

Expamet International Limited
Annual report
for the year ended 31 December 2005

Registered Number 152305



Expamet International Limited
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for the year ended 31 December 2005
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Expamet International Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

Principal activity

The principal activity of the company is the management of its trading subsidiaries.

Review of business and future developments

Expamet International Limited is an investment holding company.

Results and dividends

The company's profit for the financial year is £5,990,000 (2004: £3,083,000). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2005 (2004: £1,400,000).

Directors and their interests

The directors who held office during the year are given below:

M Taylor	(Resigned 8 June 2005)
R H Wilson	(Resigned 31 December 2005)
A Maynard	(Appointed 8 June 2005)
A Thompson	(Appointed 31 December 2005)

The interests of M Taylor, R H Wilson, A Maynard and A Thompson who are also directors of the ultimate parent company, Clifton House Acquisition Limited, are shown in the annual report of that company.

Donations

During the year, the company made charitable donations amounting to £1,000 (2004: £2,000). No political donations were made during the year.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

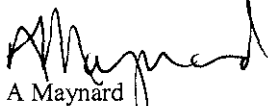
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Elective resolutions have been passed to dispense with obligations to appoint auditors annually.

On behalf of the Board,


A Maynard
Director

31 March 2006

Expamet International Limited

Independent auditors' report to the members of Expamet International Limited

We have audited the financial statements of Expamet International Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

31 March 2006

Expamet International Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(1,762)	(585)
Other operating income		-	505
Operating loss		(1,762)	(80)
Income from fixed asset investments		342	1,400
Amount written off investments	7	(6,329)	-
Profit on sale of subsidiaries	7	13,612	1,557
Profit on ordinary activities before interest and taxation		5,863	2,877
Interest receivable and similar income		329	409
Interest payable and similar charges	3	(202)	(163)
Profit on ordinary activities before taxation	1	5,990	3,123
Tax on profit on ordinary activities	4	-	(40)
Profit for the financial year	12	5,990	3,083

All of the above relate entirely to continuing operations.

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains or losses has been presented.

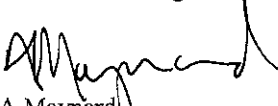
There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above their historical cost equivalents.

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Balance sheet as at 31 December 2005

	Note	2005	2004
		£'000	£'000
Fixed assets			
Tangible assets	6	48	50
Investments	7	16,556	33,677
		16,604	33,727
Current assets			
Debtors – Amounts due after more than one year	8	34,840	22,665
Debtors – Amounts due within one year	8	229	417
		35,069	23,082
Short term deposits		-	2,245
Cash at bank and in hand		3,538	-
		38,607	25,327
Creditors - Amounts falling due within one year			
Other creditors	9	(6,332)	(13,683)
Loans and other borrowings	10	(3,609)	(6,091)
Net current assets		28,666	5,553
Net assets		45,270	39,280
Capital and reserves			
Called up equity share capital	11	16,036	16,036
Share premium account	12	623	623
Capital redemption reserve	12	-	142
Other reserve	12	-	4,238
Profit and loss account	12	28,611	18,241
Total equity shareholder's funds	13	45,270	39,280

The financial statements on pages 3 to 13 were approved by the board of directors on 31 March 2006 and were signed on its behalf by:


A Maynard

Director

Expamet International Limited

Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

Consolidated accounts

These financial statements present information about the company as an individual undertaking and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Clifton House Acquisition Limited, a company registered in England and Wales.

Foreign currency

Assets and liabilities expressed in foreign currency are translated into sterling at rates ruling at the year end and translation differences are dealt with in the profit and loss account, except for those assets and liabilities covered by forward currency contracts where the contracted rate is used.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful lives. Plant and equipment is depreciated over a period between 3 and 20 years.

Leased assets

Operating lease rentals are charged to the profit and loss account as they fall due.

Pensions

The company participates in the Expamet International Limited Group Pension Plan. This is a money purchase type plan and costs are charged as incurred.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Clifton House Acquisition Limited and is included in the consolidated financial statements of Clifton House Acquisition Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Clifton House Acquisition Limited group or investees of the Clifton House Acquisition Limited group.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Expamet International Limited

Notes to the financial statements for the year ended 31 December 2005

1 Profit on ordinary activities before taxation

	2005	2004
	£'000	£'000
Depreciation of tangible fixed assets	11	12
Operating lease charges		
- other	46	46
Auditors' remuneration		
- audit services	51	26
- non-audit services	285	12

2 Staff costs and directors' emoluments

	2005	2004
	£'000	£'000
Staff costs:		
Wages and salaries	199	133
Social security costs	21	18
Pension costs	8	6
	228	157

The average number of persons employed by the company during the year was as follows:

	2005	2004
	Number	Number
Administration	3	3

Aggregate directors' emoluments were £Nil (2004: £Nil).

3 Interest payable and similar charges

	2005	2004
	£'000	£'000
Interest payable on bank loans and overdrafts	147	116
Interest payable to group undertakings	55	47
	202	163

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4 Tax on profit on ordinary activities

(a) Analysis of tax charge for the period

	2005 £'000	2004 £'000
Current tax		
United Kingdom corporation tax at 30% (2004: 30%)	-	38
Adjustments in respect of previous periods	-	2
Total current tax	-	40
Deferred tax		
Origination and reversal of timing differences	-	-
	-	40

(b) Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £'000	2004 £'000
(Loss)/profit on ordinary activities before tax excluding income from fixed asset investments, investment write-down and sale of subsidiaries	(1,635)	1,723
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	(491)	517
<i>Effects of:</i>		
Income not chargeable for tax purposes	-	(479)
Accelerated capital allowances and other timing differences	541	-
Permanent differences	(50)	-
Adjustments to tax charge in respect of previous periods	-	2
Current tax charge for period	-	40

(c) Factors that may affect future tax charges

Unrelieved tax losses of £1.6 million remain available to offset against future taxable trading profits. The related deferred tax asset of £0.5 million has not been recognised due to uncertainty of future taxable profits.

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The potential deferred taxation asset not provided in the accounts is as follows:

	2005	2004
	£'000	£'000
Accelerated capital allowances	3	-
Short term timing differences	48	-
Losses	489	-
	540	-

5 Dividends paid

	2005	2004
	£'000	£'000
Ordinary – interim paid nil (2004: 2.2p)	-	1,400

6 Tangible fixed assets

	Plant and equipment	Total
	£'000	£'000
Cost		
At 1 January 2005	258	258
Additions	9	9
At 31 December 2005	267	267
Accumulated depreciation		
At 1 January 2005	208	208
Charge for the year	11	11
At 31 December 2005	219	219
Net book amount		
At 31 December 2005	48	48
At 31 December 2004	50	50

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7 Fixed asset investments and disposal of business

Fixed asset investments

Cost	£'000
At 1 January 2005	33,677
Disposal of Fawcett Christie Hydraulics Limited, Fawcett Christie International Limited and Oilair Holdings Inc	(10,792)
At 31 December 2005	22,885
Impairment	
Write down of investment	6,329
At 31 December 2005	6,329
Carrying value	
At 31 December 2005	16,556
At 31 December 2004	33,677

On 2 September 2005 the company disposed of the entire share capital of Fawcett Christie Hydraulics Limited, Fawcett Christie International Limited and Oilair Holdings Inc and their subsidiaries, the details of the disposal are given below.

	2005
	£'000
Consideration received & deferred consideration	31,062
Write back of inter-company loan	(5,154)
Investment	(10,792)
Disposal costs	(1,525)
Profit on disposal of Olaer	13,591
Write back of costs relating to the disposal of Timloc in 2004	21
Profit on disposal	13,612

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Details of the company's remaining interests in its principal subsidiary undertakings are as follows:

Subsidiary undertakings	Principal activities	Country of incorporation
The Expanded Metal Company Limited (comprising Expamet Building Products and Expamet Industrial)	(a) (b)	United Kingdom
Expamet Polska Sp. z o.o.	(a)	Poland
Sorst Streckmetall GmbH	(a)	Germany
IG Limited	(b)	United Kingdom
Acier Building Products Limited	(b)	The Republic of Ireland

IG Limited, The Expanded Metal Company Limited and Sorst Streckmetall GmbH are directly owned. The remainder are held through subsidiary undertakings. 100% of the share capital and voting rights are held by the group unless otherwise noted above.

All companies operate principally in the country of incorporation.

The principal activity is designated as follows:

- (a) Industrial products
- (b) Building products

8 Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	-	367
Other debtors	130	10
Corporation tax (including overseas tax)	-	21
Prepayments and accrued income	99	19
	229	417
Amounts falling due after more than one year:		
Amounts owed by group undertakings	34,840	22,665
	35,069	23,082

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9 Creditors - Amounts falling due within one year – other creditors

	2005	2004
	£'000	£'000
Trade creditors	98	96
Amounts owed to group undertakings	5,544	13,183
Other taxation and social security costs	2	194
Accruals	688	210
	6,332	13,683

10 Creditors - Amounts falling due within one year - loans and other borrowings

	2005	2004
	£'000	£'000
Bank loans	-	2,162
Bank overdrafts	3,609	3,929
	3,609	6,091
Maturity of debt		
In one year or less, or on demand	3,609	6,091
	3,609	6,091

At 31 December 2005 bank loans and overdrafts totalling £3,609,000 (2004: £6,091,000) were secured by fixed charges over certain bank deposits and the fixed assets of a subsidiary undertaking. Interest on the bank loan is variable.

11 Called up equity share capital

	2005	2004
	£'000	£'000
Authorised		
85,600,000 Ordinary shares of £0.25 each (2004: 85,600,000)	21,400	21,400
Allotted and fully paid		
64,144,071 Ordinary shares of £0.25 each (2004: 64,144,071)	16,036	16,036

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12 Reserves

	Share premium account	Capital redemption reserve	Other reserve	Profit and loss account
	£'000	£'000	£'000	£'000
At 1 January 2005	623	142	4,238	18,241
Retained profit for the financial year	-	-	-	5,990
Transfers	-	(142)	(4,238)	4,380
At 31 December 2005	623	-	-	28,611

The share premium account was cancelled with effect from 15 February 1996 and the entire balance transferred to other reserves. The effect of the Undertaking given to the High Court on the cancellation of the share premium account is that the Group's distributable reserves at 31 December 1995, adjusted for any unrealised profits on the fixed assets in the Company on that date which may subsequently be realised, are not available for the purpose of paying dividends to shareholders until such time as the Company's creditors at the effective date of the cancellation of the share premium account have been satisfied. On 13 January 2006, upon application to the court, the company was released from the 15 February 1996 undertaking, but committed to a similar undertaking amended to include a 10 year longstop date. As a result, from 16 February 2006, reserves previously barred from distribution by the undertaking have become available for distribution.

Other reserves of £4,238,000 and capital redemption reserves of £142,000 have been transferred to the profit and loss account upon the sale of the Olaer group.

13 Reconciliation of movement in shareholder's funds

	2005	2004
	£'000	£'000
Profit for the year	5,990	3,083
Dividends paid	-	(1,400)
Net increase in shareholder's funds	5,990	1,683
Opening shareholder's funds	39,280	37,597
Closing shareholder's funds	45,270	39,280

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14 Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases for plant and machinery expiring as follows:

	2005	2004
	£'000	£'000
Between two and five years	46	46

15 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Clifton House Acquisition Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Clifton House Acquisition Limited consolidated financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.