

ANNUAL REPORT

AVX LIMITED PENSION SCHEME

FOR THE YEAR ENDED

5 APRIL 2010

Scheme Registration Number: 10023435

AVX Limited Pension Scheme

Annual Report

For the year ended 5 April 2010

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AVX Limited Pension Scheme

Annual Report

For the year ended 5 April 2010

Scheme Advisers and Principal Employer

Scheme Actuary

Paul McCarron F.I.A.
Mercer Limited

Statutory Auditors

PricewaterhouseCoopers LLP

Investment Manager

State Street Global Advisors

Additional Voluntary Contribution (AVC) Providers

Clerical Medical	
Prudential Assurance	(Varelco members only)
Phoenix Life and Pensions Limited	(Varelco members only)

Legal Adviser

McGrigors

Scheme Administrator and Consultants

Mercer Limited

Bank

National Westminster Bank plc

Life Assurance Companies

Assicurazioni Generali S.p.A
UnumProvident

AVX Limited Pension Scheme

Annual Report

For the year ended 5 April 2010

Contacts for further information and issues about the Scheme

Mr R J Lawrence
AVX Limited
Admiral House
Harlington Way
Fleet
Hants
GU51 4BB

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Introduction

The Trustees of the AVX Limited Pension Scheme (the "Scheme") are pleased to present their report together with the audited accounts for the year ended 5 April 2010. The Scheme is a defined benefit Scheme.

Management of the Scheme

Under the Pensions Act 2004, from 6 April 2006 scheme Trustees, including those whose Sponsoring Employers opted out of the 1996 Member-nominated Trustee requirements, are required to ensure that at least one third of Trustees, or directors of a Trustee company, are nominated by and selected by the members. The AVX Pension scheme complies with these requirements.

During the year under review the Trustees of the Scheme have been:

R J Lawrence	(Chairman)	
M J Symonds		(resigned 30 September 2010)
S H Cunday	(Member-nominated)	
P Curtis	(Member-nominated)	
K P Cummings		
H McCann		(appointed 30 September 2010)

The Member-nominated Trustees may be removed before the end of their five year term only by agreement of all the remaining Trustees, although their appointment ceases if they cease to be members of the Scheme. In accordance with the Trust Deed, the Principal Employer, AVX Limited, has the power to appoint and remove the other Trustees of the Scheme.

Further information about the Scheme is given in the explanatory booklet, dated April 1999, which is issued to all members.

Governance and risk management

The Trustees have a business plan which sets out their objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Scheme efficiently and serves as a useful reference document.

The Trustees have also focused on risk management. A risk register has been put in place which sets out the key risks to which the Scheme is subject along with the controls in place to mitigate these.

Trustee knowledge and understanding

The Pensions Act 2004 requires Trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a code of practice on trustee knowledge and understanding to assist Trustees on this matter which became effective from 6 April 2006. The Trustees have agreed a training plan to enable them to meet these requirements.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Principal Employer

The Scheme is provided for all eligible employees of the Principal Employer whose registered address is AVX Limited, Admiral House, Harlington Way, Fleet, Hampshire, GU51 4BB.

Financial development

The accounts on pages 14 to 22 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £38,723,838 at 5 April 2009 to £49,417,593 at 5 April 2010.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Actuarial position of the Scheme

The latest actuarial valuation of the Scheme was carried out with an effective date of 5 April 2009.

A summary of the funding position at the date of the latest actuarial valuation showed the following.

	£ million's
The Statutory Funding Objective (SFO) in relation to the liabilities:	64.0
Valuation of assets:	38.3
Shortfall relative to the SFO:	25.7
Funding level	60%

An update of the funding position to 31 December 2009 on a consistent basis showed a reduced deficit of £17.3 million.

If the Trustees were to buy insurance policies to meet the Scheme's liabilities, instead of continuing to run the Scheme as a going concern, the Company would need to meet the full additional cost of doing this. At the last actuarial valuation of the Scheme as at 5 April 2009, the estimated cost of securing benefits with an insurance policy would be £80.4 million and the Scheme's assets were 47.6% of this amount. The Company does not wish to wind up the Scheme.

The Trustees have reviewed the Company's financial position and are satisfied that it is financially secure and can continue to pay the agreed level of contributions to the Scheme.

In addition, the Pension Protection Fund (PPF) was set up in April 2005 to help protect member's pension benefits. Further information is available on the PPF's website at www.pensionprotectionfund.org.uk.

It is worth remembering that a valuation is just a "snap shot" of the Scheme's funding position and it can change considerably if there are sudden changes in share prices, gilt yields or we just live longer than we expect.

The Actuarial Certificate in relation to the Schedule of Contributions is shown on page 23 of the Annual Report and the Actuarial Certificate of Technical Provisions is shown on page 24 of the Annual Report.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Membership

Details of the current membership of the Scheme are given below:

	2010	2009
Active members		
Active members at the start of the year	92	113
Adjustments	-	1
Retirements	(35)	(6)
Deaths	-	(1)
Members leaving with preserved benefits	(43)	(15)
Active members at the end of the year	14	92
Pensioners		
Pensioners at the start of the year	366	356
Adjustments	-	3
Members retiring	35	6
Members with preserved benefits reaching retirement	16	9
Spouses and dependants	5	2
Pensioners ceasing	(1)	(1)
Pensioners who died	(5)	(9)
Cash taken	(1)	-
Pensioners at the end of the year	415	366
Members with preserved benefits		
Members with preserved benefits at the start of the year	471	470
Adjustments	(3)	-
Leavers with preserved benefits	43	15
Members with preserved benefits becoming pensioners	(16)	(9)
Deaths	-	(2)
Transfer Out	(6)	(3)
Preserveds at the end of the year	489	471
Total membership at the end of the year	918	929

Pensioners include individuals receiving a pension upon the death of their spouse.

A number of active members left the Scheme as part of the redundancy exercise at the Paignton site during the year to 5 April 2010. Of the leavers, some members took early retirement from the Scheme whilst others left the Scheme with preserved benefits.

The Scheme was closed to new entrants with effect from 1 April 1997. New entrants after that date are eligible to join the defined contribution section of The AVX Retirement Plan.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Investments

General

All investments, with the exception of the AVC assets, have been managed during the year under review by State Street Global Advisors. There is a degree of delegation of responsibility for investment decisions. The investment strategy is agreed by the Trustees after taking appropriate advice. The day-to-day management of the Scheme's asset portfolio, which includes full discretion for stock selection is the responsibility of the investment manager.

Investment principles

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the statement is available on request. The main priority of the Trustees when considering the investment policy is to ensure that the promises made about members' pensions may be fulfilled. To ensure this, investments are spread across the available range, both by type of investment (equities, bonds, property etc.) and geographically. Spreading the investments in this way reduces the risk of a sharp fall in one particular market having a substantial impact on the whole fund.

The Myners review and code of best practice

The Myners principles codify best practice in investment decision-making. While they are voluntary, pension fund trustees are expected to consider their applicability to their own fund and report on a 'comply or explain' basis how they have used them.

The principles were initially published in 2001 following a Government sponsored review of institutional investment by Paul Myners, which found shortcomings in the expertise and organisation of investment decision-making by pension fund trustees.

In March 2008 the Government consulted on proposals to update the Myners principles. This led to the publication of a revised set of six principles for Defined Benefit ("DB") schemes in October 2008, together with the establishment of an Investment Governance Group ("IGG") to oversee the industry-led framework for the application of the principles.

While there are now only six DB principles, in place of the original ten, their scope is largely unchanged. The principles continue to emphasise the essentials of investment governance, notably the importance of effective decision-making, clear investment objectives and a focus on the nature of each scheme's liabilities. The principles also require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities. The Trustees consider that their investment policies and their implementation are in keeping with the revised principles for DB schemes.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Investment report

General Review

In the previous 18 months the largest bear market since the late 1930s had destroyed US\$18 trillion of equity market capitalisation around the world, an amount well in excess of the entire nominal GDP of the United States. Twelve months later, every asset class has shown positive returns. Emerging markets, small-cap stocks and high yield bonds have soared 70%-90% in US dollar terms. Indeed, after a harrowing start to calendar year 2009, the twelve months just passed saw remarkably persistent recovery in both economic prospects and risk appetites. While historic 2007 highs remained distant memories, investor sentiment still benefited immensely as many market averages regained levels that had broken down badly after the September 2008 collapse of Lehman Brothers.

Boosting investor spirits throughout the period were improving profit expectations. Although the pace of estimate gains seemed to ebb as the year drew to a close, relative value considerations kept equities buoyant worldwide. Short-term investments remained singularly unappealing, as G7 central bankers affirmed their commitment to supportive policies and Libor rates eroded further. Corporate bond spreads, both investment-grade and high-yield, contracted throughout the period, easing financial constraints on borrowers with access to the capital markets.

In the UK, GDP fell a cumulative 6.2% between the second quarter of 2008 and the third quarter of 2009, the worst downturn in over 50 years of recordkeeping. The recession ended in the final quarter of 2009, although barely as GDP eked out a meagre 0.3% gain. Headwinds created by a fragile banking system, household balance sheet repair, fiscal restraint and weak Eurozone growth will keep growth anaemic, with GDP expected to rise just 1.2% in 2010. Higher energy prices and VAT rates pushed headline inflation to a worrying 3.5% in January. It should slow over the course of this year, reflecting the large output gap as well as easing pressures from energy and the VAT adjustment. The Bank of England (BoE) has cut its official Bank Rate to a record low of 0.50%. Although the policy rate will not fall further, it is unlikely to rise this year. Moreover, the BoE remains open to further quantitative easing measures over the near term.

The steady volatility erosion and equity gains that took hold during the period have made many traders worry about an imminent rise in risk aversion, particularly in light of budding disruptions in the government bond markets. And some kind of pullback certainly seems appropriate as we approach the less robust seasonal patterns for May and June 2010. But away from the financial constraints that are bearing down most heavily on peripheral Europe, upticks in bond yields reflect trends that should remain supportive of share prices. Whether due to rising inflation expectations, as in the UK or Japan, or to a bump in real yields, as in the US or Australia, the indigestion in bonds is indicative of economic recovery. Even if only slowly, output gaps are shrinking and demand for capital is ticking up. Meanwhile, the major central banks need to keep rates low, as sagging housing keeps the US Federal Reserve on hold, wavering growth flummoxes the European Central Bank, and deflation persists in Japan.

With minimal cash yields and healthy credit markets, the constructive backdrop for equities persists, and corrections should remain mild. Later in 2010 we may start to see concerns creep in about increased taxes, peaking profit margins, and potential disappointments for 2011 earnings. But with a preponderance of capital having flowed into fixed income over the past year, equities should continue to attract funds until either valuations reach more obviously onerous levels or bonds become a considerably cheaper alternative.

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Review of investment performance

The State Street Global Advisors Managed Pension Fund is invested in the SSgA MPF Commingled Funds. The objective is to achieve the total return (capital plus income) in line with the benchmark (net of transaction costs) with acceptable tracking tolerance.

The performance of the SSgA MPF Commingled Funds portfolio against each of their benchmarks for the 1, 3, and 5 year periods to 31 March 2010 is shown in the table below.

	1 year %	3 years % p.a.	5 years % p.a.
SSgA MPF UK Equity Index Fund	52.65	-0.06	7.24
<i>Benchmark</i>	<i>52.30</i>	<i>-0.24</i>	<i>7.16</i>
SSgA MPF Japan Equity (100% Hedged) Index Fund	27.10	-16.24	N/A
<i>Benchmark</i>	<i>27.50</i>	<i>-15.90</i>	<i>N/A</i>
SSgA MPF North American Equity (100% Hedged) Index Fund	48.84	-3.70	N/A
<i>Benchmark</i>	<i>48.96</i>	<i>-3.60</i>	<i>N/A</i>
SSgA MPF Asia Pacific Equity (100% Hedged) Index Fund	50.31	0.85	N/A
<i>Benchmark</i>	<i>51.13</i>	<i>0.80</i>	<i>N/A</i>
SSgA MPF Europe Equity ex-UK (100% Hedged) Index Fund	50.55	-7.33	N/A
<i>Benchmark</i>	<i>50.47</i>	<i>-7.30</i>	<i>N/A</i>
SSgA MPF UK Over 15yr Conventional Gilt Index Fund	-0.13	4.48	4.55
<i>Benchmark</i>	<i>-0.15</i>	<i>4.43</i>	<i>4.51</i>
SSgA MPF Sterling Corp Bonds	0.12	0.12	0.64
<i>Benchmark</i>	<i>0.10</i>	<i>0.10</i>	<i>0.40</i>

Deployment of Assets

The deployment at the year end and the previous year end of the assets underlying the investments (excluding AVCs) is shown in the table below:

	2010 %	2009 %
UK Equities	21.0	20.5
Overseas Equities	31.2	30.6
UK Fixed Interest	<u>47.8</u>	<u>48.9</u>
	<u>100.0</u>	<u>100.0</u>

AVX Limited Pension Scheme

Trustees' Report

For the year ended 5 April 2010

Investment Strategy

All the assets of the Scheme are invested with State Street Global Advisors. The investment strategy includes around 50% of the assets being invested in equities and 50% in bonds.

Custodial arrangements

PFT Limited have been appointed by the Trustees as custodian of the cash held in connection with the administration of the Scheme.

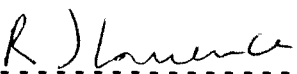
Basis of investment managers' fees


State Street Global Advisors charges fees quarterly based on an annual fixed charge of £1,000 plus variable rates bands of 0.04% to 0.275% on the balance up to £50m.

Further information

Further disclosures required by legislation are included in the Compliance Statement on pages 25 to 27.

Signed on behalf of the Trustees on 13th October 2010


Trustee


Trustee

AVX Limited Pension Scheme

Statement of Trustees' Responsibilities

For the year ended 5 April 2010

The accounts are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited accounts for each Scheme year which:

- show a true and fair view, in accordance with applicable law and United Kingdom Auditing Standards (United Kingdom Generally Accepted Accounting Practice), of the financial transactions of the Scheme during the Scheme year and of the amount and disposition, at the end of that year, of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement as to whether the accounts have been prepared in accordance with the Statement of Recommended Practice, "Financial Reports of Pension Schemes".

The Trustees have supervised the preparation of the accounts and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions (other than voluntary contributions) payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

AVX Limited Pension Scheme

Independent Auditors' Report to the Trustees

For the year ended 5 April 2010

We have audited the accounts of the AVX Limited Pension Scheme for the year ended 5 April 2010 which comprise the Fund Account, the Net Assets Statement and the related Notes. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and Auditors

The Trustees' responsibilities for obtaining an Annual Report and audited accounts prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the accounts 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 Trustees as a body in accordance with Section 41 of the Pensions Act 1995 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 accounts give a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Scheme advisers and Principal Employer, Trustees' Report, the Statement of Trustees' Responsibilities, the Actuarial Certificates, the Compliance Statement, the Summary of Contributions and the other sections listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

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 accounts. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the Scheme'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 accounts 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 accounts.

AVX Limited Pension Scheme

Independent Auditors' Report to the Trustees

For the year ended 5 April 2010

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the year ended 5 April 2010, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year, and
- the accounts contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.


PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Belfast

Date: 13 October 2010

AVX Limited Pension Scheme

Accounts

As at 5 April 2010

FUND ACCOUNT

	Note	2010	2009
		£	£
Contributions and Benefits			
Additions			
Contributions	3	3,252,681	2,922,432
Interest	4	990	7,511
		<u>3,253,671</u>	<u>2,929,943</u>
Withdrawals			
Benefits	5	(2,546,096)	(1,966,100)
Payments to and on account of leavers	6	(382,457)	(37,623)
Insurance premium	7	(48,382)	(86,254)
Administrative expenses	8	(194,559)	(150,330)
		<u>(3,171,494)</u>	<u>(2,240,307)</u>
Net additions from dealings with members		82,177	689,636
Returns on investments			
Investment income	9	27,363	24,683
Investment management expenses	10	(61,372)	(52,747)
Change in market value of investments	11	<u>10,645,587</u>	<u>(6,778,040)</u>
Net returns on investments		<u>10,611,578</u>	<u>(6,806,104)</u>
Net increase/(decrease) in the fund during the year		10,693,755	(6,116,468)
Net Assets at 6 April		<u>38,723,838</u>	<u>44,840,306</u>
Net Assets at 5 April		<u><u>49,417,593</u></u>	<u><u>38,723,838</u></u>

The notes on pages 16 to 22 form part of these accounts.

AVX Limited Pension Scheme

Accounts

As at 5 April 2010

NET ASSETS STATEMENT

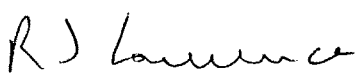
	Note	2010 £	2009 £
Investment assets	11	49,047,569	38,471,217
Current assets	12	638,575	377,617
Current liabilities	13	<u>(268,551)</u>	<u>(124,996)</u>
Net Assets at 5 April		<u>49,417,593</u>	<u>38,723,838</u>

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the note on page 5 and the Actuarial Certificates on pages 23 to 24 and these accounts should be read in conjunction therewith.


The notes on pages 16 to 22 form part of these accounts.

The accounts on pages 14 to 22 were approved by the Trustees on 13th October 2010

Signed on behalf of the Trustees



Trustee



Trustee

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2010

1. Basis of preparation

The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (revised May 2007).

2. Accounting policies

The principal accounting policies are set out below.

2.1 Accruals concept

The accounts have been prepared on an accruals basis.

2.2 Valuation of investments

The market value of pooled investment vehicles is taken as the bid price at the accounting date, as advised by the investment manager.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

The AVC investments include policies of assurance underwritten by Clerical Medical, Prudential Assurance and Phoenix Life and Pensions Limited. The market value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the AVC Providers.

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2010

2. Accounting policies (continued)

2.3 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

Augmentations are accounted for in accordance with the agreement under which they are received.

Employer deficit funding contributions are accounted for on the due dates in accordance with the Schedules of Contributions.

The Scheme has purchased annuity policies to cover certain pensions in payment. The cost of acquiring these policies is included in the fund account in the year of purchase and represents the cost of discharging the obligations of the Scheme to the relevant members at the time of purchase.

The Trustees hold insurance policies that secure pensions payable to specified beneficiaries. These policies remain assets of the Trustees but, as is permitted under current regulations and accounting practice, the Trustees have decided that these policies need not be valued in the Net Assets Statement.

Income arising from annuity policies is included in investment income and the pensions paid are included in benefits payable.

2.4 Transfers

Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer.

2.5 Investment and other income

Interest on bank deposits is accounted for as it accrues.

2.6 Administrative expenses and investment management expenses

Administrative expenses and investment management expenses are accounted for on an accruals basis.

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2010

3. Contributions

	2010 £	2009 £
Contributions from employer:		
Normal	179,781	238,069
Deficit funding	2,832,000	2,386,000
Augmentations	-	11,900
	<u>3,011,781</u>	<u>2,635,969</u>
Contributions from members:		
Normal	157,177	205,420
AVCs	83,723	81,043
	<u>240,900</u>	<u>286,463</u>
	<u><u>3,252,681</u></u>	<u><u>2,922,432</u></u>

In accordance with the Schedules of Contributions, deficit funding contributions of £198,000 per month were receivable up until December 2009. From January 2010, these contributions increased to £350,000 per month and are payable until June 2014 inclusive.

4. Other income

	2010 £	2009 £
Interest on cash deposits	<u>990</u>	<u>7,511</u>

5. Benefits

	2010 £	2009 £
Pensions	1,767,752	1,667,884
Commutations and lump sums on retirement	769,137	290,816
Lump sums on death in retirement	-	5,492
Refunds of contributions on death	-	1,908
Purchase of annuities	9,207	-
	<u>2,546,096</u>	<u>1,966,100</u>

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2010

6. Payments to and on account of leavers

	2010	2009
	£	£
Refunds to members leaving service	(720)	-
Payments for members joining state scheme	(798)	-
Individual transfers to other schemes	383,975	37,623
	<u>382,457</u>	<u>37,623</u>

7. Other payments

	2010	2009
	£	£
Premiums on term insurance policies	<u>48,382</u>	<u>86,254</u>

Term insurance is secured by policies underwritten by Assicurazioni Generali S.p.A and UnumProvident.

8. Administrative expenses

	2010	2009
	£	£
Administration	69,665	75,056
Pension consultancy and actuarial	89,469	39,759
The Pensions Regulator and Pension Protection Fund	30,478	33,218
Audit	2,129	1,262
Data protection	39	35
Trustee expenses	2,779	1,000
	<u>194,559</u>	<u>150,330</u>

Except as noted above, costs of the administration of the Scheme are borne by the Principal Employer.

9. Investment income

	2010	2009
	£	£
Annuity income	<u>27,363</u>	<u>24,683</u>

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2010

10. Investment management expenses

	2010 £	2009 £
Administration, management and custody	<u>61,372</u>	<u>52,747</u>

11. Investment

Investment assets

	2010 £	2009 £
Pooled Investment Vehicles		
SSgA Managed Pension Fund		
- UK Equities	10,224,174	7,805,513
- UK Fixed Interest	23,326,373	18,614,571
- Overseas Equities	15,212,853	11,648,817
	<u>48,763,400</u>	<u>38,068,901</u>
AVC investments	284,169	402,316
	<u>49,047,569</u>	<u>38,471,217</u>

The movements in total investments during the year were as follows:

	Market value at 6 April 2009 £	Cost of investments purchased £	Proceeds of sales of investments £	Change in market value £	Market value at 5 April 2010 £
Pooled investment vehicles - managed funds	38,068,901	3,401,381	(3,350,423)	10,643,541	48,763,400
AVC investments	402,316	83,693	(203,886)	2,046	284,169
	<u>38,471,217</u>	<u>3,485,074</u>	<u>(3,554,309)</u>	<u>10,645,587</u>	<u>49,047,569</u>

The pooled investment vehicles are held under a managed fund policy in the name of the Scheme. Income generated by the pooled funds is not distributed, but retained within the pooled investments and reflected in the market value of the pooled investment units.

The company managing the investments is registered in the United Kingdom.

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2010

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Transaction costs charged during the year were £9,571. In addition to transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles

Concentration of investments

The following pooled investments account for more than 5% of the Scheme's net assets as at 5 April 2010.

	2010	2009
	%	%
SSgA Sterling corp All Stock Fund	24.0	24.1
SSgA MPF UK Over 15y Gilt Index Fund	23.2	23.9
SsgA UK Equity Index Fund	20.7	20.1
SSgA Europe ex UK Equity (100% Hedged) Sub Fund	12.3	12.2
SSgA North America Equity(100% Hedged) Sub Fund	9.2	9.0

11.1 AVC investments

The Trustees hold assets which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay AVCs. Members participating in this arrangement receive an annual statement made up to 31 March each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year end is shown below.

	2010	2009
	£	£
Prudential Assurance	29,298	31,642
Phoenix Life and Pensions Limited	12,338	11,784
Clerical Medical	242,533	358,890
	<u>284,169</u>	<u>402,316</u>

AVX Limited Pension Scheme

Notes to the Accounts

For the year ended 5 April 2010

12. Current assets

	2010	2009
	£	£
Contributions receivable - employer	358,551	216,792
- employee	7,591	16,334
Reimbursement of insured pensions	4,922	-
Interest on cash deposits	-	15
Life assurance paid in advance	-	45,618
Monies due from AVX Retirement Plan	17,686	3,918
Cash in transit	1,036	9,832
Cash deposits held with Scheme Administrator	248,789	85,108
	<u>638,575</u>	<u>377,617</u>

Contributions receivable

The contributions due as at 5 April 2010 were received after the year end in accordance with the due date set out in the Schedule of Contributions.

Cash deposits

This amount represents the balance applicable to the Scheme on the PFT Limited Clients' Trust Account. The account is held with the National Westminster Bank plc.

13. Current liabilities

	2010	2009
	£	£
Lump sums on retirement	188,359	82,903
Death benefits	-	5,970
Refund of contributions	-	720
Taxation	13,027	11,515
State scheme premiums	380	1,177
Administrative expenses	50,756	9,900
Investment management expenses	16,029	12,811
	<u>268,551</u>	<u>124,996</u>

Actuarial Certificate

Certification of Schedule of Contributions

Name of Scheme: AVX Limited Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to be met by the end of the period specified in the Recovery Plan dated March 2010.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated March 2010.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signature

Paul McCarron

Name

Paul McCarron

Date of signing

18 March 2010

Name of Employer

Mercer Limited

Address

Clarendon House
23 Clarendon Road
Belfast
BT1 3BG

Qualification

Fellow of the Institute of Actuaries

Actuarial Certificate

Certificate of Technical Provisions

Name of Scheme: AVX Limited Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 5 April 2009 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the Statement of Funding Principles dated March 2010.

Signature

Paul McCarron

Name

Paul McCarron

Date of signing

5 July 2010

Name of Employer

Mercer Limited

Address

Clarendon House
23 Clarendon Road
Belfast
BT1 3BG

Qualification

Fellow of the Institute of Actuaries

AVX Limited Pension Scheme

Compliance Statement

For the year ended 5 April 2010

Constitution

The Scheme was established on 16 November 1987 and is governed by a definitive Trust Deed dated 20 September 1991, with subsequent amendments.

Taxation status

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004.

Pension increases

As at 1 April 2009, all pensions in payment were increased as follows:

- 3.0 % on pre 97 excess over Guaranteed Minimum Pension;
- 3.0 % on post 1988 Guaranteed Minimum Pension, and
- 5.0 % on the post 1997 pension.

All pensions in payment in respect of pensionable service completed on or after 6 April 2006 will be increased by 2.5% compound a year, or if less the percentage increase in the index of retail prices in the previous 12 months.

No pension increase awarded during the year were discretionary.

Calculation of transfer values

No allowance is made in the calculation of transfer values for discretionary pension increases.

Benefit Design Changes

From 1 July 2007 active members in the Scheme can elect to remain on the 1/60^{ths} accrual rate or move down to the 1/80^{ths} accrual rate, with corresponding member contribution rates of 13% or 8% of Pensionable Salaries respectively.

Pension built up prior to 1 July 2007 is unaffected.

Active members have a further option on a one-off basis to switch from their original decision on any 1 April between now and when they retire. This switch, if made, would be final and non-reversible.

Employer-related investment

There was no employer-related investment at any time during the year.

AVX Limited Pension Scheme

Compliance Statement

For the year ended 5 April 2010

The Pensions Regulator

The statutory body that regulates occupational pension schemes is the Pensions Regulator and can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0870 6063636
Email: customersupport@thepensionsregulator.gov.uk
Website: www.thepensionsregulator.gov.uk

Pension tracing

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Telephone: 0845 6002537
Website: www.direct.gov.uk

The Pensions Advisory Service

Any concerns connected with the Scheme should be referred to Mr R J Lawrence, at the address shown on page 2, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the trustees can consult with The Pensions Advisory Service. A local advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively the Service can be contacted at:

The Pensions Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 6012923
Email: enquiries@pensionsadvisoryservice.org.uk
Website: www.pensionsadvisoryservice.org.uk

AVX Limited Pension Scheme

Compliance Statement

For the year ended 5 April 2010

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of The Pensions Advisory Service, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

Pensions Ombudsman

11 Belgrave Road

London

SW1V 1RB

Telephone: 0207 6302200

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

Pension Protection Fund

The Pension Protection Fund (PPF) levy for 2009/2010 consists of two parts: a scheme-based levy (20%) based on the Scheme's PPF liabilities, and a risk-based levy (80%) based on the level of underfunding in the Scheme and the risk of the Sponsoring Employer becoming insolvent. Schemes which are more than 125% funded will not have to pay the risk-based levy. The total levy which the PPF expects to raise in respect of UK pension schemes in 2009/2010 is estimated at £700 million.

AVX Limited Pension Scheme

Independent Auditors' Statement about Contributions to the Trustees

For the year ended 5 April 2010

We have examined the Summary of Contributions to the AVX Limited Pension Scheme for the period ended 5 April 2010 which is set out on the following page.

Respective responsibilities of Trustees and Auditors

The Trustees' responsibilities for ensuring that there is prepared, maintained and from time to time revised Schedules of Contributions are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to provide a statement about contributions to the Scheme in accordance with relevant legislation and to report our opinion to you. This report, including the Statement about Contributions, has been prepared for and only for the Scheme's Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this statement, 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.

Basis of Statement about contributions

We planned and performed our work 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 contributions reported in the attached summary have been paid in accordance with relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions. Our statement about contributions is required to refer to those breaches of the Schedules of Contributions which we consider to be material for this statement and which come to our attention in the course of our work.

Statement about contributions to the Scheme

In our opinion, the contributions payable to the Scheme required by the Schedules of Contribution during the periods 6 April 2009 to 17 March 2010 and 18 March 2010 to 5 April 2010, as reported in the Summary of Contributions on the following page, have in all material respects been paid in accordance with the Schedules of Contributions certified by the Actuary on 28 June 2007 and 18 March 2010 respectively.


PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Belfast

Date: 13 October 2010

AVX Limited Pension Scheme



Summary of Contributions Payable

For the year ended 5 April 2010

During the year ended 5 April 2010, the contributions payable to the Scheme by the Employer were as follows:

	2010 £
Contributions payable under the Schedule of Contributions:	
Contributions from employer:	
Normal	179,781
Deficit funding	2,832,000
Contributions from members:	
Normal	157,177
Contributions payable under the Schedule (as reported on by the Scheme auditors)	<u>3,168,958</u>
Other contributions payable	
AVCs	<u>83,723</u>
Contributions reported in the accounts	<u><u>3,252,681</u></u>

Signed on behalf of the Trustees on 13th October 2010


 ----- Trustee

 ----- Trustee