

GLYNWED PIPE SYSTEMS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2004



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GLYNWED PIPE SYSTEMS LIMITED

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COMPANY DETAILS

Company registration number 1698059

Registered office Walsall Road
Norton Canes
Cannock
Staffordshire
WS11 9NS

Auditor KPMG Audit Plc
Chartered Accountants
Registered Auditor
Crawley

GLYNWED PIPE SYSTEMS LIMITED

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The loss for the year on ordinary activities after taxation amounted to £2.2m (2003 profit: £5.4m). The directors do not recommend the payment of a dividend (2003: £nil).

PRINCIPAL ACTIVITIES REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company in the year to 31 December 2004 was that of the manufacture of thermoplastic pipework systems. The company also acts as a holding company for certain overseas subsidiary undertakings and a number of non-trading subsidiaries.

The directors expect the ongoing level of operations to continue in the future.

DIRECTORS

The directors who held office throughout the year or period of appointment are as follows:

R P Smith
S M Dix
Y Noiret (appointed 15 February 2005)
G Valle (appointed 15 February 2005)
C Mazzacano (appointed 15 February 2005)
A Catanzano (appointed 15 February 2005)
A J Wilson (resigned 31 July 2004)
Y E Mertens (resigned 15 February 2005)
H Dubout (resigned 15 February 2005)
A Vearonelly (resigned 15 February 2005)

According to the register of directors' interests, none of the directors who held office at the end of the year held disclosable interests in the company or any other group company.

EMPLOYEES

The company is committed to maintaining employment policies that both encourage and reward the skills and commitment of its employees. Its policy of non-discrimination is designed to give full and fair consideration to all on an equal basis. This undertaking extends to the employment of disabled persons and to the support of those who become disabled during their service with the company.

Measures have been developed over many years to encourage employee involvement. These extend from quality involvement programmes to health and safety disciplines and matters of environmental concern.

RESEARCH AND DEVELOPMENT

There is a coordinated programme of research and development activity in the company that is directed towards the development of new products and new technologies. Research and development projects range from in-house activity to collaborative programmes with contract research organisations and universities.

GLYNWED PIPE SYSTEMS LIMITED

DIRECTORS' REPORT - continued

CREDITOR PAYMENT POLICY

Individual operating units within the company are responsible for establishing appropriate policies with regard to the payment of their suppliers. The units agree terms and conditions under which business transactions with suppliers are conducted. It is company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms. It is company policy to ensure that suppliers know the terms on which payment will take place when business is agreed. The company's trade creditors as at 31 December 2004 equated to 74 days of related purchases (2003: 60 days).

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'P. Whitehouse', with a long horizontal flourish extending to the right.

P. Whitehouse
Secretary
19 September 2005

GLYNWED PIPE SYSTEMS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

GLYNWED PIPE SYSTEMS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GLYNWED PIPE SYSTEMS LIMITED

We have audited the financial statements on pages 6 to 16.

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 are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

19 September 2005

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

GLYNWED PIPE SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Total 2004 £m	Total 2003 £m
TURNOVER	1	<u>63.0</u>	<u>74.4</u>
OPERATING (LOSS)/PROFIT	2	(3.2)	0.8
Profit on sale of businesses	10	0.3	3.6
(LOSS)/PROFIT BEFORE INTEREST		<u>(2.9)</u>	<u>4.4</u>
Interest payable	3	(0.2)	(0.1)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(3.1)</u>	<u>4.3</u>
Taxation on (loss)/profit on ordinary activities	7	0.9	1.1
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19	<u>(2.2)</u>	<u>5.4</u>

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the reported results and those prepared on a historical cost basis.

The notes on pages 10 to 16 form part of these accounts.

GLYNWED PIPE SYSTEMS LIMITED

RECONCILIATION OF SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£m	£m
(Loss)/profit for the financial year	(2.2)	5.4
At 1 January	24.4	19.0
At 31 December	<u>22.2</u>	<u>24.4</u>

The notes on pages 10 to 16 form part of these accounts.

GLYNWED PIPE SYSTEMS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2004**

	Note	2004 £m	2003 £m
FIXED ASSETS			
Tangible assets	8	17.7	20.8
Investments	9	16.7	16.7
		<u>34.4</u>	<u>37.5</u>
CURRENT ASSETS			
Investment property held for disposal	11	2.2	-
Stocks	12	12.8	11.9
Debtors	13	9.7	12.3
Cash at bank and in hand		-	3.2
		<u>24.7</u>	<u>27.4</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year			
Borrowings	14	(0.5)	(4.6)
Other creditors	15	(14.4)	(12.6)
		<u>(14.9)</u>	<u>(17.2)</u>
Net current assets		<u>9.8</u>	<u>10.2</u>
Total assets less current liabilities		<u>44.2</u>	<u>47.7</u>
Creditors - amounts falling due after more than one year			
Other creditors	16	(20.3)	(20.6)
Provisions for liabilities and charges	17	(1.7)	(2.7)
Total net assets		<u>22.2</u>	<u>24.4</u>
CAPITAL AND RESERVES			
Called up share capital	18	11.2	11.2
Share premium account	19	1.7	1.7
Profit and loss account	19	9.3	11.5
Shareholders' funds (entirely attributable to equity interests)		<u>22.2</u>	<u>24.4</u>

The notes on pages 10 to 16 form part of these financial statements.

Approved by the Board on 19 September 2005

Susan M. Dix

S.M. Dix

DIRECTOR

GLYNWED PIPE SYSTEMS LIMITED

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention, modified to include certain fixed assets at valuation, and in accordance with applicable Accounting Standards.

The company is exempt under s228 of the Companies Act 1985 from the requirement to prepare and deliver group financial statements on the grounds that it is included within the consolidated accounts of Aliaxis SA, a company incorporated in Belgium. These financial statements present information about the company as an individual undertaking and not about its group.

TANGIBLE FIXED ASSETS

Depreciation is provided on tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows:

Freehold buildings over 50 years.

Leasehold land and buildings over 50 years or the period of the lease whichever is less.

Plant, machinery and equipment over a period of 3 to 12½ years using a straight line method.

LEASED ASSETS

Payments under operating leases are charged to the profit and loss account as they fall due.

STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes a proportion of production overheads based on normal levels of activity. Full provision is made for obsolete and slow moving items.

PENSION COSTS

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are converted into sterling using year end rates of exchange. Transactions denominated in foreign currencies are converted into sterling at the exchange rate in operation on the date on which the transaction occurred or, where the transaction is covered by a matching forward contract, at the rate of exchange specified in the contract. All exchange differences are dealt with in the profit and loss account.

RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred.

TAXATION

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard No. 19.

GLYNWED PIPE SYSTEMS LIMITED**NOTES TO THE ACCOUNTS****1 ANALYSIS OF TURNOVER**

In the opinion of the directors there is no substantial difference between the activities carried out by each of the trading units of the company, and therefore no analysis of turnover and profits is required.

	Total 2004 £m	Total 2003 £m
Europe	11.4	12.5
Middle East	0.6	2.1
America	2.5	2.2
Africa	0.6	0.5
Asia & Australasia	3.8	3.6
Total Overseas	18.9	20.9
United Kingdom	44.1	53.5
Total turnover	63.0	74.4

2 OPERATING (LOSS)/PROFIT

	Total 2004 £m	Total 2003 £m
This is stated after crediting:		
Other operating income	0.1	0.3
This is stated after charging:		
Change in stocks of finished goods and work in progress	0.3	-
Raw materials and consumables	30.1	32.9
Other external charges	3.3	3.8
Staff costs (see note 4)	16.4	21.0
Depreciation of tangible fixed assets	1.9	2.1
Impairment of tangible fixed assets	0.9	-
Operating lease rentals:		
Hire of plant, equipment and vehicles	0.4	0.3
Land and buildings	0.3	0.3
Loss on disposal of fixed assets	-	0.2
Other operating charges	12.7	13.3
Operating costs before exceptional	66.3	73.9

Auditors' remuneration and expenses for audit work amounted to £45,000 (2003: £65,000)

3 INTEREST PAYABLE (NET)

	2004 £m	2003 £m
External interest payable	0.2	0.1

4 EMPLOYEES**Numbers employed**

The average number of persons employed by the company including executive directors during the period is analysed below:

	2004 Number	2003 Number
Total employees	523	688

Staff costs

	Total 2004 £m	Total 2003 £m
Wages and salaries	12.9	17.1
Social security costs	1.0	1.4
Pension costs (note 6)	2.5	2.5
	16.4	21.0

Pension expenses disclosed above include special payments of £730,000 (2003: nil) in respect of a deficit arising in prior periods from the transfer of pension assets and liabilities to the Marley 1986 Pension Scheme. These special contributions have been maintained following the transfer of pension assets and liabilities to the Aliaxis UK Defined Benefit Pension Scheme and with effect from 1 January 2004 have been pro-rated across the principal and other participating employers.

5 DIRECTORS' EMOLUMENTS

During 2004 the aggregate amount of emoluments paid to directors in respect of their qualifying services was £nil (2003: £110,000). The highest paid director received £nil (2003: £110,000). In addition, the highest paid director received a compensation payment of £nil (2003: £210,000) for loss of office.

The highest paid director was a member of the Marley 1986 Pension Scheme which is a defined benefit scheme and the amount of his accrued pension at 31 December 2004 was £nil (2003: £24,000). No other director accrues benefits under the Aliaxis UK Defined Benefit Pension Scheme.

6 PENSIONS

Following the demerger of the plastics businesses of the Etex Group SA to the Aliaxis SA group on 18 June 2003, the assets and liabilities for past service attaching to relevant UK employees of the demerged businesses have been transferred to a new defined benefit pension scheme, the Aliaxis UK Defined Benefit Pension Scheme, with effect from 1 April 2004. All current contributing members of the Marley 1986 Pension Scheme employed by the demerged businesses were offered the opportunity to transfer their benefits to the new scheme. This newly created scheme has an identical benefit and contribution structure to the existing Marley 1986 Pension Scheme.

Until 31 March 2004, the company acted as a participating employer of the Marley 1986 Pension Scheme, a defined benefit contributory pension scheme open to all permanent employees, the constitution and governance of which are in conformity with the requirements of the Pensions Act 1985. The Scheme provided benefits based on final pensionable pay, with all assets being held in an independent and separately administered trustee fund. The funding of the Scheme is assessed in accordance with the advice of an independent and professionally qualified actuary.

NOTES TO THE ACCOUNTS - continued**6 PENSIONS - continued**

The multi-employer exemption provisions of FRS17 'Retirement Benefits' have been adopted from 1 January 2001. The shares of underlying assets and liabilities in the Scheme attributable to the principal employer and other participating employers are no identifiable on a consistent and reliable basis. The contributions payable by the company to the Scheme in the year to 31 December 2004 were £2,406,000 (2003: £2,583,000) and have been fully charged within operating profit in the profit and loss account (note 2).

The first triennial valuation of the Scheme by the actuary took place as at 1 April 2004. The aggregate market value of the assets of the Scheme at that date was £52.02m, representing 86% of the value of the benefits for service to 1 April 2004.

The principal long-term actuarial assumptions adopted in the valuation were:

Price inflation	2.70% per annum
Real rate of earnings escalation	1.50% per annum
Real rate of pensions in payment - with Limited Price Indexation	0.00% per annum
Real rate of pensions in payment - with Limited Price Indexation with minimum 3%	0.30% per annum
Real rate of investment return:	
Pre retirement	4.55% per annum
Post retirement	2.30% per annum

Employers' contributions are payable at the rate of 10% to 36.8% of contribution salaries, as set out in the Schedule of Contributions agreed between the principal employer and the Trustees of the Scheme. From 1 January 2005, employers' contributions are payable at the rate of 22.2% to 41.8% in accordance with the recommendation of the Actuary set out in the Actuarial Valuation Report as at 1 April 2004. The Scheme is closed to new members. New employees are eligible to join a Defined Contribution scheme, the Aliaxis Defined Contribution Pension Scheme.

The next triennial valuation of the Scheme will be as at 31 March 2007.

The company made contributions to defined contribution schemes in the year to 31 December 2004 amounting to £75,000 (2003: £nil)

7 TAXATION

	2004 £m	2003 £m
Analysis of credit for the year:		
<i>United Kingdom corporation tax on the (loss)/profit for the year</i>		
Current tax on income for the year	-	(0.2)
Adjustment in respect of prior years	-	(1.1)
Total current tax	-	(1.3)
<i>Deferred tax</i>		
Current year	(0.9)	0.4
Prior year adjustments	-	(0.2)
	<u>(0.9)</u>	<u>(1.1)</u>

Factors affecting the tax charge for the current year:

The current tax credit for the year is a lower credit (2003: higher credit) than the standard rate of corporation tax in the United Kingdom (30%, 2003: 30%). The differences are explained below.

	2004 £m	2003 £m
Current tax reconciliation		
(Loss)/profit on ordinary activities before taxation	(3.2)	4.3
Current tax at 30% (2003: 30%)	(1.0)	1.3
<i>Effects of:</i>		
Expenses not deductible for tax purposes	0.1	0.1
<i>Profit items not taxable:</i>		
<i>sale of businesses</i>	-	(1.6)
<i>loss on the sale of tangible fixed assets</i>	0.1	0.1
Difference between capital allowances and depreciation for the year	0.1	(0.1)
Adjustments to tax charge in respect of prior years	-	(1.1)
Losses carried forward	0.6	-
Total current tax credit (as above)	<u>(0.1)</u>	<u>(1.3)</u>

GLYNWED PIPE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS - continued

8 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £m	Plant Machinery and Equipment £m	Assets in course of construction £m	Total £m
Cost				
At 1 January	9.7	57.9	1.7	69.3
Additions	0.1	1.2	1.3	2.6
Transfers within asset categories	-	1.6	(1.6)	-
Disposals	-	(17.8)	-	(17.8)
Reclassified to current assets (note 11)	(2.5)	-	-	(2.5)
At 31 December	7.3	42.9	1.4	51.6
Accumulated depreciation				
At 1 January	0.9	47.6	-	48.5
Charge for the year	0.1	1.8	-	1.9
Impairment charge	-	0.9	-	0.9
Disposals	-	(17.1)	-	(17.1)
Reclassified to current assets (note 11)	(0.3)	-	-	(0.3)
At 31 December	0.7	33.2	-	33.9
Net Book Values				
At 1 January 2004	8.8	10.3	1.7	20.8
At 31 December 2004	6.6	9.7	1.4	17.7

An impairment charge of £0.9m has been made following the directors' review of the carrying value of tangible fixed assets.

9 INVESTMENTS

Group Undertakings	Cost £m	Provision £m	Net £m
At 1 January and 31 December 2004	24.8	(8.1)	16.7

Investments are stated at the lower of cost and net recoverable amount.

Details of the company's subsidiary undertakings are listed below. Unless otherwise stated, the holding is 100% of ordinary shares. * Indicates subsidiary undertakings held directly.

	Holding (other than 100%)	Country of incorporation
* Action Hose Couplings Limited		UK
* Britpipe Limited		UK
* CE Heinke & Co Limited		UK
* Crestover		UK
* Dairy Pipe Lines Limited		UK
* Edison Place Limited		UK
* Glynwed Holding BV		The Netherlands
* Glynwed Properties Limited		UK
* Helden Couplings Limited		UK
* Material de Aireacion SA		Spain
* Precision Automatics (Hertford) Limited	98.7	UK
* Rheinhutte UK Limited		UK
* Stainless Fittings Limited		UK
* EMG Investment Management Limited		UK
* Glynwed V Group Pension Fund Trustee Limited		UK
* Victaulic SA		France
* Glynwed V Trustees Limited		UK
* Viking Johnson Limited		UK
* Wask - RMF Limited		UK
Akatherm International BV		The Netherlands
Glynwed BV		The Netherlands
Glynwed Foundry Products Limited		UK
Glynwed V Limited		UK

GLYNWED PIPE SYSTEMS LIMITED**NOTES TO THE ACCOUNTS - continued****10 SALE OF BUSINESSES**

The profit of £0.3 million is an adjustment to the disposal provisions.

The profit on disposal in 2003 relates to the sale of the divisions trading as Viking Johnson (including Victaulic), Wask and Action Hose. Viking Johnson (including Victaulic) and Wask were sold to Crane Limited, Action Hose was sold to Seal-Tite Products Limited.

11 CURRENT INVESTMENTS

	2004 £m	2003 £m
Property held for disposal	2.2	-

The property has been reclassified from fixed assets in consideration of its disposal on 7 February 2005

12 STOCKS

	2004 £m	2003 £m
Raw materials and consumables	1.7	2.1
Work in progress	0.2	0.6
Finished goods and goods for resale	10.9	9.2
Total stocks	12.8	11.9

13 DEBTORS

	2004 £m	2003 £m
Trade debtors	5.8	6.6
Amounts due from group undertakings	1.3	1.8
Group relief recoverable	1.0	1.7
Deferred business disposal proceeds	-	1.1
Other debtors	0.6	0.1
Prepayments and accrued income	1.0	1.0
Total debtors falling due within one year	9.7	12.3

The deferred proceeds at 31 December 2003 relate to prior year business disposals.

14 BORROWINGS

	2004 £m	2003 £m
Due within one year:		
Bank loans and overdrafts	0.5	4.6
Total borrowings due within one year	0.5	4.6

15 CREDITORS: amounts falling due within one year

	2004 £m	2003 £m
Trade creditors	8.5	7.2
Amounts owed to group undertakings	3.0	1.3
Social security	0.2	0.2
Other creditors	0.9	1.5
Accruals and deferred income	1.8	2.4
Total creditors falling due within one year	14.4	12.6

16 CREDITORS: amounts falling due after more than one year

	2004 £m	2003 £m
Amounts owed to group undertakings	20.3	20.6

GLYNWED PIPE SYSTEMS LIMITED**NOTES TO THE ACCOUNTS - continued****17 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred Taxation £m	Product warranties £m	Redundancy & reorganisation £m	Total £m
At 1 January 2004	1.9	0.5	0.3	2.7
Utilised in the year	-	(0.1)	(0.5)	(0.6)
Charged/(credited) in the year	(0.9)	-	0.5	(0.4)
At 31 December 2004	<u>1.0</u>	<u>0.4</u>	<u>0.3</u>	<u>1.7</u>

Product warranties provision is made for the estimated liability on all products still under warranty. Product warranties of between 1 and 5 years are given, where appropriate, by individual divisions of the Company. Redundancy, reorganisation and disposals include provisions relating to business disposals.

An analysis of the deferred tax balance shown above is as follows:

	2004 £m	2003 £m
Capital allowances	2.0	2.1
Losses carried forward	(0.6)	-
Other timing differences	(0.4)	(0.2)
	<u>1.0</u>	<u>1.9</u>

18 SHARE CAPITAL**Ordinary shares of 25p each:**

	2004 £m	2003 £m
Authorised 62,200,000 shares (2003: 62,200,000)	<u>15.6</u>	<u>15.6</u>
Issued and fully paid 44,757,845 shares (2003: 44,757,845)	<u>11.2</u>	<u>11.2</u>

19 RESERVES

	Share premium £m	Profit & loss account £m
At 1 January 2004	1.7	11.5
Retained profit	-	(2.2)
At 31 December 2004	<u>1.7</u>	<u>9.3</u>

20 COMMITMENTS**Capital commitments**

	2004 £m	2003 £m
Contracted for but not provided in the accounts	<u>-</u>	<u>0.8</u>

Operating lease commitments:

	Land and buildings		Plant, vehicles and equipment	
	2004 £m	2003 £m	2004 £m	2003 £m
Within one year	-	-	0.1	0.2
Between one and two years	-	-	-	0.1
Between two and five years	0.1	-	0.1	0.1
More than five years	0.1	0.2	-	-
Total operating lease commitments	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>

21 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The company's ultimate holding company was Fineter SA, a company incorporated in Belgium. The company's immediate parent undertaking is Aliaxis Holdings UK Limited, a company incorporated in the United Kingdom.

The largest and smallest group in which the results of the company are consolidated is headed by Aliaxis SA, a company incorporated in Belgium. The accounts of Aliaxis SA are available to the public and may be obtained from Avenue de Tervueren 270, B-1150 Brussels, Belgium.

22 RELATED PARTY TRANSACTIONS

Transactions with entities that are members of Aliaxis SA group are not disclosed as related party transactions, as the company is a wholly-owned subsidiary of Aliaxis SA group. All balances with related parties arose from transactions with entities that are members of the Aliaxis SA group.

The company has taken advantage of the exemption available under Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of the Aliaxis SA group or investees of the Aliaxis SA group.

23 CASH FLOW STATEMENT

The company is a wholly-owned subsidiary undertaking included within the financial statements of its parent undertaking Aliaxis SA group and therefore does not fall within the scope of Financial Reporting Standard 1 (Revised 1996), which requires reporting entities to provide a cash flow statement as a primary statement within their financial statements. For this reason no cash flow statement is included within these financial statements.

24 CONTINGENT LIABILITIES

On 5 June 2003 Glynwed Pipe Systems Limited entered into a joint and several guarantee, as principal obligor, of the Euro 950 million multi-currency facility agreement dated 16 April 2003, between Aliaxis S.A., Aliaxis Finance S.A. and Lloyds TSB Bank Plc acting as agent. Additionally, under the guarantee agreement Glynwed Pipe Systems Limited agreed to pay to the banking group, on demand, any sum of money, that Aliaxis S.A. does not pay when due and to indemnify the banking group from losses, due to unenforceability, invalidity or illegality, that it otherwise fails to recover from Aliaxis S.A.. As at 31 December 2004, Euro 627 million was drawn by Aliaxis S.A. under the facility

25 COMPOSITE GUARANTEE

As of 16 September 2003 Glynwed Pipe Systems Limited entered into a joint and several guarantee agreement between Aliaxis Finance SA, Aliaxis SA, certain other companies (guarantors) from Aliaxis Group, and certain Local (bilateral) Lenders for the Euro 30 million loan facilities of Aliaxis Finance S.A. with its bilateral lenders and in respect of the guarantee by Aliaxis Finance S.A. of the local debts of certain guarantor companies. The terms of the liability of Glynwed Pipe Systems Limited under the guarantee are the same as the aforementioned Euro 950 million guarantee. As at 31 December 2004, Euro 4 million was drawn by Aliaxis Finance SA under these facilities and loans from Local Lenders amounted to Euro 12 million.