expenses) were:

	2007		2006		2005	
	Return	£'000	Return	£'000	Return	£'000
Equities	6.50%	5,172	6.50%	4,599	7.00%	4,306
Bonds	4.40%	377	3.50%	377	3.50%	305
Other	5.25%	477	4.00%	497	4.00%	349
Total market value of assets		6,026		5,473		4,960
Actuarial value of liability		(8,370)		(8,251)		(7,869)
Deficit in the scheme		(2,344)		(2,778)		(2,909)

Future life expectancy for mortality assumptions used were as follows:

	2007		2006	
	Male	Female	Male	Female
Members not in receipt of pension	21.8 years	24.2 years	19 years	21.9 years
Members in receipt of pension	23.1 years	25.4 years	18.5 years	21.4 years

15 Pensions (continued)

	2007 £'000	2006 £'000
Analysis of the amount charged to operating profit		
Current service cost	76	77
Total operating charge	76	77
Analysis of amount (charged) / credited to other finance income		
Expected return on pension scheme assets	333	325
Interest on pension scheme liabilities	(417)	(390)
Net (expense)	(84)	(65)
Analysis of amount recognised on statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	169	127
Experience gains/ (losses) arising on the scheme liabilities	(458)	77
Changes in assumptions underlying the present value of the scheme liabilities	622	(150)
Actuarial gains/ (losses) recognised in STRGL	333	54
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(2,778)	(2,909)
Movement in year		
Current service cost	(76)	(77)
Contributions	261	219
Other finance expense	(84)	(65)
Actuarial gains	333	54
Deficit in scheme at end of the year	(2,344)	(2,778)

	2007 £'000	2006 £'000	2005 £'000
History of experience gains and losses			
Difference between the expected and actual return on scheme assets			
Amount (£'000)	169	127	639
Percentage of scheme assets	2.8%	2.3%	12.9%
Experience gains and losses on scheme liabilities			
Amount (£'000)	(458)	77	(1,802)
Percentage of scheme liabilities	(5.5%)	0.9%	(22.9%)
Total amount recognised in statement of total recognised gains and losses			
Amount (£'000)	333	54	(1,342)
Percentage of scheme liabilities	4.0%	0.7%	(17.1%)

16 Called-up share capital

	2007	2006
	£'000	£'000
Authorised		
10,000,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
7,093,750 ordinary shares of £1 each	7,094	7,094

All shares have equal voting rights, equal priority on winding up and equal rights to dividends

17 Profit and loss account

	£'000
1 January 2007	(7,875)
Profit for the financial year	1,852
Actuarial gain on the pension scheme	333
31 December 2007	(5,690)
Pension deficits	2,344
Profit and loss account excluding pension deficit	(3,346)

18 Reconciliation of movements in shareholders funds

	2007	2006
	£'000	£'000
Retained profit / (loss) for the financial year	1,852	(254)
Actuarial gain on the pension scheme	333	54
Net addition to shareholders funds	2,185	(200)
Opening shareholders deficit	(781)	(581)
Closing shareholders funds	1,404	(781)

19 Financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	2007		2006	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	322	6	301	6
Expiring between two and five years inclusive	180	-	180	9
	502	6	481	15

20 Financial instruments

The company had entered into currency forward contracts to buy Euro and Japanese Yen to hedge the settlement of creditors as follows

	2007		2006	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Currency forward contracts held to manage the currency profile	-	-	(1)	(13)

21 Related party transactions

The company has taken advantage of the exemptions available to it in paragraph 17 of Financial Reporting Standard 8 'Related party disclosures', not to disclose any transactions or balances with entities that are part of the Group or investees of the Group qualifying as related parties on the basis that greater than 90% of its voting rights are controlled within the group

There was no amount (2006 nil) owed to the company by any of the directors at 31 December 2007

22 Ultimate parent company

The directors regard Tamura Corporation, a company incorporated in Japan, as the ultimate parent company. According to the register kept by the company, Tamura Corporation had a 100% interest in the equity capital of Tamura Europe Limited at 31 December 2007

Copies of the parent's consolidated financial statements may be obtained from the company