

Company Registration No. 01811296 (England and Wales)

PROFINE UK LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

THURSDAY



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PROFINE UK LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Notes to the cash flow statement	
Notes to the abbreviated accounts	7 - 13

PROFINE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The company continues to market PVC profiles and other components for the production of windows, which are sold to third party customers

The current economic environment has faced significant challenges in terms of sales volume and pricing as well as input costs and the company has reported an operating loss for the year. We consider that the outlook presents significant challenges too. Given this the directors have instituted measures to preserve cash and secure additional finance from the company's parent company.

We aim to present a balanced review of the performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

We specialise in the sales and marketing of window and door profiles. Due to the Profine Group being a market leader of window PVC profiles we pride ourselves in the sale of reputable and quality goods.

Due to the market downturn on property and the exchange rate movement with the Euro the trading of the company continues to be challenging.

The main financial risks arising from the company's activities are credit risk, interest rate risk, liquidity risk and currency risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

Turnover for the current year increased 12% to £18.7m despite declining market conditions, due to management focus on increasing sales and market share with new energy efficient window and door systems. Direct cost of sales were maintained at prior year level, this being due to a decrease in the requirement of tooling for customers following significant investment in 2011. The company maintained administration overheads at a consistent level which the company intends to maintain in the future.

With the risks of future material costs, market demand and exchange rate uncertainties we are aware that any plans for future development of the business may be subject to unforeseen events outside our control.

Results and dividends

The results for the year are set out on page 6.

The company's loss for the year, after taxation, amounted to £605,509 (2011 - a loss of £2,355,520). The Directors recommend that no dividend be paid.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Future developments

The directors aim to maintain the management policies, to achieve growth in what is expected to be an increasingly competitive market.

PROFINE UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Directors

The following directors have held office since 1 January 2012

Mr G Schwager

Mr G W Bickman

(Appointed 9 March 2012 and retired 30 September 2012)

Auditors

Baldwins (Tamworth) Limited were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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

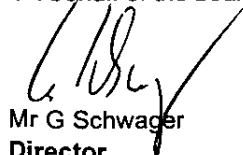
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr G Schwager

Director

7 March 2013

PROFINE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO PROFINE UK LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 5 to 13, together with the financial statements of Profine UK Limited for the year ended 31 December 2012 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other information

On 7 March 2013 we reported, as auditors of the members on the financial statements prepared under section 396 of the Companies Act 2006 for the year ended 31 December 2012, and our report included the following paragraph:

Emphasis of matter

The current economic environment is challenging and the company has reported an operating loss for the year. The directors consider that the outlook presents significant challenges in terms of sales volume and pricing as well as input costs. Whilst the directors have instituted measures to preserve cash and secure additional finance from the company's parent company, these circumstances create material uncertainties over future trading results and cashflows.

The directors have obtained confirmation from the company's ultimate parent that they will continue to provide such financial support as the company requires for its continued operations for a period of not less than one year from the date of signing the annual report in the accounts.

The directors have concluded that despite the uncertainties described above together with difficult conditions within the UK market and an aggressive currency decline they have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Our opinion is not qualified in respect of this matter.

PROFINE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO PROFINE UK LIMITED (CONTINUED) UNDER SECTION 449 OF THE COMPANIES ACT 2006



**Mr David Baldwin (Senior Statutory Auditor)
for and on behalf of Baldwins (Tamworth) Limited**

7 March 2013

**Chartered Certified Accountants
Statutory Auditor**

**28 Lichfield Street
Tamworth
Staffordshire
B79 7QE**

PROFINE UK LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover		18,775,292	16,736,229
Other operating income less cost of sales		(16,898,792)	(16,412,477)
Distribution costs		(565,332)	(537,659)
Administrative expenses		(1,858,835)	(2,085,399)
Operating loss	2	(547,667)	(2,299,306)
Other interest receivable and similar income		293	286
Interest payable and similar charges	4	(58,135)	(56,500)
Loss on ordinary activities before taxation		(605,509)	(2,355,520)
Tax on loss on ordinary activities	5	-	-
Loss for the year	12	(605,509)	(2,355,520)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

PROFINE UK LIMITED

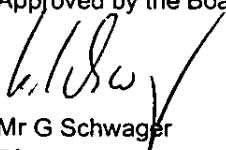
ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	6		856,089		1,126,356
Current assets					
Stocks	7	1,964,560		1,956,217	
Debtors	8	2,980,923		3,928,313	
Cash at bank and in hand		627,768		522,075	
		5,573,251		6,406,605	
Creditors: amounts falling due within one year	9	(3,363,984)		(11,462,096)	
Net current assets/(liabilities)			2,209,267		(5,055,491)
Total assets less current liabilities			3,065,356		(3,929,135)
Capital and reserves					
Called up share capital	11	17,920,002		10,320,002	
Profit and loss account	12	(14,854,646)		(14,249,137)	
Shareholders' funds	13		3,065,356		(3,929,135)

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 7 March 2013


Mr G Schwager
Director

Company Registration No 01811296

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	equal instalments over the period of the lease
Plant and machinery	20 - 33% straight line
Fixtures, Fittings and	20% per annum straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

(Continued)

1.10 Going concern

The directors have prepared the financial statements on a going concern basis. The related group undertaking, Profine GmbH, has provided a letter of support confirming that it will continue to support the operations of the company in the United Kingdom for a minimum period of 12 months from date of the approval of the financial statements, at which time the letter of support will expire.

The directors of Profine GmbH have indicated that the letter of support will be renewed 12 months after the signing of the financial statements for a further period of 12 months. Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.11 Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group.

2 Operating loss	2012	2011
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	275,761	265,706
Operating lease rentals		
- Plant and machinery	373,408	428,992
- Other assets	434,478	435,433
Auditors' remuneration (including expenses and benefits in kind)	16,750	16,750
and after crediting		
Profit on foreign exchange transactions	(161,599)	(469,246)
	<u> </u>	<u> </u>
3 Investment income	2012	2011
	£	£
Bank interest	293	286
	<u> </u>	<u> </u>
	<u>293</u>	<u>286</u>
	<u> </u>	<u> </u>
4 Interest payable	2012	2011
	£	£
On bank loans and overdrafts	58,135	56,500
	<u> </u>	<u> </u>

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

5	Taxation	2012	2011
	Total current tax	-	-
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(605,509)	(2,355,520)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2011 - 26.00%)	(157,432)	(612,435)
	Effects of		
	Non deductible expenses	875	937
	Depreciation add back	71,698	69,084
	Capital allowances	(40,802)	(53,458)
	Tax losses not yet utilised	125,661	595,872
		157,432	612,435
	Current tax charge for the year	-	-

The company has estimated losses of £ 13,400,027 (2011 - £ 12,916,715) available for carry forward against future trading profits

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

6 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, Fittings and	Total
	£	£	£	£
Cost				
At 1 January 2012	340,186	1,349,912	278,043	1,968,141
Additions	-	5,494	-	5,494
At 31 December 2012	340,186	1,355,406	278,043	1,973,635
Depreciation				
At 1 January 2012	121,273	442,469	278,043	841,785
Charge for the year	22,646	253,115	-	275,761
At 31 December 2012	143,919	695,584	278,043	1,117,546
Net book value				
At 31 December 2012	196,267	659,822	-	856,089
At 31 December 2011	218,913	907,443	-	1,126,356

7 Stocks

	2012 £	2011 £
Finished goods and goods for resale	1,964,560	1,956,217

8 Debtors

	2012 £	2011 £
Trade debtors	2,873,282	3,794,260
Other debtors	3,349	5,349
Prepayments and accrued income	104,292	128,704
	2,980,923	3,928,313

Included within other debtors is prepayments of £104,292 (2011 - £128,704)

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

9	Creditors: amounts falling due within one year	2012 £	2011 £
	Trade creditors	471,029	643,544
	Amounts owed to parent and fellow subsidiary undertakings	2,074,374	10,173,147
	Taxes and social security costs	582,603	439,214
	Other creditors	6,413	7,427
	Accruals and deferred income	229,565	198,764
		<u>3,363,984</u>	<u>11,462,096</u>

Included with other creditors is accruals of £229,565 (2011 - £198,764)

10 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	<u>28,675</u>	<u>26,165</u>

11 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
9,600,002 Ordinary of £1 each	9,600,002	2,000,002
8,320,000 Preference shares of £1 each	8,320,000	8,320,000
	<u>17,920,002</u>	<u>10,320,002</u>

On 3rd December 2012 in consideration of Profine Gmbh agreeing settlement of the debt owed by the company to the parent in the sum of £7,600,000 the company allotted 7,600,000 ordinary shares at £1 each in the capital of the company

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2012	(14,249,137)
Loss for the year	(605,509)
Balance at 31 December 2012	<u>(14,854,646)</u>

13 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	(605,509)	(2,355,520)
Proceeds from issue of shares	7,600,000	-
Net addition to/(depletion in) shareholders' funds	6,994,491	(2,355,520)
Opening shareholders' funds	(3,929,135)	(1,573,615)
Closing shareholders' funds	<u>3,065,356</u>	<u>(3,929,135)</u>

14 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire				
Within one year	293,280	293,280	61,122	58,012
Between two and five years	1,173,120	1,173,120	55,527	63,669
In over five years	1,050,920	1,515,200	-	-
	<u>2,517,320</u>	<u>2,981,600</u>	<u>116,649</u>	<u>121,681</u>

15 Directors' remuneration

	2012 £	2011 £
Pensions to former directors	<u>3,576</u>	<u>3,283</u>

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Selling and distribution	5	5
Administration	7	6
Warehouse	6	6
Management	1	1
	<u>19</u>	<u>18</u>

Employment costs

	2012 £	2011 £
Wages and salaries	831,740	791,842
Other pension costs	32,251	29,448
	<u>863,991</u>	<u>821,290</u>

17 Control

The immediate parent company is profine GmbH, a company registered in Germany, which owns 100% of the company's ordinary share capital. The ultimate parent company is HTT Holding GmbH, a company registered in Germany.

18 Related party relationships and transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by HTT Holding GmbH, a company registered in Germany on the grounds that 94.9% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.