

NGK Berylco UK Limited

**Directors' report and financial
statements**

Registered number 2085285

31 December 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company remains dealing in copper beryllium alloy products.

Business review

The company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review. The results for the year are set out on page 5 of these financial statements.

An interim dividend of £5,780,000 was paid during the year (2007: £nil). The directors do not recommend the payment of a final dividend (2007: £nil).

Directors

The directors who held office during the year were as follows:

SW Emslie
M Miyakawa
K Yoshioka

Political and charitable contributions

The company made no political contributions during the year (2007: £nil). Donations to UK charities amounted to £nil (2007: £nil).

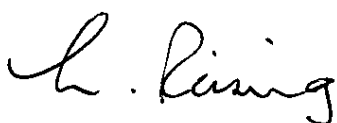
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



LR Reising
Secretary

Unit E
Houston Park
Montford Street
Salford
M50 2RP

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

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of NGK Berylco UK Limited

We have audited the financial statements of NGK Berylco UK Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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.

Independent auditors' report to the members of NGK Berylco UK Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
27 May 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Turnover	2	4,897	5,188
Cost of sales		(3,502)	(3,488)
Gross profit		1,395	1,700
Distribution costs		(398)	(392)
Administrative expenses		(194)	(185)
Operating profit	3-5	803	1,123
Other interest receivable and similar income	6	311	338
Interest payable and similar charges	7	(50)	-
Profit on ordinary activities before taxation		1,064	1,461
Tax on profit on ordinary activities	8	(304)	(438)
Profit on ordinary activities after taxation and retained for the year		760	1,023

There are no recognised gains or losses in the current or preceding year other than the profit for the year and accordingly no separate statement of total recognised gains and losses has been presented.

All activities derive from continuing operations.

Balance sheet
at 31 December 2008

	<i>Note</i>	2008 £000	2008 £000	2007 £000	2007 £000
Fixed assets					
Tangible assets	9		82		103
Current assets					
Stocks	10	1,383		970	
Debtors	11	832		1,257	
Cash at bank and in hand		1,587		6,665	
		<u>3,802</u>		<u>8,892</u>	
Creditors: amounts falling due within one year	12	(648)		(738)	
Net current assets			3,154		8,154
Total assets less current liabilities			3,236		8,257
Provisions for liabilities	13		(1)		(2)
Net assets			3,235		8,255
Capital and reserves					
Called up share capital	14		500		500
Profit and loss account	15		2,735		7,755
Shareholders' funds			3,235		8,255

These financial statements were approved by the board of directors on its behalf by:

14/5/09

and were signed on



SW Emslie
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Profit for the financial year		760	1,023
Dividends on shares classified within shareholders funds	15	(5,780)	-
		<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds		(5,020)	1,023
Opening shareholders' funds		8,255	7,232
		<hr/>	<hr/>
Closing shareholders' funds		3,235	8,255
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by NGK Insulators Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The consolidated financial statements of NGK Insulators Limited within which this company is included, can be obtained from the address given in note 18.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	4 to 10 years
Office equipment	-	3 to 4 years
Fixtures and fittings	-	4 to 10 years
Motor vehicles	-	4 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

In accordance with FRS 19, deferred tax is provided where a taxation liability will arise as a result of transactions or events which have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded that they will be recovered. Provision is made at rates expected to be applicable when the liabilities or assets are likely to crystallise.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of copper alloy goods supplied to customers during the year.

2 Turnover

Analysis of turnover by geographical area:

	2008 £000	2007 £000
United Kingdom	4,055	4,654
Overseas	842	534
	<u>4,897</u>	<u>5,188</u>

3 Profit on ordinary activities before taxation

	2008 £000	2007 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
<i>Auditors' remuneration:</i>		
Audit of these financial statements	9	9
Other services relating to taxation	3	3
Depreciation of owned tangible fixed assets	30	33
(Profit) on disposal of fixed assets	-	(9)
Rentals payable under operating leases - land and buildings	46	41
	<u> </u>	<u> </u>

Notes (continued)

4 Remuneration of directors

	2008 £000	2007 £000
Directors' emoluments	96	96
Pension contributions	43	42
	<u>139</u>	<u>138</u>

During the year the company made contributions to a defined contribution pension scheme on behalf of one of the directors (2007: one).

5 Staff numbers and costs

The average number of persons employed by the company (excluding directors who perform their duties wholly outside the UK) during the year, analysed by category, was as follows:

	Number of employees	
	2008	2007
Administration	3	3
Sales	4	3
Warehouse	5	5
	<u>12</u>	<u>11</u>

The aggregate payroll costs of these persons were as follows:

	2008 £000	2007 £000
Wages and salaries	390	389
Social security costs	42	45
Other pension costs (see note 17)	57	55
	<u>489</u>	<u>489</u>

6 Other interest receivable and similar income

	2008 £000	2007 £000
Bank interest receivable	<u>311</u>	<u>338</u>

Notes (continued)

7 Interest payable and similar charges

	2008 £000	2007 £000
Net exchange losses	50	-

8 Taxation

Analysis of charge in year

	2008 £000	2007 £000
<i>UK corporation tax</i>		
Current tax on income for the year	305	436
<i>Deferred taxation (see note 13)</i>		
Current year (credit)/charge	(1)	3
Adjustments in respect of prior periods	-	(1)
	(1)	2
Tax on profit on ordinary activities	304	438

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2007: lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	1,064	1,461
Current tax at 28.5% (2007: 30%)	303	438
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	1
Capital allowances less than/(in excess of) depreciation	1	(3)
Total current tax charge (see above)	305	436

The standard rate of corporation tax in the UK reduced to 28% on 1 April 2008. The average rate for the year ended 31 December 2008 is therefore 28.5%.

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
Cost				
At beginning of year	127	48	120	295
Additions	-	-	9	9
Disposals	-	-	(5)	(5)
At end of year	127	48	124	299
Depreciation				
At beginning of year	85	7	100	192
Charge for year	7	12	11	30
On disposals	-	-	(5)	(5)
At end of year	92	19	106	217
Net book value				
At 31 December 2008	35	29	18	82
At 31 December 2007	42	41	20	103

Notes (continued)

10 Stocks

	2008	2007
	£000	£000
Raw materials and consumables	1,383	970

11 Debtors

	2008	2007
	£000	£000
Trade debtors	761	1,074
Amounts due from group undertakings	15	45
Prepayments and accrued income	56	138
	832	1,257

12 Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Trade creditors	51	58
Amounts owed to group undertakings	373	239
Corporation tax	115	240
Other taxes and social security	67	150
Accruals and deferred income	42	51
	648	738

Notes (continued)

13 Provisions for liabilities

	Deferred taxation £000
At beginning of year	2
Credit to profit and loss account in the year	(1)
	<hr/>
At end of year	1
	<hr/>

The elements of deferred taxation are as follows:

	2008 £000	2007 £000
Difference between accumulated depreciation and capital allowances	1	2
	<hr/>	<hr/>

14 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
Ordinary shares of £1,000 each	498	498
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>
	500	500
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1,000 each	498	498
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>
	500	500
	<hr/>	<hr/>

All shares rank pari passu.

15 Profit and loss account

	2008 £000	2007 £000
At beginning of year	7,755	6,732
Retained profit for the year	760	1,023
Dividends paid on shares classified within shareholders funds	(5,780)	-
	<hr/>	<hr/>
At end of year	2,735	7,755
	<hr/>	<hr/>

An interim dividend of £5,780,000 was paid to the shareholders during the year.

Notes (continued)

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2008	2007
	£000	£000
Operating leases which expire:		
In the second to fifth years inclusive	8	8
After five years	37	37

17 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £57,000 (2007: £55,000). There were no outstanding or prepaid contributions at the end of the year.

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of NGK North America Inc., incorporated in the United States. The ultimate parent company is NGK Insulators Limited, a company incorporated in Japan.

The smallest and largest group in which the results of the company are consolidated is that headed by NGK Insulators Limited. No other group financial statements include the results of the company. The consolidated financial statements of this group are available to the public and may be obtained from NGK Insulators Limited, 2-56, Suda-cho, Mizuho-ku, Nagoya 467-8530, Japan.