Registered No 1485997

Maxell Europe Limited

Report and Financial Statements

31 March 2010

Registered No 1485997

Directors
A Matsumoto
S Boyd
T Kameda
A Camm
K H Ewald
Y Kono
M Takahashi

Secretary
A Camm

Auditors
Ernst & Young LLP
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Directors' report

The dırectors present theır annual report on the affaırs of the company, together wıth the financıal statements and ındependent audıtors' report, for the year ended 31 March 2010

Business review and principal activities

The prıncıpal actıvıty of the company ıs the ımportatıon, marketıng and dıstrıbutıon of vıdeo tapes, computer tapes, CDR, DVD and batterıes The dırectors expect the level of current actıvıty to contınue ınto the foreseeable future The company ıs lookıng to accelerate the ıntroductıon of new products to ıncrease turnover ın the future

The gross profit of the company has reduced ın the current year due to ıncreased competıtıon and adverse exchange rate movements

As shown ın the company's profit and loss account on page 8, the company sales have remaıned constant wıth the prıor year (2009 8% declıne) The sales of new products has offset the fallıng demand and prıces for some of the more tradıtıonal medıa products One of the maın rısks for the company ıs keepıng pace wıth the changes ın technology and the company ıs ın the process of ıntroducıng new products and applıcatıons to look to ıncrease turnover ın the future

The company's key performance ındıcators used to measure the effectıveness of ıts operatıons are as follows

	2010	*2009*
Gross margın %	11 7%	13 7%
Operatıng (loss)/profit	(2 62%)	1 57%

The gross margın percentage has decreased to 11 7% from 13 7% partly due to a reductıon ın margıns caused by currency fluctuatıons The company ıs managıng currency rısk by utılısıng forward contracts

The balance sheet on page 10 shows the company's financıal posıtıon at the year end

Durıng the year the company entered ınto a sale and leaseback transactıon for the Telford sıte The sale resulted ın a profit of £2,370,000 beıng recorded ın the year The mınımum consıderatıon ıs £3 mıllıon of whıch £1 5 mıllıon was receıved ın December 2009 The ınıtıal leaseback perıod ıs 3 years to December 2012

The Company looks after the European market through a combınatıon of dırect sales or sales vıa ıts branch ın Hungary and ıts subsıdıarıes ın Germany, France and Italy The Hungarıan branch deals wıth sales ın Central and Eastern Europe The operatıons ın France and Italy whıch deal wıth sales ın those countrıes have been transferred to branches of Maxell Europe Lımıted from subsıdıarıes from 1 Aprıl 2010 to have a more efficıent and effectıve structure Due to the restructurıng and losses ın the European operatıon a provısıon has been made of £2 433 mıllıon to wrıte down the ıntercompany ınvestments and debtors balances to the recoverable amount

The company's cash levels have decreased by £758,000 from £1,302,000 at the end of 2009 to £544,000 at the end of the current financıal year Cash levels have decreased prımarıly due to the repayment of bank loans of £9,671,000 The addıtıonal cash was generated from reducıng ınventory and ımproved cash collectıon from customers, as well as £1 5 mıllıon ınıtıal payment receıved from the sale of the Telford factory

The maın focus for the company ın the next year wıll be to further ımprove the cash conversıon rate and reduce ınventorıes

Results and dividends

The company's turnover for the year was £121,787,000 (2009 £121,936,000) and ıts loss before taxatıon was £2,190,000 (2009 profit of £1,122,000)

Directors' report

No dividend has been proposed (2009 £nil)

Directors and their interests

The directors who served during the year and subsequently were as follows

A Matsumoto	
S Boyd	
A Camm	
T Suzuki	(resigned 1 November 2009)
M Takahashi	(appointed 4 June 2010
K H Ewald	
M Okafuji	(resigned 16 June 2009)
T Kameda	
H Yamagata	(resigned 31 March 2010)
Y Kono	(appointed 1 November 2009)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

Employee consultation

The company places considerable value on the improvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company Regular meetings are held between local management and employees to allow a free flow of information and ideas

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the company at 31 March 2010 were equivalent to 44 days (2009 40 days) days' purchases, based on the average daily amount invoiced by suppliers during the year

Financial risk management policy

The directors have reviewed the financial risk management objectives and policies of the company, where there is a significant exposure to financial risks, the group policy laid down by the immediate parent company, Hitachi Maxell Limited, is followed The company has identified that fluctuation between the dollar and the Euro is a material exposure The company uses forward foreign exchange rates by fixing the rate of any material payments in foreign currency The forward foreign exchange contracts are entered into on a monthly basis based upon forecast monthly requirements It does not enter into any speculative financial instruments

Company policies are aimed at minimising losses through credit risk, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures The company also makes extensive use of credit insurance to minimise the risk of loss due to bad debts

Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms The company prepares regular forecasts of cash flow and liquidity and the requirement for additional funding are managed as part of the overall Hitachi Maxell Limited financing arrangements

Directors' report

Post balance sheet events

With effect from 1 April the assets and liabilities of Maxell France SA and Maxell Italia SpA were transferred at book value to branches of Maxell Europe Limited established in France and Italy respectively The book values of the investments and intercompany balances relating to Maxell Italy were written down by £839k to reflect the net assets of this operation

In addition the value of the investment in Maxell Deutschland Gmbh was written down by £948k to reflect an impairment in the carrying value of this investment

Going concern

The financial statements have been prepared on a going concern basis The directors have reviewed cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements On this basis, the directors consider that the company has adequate funds to meet its liabilities for a period of at least twelve months from the date of approval of the financial statements

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

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

In accordance with s489 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company

By order of the Board

A Camm
Director
20 December 2010

Statement of directors' responsibilities

The directors are responsible for preparing 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 elected to prepare 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,
- 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

Independent auditors' report

to the members of Maxell Europe Limited

We have audited the financial statements of Maxell Europe Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 23 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss 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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of Maxell Europe Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Andrew Merrick (Senior statutory auditor)

for and on behalf of Ernst &Young LLP, Statutory Auditor

Birmingham

Date 21 December 2010

Profit and loss account

for the year ended 31 March 2010

	Notes	*2010* *£000*	*2009* *£000*
Turnover	2	121,787	121,936
Cost of sales		(107,453)	(105,117)
Gross profit		14,334	16,819
Other operating expenses –before exceptional costs	3	(15,953)	(14,902)
- exceptional costs	5	(1,396)	-
Operating profit		(3,015)	1,917
Gain on sale and leaseback transaction	5	2,370	-
Amounts written off investments	11	(1,037)	(393)
(Loss)/profit on ordinary activities before finance charges		(1,682)	1,524
Finance charges	6	(508)	(402)
(Loss)/profit on ordinary activities before taxation	6	(2,190)	1,122
Tax on (loss)/profit on ordinary activities	8	(94)	(101)
(Loss)/profit for the financial year	17	(2,284)	1,021

All activities arose from continuing operations

Statement of total recognised gains and losses
for the year ended 31 March 2010

	2010	*2009*
	£000	*£000*
Profit/(loss) for the financial year	(2,284)	1,021
Net actuarial (loss) / gain relating to the pensions scheme	(1,939)	(1,979)
UK deferred tax attributable to the net actuarial (loss) /gain relating to the pension scheme	543	554
Currency translation adjustment in respect of overseas branch	12	(5)
Total recognised gains and losses relating to the year	(3,668)	(409)

Balance sheet

at 31 March 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Goodwill	9	-	-
Tangible assets	10	993	1,055
Investments	11	3,457	4,494
		4,450	5,549
Current assets			
Stocks	12	19,822	22,404
Debtors			
- due within one year	13	40,233	44,366
- due after more than one year	13	55	2,144
Cash at bank and in hand		544	1,302
		60,654	70,216
Creditors: amounts falling due within one year	14	(34,095)	(33,632)
Net current assets		26,559	36,584
Total assets less current liabilities		31,009	42,133
Creditors. amounts falling due after more than one year	15	-	(8,626)
Net assets excluding pension liability		31,009	33,507
Pension liability	20	(4,080)	(2,910)
Net assets including pension liability		26,929	30,597
Capital and reserves			
Called up share capital	16	35,000	35,000
Profit and loss account	17	(8,071)	(4,403)
Equity shareholders' funds	18	26,929	30,597

The financial statements were approved by the board of directors and signed on its behalf by

Andrew Camm
A Camm
Director
20 December 2010

Notes to the financial statements

at 31 March 2010

1. Accounting policies

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the preceding year

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The company is exempt from the requirement of Financial Reporting Standard Number 1 'Cash flow statements', to include a cash flow statement in its financial statements because consolidated financial statements, in which the results of Maxell Europe Limited are included, are prepared by the parent company and are publicly available

The company is exempt from the requirement to prepare group financial statements as it is included in the consolidated financial statements of its parent company, Hitachi Maxell Limited The financial statements present information about the company as an individual undertaking and not about its group

Intangible assets – goodwill

Goodwill arising on the acquisition of businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is between 2 and 10 years

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

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

Freehold buildings	-	25 years straight line
Plant and machinery	-	25% - 36 9% reducing balance
Computer equipment	-	3 years straight line
Fixtures and fittings	-	25% reducing balance

Residual value is calculated on prices prevailing at the date of acquisition

Investments

Fixed asset investments are stated at cost less provision for impairment

Impairment of intangible assets, tangible fixed assets and investments

Intangible assets, tangible fixed assets and investments are reviewed for impairment if, in the opinion of the directors, indicators of potential impairment exist Impairment reviews compare the carrying value of assets with the higher of the value in use of the assets or the recoverable value through sale

Stocks

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

Cost incurred in bringing each produce to its present location and condition is based on

Raw materials	-	purchase cost on a first-in, first-out basis, including transportation expenses and import duty if appropriate
Work in progress and finished goods	-	cost of direct materials and labour, plus an appropriate proportion of manufacturing overheads based on normal levels of activity

Notes to the financial statements

at 31 March 2010

1. Accounting policies (continued)

Stocks (continued)

Net realisable value is based on estimated selling prices, less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow-moving or defective items where appropriate

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes Revenue is recognised when persuasive evidence of an arrangement with a customer exists, delivery has occurred, the price is fixed or determinable and the collection of the amount due is reasonably assured

Pension costs

The company provides pension arrangements to the majority of full-time employees through a defined benefit pension scheme

Actuarial valuations are carried out every three years by independent qualified actuaries

Following the adoption of Financial Reporting Standard No 17 'Retirement benefits' (FRS17), the regular service cost of providing benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year

The interest cost on retirement benefit scheme liabilities less the expected return on the assets of the scheme during the year, based on the market value of the scheme at the start of the year, is charged as other finance charges to profit before taxation in the year

The difference between the market value of assets and the actuarial value of pension liabilities is shown as a liability in the balance sheet, net of deferred tax

Differences between actual and expected returns on assets and experience gains/(losses) arising on scheme liabilities during the year, together with differences arising from changes in assumptions, are recognised in the statement of total recognised gains and losses in the year

Notes to the financial statements

at 31 March 2010

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

The financial statements of the overseas branch are translated at the rate of exchange ruling at the balance sheet date The exchange difference arising on the retranslation of opening net assets is taken directly to reserves All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Lease incentives are recognised over the shorter of the lease term and the date of the next rent review

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned

2. Turnover

The geographical split of turnover by destination is as follows

	2010	*2009*
	£000	*£000*
United Kingdom	22,942	22,142
Rest of Europe	98,845	99,794
	121,787	121,936

3. Other operating expenses

	2010	*2009*
	£000	*£000*
Distribution costs	7,706	8,686
Administrative expenses	5,162	5,693
	12,868	14,379
Other net operating charges	3,085	523
	15,953	14,902

Notes to the financial statements
at 31 March 2010

4. Operating profit

Operating (loss)/profit is stated after charging/(crediting)

	2010 £000	2009 £000
Depreciation and amounts written off tangible fixed assets	135	266
Foreign exchanges losses/ (gains)	984	(1,901)
Amortisation of government grant	-	(35)
Operating lease rentals - plant and machinery	145	170
- other	122	184
Auditors' remuneration - audit services	60	61
-other assurance work	31	32

5. Exceptional costs

Exceptional items recognised in arriving at operating profit

	2010 £000	2009 £000
Write off of balance owed by subsidiary undertakings	1,396	-

Exceptional items recognised below operating profit

	2010 £000	2009 £000
Gain made on sale and leaseback transaction	(2,370)	-

There is no tax charge arising on the gain made on the sale and leaseback transaction

During the year the company entered into a sale and leaseback transaction for the Telford site The minimum consideration for the sale is £3,000,000 of which £1,500,000 was received in December 2009, with the remaining £1,500,000 receivable in December 2012 The sale resulted in a profit on disposal (after reflecting legal costs, the fair value of rents during the initial rent period and the impacting of discounting on the outstanding consideration) of £2,370,000 being recorded in the year

The company has entered into an initial 3 year leaseback agreement for the part of the building utilised for the moulding operation The lease can be renewed for additional periods of 3 years

Notes to the financial statements

at 31 March 2010

6. Finance charges (net)

	2010 £000	2009 £000
Interest receivable and similar income		
Bank interest	15	91
Interest receivable from group companies	123	99
Other finance income (note 19c)	798	1,005
	936	1,195
Interest payable and similar charges		
Bank loans and overdrafts	58	105
Interest payable to group companies	503	481
Other finance costs (note 19c)	883	1,011
	1,444	1,597
Finance charges (net)		
Interest payable and similar charges	1,444	1,597
Less interest receivable and similar income	(936)	(1,195)
	508	402

7. Staff costs

The average monthly number of employees (including executive directors) was

	2010 No	2009 No
Production	67	67
Selling and marketing	37	35
Administration	25	25
	129	127

Their aggregate remuneration comprised

	2010 £000	2009 £000
Wages and salaries	4,232	4,337
Social security costs	337	367
Other pension costs	278	230
	4,847	4,934

Notes to the financial statements

at 31 March 2010

7. Staff costs (continued)

The total amount for directors' remuneration were as follows

	2010	*2009*
	£000	*£000*
Emoluments	874	893

The above amounts for remuneration include the following in respect of the highest paid director

	2010	*2009*
	£000	*£000*
Emoluments	253	224

The highest paid director did not receive any pension contributions in either year

The number of directors who were members of pension schemes was as follows

	2010	*2009*
	£000	*£000*
Defined benefit schemes	2	2

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010	*2009*
	£000	*£000*
Current tax		
UK corporation tax	-	-
Foreign tax	7	-
Total current tax	7	-
Deferred tax		
Origination and reversal of timing differences	-	-
Movement on FRS17 provisions	87	101
Total deferred tax	87	101
Total tax on profit on ordinary activities	94	101

Notes to the financial statements

at 31 March 2010

8. Tax (continued)

(b) Factors affecting the current tax charge

The differences 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

	2010	*2009*
	£000	*£000*
(Loss)/profit on ordinary activities before tax	(2,190)	1,122
Tax on (loss) on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	(613)	314
Effects of		
Expenses not deductible for tax purposes	741	136
Capital allowances in excess of depreciation	(97)	(74)
Other timing differences	87	101
Utilisation of brought forward losses	(118)	(477)
Current tax charge for the year	-	-

(c) Deferred taxation

The movement on deferred tax asset is as follows

	Deferred taxation
	£000
At 1 April 2009 (note 19c)	1,131
Amount recognised within Statement of Total Recognised Gains and Losses	543
Charged to profit and loss account (note 8a)	(87)
At 31 March 2010 (note 19c)	1,587

The deferred tax included in the balance sheet is as follows

	2010	*2009*
	£000	*£000*
Pensions related deferred tax asset (note 19c)	1,587	1,131

Notes to the financial statements

at 31 March 2010

8. Tax (continued)

In addition to the above, there is an unprovided deferred tax asset of £2 0m (2009 £1 4m) This additional amount, over and above the asset in respect of the defined benefit liability, has not been recognised due to uncertainty over the timing and extent of future profits The unprovided amount relates to the following

	2010	2009
	£000	£000
Current tax		
Decelerated capital allowances	260	369
Trading losses	1,810	1,037
Total unrecognised deferred tax asset	2,070	1,406

(d) Factors affecting the future tax charge

The effect of the changes that have been substantially enacted in the Finance (No 2) Act 2010 would reduce the company's deferred tax asset at 24 April 2010 This decrease in the recognised deferred tax asset is due to the reduction in corporation tax rate from 28 per cent to 27 per cent with effect from 1 April 2011

9. Goodwill

	£000
Cost	
At 1 April 2009 and 31 March 2010	704
Amortisation	
At 1 April 2009 and 31 March 2010	(704)
Net book value	
At 1 April 2009 and 31 March 2010	-

Notes to the financial statements

at 31 March 2010

10. Tangible fixed assets

	Freehold land and buildings	*Plant and machinery*	*Fixtures and fittings*	*Total*
	£000	*£000*	*£000*	*£000*
Cost				
At 1 April 2009	10,168	13,257	1,153	24,578
Additions	-	281	57	338
Disposals	(10,168)	(6,783)	(428)	(17,379)
At 31 March 2010	-	6,755	782	7,537
Depreciation				
At 1 April 2009	9,919	12,494	1,110	23,523
Charge for the year	-	110	25	135
Disposals	(9,919)	(6,783)	(412)	(17,114)
At 31 March 2010	-	5,821	723	6,544
Net book value				
At 31 March 2010	-	934	59	993
At 31 Mar 2009	249	763	43	1,055

Freehold land amounting to £0 (2009 £249,000) and assets under construction within plant and machinery of £247,000 (2009 £244,000) have not been depreciated

Notes to the financial statements

at 31 March 2010

11. Fixed asset investments

	Subsidiary undertakings £000	Other investments £000	Total £000
Cost			
At 1 April 2009	5,479	92	5,571
Additions	-	-	-
At 31 March 2010	5,479	92	5,571
Provision			
At 1 April 2009	1,077	-	1,077
Charge for the year	1,037	-	1,037
At 31 March 2010	2,114	-	2,114
Net book value			
At 31 March 2010	3,365	92	3,457
At 31 March 2009	4,402	92	4,494

The company has investments in the following undertakings

Subsidiary undertakings	*Country of registration*	*Holding*	*%*
Maxell France S A	France	Ordinary	100
Maxell Scandinavia AB	Sweden	Ordinary	100
Maxell Deutschland GmbH	Germany	Ordinary	100
Maxell Italia S p A	Italy	Ordinary	100
Maxell Benelux B V	Netherlands	Ordinary	100
Maxell Hungary	Hungary	Ordinary	99
Other investments			
Maxell Spain S A	Spain	Ordinary	15

The principal activity of all the above companies is the distribution of multimedia products

With effect from 1st April 2010 the operations of Maxell France SA and Maxell Italia SA have been transferred to branches of Maxell Europe Ltd

Notes to the financial statements

at 31 March 2010

12. Stocks

	2010	*2009*
	£000	*£000*
Raw materials and consumables	364	374
Work in progress	39	42
Finished goods and goods for resale	19,419	21,988
	19,822	22,404

In the opinion of the directors, there is no material difference between the book value of stocks and their replacement cost

13. Debtors

	2010	*2009*
	£000	*£000*
Amounts falling due within one year		
Trade debtors	23,382	21,438
Amounts owed by group undertakings	14,792	22,043
Other tax and social security	201	460
Corporation tax recoverable	-	39
Prepayments and other accrued income	1,858	386
	40,233	44,366
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	2,089
Rent deposit	55	55
	55	2,144
	40,288	46,510

14. Creditors: amounts falling due within one year

	2010	*2009*
	£000	*£000*
Loans	-	9,671
Trade creditors	6,899	4,581
Amounts owed to group undertakings	22,919	16,200
Other creditors	50	203
Other tax and social security	113	78
Accruals and deferred income	4,114	2,899
	34,095	33,632

The company's borrowing facilities include a facility of £11 million which is reviewed annually with the interest fixed monthly, and a facility of £2 5 million which is reviewed annually with the interest rate fixed at this point

Notes to the financial statements

at 31 March 2010

15. Creditors: amounts falling due after more than one year

	2010	*2009*
	£000	*£000*
Amounts loaned by parent company	-	8,626
	-	8,626

In the prior year the company took out a new loan for £5 2 million and €3 7 million from its parent company repayable in June 2010 Interest is charged at a fixed rate as follows

Borrowings bear interest as follows

£5 2 million at 6 253%
€3 7 million at 5 388%

	2010	*2009*
	£000	*£000*
Amounts loaned by parent company		
Between one and two years	-	8,626
Between two and five years	-	-
On demand or within one year	8,501	-
	8,501	8,626

The movement on the government grants was as follows

	2010	*2009*
	£000	*£000*
At 1 April 2009	-	35
Amortisation	-	(35)
At 31 March 2010	-	-

Notes to the financial statements
at 31 March 2010

16. Called up share capital

	2010 £000	2009 £000
Authorised		
36,000,000 ordinary shares of £1 each	36,000	36,000

	2010 £000	2009 £000
Allotted, called up and fully paid		
35,000,000 ordinary shares of £1 each	35,000	35,000

17. Reserves

	Profit and loss account £000
At 1 April 2009	(4,403)
Retained loss for the year	(2,284)
Actuarial loss net of deferred taxation	(1,396)
Currency translation adjustment on overseas branch	12
At 31 March 2010	(8,071)

18. Reconciliation of movement in shareholders' funds

	2010 £000	2009 £000
(Loss)/profit for the financial year	(2,284)	1,021
Other recognised gains and losses relating to the year (net)	(1,384)	(1,430)
Net addition/(reduction) to shareholders' funds	(3,668)	(409)
Opening shareholders' funds	30,597	31,006
Closing shareholders' funds	26,929	30,597

Notes to the financial statements

at 31 March 2010

19. Guarantees and other financial commitments

a) Capital commitments

At the end of the year capital commitments were

	2010	*2009*
	£000	*£000*
Contracted for but not provided for	564	244

b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

		2010		*2009*
	Land and buildings	*Plant and machinery*	*Land and buildings*	*Plant and machinery*
	£000	*£000*	*£000*	*£000*
Expiry date				
Within one year	-	3	107	10
Between two and five years	120	131	-	117
	120	134	107	127

20. Pensions

The only significant pension scheme operated by the company is the Maxell Europe Limited Pension Scheme (the 'scheme') in the UK

The scheme is a defined benefit pension scheme which all employees are invited to join The scheme is contributory (employer 11%, employees 7% of basic salary during the year) and is administered by trustees

During the year ended 31 March 2010, the company was contributing on average approximately 11% of pensionable pay into the UK pension scheme From 1 April 2010, the company is on average contributing approximately 11% of pensionable pay plus additional contributions of £30,000 per month

Notes to the financial statements

at 31 March 2010

20. Pensions (continued)

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were

	2010 *£000*	*2009* *£000*
Bonds	1,285	864
Equities	13,248	8,737
Cash and net current assets	169	61
Total fair value of scheme assets	14,702	9,662
Present value of scheme liabilities	(20,369)	(13,703)
Shortfall in scheme	(5,667)	(4,041)
Related deferred tax asset	1,587	1,131
Net pension liability	(4,080)	(2,910)

The amount recognised in the Profit and Loss account and in the Statement of Total Recognised Gains and Losses for the year are analysed as follows

Recognised in the Profit and Loss Account:

	2010 *£000*	*2009* *£000*
Current service costs	193	225
Total operating charge	193	225

Analysis of amounts charged to other finance (expense)/income (note 5)

	2010 *£000*	*2009* *£000*
Expected return on pension scheme assets	798	1,005
Interest on pension scheme liabilities	(883)	(1,011)
Net (expense)/return	(85)	(6)

Notes to the financial statements

at 31 March 2010

20. Pensions (contınued)

Taken to the Statement of Total Recognısed Gains and Losses·

	2010	*2009*
	£000	*£000*
Actual return less expected return on pensıon scheme assets	3,757	(4,350)
Changes ın assumptıons underlyıng the present value of the scheme lıabılıtıes	(5,696)	2,371
Actuarıal (loss)/gaın recognısed ın the Statement of Total Recognısed Gaıns and Losses	(1,939)	(1,979)

The cumulatıve amount of actuarıal gaıns and losses recognısed ın the Statement of Total Recognısed Gaıns and losses sınce 1 January 2004 ıs a net loss of £2,217,000 (2009 net loss of £278,000)

The major assumptions at 31 March 2010 used by the actuary were -

	2010	*2009*
	%	*%*
Rate of ıncrease ın salarıes	3 50	3 00
Rate of ıncrease ın pensıons ın payment	2 40	2 20
Dıscount rate	5 50	6 50
Inflatıon rate	3 50	3 00
Mortalıty	115% of PXA00	115% of PXA00

The mortalıty assumptıon for 2010 ıs 115% of PXA00 bırth year tables wıth long cohort projectıons and 1 5% mınımum ımprovement underpın

Usıng the mortalıty tables adopted, the assumed future lıfe expectancy on retırement at age 65 ıs as follows -

<u>Retırıng today</u>

	2010	*2009*
Males	88 2	88 0
Females	90 67	90 6

<u>Retırıng ın 20 years</u>

Males	91 1	91 0
Females	93 6	93 5

Notes to the financial statements

at 31 March 2010

20. Pensions (contınued)

The scheme assets are stated at the market values at the balance sheet dates and overall expected rates of return are establıshed by applyıng publıshed brokers forecasts for each category of scheme asset The rates quoted below are the expected net rates of return after allowance for expenses

	Expected rate of return 2010	*2009*
	%	*%*
Bonds	4 25	4 00
Equıtıes	8 00	8 50
Cash and net current assets	0 50	2 00

Changes ın the faır value of plan assets are analysed as follows

	2010	*2009*
	£000	*£000*
At 1 Aprıl	9,662	12,828
Expected return on assets	798	1,005
Members' Contrıbutıon	144	144
Benefits paıd	(250)	(556)
Actuarıal gaıns/(losses) on assets	3,757	(4,350)
Contrıbutıons by the Company	591	591
At 31 March	14,702	9,662

Changes ın the present value of the defined benefit oblıgatıons are analysed as follows

	2010	*2009*
	£000	*£000*
At 1Aprıl	13,703	15,250
Current servıce cost	193	225
Members' Contrıbutıons	144	144
Interest cost	883	1,011
Benefits paıd	(250)	(556)
Actuarıal (gaıns)/losses on lıabılıtıes	5,696	(2,371)
At 31 March	20,369	13,703

Notes to the financial statements
at 31 March 2010

20. Pensions (contınued)

Hıstory of experıence gaıns and losses	*2010*	*2009*	*2008*	*2007*	*2006*
	£000	*£000*	*£000*	*£000*	*£000*
Present value of DB oblıgatıon	(20,369)	(13,703)	(15,250)	(16,890)	(15,447)
Scheme assets	14,702	9,662	12,828	12,878	11,155
Deficıt	(5,667)	(4,041)	(2,422)	(4,012)	(4,292)
Experıence gaıns and losses on scheme lıabılıtıes	(5,696)	1,908	330	(736)	364
Experıence gaıns and losses on Scheme assets	3,757	(4,350)	(1,751)	(15)	1,801

21. Ultimate parent company

The largest group, and controllıng party, ın whıch the results of Maxell Europe Lımıted are consolıdated ıs that headed by Hıtachı Lımıted, ıts ultımate parent company, ıncorporated ın Japan, whose prıncıpal place of busıness ıs 6 Kanda, Surugadaı, 4 Chome, Chıyoda-Ku, Tokyo 101-8010, Japan The smallest group ın whıch the results are consolıdated ıs that headed by Hıtachı Maxell Lımıted, ıts ımmedıate parent company, ıncorporated ın Japan, whose prıncıpal place of busıness ıs 1-1-88, Ushıtora, Ibarakı-shı, Osaka 567-8567, Japan The consolıdated financıal statements are avaılable from the above addresses

22. Contingent asset

The gaın made on the sale and leaseback transactıon ıs dısclosed ın note 5 In addıtıon to thıs, for a 10 year perıod from the date of transfer of the property there ıs a potentıal for overage payments to be receıved of up to £1 5 mıllıon based upon plannıng permıssıon beıng granted and capable of beıng executed for a qualıfyıng development at the property

23 Related party transactions

As a subsıdıary undertakıng of Hıtachı Maxell Lımıted, the company has taken advantage of the exemptıon ın Fınancıal Reportıng Standard Number 8 'Related party dısclosures' from dısclosıng transactıons wıth other members of the group headed by Hıtachı Maxell Lımıted

Maxell Spaın S A ıs a related party as Maxell Europe Lımıted owns 15% of ıts ıssued share capıtal Sales of £1,861,000 (2009 £2,055,000) were made to Maxell Spaın S A durıng the year to 31 March 2010 £699,000 (2009 £913,000) remaıns unpaıd at the balance sheet date and ıs ıncluded ın trade debtors (note 13)