

Company registration number 188407

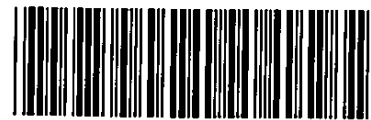
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Indalex UK Limited

Report and Financial Statements

31 December 2008

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## **Directors' report**

*for the year ended 31 December 2008*

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The directors of Indalex UK Limited present their report and audited financial statements of the company for the year ended 31 December 2008.

### **Principal activities**

The principal activity of the company is that of a holding company.

### **Review of business and future developments**

The company was dormant throughout the period.

### **Results and dividends**

The Company's profit for the financial year was nil (2007:£31,702,725). The results for the year are shown on page 4. The directors did not recommend a dividend payment for the current year (2007:£80,718,815).

In 2007 the company paid dividends in excess of distributable reserves in the amount of £48,506,100, which resulted in a debt owing by the recipient of the dividends, Indalex Limited, in the same amount. Indalex Limited settled this obligation in February 2009.

### **Directors and their interests**

The directors of the company who held office during the years 2008 and 2007 were:

Tim Stubbs	appointed 02/02/06
Mike Alger	resigned 21/12/07, reappointed 19/02/09
Patrick Lawlor	appointed 14/12/07, resigned 19/02/09

The directors have no interest in the shares or debentures in the company or the company's ultimate parent company or a subsidiary of the Company's ultimate parent company at any time during the year, which required to be disclosed under schedule 7A of the Companies Act 1985.

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.


In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

## Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

By order of the board

  
Mike Alger  
Director  
19 October, 2009

## **Independent Auditors Report to the Shareholders of Indalex UK Limited**

We have audited the financial statements of Indalex UK Limited for the year ended 31 December 2008 set out on pages 4-9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **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).

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.

### **Unqualified Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2008 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



**Horwath Clark Whitehill LLP**  
Chartered Accountants and Registered Auditors  
Reading

28 December 2009

## Profit and loss account

for the year ended 31 December 2008

	<u>Notes</u>	<u>2008</u> <u>£000</u>	<u>2007</u> <u>£000</u>
<b>Operating result</b>			
Dividend received from associated undertaking	5	-	2,956
Other Income	6	-	4
Administrative Expenses	7	-	(94)
<b>Profit on ordinary activities before taxation</b>		-	2,866
Gain on sale of investment	8	-	28,831
<b>Profit before taxation</b>		-	31,697
Tax benefit	9	-	6
<b>Profit on ordinary activities after taxation</b>		-	31,703

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

## Balance sheet

as at 31 December 2008

Company number 188407

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Investments	10	-	-
		<u>-</u>	<u>-</u>
<b>Current assets</b>			
Debtors - amounts falling due after one year	11	48,510	48,510
Cash at the bank	12	(2)	(1)
		<u>48,508</u>	<u>48,509</u>
<b>Creditors- amounts falling due within one year</b>			
Other creditors	13	(79)	(80)
Corporation tax		-	-
		<u>(79)</u>	<u>(80)</u>
<b>Net current assets</b>		<u>48,429</u>	<u>48,429</u>
<b>Net assets</b>		<u>48,429</u>	<u>48,429</u>
<b>Capital and reserves</b>			
Called up share capital	14	46,238	46,238
Share Premium Account	15	2,253	2,253
Profit and loss account	15	(62)	(62)
<b>Equity Shareholders' Fund</b>	15	<u>48,429</u>	<u>48,429</u>
<b>Shareholders' funds may be analysed as:</b>			
Equity interests		48,399	48,399
Non-equity interests		30	30
		<u>48,429</u>	<u>48,429</u>

The financial statements were approved by the board of directors on 19 October 2009 and were signed on its behalf by:



Mike Alger  
Director

The notes on pages 6 to 9 form part of the financial statements.

## Notes to the accounts

for the year ended 31 December 2008

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### 1. Accounting policies

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

#### *Investments*

Fixed asset investments are stated at a valuation, being the net asset value, including goodwill, of the underlying investments translated into sterling at the closing rate ruling at the balance sheet date.

#### *Taxation*

Taxation is calculated on profits chargeable to UK corporation tax at the current rate applicable.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### *Foreign currency*

Transactions denominated in foreign currency are booked in to the accounts using exchange rates prevailing when the transaction is recorded. Monetary assets and liabilities which are denominated in foreign currencies are translated into pounds sterling at rates of exchange approximating to those ruling at the balance sheet date. Exchange gains or losses resulting from the year's trading are reflected in the operating results for the year.

#### *Related party transactions*

In accordance with the exemptions available under FRS 8 "related party disclosures", transactions with other undertakings within Indalex Holdings Finance Inc. or with undertakings which the group has invested in are not required to be disclosed in these financial statements, on the grounds that this company is a wholly owned subsidiary of Indalex Holdings Finance Inc. whose accounts are publicly available.

### 2. Cash flow statement

The company is a wholly owned subsidiary of Indalex Holdings Finance Inc., and is included in their consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996).

### 3. Contingent Liabilities

No contingent liabilities to disclose.

### 4. Employees and directors

There were no employees during the year. The directors received no remuneration during the year for their services to the company (2007:nil).



## Notes to the accounts continued

for the year ended 31 December 2008

<b>5. Income from shares in group undertakings</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Dividend from associated undertakings	-	2,956
<b>6. Other income</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Interest income	-	4
	-	4
<b>7. Administrative expenses</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Sundry expenses	-	(84)
Foreign exchange (loss)/gain	-	(10)
	-	(94)
<b>8. Gain on sale of investment</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Gain on sale of investment	-	28,831
	-	28,831

On 15 May 2007 the Company sold its 25% interest in Asia Aluminum Group Limited to OK Spring Roll Limited Partnership, an investment vehicle in association with ORIX Corporation of Japan, for proceeds of £77,310,120.

<b>9. Tax on loss on ordinary activities</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Total current tax charge	-	(6)

The effective rate of tax was lower than the UK corporation tax rate of 30% during 2007 and the differences are explained below:

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Profit (Loss) before tax	-	31,697
Profit multiplied by standard rate of corporation tax in the UK of 30% (2007:30%)	-	9,509
<i>Effects of:</i>		
Relief for overseas tax	-	(887)
Gain on sale of investment exempt from tax	-	(8,649)
Expenses not deductible	-	21
Total current tax charge for the year	-	6

<b>10. Investments</b>	<b>2008</b>	<b>2007</b>
Shares in subsidiary undertaking:	<b>£000</b>	<b>£000</b>
At 1 January	-	48,479
Disposals	-	(48,479)
At 31 December	-	-

On 15 May 2007 the Company sold its 25% interest in Asia Aluminum Group Limited to OK Spring Roll Limited Partnership, an investment vehicle in association with ORIX Corporation of Japan, for proceeds of £77,310,120.

## Notes to the accounts continued

for the year ended 31 December 2008

11. Debtors	2008	2007
<i>Amounts falling due after one year</i>	<u>£000</u>	<u>£000</u>
Amounts owed by fellow parent company subsidiary undertakings	48,510	48,510
Others	-	-
	<u>48,510</u>	<u>48,510</u>

In 2007 the company paid dividends in excess of distributable reserves in the amount of £48,506,100, which resulted in a debt owing by the recipient of the dividends, Indalex Limited, in the same amount. Indalex Limited settled this obligation in February 2009.

12. Cash at bank	2008	2007
	<u>£000</u>	<u>£000</u>
Cash at bank	(2)	(1)

At 31 December 2008 and 2007 the Company held cash in a interest bearing bank account denominated in US dollars.

13. Creditors	2008	2007
<i>Amounts falling due within one year</i>	<u>£000</u>	<u>£000</u>
Other creditors	79	80
Corporation tax	-	-
	<u>79</u>	<u>80</u>

14. Called up share capital	2008	2007
	<u>£000</u>	<u>£000</u>
<i>Authorised</i>		
50,000,000 ordinary shares of £1 each	50,000	50,000
30,100 deferred shares of £1 each	30	30
436,550 Cumulative Redeemable Preference Shares of £100 each	<u>43,655</u>	<u>43,655</u>
<i>Allotted, called up, and fully paid</i>		
46,208,000 ordinary shares of £1 each	46,208	46,208
30,100 deferred shares of £1 each	<u>30</u>	<u>30</u>
	<u>46,238</u>	<u>46,238</u>

Any future holders of the Preference shares will have the right to be paid, six months in arrears from the date of issue, a fixed cumulative preference dividend at the rate of 9.2% per annum out of the profits of the Company available for distribution, in priority to the holders of any other class of share in the Company's share capital.

On a distribution of assets of the Company on a winding-up or other return of capital (other than a redemption or purchase by the Company of its own shares), any future holders of the Preference Shares shall be entitled to receive an amount equal to the fully paid-up capital on each share, together with any arrears of dividend, in priority to the holders of any other class of share in the Company's share capital.

The preference shares shall be redeemed by the Company at par, together with any arrears of dividend, on 7 June 2041.

The holders of the Deferred shares shall not be entitled to participate in the profits of the Company. In the event of the winding up of the Company, the holders of the Deferred shares shall receive the amount paid on the Deferred shares after a distribution to the Ordinary Shareholders in the sum of £1,000 per Ordinary Share.

The above is a summary of the Preference Shareholders' rights and Deferred Shareholders' rights and full details are contained in the Company's Articles of Association.

## Notes to the accounts continued

for the year ended 31 December 2008

15. Movements on equity shareholders' funds	2008	2007
	<u>£000</u>	<u>£000</u>
Opening equity shareholders' funds as at 1 January	48,429	48,936
Profit for the financial year	-	31,703
Dividends	-	(80,719)
Less dividends subsequently reclassified	-	48,506
Less foreign exchange adjustment on dividends	-	3
Closing equity shareholders' funds at 31 December	<u>48,429</u>	<u>48,429</u>

16. Reserves	Share Premium account	Profit and loss account
	<u>£000</u>	<u>£000</u>
At 1 January	2,253	(62)
Profit for the financial year	-	-
Dividends paid	-	-
At 31 December	<u>2,253</u>	<u>(62)</u>

In 2007 the company paid dividends in excess of distributable reserves in the amount of £48,506,100, which resulted in a debt owing by the recipient of the dividends, Indalex Limited, in the same amount. Indalex Limited settled this obligation in February 2009.

### 17. Ultimate parent companies

The immediate parent undertaking is Indalex Limited incorporated in and registered in Canada. On 3 April 2009 Indalex Limited filed for creditor protection in Canada under the Companies Creditors Arrangement Act. On 31 July 2009 substantially all the assets of Indalex Limited were sold to SAPA AB as part of an asset purchase agreement.

On 2 February 2006, Indalex Holding Corp., a subsidiary of Indalex Holdings Finance Inc., acquired the entire issued and to be issued share capital of Indalex Limited. The majority owner of Indalex Holdings Finance Inc. is Sun Indalex, an affiliate of Sun Capital Partners, a private equity firm incorporated in the United States. On 21 March 2009 Indalex Holdings Finance and each of its United States subsidiaries filed for creditor protection under Chapter 11 of the United States bankruptcy code. On 31 July 2009 substantially all the assets of Indalex Holdings Finance and its United States subsidiaries were sold to SAPA AB as part of an asset purchase agreement.

### 18. Post balance sheet events

Following the year end the company undertook a capital restructuring by which the issued capital was reduced from £48,238,100 to £61,873 divided into 61,872 ordinary shares at £1 and one deferred share at £1. The share premium account was also reduced from £2,253,000 to zero.

The capital paid was reduced by 48,146,128 ordinary £1 shares and 30,099 preference shares.

All of the amounts related to the above transaction were paid to the Company's sole shareholder in February 2009.