Financial statements Glamalco Limited

For the Year Ended 31 March 2009

Company No. 1008072

Officers and professional advisers

Company registration number	1008072
Registered office	Ipswich Road Newport Road Industrial Estate Cardiff CF23 9UR
Directors	Mr K O'Connor Mr A R Quartly
Secretary	Mr K O'Connor
Bankers	Lloyds Banking Group 31 Queen Street Cardiff CF10 2AG
Solicitors	The Robert Davies Partnership LLP Wentwood House Langstone Business Village Newport Gwent NP18 2HJ
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 11-13 Penhill Road Cardiff CF11 9UP

Contents

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2009.

Principal activities and business review

The principal activity of the company during the year was the fabrication and installation of aluminium products.

Results and dividends

The profit for the year, after taxation, amounted to £110,546 (2008 : £172,386). The directors have not recommended a dividend.

Business review

Financial overview

Turnover for the year ended 31ST March 2009 was £15.0 million - a reduction of 16% on last year (2008: £18.0 million). Profit before tax and exceptional items was 215k a reduction from 417k in 2008 and generally attributable to the reduced volume.

The directors consider the performance to be acceptable despite the challenging economic conditions currently being experienced.. The directors believe that Glamalco Limited is now in a stronger position to consolidate its market share in what is currently a very difficult and competitive market area.

Summary of key performance indicators

The directors have monitored the progress of the overall group/company strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators.

	2009	2008	Method of calculation
Growth in sales (%)	(16.6%)	(5.6%)	Year-on-year sales growth expressed as a percentage.
Gross profit margin (%)	23.2%	21.5%	Gross profit margin is the ratio of gross profit to sales expressed as a percentage.

Strategy

The strategy adopted during the year has been to continually build on the market position established by the company. This strategy is based largely on well established brands including Schuco, Raynaers, Sapa & Comar with a view to maintaining and improving its market share. To achieve future market growth the directors are committed to developing new innovative product ranges whilst maintaining a competitive pricing structure.

Report of the directors

The company will introduce a timber / aluminium composite window in 2010 , currently a market in which we have not been involved but where orders have now been secured and also a movement for renewable energy has led to developments for solar panel systems within the curtain wall market.

The company continues to strengthen its supply chain relationships with major contractors and continually strive to ensure that the quality of both the product offered and service supplied is that expected from a UK market leader.

Future developments for the business/Future outlook
The directors recognise that increased competition has put pressure on our prices and our margins. We believe our continued investment in our product range, with particular emphasis on quality, design and employing people with the relevant expertise, will enable us to improve our strong market position. As a result we remain confident that we will continue to maintain our current level of performance in the foreseeable future.

Principal risks and uncertainties
The management of the business and the nature of the group's/company's strategy are subject to a number of risks.

The directors have set out below the principal risks facing the business.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

High proportion of fixed overheads and variable revenues

A large proportion of the group's/company's overheads are fixed. There is the risk that any significant changes in revenue may lead to the inability to cover such costs.
Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues.

Competition

The market in which the group/company operates is highly competitive. As a result there is constant downward pressure on margins and the additional risk of being unable to meet customers expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

Market Uncertainty

The uncertainties currently prevalent to the worlds financial markets may have an impact on the construction industry generally and we are already seeing several projects being cancelled and/or delayed. However the level of direct and self generated enquiries remains high with an emphasis for repeat business through partnering relationships with the supply chain of major contractors.

Report of the directors

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts or through loans arranged at group level. The company policy throughout the year has been to ensure continuity of funding. Short term flexibility is achieved by overdraft facilities.

Directors

The directors who served the company during the year were as follows:

Mr K O'Connor
Mr A R Quartly

The company is a wholly owned subsidiary of Glamorgan Aluminium Company Limited and the interests of the group directors are disclosed in the financial statements of the parent company.

Report of the directors

Directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

Mr K O'Connor
Secretary
....

Grant Thornton

Report of the Independent Auditor to the Members of Glamalco Limited

We have audited the financial statements of Glamalco Limited for the year ended 31 March 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
CARDIFF

15 January 2010

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The directors consider it appropriate to prepare the financial statements on the going concern basis. The accounts do not reflect the adjustments that would have been made should continuing finance not be available, namely reducing the value of the assets to their realisable amounts, providing for any further liabilities which might arise and reclassifying all fixed assets and long term liabilities as current assets and liabilities respectively.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	1% straight line
Plant & Machinery	-	15% reducing balance
Fixtures & Fittings	-	15% - 33% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis. The cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis.

Accounting policies

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

> Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
>
> Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Accounting policies

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2009 £	2008 £
Turnover	1	**15,011,304**	18,002,541
Cost of sales		**11,525,094**	14,138,793
Gross profit		**3,486,210**	3,863,748
Other operating charges	2	**3,267,904**	3,538,703
Operating profit	3	**218,306**	325,045
Attributable to:			
Operating profit before exceptional items		**218,306**	494,289
Exceptional items	3	**–**	(169,244)
		218,306	325,045
Interest payable and similar charges	6	**64,343**	57,500
Profit on ordinary activities before taxation		**153,963**	267,545
Tax on profit on ordinary activities	7	**43,417**	95,159
Profit for the financial year	23	**110,546**	172,386

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	8	**1,342,204**	1,388,006
Current assets			
Stocks	9	**2,090,707**	1,723,146
Debtors	10	**5,326,949**	5,819,885
Cash at bank and in hand		**542**	22,667
		7,418,198	7,565,698
Creditors: amounts falling due within one year	11	**4,816,313**	5,112,645
Net current assets		**2,601,885**	2,453,053
Total assets less current liabilities		**3,944,089**	3,841,059
Creditors: amounts falling due after more than one year	12	**–**	7,163
		3,944,089	3,833,896
Provisions for liabilities			
Deferred taxation	14	**41,631**	41,984
		3,902,458	3,791,912
Capital and reserves			
Called-up equity share capital	20	**5,902**	5,902
Share premium account	21	**4,098**	4,098
Revaluation reserve	22	**712,776**	723,487
Profit and loss account	23	**3,179,682**	3,058,425
Shareholders' funds	24	**3,902,458**	3,791,912

These financial statements were approved by the directors and authorised for issue on 15/1/10, and are signed on their behalf by:

Mr K O'Connor

Company No. 1008072

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2009	2008
	£	£
United Kingdom	**15,011,304**	18,002,541

2 Other operating charges

	2009	2008
	£	£
Administrative expenses	**3,267,904**	3,369,459
Exceptional administrative expenses	–	169,244
	3,267,904	3,538,703

3 Operating profit

Operating profit is stated after charging:

	2009	2008
	£	£
Depreciation of owned fixed assets	**63,031**	102,918
Depreciation of assets held under finance leases	**2,756**	3,936
Auditor's remuneration:		
Audit fees	**18,000**	17,750
Exceptional Items : Professional fees for repurchase of shares	–	169,244

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2009 No	2008 No
Number of production staff	**66**	71
Number of administrative staff	**55**	56
	121	127

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	**3,192,026**	3,297,767
Social security costs	**322,550**	329,479
Other pension costs	**95,098**	108,535
	3,609,674	3,735,781

5 Directors

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments receivable	**193,268**	246,546
Value of company pension contributions to money purchase schemes	**11,787**	14,379
Compensation for loss of directorship	**–**	30,882
	205,055	291,807

Emoluments of highest paid director:

	2009 £	2008 £
Total emoluments (excluding pension contributions)	**98,358**	94,039
Value of company pension contributions to money purchase schemes	**6,018**	5,533
	104,376	99,572

The number of directors who accrued benefits under company pension schemes was as follows:

	2009 No	2008 No
Money purchase schemes	**2**	3

6 Interest payable and similar charges

	2009	2008
	£	£
Interest payable on bank borrowing	**58,504**	54,828
Finance charges payable under finance leases	**1,009**	1,044
Other similar charges payable	**4,830**	1,628
	64,343	57,500

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2008 - 30%)	**50,000**	130,000
Over provision in prior year	**(6,230)**	(13,635)
Total current tax	**43,770**	116,365
Deferred tax:		
Origination and reversal of timing differences	**(353)**	(21,206)
Tax on profit on ordinary activities	**43,417**	95,159

7 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 30%).

	2009	2008
	£	£
Profit on ordinary activities before taxation	**153,963**	267,545
Profit on ordinary activities by rate of tax	**43,110**	80,264
Expenses not deductible for tax purposes	**11,747**	61,391
Capital allowances for period in excess of depreciation	**353**	13,681
Marginal relief	**(9,641)**	(7,530)
Unrelieved tax losses	**-**	(18,000)
Adjustments to tax charge in respect of previous periods	**(6,230)**	(13,635)
Non-qualifying depreciation	**4,431**	194
Total current tax (note 7(a))	**43,770**	116,365

8 Tangible fixed assets

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost or valuation				
At 1 April 2008	1,100,000	681,115	551,847	2,332,962
Additions	–	923	19,062	19,985
At 31 March 2009	1,100,000	682,038	570,909	2,352,947
Depreciation				
At 1 April 2008	–	421,339	523,617	944,956
Charge for the year	15,178	38,472	12,137	65,787
At 31 March 2009	15,178	459,811	535,754	1,010,743
Net book value				
At 31 March 2009	**1,084,822**	**222,227**	**35,155**	**1,342,204**
At 31 March 2008	1,100,000	259,776	28,230	1,388,006

Included within the net book value of £1,342,204 is £15,615 (2008 - £18,370) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,756 (2008 - £3,936).

The leasehold land and buildings was revalued at its open market value for existing use on 16 October 2007 by GVA Grimley LLP, Chartered Surveyors.

9 Stocks

	2009 £	2008 £
Raw materials	**1,000,707**	723,146
Work in progress	**1,090,000**	1,000,000
	2,090,707	1,723,146

10 Debtors

	2009 £	2008 £
Amounts recoverable under contract	**3,321,094**	4,161,384
Amounts owed by group undertakings	**1,652,855**	1,262,853
Other debtors	**67,682**	21,468
Prepayments and accrued income	**285,318**	374,180
	5,326,949	5,819,885

10 Debtors (continued)

The debtors above include the following amounts falling due after more than one year:

	2009	2008
	£	£
Amounts recoverable under contract	**417,567**	435,647

11 Creditors: amounts falling due within one year

	2009	2008
	£	£
Overdrafts	**1,573,719**	881,373
Trade creditors	**2,475,154**	3,173,965
Corporation tax	**178,799**	316,565
Other taxation and social security	**553,291**	643,401
Amounts due under finance leases	**7,217**	7,927
Accruals and deferred income	**28,133**	89,414
	4,816,313	5,112,645

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2009	2008
	£	£
Overdrafts	**1,573,719**	881,373

The bank loans and overdraft are secured on the value of the total assets of the company.

12 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Amounts due under finance leases	**–**	7,163

13 Commitments under finance leases

Future commitments under finance leases net of future finance lease charges are as follows:

	2009	2008
	£	£
Amounts payable within 1 year	**7,217**	7,927
Amounts payable between 2 to 5 years	**-**	7,163
	7,217	15,090

14 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2009	2008
	£	£
Provision brought forward	**41,984**	63,190
Profit and loss account movement arising during the year	**(353)**	(21,206)
Provision carried forward	**41,631**	41,984

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2009	2008
	£	£
Excess of taxation allowances over depreciation on fixed assets	**33,231**	33,584
Other timing differences	**8,400**	8,400
Provision carried forward	**41,631**	41,984

15 Commitments under operating leases

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land & Buildings	**Other Items**	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	**90,432**	-	22,739
Within 2 to 5 years	-	**70,465**	-	128,486
After more than 5 years	**159,200**	-	159,200	-
	159,200	**160,897**	159,200	151,225

16 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2009 or 31 March 2008.

17 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2009 or 31 March 2008.

18 Related party transactions

In accordance with the exemptions offered by Financial Reporting Standard No. 8 - Related Party Transactions, there is no disclosure in these financial statements of transactions with entities that are part of the Glamorgan Aluminium Company Limited Group.

19 Pension costs

During the year the company paid £95,098 (2008: £108,535) into a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company. There was no balance outstanding at 31 March 2009 (2008: £nil).

20 Share capital

Authorised share capital:

	2009 £	2008 £
10,150 Ordinary 'A' shares of £0.01 each	**102**	102
290,000 Ordinary 'B' shares of £0.01 each	**2,900**	2,900
10,000 Ordinary 'B' shares of £1 each	**10,000**	10,000
	13,002	13,002

Allotted, called up and fully paid:

	2009 No	£	2008 No	£
Ordinary 'A' shares of £0.01 each	**10,150**	**102**	10,150	102
Ordinary 'B' shares of £0.01 each	**290,000**	**2,900**	290,000	2,900
Ordinary 'B' shares of £1 each	**2,900**	**2,900**	2,900	2,900
	303,050	**5,902**	303,050	5,902

21 Share premium account

There was no movement on the share premium account during the financial year.

22 Revaluation reserve

	2009 £	2008 £
Balance brought forward	**723,487**	735,887
Transfer to the Profit and Loss Account on realisation	**(10,711)**	(12,400)
Balance carried forward	**712,776**	723,487

23 Profit and loss account

	2009 £	2008 £
Balance brought forward	**3,058,425**	2,873,639
Profit for the financial year	**110,546**	172,386
Transfer from revaluation reserve	**10,711**	12,400
Balance carried forward	**3,179,682**	3,058,425

24 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	**110,546**	172,386
Transfer from revaluation reserve	**10,711**	12,400
Transfer to profit and loss account	**(10,711)**	(12,400)
Net addition to shareholders' funds	**110,546**	172,386
Opening shareholders' funds	**3,791,912**	3,619,526
Closing shareholders' funds	**3,902,458**	3,791,912

25 Ultimate parent company

The directors consider the ultimate controlling entity of the company to be its immediate parent Glamorgan Aluminium Company Limited, a company registered in England and Wales.