

Expamet International Limited
Annual report
for the year ended 31 December 2004

Registered Number 152305



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Expamet International Limited

Annual report

for the year ended 31 December 2004

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Expamet International Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

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 £3,083,000 (2003: £6,442,000). A dividend of £1,400,000 was paid during the year (2003: £13,000,000).

Directors and their interests

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

R H Wilson

M Taylor

The interests of M Taylor and R H Wilson, 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 £2,000 (2003: £Nil) to an organisation which raises funds for a variety of grass roots community activities. 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 2004 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.

Expamet International Limited

Auditors

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

On behalf of the Board


R H Wilson
Director

25 April 2005

Expamet International Limited

Independent auditors' report to the members of Expamet International Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 transactions is not disclosed.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we 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 of the state of the company's affairs at 31 December 2004 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

25 April 2005

Expamet International Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(585)	(928)
Other operating income		505	1,413
Operating (loss)/profit		(80)	485
Income from fixed asset investments		1,400	12,000
Profit on sale of subsidiary	6	1,557	-
Profit on ordinary activities before interest and taxation		2,877	12,485
Interest receivable and similar income		409	173
Amount written off investments		-	(5,991)
Interest payable and similar charges	3	(163)	(106)
Profit on ordinary activities before taxation	1	3,123	6,561
Tax on profit on ordinary activities	4	(40)	(119)
Profit for the financial year		3,083	6,442
Dividends paid		(1,400)	(13,000)
Retained profit/(loss) for the financial year	12	1,683	(6,558)

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/(loss) for the financial year stated above their historical cost equivalents.

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Balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	5	50	54
Investments	6	33,677	35,393
		33,727	35,447
Current assets			
Debtors – Amounts due after more than one year	7	22,665	12,349
Debtors – Amounts due within one year	7	417	635
		23,082	12,984
Short term deposits		2,245	1,108
Cash at bank and in hand		-	28
		25,327	14,120
Creditors - Amounts falling due within one year			
Other creditors	8	(13,683)	(10,286)
Loans and other borrowings	9	(6,091)	(1,674)
Net current assets		5,553	2,160
Total assets less current liabilities		39,280	37,607
Provisions for liabilities and charges	10	-	(10)
Net assets		39,280	37,597
Capital and reserves			
Called up equity share capital	11	16,036	16,036
Share premium account	12	623	623
Capital redemption reserve	12	142	142
Other reserve	12	4,238	4,238
Profit and loss account	12	18,241	16,558
Total equity shareholder's funds	13	39,280	37,597

The financial statements on pages 4 to 14 were approved by the board of directors on 25 April 2005 and were signed on its behalf by:


R H Wilson
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.

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Notes to the financial statements for the year ended 31 December 2004

1 Profit on ordinary activities before taxation

	2004 £'000	2003 £'000
Depreciation of tangible fixed assets	12	11
Operating lease charges		
- plant and machinery	-	-
- other	46	42
Auditors' remuneration		
- audit services	26	25
- non-audit services	12	25

2 Staff costs and directors' emoluments

	2004 £'000	2003 £'000
Staff costs:		
Wages and salaries	133	184
Social security costs	18	22
Pension costs	6	6
	157	212

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

	2004 Number	2003 Number
Administration	3	3

Aggregate directors' emoluments were £Nil (2003: £Nil).

3 Interest payable and similar charges

	2004 £'000	2003 £'000
Interest payable on bank loans and overdrafts	116	66
Interest payable to group undertakings	47	40
	163	106

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4 Tax on profit on ordinary activities

(a) Analysis of tax charge for the period

	2004 £'000	2003 £'000
Current tax		
United Kingdom corporation tax at 30% (2003: 30%)	38	136
Adjustments in respect of previous periods	2	(15)
Total current tax	40	121
Deferred tax		
Origination and reversal of timing differences	-	(2)
	40	119

(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:

	2004 £'000	2003 £'000
Profit/(loss) on ordinary activities before tax excluding income from fixed asset investments	1,723	(5,439)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	517	(1,632)
<i>Effects of:</i>		
(Income)/Expenses not (chargeable)/deductible for tax purposes	(479)	1,770
Capital allowances for period in excess of depreciation	-	(2)
Other short term timing differences	-	-
Adjustments to tax charge in respect of previous periods	2	(15)
Current tax charge for period	40	121

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years.

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5 Tangible fixed assets

	Plant and equipment	Total
	£'000	£'000
Cost		
At 1 January 2004	264	264
Additions	8	8
Disposals	(14)	(14)
At 31 December 2004	258	258
Accumulated depreciation		
At 1 January 2004	210	210
Charge for the year	12	12
Disposals	(14)	(14)
At 31 December 2004	208	208
Net book amount		
At 31 December 2004	50	50
At 31 December 2003	54	54

6 Fixed asset investments and disposal of business

	£'000
At 1 January 2004	35,393
Disposals	(1,716)
At 31 December 2004	33,677

On 6 September 2004 the company disposed of its investment in Timloc Building Products Limited. Details of the disposal are given below:

	2004 £'000
Consideration & deferred consideration	3,266
Write back of inter-company loan	157
Investment	(1,716)
Disposal costs	(150)
Profit on disposal	1,557

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Details of the company's interests in its principal subsidiary undertakings and joint ventures 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
The Olaer Group:		
Olaer Industries SA (99% owned)	(a)	France
Fawcett Christie Hydraulics Limited	(a)	United Kingdom
Olaer Fawcett Christie Pty Limited	(a)	Australia
Oil Air Hydraulics Inc	(a)	United States of America
Oiltech AB	(a)	Sweden
Oiltech AS	(a)	Norway
Oiltech Hydraulics OY	(a)	Finland
SA Olaer Benelux NV	(a)	Belgium
Olaer CZ sro	(a)	Czech Republic
Olaer Industries GmbH	(a)	Germany
Olaer Italiana SpA	(a)	Italy
Olaer Nederland NV	(a)	The Netherlands
Olaer Oiltech Iberica SA	(a)	Spain
Olaer Speicher Technik GmbH	(a)	Austria
Olaer (Schweiz) AG	(a)	Switzerland
Fawcett Christie India Limited (50% owned)	(a)	India
Sorst Streckmetall GmbH	(a)	Germany
Expamet Polska Sp. z o.o.	(a)	Poland
IG Limited	(b)	United Kingdom
Acier Building Products Limited	(b)	The Republic of Ireland
Joint Ventures		
Hyundai Olaer Hydraulics Co Limited (49% owned)	(a)	South Korea
Fenghua Olaer Hydraulics Limited (24% owned)	(a)	The People's Republic of China

Shares in Fawcett Christie Hydraulics Limited, Fawcett Christie International Limited, 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

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7 Debtors

	2004	2003
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	367	397
Other debtors	10	8
Corporation tax (including overseas tax)	21	213
Prepayments and accrued income	19	17
	417	635
Amounts falling due after more than one year:		
Amounts owed by group undertakings	22,665	12,349
	23,082	12,984

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

	2004	2003
	£'000	£'000
Trade creditors	96	52
Amounts owed to group undertakings	13,183	9,928
Other taxation and social security costs	194	219
Accruals	210	87
	13,683	10,286

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

	2004	2003
	£'000	£'000
Bank loans	2,162	1,005
Bank overdrafts	3,929	669
	6,091	1,674
Maturity of debt		
In one year or less, or on demand	6,091	1,674
	6,091	1,674

At 31 December 2004 bank loans and overdrafts totalling £6,091,000 (2003: £1,674,000) were secured by fixed charges over certain bank deposits and the fixed assets of a subsidiary undertaking. Interest on the bank loan is variable.

10 Provisions for liabilities and charges

	2004	2003
	£'000	£'000
Other provisions	-	10

Other provisions

	Post retirement benefits	Total
	£'000	£'000
At 1 January 2004	10	10
Utilised in the year	(10)	(10)
At 31 December 2004	-	-

11 Called up equity share capital

	2004	2003
	£'000	£'000
Authorised		
85,600,000 Ordinary shares of £0.25 each (2003: 85,600,000)	21,400	21,400
Allotted and fully paid		
64,144,071 Ordinary shares of £0.25 each (2003: 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 2004	623	142	4,238	16,558
Retained profit for the financial year	-	-	-	1,683
At 31 December 2004	623	142	4,238	18,241

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. At 31 December 2004, £194,000 of the Company's distributable reserves are not subject to this Undertaking (2003: £51,000). The balance on the share premium account at 31 December 2004 has arisen since 31 December 1995.

13 Reconciliation of movement in shareholder's funds

	2004	2003
	£'000	£'000
Profit for the year	3,083	6,442
Dividends	(1,400)	(13,000)
Net increase/(reduction) in shareholder's funds	1,683	(6,558)
Opening shareholder's funds	37,597	44,155
Closing shareholder's funds	39,280	37,597

14 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases for plant and machinery expiring as follows:

	2004	2003
	£'000	£'000
Between two and five years	46	42

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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.