

MEIJI UK LTD
(REGISTERED NUMBER 3498621)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1998



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MEIJI UK LTD

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1998

The directors present their report and the audited financial statements of the Company for the period ended 31 December 1998.

PRINCIPAL ACTIVITY

The Company's principal business activity is the sale (or distribution) of Japanese parts and automated equipment.

BUSINESS REVIEW

The Company was incorporated on 23 January 1998 and began to trade as a distributor of Japanese parts and automated equipment from July 1998.

RESULTS AND DIVIDEND

The Company made a loss before taxation for the period of £48,992. The loss for the period has been transferred from reserves.

The directors do not recommend the payment of a final dividend in respect of the period ended 31 December 1998.

YEAR 2000

The Company has established a programme designed to enable all business critical systems to be Year 2000 compliant. The Company has communicated with key supplier who have participated in a formal compliance confirmation process. Follow up work to assess their progress toward compliance is being undertaken.

Despite these actions the Company cannot be certain of avoiding business disruption particularly where it is dependent upon suppliers or other parties who may themselves suffer disruption. Therefore an additional plan is being prepared to deal with this risk. The Board is confident it will achieve an acceptable state of readiness by the appropriate time.

The resources required to achieve Year 2000 compliance are expected to be found from normal operating budgets.

DIRECTORS AND DIRECTORS' INTERESTS

The following directors were appointed on 23 January 1998 and served during the period.

S Kishioka
Y Yasui
M Hayashi

None of the directors had any beneficial interest in any contract to which the Company was a party to during the period.

The director's beneficial interests in the issued ordinary share capital of Meiji Electrics Industries Co. Ltd are as follows:

MEIJI UK LTD

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1998 (CONTINUED)

DIRECTORS AND DIRECTORS' INTERESTS CONTINUED

	23 January 1998 No. of shares	No. of shares issued	31 December 1998 No. of shares
S Kishioka	-	10,000	10,000
Y Yasui	58,546	12,000	70,546
M Hayashi	4,000	-	4,000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

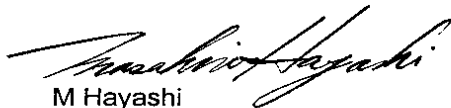
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

PricewaterhouseCoopers were appointed as auditors on 6 October 1999.

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

Approved by the Board on 22 October 1999.



M Hayashi

DIRECTOR

AUDITORS' REPORT TO THE MEMBERS OF MEIJI UK LTD

We have audited the financial statements on pages 4 to 10 and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

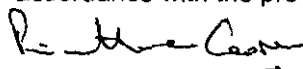
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider 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 of the state of the Company's affairs at 31 December 1998 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



**PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors**

22 October 1999

MEIJI UK LTD

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1998

	<u>Notes</u>	<u>23 January 1998 to 31 December 1998</u> £
TURNOVER	2	269,327
Cost of sales		<u>(216,137)</u>
GROSS PROFIT		53,190
Staff costs	4	(63,547)
Other operating charges		<u>(43,933)</u>
OPERATING LOSS		(54,290)
Interest receivable and similar income	5	<u>5,298</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(48,992)</u>
LOSS FOR THE FINANCIAL YEAR	15	<u>(48,992)</u>

There are no recognised gains or losses for the current financial period other than as stated in the profit and loss account.

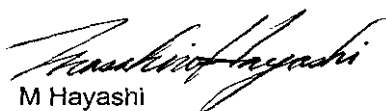
MEIJI UK LTD

BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998
		£
FIXED ASSETS		
Tangible assets	6	33,040
CURRENT ASSETS		
Stocks	7	54,374
Debtors	8	213,581
Cash at bank and in hand		<u>42,336</u>
		310,291
CREDITORS (amounts falling due within one year)	9	<u>(192,323)</u>
NET CURRENT ASSETS		<u>117,968</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>151,008</u>
CAPITAL AND RESERVES		
Called up share capital	11	200,000
Profit and loss account	12	<u>(48,992)</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>151,008</u>

In preparing these accounts the directors have taken advantage of the special exemption applicable to small companies conferred by S246 (8) of the Companies Act 1985 and have done so on the grounds that the company is entitled to the benefit of the exceptions as a small company.

Approved by the Board on 22 October 1999
and signed on their behalf by:


M Hayashi

DIRECTOR

MEIJI UK LTD

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

1 ACCOUNTING POLICIES

(1) Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis at rates calculated to write off the cost of tangible fixed assets over their estimated useful economic lives which are:

Office equipment	-	5 years
Motor vehicles	-	5 years

(3) Operating leases

Rentals incurred under operating leases are charged against profits on a straight line basis over the term of the lease.

(4) Foreign currency balances

Transactions denominated in foreign currencies occurring during the course of the year are translated into sterling using the rates of exchange prevailing at the dates of those transactions, any translation differences are included within the profit and loss account.

Assets and liabilities denominated in foreign currencies are translated using the rate of exchange prevailing at the balance sheet date.

(5) Stocks

Stocks are stated at the lower of cost and net realisable value.

(6) Deferred taxation

A deferred taxation provision, calculated using the liability method, is made only where the effects of timing differences between profits as stated in the accounts and those as computed for taxation purposes are likely to reverse in the foreseeable future and result in a tax payment.

MEIJI UK LTD

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)

2 ANALYSIS OF TURNOVER ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is the value of goods and services invoiced, excluding value added tax. The turnover is wholly attributable to the company's principle activity which, in the opinion of the directors, comprises of one class of business.

	23 January 1998 to 31 December 1998 £
United Kingdom	221,507
Europe	47,566
USA	<u>254</u>
	269,327
	<u><u> </u></u>

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	23 January 1998 to 31 December 1998 £
Loss on ordinary activities before taxation is stated after charging the following amounts:	
Office rent and rates	15,568
Auditors' remuneration:	7,000
Other fees paid to auditors, mainly in respect of incorporation and taxation services	5,450
Depreciation	4,397
Motor expenses	4,435
	<u><u> </u></u>

4 STAFF NUMBERS AND COSTS

	23 January 1998 to 31 December 1998 £
Wages and salaries	59,464
Social security costs	<u>4,083</u>
	63,547
	<u><u> </u></u>

The average number of persons employed by the Company during the period was 5.

The Directors received no remuneration during the period and no pension scheme is available to the directors.

MEIJI UK LTD

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	23 January 1998 to 31 December 1998 £
Bank interest	5,298
	<u> </u>

6 TANGIBLE FIXED ASSETS

	Motor vehicle £	Office equipment £	Total £
<u>Cost</u>			
At 23 January 1998	-	-	-
Additions	<u>31,676</u>	<u>5,761</u>	<u>37,437</u>
At 31 December 1998	<u>31,676</u>	<u>5,761</u>	<u>37,437</u>
<u>Depreciation</u>			
At 23 January 1998	-	-	-
Charge for year	<u>3,696</u>	<u>701</u>	<u>4,397</u>
At 31 December 1998	<u>3,696</u>	<u>701</u>	<u>4,397</u>
<u>Net book amount</u>			
At 31 December 1998	<u>27,980</u>	<u>5,060</u>	<u>33,040</u>
At 23 January 1998	<u>-</u>	<u>-</u>	<u>-</u>

7 STOCKS

	1998 £
Purchased goods and goods for sale	<u>54,373</u>

MEIJI UK LTD

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)

8 DEBTORS

	<u>1998</u> £
Trade debtors	206,145
Other debtors	<u>7,436</u>
	<u>213,581</u>

9 CREDITORS (amounts falling due within one year)

	<u>1998</u> £
Trade creditors	15,320
Amounts owed to Meiji Corporation (U.S.) Immediate Parent Company	19,994
Amounts owed to Meiji Electronics Industries Co., Ltd (Japan) to Ultimate Parent Company	145,926
Other taxation and social security	4,083
Accruals and deferred income	<u>7,000</u>
	<u>192,323</u>

10 DEFERRED TAXATION

	Provided	Full (asset)/ provision <u>1998</u> £
Tax losses	-	(15,519)
Other timing differences	<u>-</u>	<u>521</u>
	-	(14,998)

The company has a net deferred tax asset at 31 December 1998 which has not been recognised within the accounts.

11 CALLED UP SHARE CAPITAL

	<u>1998</u> £
Authorised:	
1,000,000 ordinary shares of £1 each	1,000,000
	<u> </u>
Allotted, issued and fully paid:	
1,000,000 ordinary shares of £1 each	200,000
	<u> </u>

MEIJI UK LTD

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)

12 RESERVES

	Profit and loss account £
At 23 January 1998	-
Loss for the period	(48,992)
At 31 December 1998	(48,992)
	<u> </u>

13 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1998 £
Retained loss for the financial year	(48,992)
Proceeds on issuance of new shares	<u>200,000</u>
Net increase in shareholders' funds	151,008
Opening shareholders' funds	<u> </u>
Closing shareholders' funds	<u>151,008</u>

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8 relating to 90% subsidiary undertakings and has not disclosed details of transactions with other undertakings Meiji Electrics Industries Co. Ltd group.

15 PARENT AND ULTIMATE CONTROLLING PARTY

The immediate parent company is Meiji Corporation in the U.S., which consolidates Meiji UK Ltd into these accounts.

The ultimate parent company is Meiji Electric Industries Corporation Inc, Ltd incorporated in Japan, and is the largest group to consolidate these accounts.

A copy of Meiji Corporation Inc group accounts can be obtained from 660 Fango Avenue, Elk Grove Village, Illinois 60007, USA. A copy of Meiji Electrics Industries Co. Ltd group accounts can be obtained from 2-Chome 13-8, Kamijima, Nakamura Ku, Nagoya, Japan.