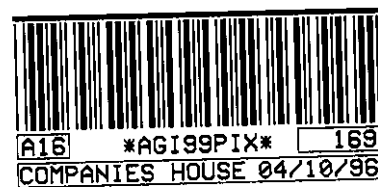


MONARCH ALUMINIUM LIMITED
ANNUAL REPORT
YEAR ENDED 31st DECEMBER 1995
Co.No. 1029071



MONARCH ALUMINIUM LIMITED

ANNUAL REPORT

YEAR ENDED 31st DECEMBER 1995

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MONARCH ALUMINIUM LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st December 1995.

DIRECTORS' RESPONSIBILITIES

The Board of directors is required each year to provide financial statements which give a true and fair view of the results and state of affairs of the company. The financial statements must comply with the provisions of the Companies Act 1985 and with applicable accounting standards.

In preparing the financial statements, the directors have responsibility for adopting accounting policies appropriate to the company's business. These policies must be applied consistently, taking a reasonable and prudent view where judgements and estimates are necessary. The directors must maintain adequate accounting records, and take reasonable steps to protect the assets of the company and to deter and detect fraud and other irregularities.

The directors confirm their compliance with these requirements.

PRINCIPAL ACTIVITY

The company's principal activity is the marketing and manufacture of aluminium systems for the home improvement and commercial markets.

TRADING REVIEW

During the year the company restructured its core business by the closure of its customised kit conservatory centre and sale of the greenhouse business to a third party. This has enabled the company to retain a presence in the conservatory and building products sector through its window and door customers.

Trading volumes were stable, although gross margins suffered as a result of commodity price rises. A number of new products were successfully launched and the benefit from these will feed through in future years.

FUTURE DEVELOPMENT

The restructuring will give greater focus on the core business of aluminium windows, doors, roofing and facade glazing systems suitable for the home improvement, local authority and commercial markets. The company is to continue developing and launching products to complement the integrated system which is offered to diverse markets.

RESULTS AND DIVIDENDS

The profit for the year before taxation was £1,389,000 (1994:£9,670,000). The directors do not recommend payment of a final ordinary dividend (1994:£200,000). An interim dividend of £1,790,000 (1994:£1,200,000) was paid during the year on the ordinary shares and a dividend of £1,402,000 (1994: £6,020,000) was paid on the 7% Redeemable Cumulative Preference Shares.

RESEARCH AND DEVELOPMENT

The company has maintained its commitment to research and development. Continuity of investment in this area will ensure that the company retains its market leadership role.

MONARCH ALUMINIUM LIMITED

DIRECTORS' REPORT

FIXED ASSETS

Details of fixed assets are disclosed in Note 7 to the financial statements.

DIRECTORS

The directors during the year were:-

A.G. Deeks
R.A. Greenslade
N.J. Vincent

No director had any beneficial interest in the shares of the company or its parent company.

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.

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.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company newsletter. All employees participate in a bonus scheme related to the overall profitability of the company.

CHARITABLE AND POLITICAL CONTRIBUTIONS

There were no donations to political organisations during the year. Charitable donations amounted to £31 (1994:£557).

AUDITORS

A resolution to re-appoint Pannell Kerr Forster will be proposed at the Annual General Meeting.

JOSEPH PITT HOUSE
PITTVILLE CIRCUS ROAD
CHELTENHAM
26th January 1996

BY ORDER OF THE BOARD


N.K. SISSONS
SECRETARY

MONARCH ALUMINIUM LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 4 and 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

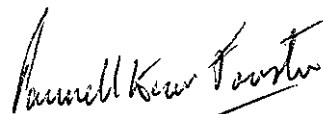
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards. 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 affairs of the company as at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS**

NOTTINGHAM
26th January 1996

MONARCH ALUMINIUM LIMITED

ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

2. TURNOVER

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

3. FIXED ASSETS AND DEPRECIATION

Fixed assets are depreciated on a straight line basis over their estimated useful lives at the following rates:-

Freehold property	4%
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.

4. INVESTMENTS

Investments in subsidiary undertakings are stated at cost less amounts written off for any permanent diminution of value. Income from subsidiary undertakings is only recognised for dividends receivable.

The company has taken advantage of Section 228 of the Companies Act 1985, whereby consolidated accounts have not been prepared.

5. RESEARCH AND DEVELOPMENT

Research and development expenditure is written off to the profit and loss account as incurred.

6. STOCK

Stock is stated at the lower of cost or estimated net realisable value. Cost includes appropriate overheads.

7. DEFERRED TAXATION

Deferred tax is computed using the liability method, at the appropriate rate of tax, to the extent that it is probable that a liability will crystallise in the foreseeable future.

MONARCH ALUMINIUM LIMITED

ACCOUNTING POLICIES

8. PENSIONS

The company participates in Sapa Holdings Limited's funded defined benefit pension scheme under which contributions are made to a separately administered trust fund.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the participating employees' working lives within the Group. The regular cost is attributed to individual years using the projected unit method. Any variations identified as a result of actuarial valuations are spread over the anticipated remaining service lives of the participating employees.

9. FOREIGN CURRENCIES

All significant transactions involving foreign currency are covered forward by contract and translated at contract rates. Other 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.

10. GOVERNMENT GRANTS

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal instalments. Grants of a revenue nature are credited to income in the period to which they relate.

11. OPERATING LEASES

The cost of all operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

MONARCH ALUMINIUM LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 1995

	Note	Continuing £000	Discontinued £000	1995 Total £000	Continuing £000	1994 as restated Discontinued £000	Total £000
TURNOVER	1	19,761	2,289	22,050	19,626	3,149	22,775
Cost of sales		14,437	2,131	16,568	13,319	2,505	15,824
GROSS PROFIT		5,324	158	5,482	6,307	644	6,951
Distribution costs		682	318	1,000	725	312	1,037
Administrative expenses		4,180	791	4,971	4,560	589	5,149
OPERATING PROFIT	2	462	(951)	(489)	1,022	(257)	765
Interest receivable and similar income	4			2,103			9,031
				1,614			9,796
Interest payable and similar charges	5			225			126
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				1,389			9,670
Taxation	6			525			3,204
PROFIT FOR THE FINANCIAL YEAR				864			6,466
Interim dividend paid on ordinary equity shares				1,790			1,200
Proposed dividend on ordinary equity shares				-			200
Dividends paid on preference non-equity shares				1,402			6,020
RETAINED LOSS FOR THE YEAR	16			(2,328)			(954)

A statement of total recognised gains and losses has not been supplied as there were no recognised gains or losses other than the profit for the period.

The reported profit for the year is not materially different from the profit on an unmodified historical cost basis.

MONARCH ALUMINIUM LIMITED

BALANCE SHEET

31st DECEMBER 1995

		1995 £000	1994 £000
	<u>Note</u>		
FIXED ASSETS			
Tangible Assets	7	3,529	3,887
Investments	8	85	85
Loan to related undertaking	9	-	86,000
		<u>3,614</u>	<u>89,972</u>
CURRENT ASSETS			
Stock	10	1,991	2,778
Debtors	11	4,537	7,529
Cash at bank and in hand		4	4
		<u>6,532</u>	<u>10,311</u>
CREDITORS:Amounts falling due within one year	12	7,008	10,763
NET CURRENT (LIABILITIES)/ASSETS		<u>(476)</u>	<u>(452)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,138	89,520
CREDITORS:Amounts falling due after more than one year	13	2000	-
PROVISIONS FOR LIABILITIES AND CHARGES	14	256	310
		<u>882</u>	<u>89,210</u>
CAPITAL AND RESERVES			
Called up share capital:equity & non-equity	15	1,420	86,011
Profit and loss account		(538)	3,199
SHAREHOLDERS' FUNDS	16	<u>882</u>	<u>89,210</u>

APPROVED BY THE BOARD ON 26th JANUARY 1996



N.J. VINCENT
DIRECTOR

MONARCH ALUMINIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1995

1. TURNOVER

Turnover is mainly attributable to the marketing and manufacture of aluminium systems for the home improvement and commercial markets.

An analysis of the market is as follows:-

	1995 £000	1994 £000
United Kingdom	21,609	22,210
Europe	423	547
North America	18	18
	-----	-----
	22,050	22,775
	-----	-----

Discontinued business sales relates mainly to United Kingdom.

2. OPERATING PROFIT

Operating profit is stated after charging:-

Directors' remuneration for management services (including pension contributions)	81	63
Depreciation of owned fixed assets	487	441
Hire of plant and equipment	39	36
Operating lease rentals - Land and Buildings	223	195
- Other	160	140
Research and development	155	159
	-----	-----
Fees paid to Pannell Kerr Forster:		
Audit fees	20	18
Taxation fees	2	5
Other fees	3	-
	-----	-----
	25	23
	-----	-----

MONARCH ALUMINIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1995

	1995 £000	1994 £000
3. EMPLOYEES		
Staff costs during the year:-		
Wages and salaries	3,359	3,632
Social security costs	281	303
Defined benefit pension costs	210	200
	<u>3,850</u>	<u>4,135</u>
	<u>Number</u>	<u>Number</u>
The average weekly number of employees was made up as follows:-		
Production	150	175
Office and administration	90	96
	<u>240</u>	<u>271</u>
DIRECTORS' REMUNERATION	£000	£000
Directors' emoluments for management services excluding pension contributions:-		
Chairman	Nil	Nil
Highest paid director	81	55
	<u>-----</u>	<u>-----</u>
All directors who served during the year in the ranges:-	<u>Number</u>	<u>Number</u>
£ Nil - £5,000	2	4
£50,001 - £55,000	-	1
£90,001 - £95,000	1	-
	<u>-----</u>	<u>-----</u>
	£000	£000
4. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest receivable	-	1
Interest on loan to related undertaking	2,103	9,030
	<u>2,103</u>	<u>9,031</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank overdraft	<u>225</u>	<u>126</u>

MONARCH ALUMINIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1995

	1995 £000	1994 £000
6. TAXATION		
Corporation tax on profit for the year at 33%	605	3,212
Deferred taxation	(54)	4
Adjustment in respect of prior years	(26)	(12)
	<hr/> 525	<hr/> 3,204

7. TANGIBLE ASSETS

	Freehold Property £000	Short Leasehold £000	Plant and Equipment £000	Motor Vehicles £000	Total £000
COST					
1st January 1995	2,901	68	4,017	246	7,232
Additions	-	-	199	10	209
Transfers	-	-	-	8	8
Disposals	-	-	(612)	(107)	(719)
Reclassify	77	-	(77)	-	-
31st December 1995	<hr/> 2,978	<hr/> 68	<hr/> 3,527	<hr/> 157	<hr/> 6,730
DEPRECIATION					
1st January 1995	801	37	2,346	161	3,345
Charge for the year	96	3	356	32	487
Transfers	-	-	-	15	15
Disposals	-	-	(547)	(99)	(646)
31st December 1995	<hr/> 897	<hr/> 40	<hr/> 2,155	<hr/> 109	<hr/> 3,201
NET BOOK VALUE					
31st December 1995	<hr/> 2,081	<hr/> 28	<hr/> 1,372	<hr/> 48	<hr/> 3,529
1st January 1995	<hr/> 2,100	<hr/> 31	<hr/> 1,671	<hr/> 85	<hr/> 3,887

Freehold land amounting to £638,000 (1994: £638,000) has not been depreciated.

	£000	£000
8. INVESTMENTS		
Investment - in subsidiary undertaking	<hr/> 85	<hr/> 85

The investment represents a 100% holding in Ambassador Carports Limited, details of which are disclosed in the accounts of the UK parent company, Sapa Holdings Limited. Group accounts have not been prepared as the company is exempt from doing so being itself a wholly owned subsidiary undertaking.

MONARCH ALUMINIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1995

	1995 £000	1994 £000
9. LOAN TO RELATED UNDERTAKING		
The loan carries a fixed interest rate of 10.5% and was repaid on 27th March 1995	-	86,000
10. STOCK		
Raw materials and consumables	1,540	2,020
Finished goods	451	758
	1,991	2,778

There is no material difference between the purchase price or production cost of stock and its replacement cost.

11. DEBTORS: Amounts falling due in less than one year		
Trade debtors	3,846	4,236
Amounts owed by group undertakings	456	1,244
Other debtors	1	1
Prepayments and accrued income	220	236
Advanced corporation tax recoverable	-	1,812
Taxation recoverable	14	-
	4,537	7,529

12. CREDITORS: Amounts falling due within one year		
Bank overdraft	2,984	2,890
Trade creditors	2,357	2,837
Amounts owed to group undertakings	569	781
Other creditors	19	30
Taxation and social security	510	3,690
Accruals and provisions	569	335
Proposed dividend	-	200
	7,008	10,763

The amounts owed to group undertakings include a balance of £136,000 (1994: £134,000) in respect of investments.

13. CREDITORS: Amounts falling due after more than one year		
Amounts owed to group undertakings	2,000	-
14. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation:		
Accelerated capital allowances - amounts provided	256	310

MONARCH ALUMINIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1995

	1995 £000	1994 £000
15. CALLED UP SHARE CAPITAL		
Authorised Equity 2,000,000 (1994: 11,000) ordinary shares of £1 each	2,000	11
Non-equity Nil (1994: 86,000,000) 7% Redeemable Cumulative Preference shares of £1 each	-	86,000
	2,000	86,011
Allotted and fully paid Equity 1,420,320 (1994: 11,000) ordinary shares of £1 each	1,420	11
Non-equity Nil (1994: 86,000,000) 7% Redeemable Cumulative Preference shares of £1 each	-	86,000
	1,420	86,011

The 7% Redeemable Cumulative Preference shares, were redeemed in full on 27th March 1995.

During the year the authorised non-equity share capital was reduced to nil, and the authorised equity share capital was increased to 2,000,000 ordinary shares of £1 each.

During the year a bonus issue of 1,409,320 ordinary shares of £1 each was made by converting the capital reserves to ordinary share capital. As the company has only one shareholder the bonus issue was issued in full to that shareholder.

16. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Issued Equity Capital £000	Issued Non-equity Capital £000	Capital Reserve £000	Profit & Loss Account £000	Total £000
At 1st January 1995	11	86,000	-	3,199	89,210
Share redemption	-	(86,000)	-	-	(86,000)
Transfer to capital reserves	-	-	1,409	(1,409)	-
Bonus issue of ordinary shares	1,409	-	(1,409)	-	-
Loss for the period	-	-	-	(2,328)	(2,328)
At 31st December 1995	1,420	-	-	(538)	882

MONARCH ALUMINIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1995

17. CONTINGENT LIABILITY

The company is committed to make payments in the next year on non-cancellable operating leases for the following amounts.

	Land and Buildings		Other	
	1995	1994	1995	1994
	£000	£000	£000	£000
Operating leases which expire:				
within one year	-	-	22	73
within two to five year	-	-	49	20
in over five years	195	195	-	-
	-----	-----	-----	-----
	195	195	71	93
	-----	-----	-----	-----

The company has guaranteed the bank indebtedness of certain group companies.

18. PENSION COMMITMENTS

The company participates in Sapa Holdings Limited's funded defined benefit pension scheme under which contributions are made to a separately administered trust fund.

Contributions to the scheme are determined with the advice of independent qualified actuaries using the projected unit method. The most recent valuation was conducted as at 1st May 1995 the results of which are disclosed in the accounts of Sapa Holdings Limited.

	1995	1994
	£000	£000
19. CAPITAL COMMITMENTS		
Contracted but not provided for	5	31
Authorised by the directors but not yet contracted	61	26
	-----	-----

20. CASH FLOW STATEMENTS

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

21. PARENT COMPANIES

The company is a subsidiary undertaking of Sapa Holdings Limited which is registered in England. The ultimate parent company is AB Electrolux which is incorporated in Sweden.