Registered No 1029071

Sapa Building Systems Limited

Report and Financial Statements

31 December 2010

Directors
N K Sissons
M P Robinson
H Johansson
K Cookson
N Eley
J Palethorpe
P Strong

Secretary
D Thompson

Auditors
Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers
Barclays Bank plc
128 High Street
Cheltenham
Gloucestershire
GL50 1EL

Registered Office
5300 Severn Drive
Tewkesbury
Gloucestershire
GL20 8TX

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation amounted to £ 206,000 (2009 – profit of £ 1,873,000) The directors do not recommend the payment of a dividend (2009 – £nil)

Principal activities and review of the business

Sapa Building Systems is a major force in the UK fenestration industry We offer architects, specifiers, developers, fabricators, installers and householders a wide range of innovative aluminium systems for curtain walling, doors, windows and specialist applications

Business environment

The domestic market remains weak with strong competition from PVC based products but there are signs of growth in new products The commercial and school segments have contracted, due to the credit crunch and recession

Strategy

The company objective is to achieve growth and returns in line with the expectations of its shareholders This is to be achieved by a combination of building a product range which is customer focused, investment in new equipment and technology to reduce costs and investment in our workforce through training and development initiatives

Product range

The continued development of the product range with thermally advanced and innovative products such as DualFrame SI, Elegance SC and PowerFrame blast protection systems has strengthened the range The Crown residential window and door range was launched in 2010 to meet the needs of the future domestic market

Key performance indicators ('KPIs')

The directors are of the opinion that, given the straightforward nature of the business, analysis using KPIs is not necessary or appropriate for an understanding of the development and performance of the company The directors consider the data within the financial statements sufficient to enable a considered view of the company's performance to be undertaken

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs The company does not use derivative financial instruments to manage interest costs

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's finance department The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage interest rate costs

Directors' report continued

Principal risks and uncertainties (continued)

Price risk

The company is exposed to commodity price risk and exchange rate fluctuations as a result of its operations Exposures to these risks are monitored, reported and mitigated according to policies and procedures set by Sapa AB our parent company The company has no exposure to equity securities price risk as it holds no listed or other equity investments

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made Where debt finance is utilised, this is subject to pre approval by the board of directors The amount of exposure to any individual counterparty is subject to a limit, which is reviewed periodically

Liquidity risk

The company maintains a mixture of long term and short term financing that is designed to ensure the company has sufficient available funds for operations and planned expansions

Future developments

The increased investment and launch of new thermally efficient advanced products for commercial and residential sectors will underpin sales against the background of volatile markets and public sector cutbacks

In 2011 we are consolidating our operations onto a single site, this will increase the efficiency of our operations and lay the foundations for the growth of the Company

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, details of its financial instruments, liquidity and cash flow risk are described in these statutory financial statements

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Research and development

The concept, design and launching of the new systems are evidence of the company's commitment to maintaining its position of a key innovator in the industry

Directors

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

N K Sissons
M P Robinson
H Johansson
K Cookson
N Eley
D P Ashby (resigned 27th May 2010)
J Palethorpe (appointed 4th October 2010)
P Strong (appointed 4th October 2010)

Directors' report continued

Employees

The success of the company depends largely on its employees and the company continues to keep them informed on matters affecting them Investment in on the job training and all aspects of health and safety is key We undertake regular team briefing sessions which provide a two way communication flow and result in greater understanding from all employees regarding the aims and goals of the company Regular staff appraisals are performed and the company retains its 'Investors in People' award

Health and Safety at Work Act 1974

It is the company's policy that all possible steps will be taken at all times to ensure the health and safety of persons and to prevent damage to the company's property In accordance with the Act, a comprehensive policy statement together with health and safety rules has been issued within the company to all its employees Regular Health & Safety committee meetings, including both employee and company representatives, ensure the development and implementation of health and safety standards

Disabled employees

Wherever possible it is company policy to employ disabled persons, to offer continuity of employment to employees who become disabled, and to provide career and training opportunities commensurate with their abilities

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

D Thompson
Secretary

Date 27/09/2011

Statement of directors' responsibilities

The dırectors are responsıble for preparıng the annual report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make judgements and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subject to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng proper accountıng records that are suffıcıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Independent auditors' report

to the members of Sapa Building Systems Limited

We have audited the financial statements of Sapa Building Systems Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report continued

to the members of Sapa Building Systems Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date 30 September 2011

Profit and loss account

for the year ended 31 December 2010

	Notes	*2010* *£000*	*2009* *£000*
Turnover	2	29,015	30,649
Cost of sales		(21,121)	(21,908)
Gross profit		7,894	8,741
Distribution costs		(992)	(884)
Administrative expenses		(6,295)	(6,953)
Operating profit	3	607	904
Interest receivable and similar income	6	66	44
Interest payable and similar charges	7	-	(1)
Profit on ordinary activities before taxation		673	947
Tax	8	(467)	926
Profit for the financial year	16	206	1,873

All the company's results for the year arise from its continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2010

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £206,000 in the year ended 31 December 2010 (2009 – profit of £1,873,000)

Balance sheet

at 31 December 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	9	4,403	3,782
Current assets			
Stocks	10	3,139	3,663
Debtors	11	7,988	7,633
Cash at bank and in hand		3,254	2,541
		14,381	13,837
***Creditors*:** amounts falling due within one year	12	(6,124)	(5,165)
Net current assets		8,257	8,672
Total assets less current liabilities		12,660	12,454
Creditors amounts falling due after more than one year	13	(1,416)	(1,416)
Net assets		11,244	11,038
Capital and reserves			
Called up share capital	15	1,420	1,420
Profit and loss account	16	9,824	9,618
Shareholders' funds	16	11,244	11,038

N K Sissons
Director

Date 27/7/2011

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Statement of cash flows

No statement of cash flows has been prepared since the company is a wholly owned subsidiary undertaking and is exempt from doing so by the provisions of FRS 1

Turnover

Turnover represents the invoiced value of sales, net of trade discounts, excluding value added tax

Tangible fixed assets

All tangible fixed assets are depreciated on a straight line basis over their estimated useful lives at the following rates -

Freehold property	–	2 5%
Leasehold property	–	over the life of the lease
Plant and equipment	–	10% – 50%
Office equipment and fittings	–	20% – 50%
Motor vehicles	–	25% – 50%

Freehold land is not depreciated

Stocks

Stocks are stated at the lower of cost and estimated net realisable value Cost includes all direct expenditure and production overheads based on the normal level of activity Where necessary, provision is made for obsolete, slow moving and defective stocks

Deferred taxation

Deferred taxation 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 right to pay less or to receive more, tax, with the following exception

- 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

Foreign currencies

Foreign currency balances are translated at the rates of exchange ruling at the balance sheet date All differences arising on translation are taken to the profit and loss account

Notes to the financial statements

at 31 December 2010

1. Accountıng policies (contınued)

Operatıng leases

The cost of all operatıng leases ıs charged to the profit and loss account on a straıght lıne basıs over the term of the lease

Pensıons

The company partıcıpates ın the Sapa Holdıngs Lımıted Pensıon and Lıfe Assurance Scheme, a funded defined benefit pensıon scheme under whıch contrıbutıons are made to a separately admınıstered trust fund As ıt ıs not possıble to ıdentıfy the underlyıng assets and lıabılıtıes attrıbutable to each partıcıpatıng company, multı employer treatment and therefore accountıng on a defined contrıbutıon basıs ıs applıed

The company also operates a defined contrıbutıon stakeholder pensıon scheme

Contrıbutıons to both schemes are charged to the profit and loss account as they become payable

2. Turnover

Turnover ıs maınly attrıbutable to the marketıng and manufacture of alumınıum systems for the home ımprovement and commercıal markets

An analysıs of the turnover by geographıcal market ıs as follows

	2010	*2009*
	£000	*£000*
Unıted Kıngdom	28,182	29,800
Europe	813	849
Amerıcas	20	–
	29,015	30,649

3. Operatıng profit

Thıs ıs stated after chargıng

	2010	*2009*
	£000	*£000*
Audıtors' remuneratıon – audıt servıces	42	34
– non-audıt servıces	3	4
	45	38
Depreciatıon	350	373
Research and development	246	300
Operatıng lease rentals – plant and machınery	466	463
– land and buıldıngs	77	195

Notes to the financial statements

at 31 December 2010

4. Directors' emoluments

	2010	*2009*
	£000	*£000*
Aggregate emoluments	443	399
Company contributions paid to defined contribution pension schemes	15	9
	458	408
In respect of the highest paid director		
Aggregate emoluments	114	115
Defined benefit scheme – accrued pension at year end	25	23
	139	138

Retirement benefits are accruing to two directors under the company's defined benefit scheme (2009 – 3)

The emoluments of H Johansson are paid for by Sapa AB His services to Sapa Building Systems Limited are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to Sapa AB Accordingly, the above details include no emoluments in respect of the aforementioned director

5. Staff costs

	2010	*2009*
	£000	*£000*
Wages and salaries	4,554	5,372
Social security costs	497	533
Other pension costs	366	381
	5,417	6,286

The average monthly number of employees during the year was as follows

	2010	*2009*
	No	*No*
Production	74	101
Office and administration	77	79
	151	180

Notes to the financial statements

at 31 December 2010

6. Interest receivable and similar income

	2010	*2009*
	£000	*£000*
Other interest receivable	66	44

7. Interest payable and similar charges

	2010	*2009*
	£000	*£000*
Bank and other interest	-	1

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010	*2009*
	£000	*£000*
Current tax		
UK corporation tax on the profit for the year	-	–
Group relief payable	296	-
Over provision in prior years	-	(893)
Total current tax (note 8(b))	296	(893)
Deferred tax		
Origination and reversal of timing differences (note 14)	171	(33)
Tax on profit on ordinary activities	467	(926)

Notes to the financial statements

at 31 December 2010

8. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010	*2009*
	£	£
Profit on ordinary activities before tax	673	947
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	188	265
Effects of		
Expenses not deductible for tax purposes	51	40
Capital allowances for period in excess of depreciation	109	14
Adjustments to tax charge in respect of prior years	-	(893)
Other timing differences	(52)	6
Group relief received for nil payment	-	(325)
Current tax for the year (note 8(a))	296	(893)

On 1 April 2011, the UK corporation tax rate will reduce from 28% to 27% and by a further 1% a year over the following 3 years This rate change will affect the amount of future cash tax payments to be made by the company The effect on the company of these proposed changes to the UK tax system will be fully reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted

Notes to the financial statements

at 31 December 2010

9. Tangible fixed assets

	Freehold land and buildings £000	*Short-leasehold property £000*	*Plant and machinery £000*	*Motor vehicles £000*	*Total £000*
Cost					
At 1 January 2010	4,423	26	7,136	33	11,618
Additions	-	183	959	11	1,153
Disposals	(10)	(26)	(963)	(11)	(1,010)
At 31 December 2010	4,413	183	7,132	33	11,761
Depreciation					
At 1 January 2010	1,632	26	6,145	33	7,836
Charge for the year	83	-	266	1	350
Disposals	(3)	(26)	(788)	(11)	(828)
At 31 December 2010	1,712	-	5,623	23	7,358
Net book value					
At 31 December 2010	2,701	183	1,509	10	4,403
At 31 December 2010	2,791	–	991	–	3,782

Freehold land amounting to £1,250,000 has not been depreciated (2009 – £1,250,000)

10. Stocks

	2010 £000	*2009 £000*
Raw materials and consumables	1,812	2,153
Work in progress	148	185
Finished goods	1,179	1,325
	3,139	3,663

11. Debtors

	2010 £000	*2009 £000*
Trade debtors	6,749	6,477
Amounts owed by group undertakings	714	80
Other debtors	40	8
Prepayments and accrued income	429	377
Corporation tax	-	520
Deferred tax asset (note 14)	-	171
VAT	56	-
	7,988	7,633

Notes to the financial statements

at 31 December 2010

12. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	2,863	1,861
Amounts owed to group undertakings	1,749	1,849
Taxation and social security	549	162
Other creditors	20	22
Accruals	647	1,271
Corporation tax	296	-
	6,124	5,165

13 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Amounts owed to group undertakings	1,416	1,416

Amounts owed to group undertakings are unsecured and are interest free

14. Provisions for liabilities

The deferred tax asset provision is as follows

	2010 £000	2009 £000
Accelerated capital allowances	-	138
Other timing differences	-	33
	-	171

Movements in the provision are as follows

	£000
At 1 January 2010	171
Charge to profit and loss account	(215)
Adjustment in respect of prior years	44
At 31 December 2010	-

15. Allotted and issued share capital

		2010		2009
Allotted, called up and fully paid	*No*	*£000*	*No*	*£000*
Ordinary shares of £1 each	1,420,320	1,420	1,420,320	1,420

Notes to the financial statements

at 31 December 2010

16. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 January 2009	1,420	7,745	9,165
Profit for the year	–	1,873	1,873
At 1 January 2010	1,420	9,618	11,038
Profit for the year	-	206	206
At 31 December 2010	1,420	9,824	11,244

17. Pension commitments

In common with certain of its subsidiary undertakings, the company makes contributions to the Sapa Holdings Limited Pension and Life Assurance Scheme ('the scheme'), a defined benefit scheme

The company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis Accordingly, the directors consider it appropriate to record accounting entries in respect of the company's contributions only but make disclosures for the entire scheme in these financial statements

Contributions to the scheme are determined with the advice of independent qualified actuaries who recommend the projected unit method The fund is valued every three years by a professionally qualified independent actuary In the intervening years the actuary reviews the continuing appropriateness of the rates The most recent valuation was conducted as at 6 April 2008 the results of which are disclosed in the financial statements of Sapa UK Limited An update of this valuation as at 31 December 2010 indicated a total scheme deficit of £10,766,000 (2009 – deficit of £14,697,000), none of which has been recognised in the company financial statements

The company participated in the Sapa Holdings Limited Money Purchase Pension Scheme until November 2002 when the scheme was replaced by the stakeholder pension scheme Both of these schemes are defined contribution pension schemes The assets of these schemes are held separately to those of the company in an independently administered fund

The transactions with the pension schemes during the year were as follows -

	Contributions	
	2010 £000	*2009 £000*
Defined benefit scheme	251	235
Defined contribution schemes	162	170
	413	405

Notes to the financial statements

at 31 December 2010

18. Other financial commitments

The company ıs commıtted to make payments ın the next year on non-cancellable operatıng leases for the followıng amounts

	2010 *Land and buıldıngs* *£000*	*2010* *Other* *£000*	*2009* *Land and buıldıngs* *£000*	*2009* *Other* *£000*
Operatıng leases whıch expıre				
Wıthın one year	-	85	20	30
In two to five years	77	259	77	325
	77	344	97	355

19. Contingent liabilities

The company has gıven an unlımıted guarantee over the bank ındebtedness of Sapa Profiles Lımıted, Sapa UK Lımıted, Plan-ıt Tewkesbury Lımıted and Sapa Pressweld Lımıted

20 Related party transactions

Transactıons wıth entıtıes that are part of the Orkla ASA group are not dısclosed as the company has taken advantage of exemptıons ın FRS8, beıng a 100% owned subsıdıary

21 Ultımate parent undertaking and controllıng party

The ımmedıate parent undertakıng ıs Granges Products Lımıted whıch ıs regıstered ın England Throughout the year ended 31 December 2010, the ultımate parent company and controllıng party was Orkla ASA whıch ıs ıncorporated ın Norway

The largest group ınto whıch the results of the company are consolıdated ıs that of whıch Orkla ASA ıs the parent company The group financıal statements of Orkla ASA may be obtaıned from Corporate Headquarters, P O Box 423 Skoyen, Oslo, Norway

The smallest such group ıs that of whıch Sapa AB ıs the parent company, whose group financıal statements may be obtaıned from Corporate Communıcatıons, Sapa AB, Box 5505, SE-114 85 Stockholm, Sweden