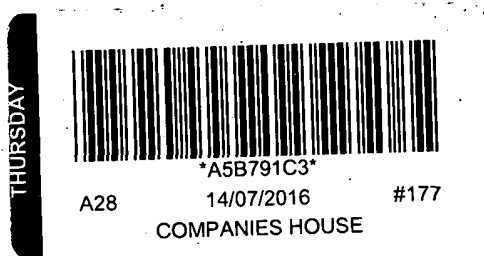


Company Registration No. 01811296 (England and Wales)

PROFINE UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



PROFINE UK LIMITED

COMPANY INFORMATION

Directors	Ms U F Kretzschmar Dr P A Mrosik
Company number	01811296
Registered office	Lancaster Road Fradley Park Lichfield Staffordshire WS13 8RY
Auditors	Baldwins (Tamworth) Limited Ventura House Ventura Park Road Tamworth Staffs B78 3HL
Business address	Lancaster Road Fradley Park Lichfield Staffordshire WS13 8RY

PROFINE UK LIMITED

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PROFINE UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Fair review of the business

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.

Principal risks and uncertainties

Due to the positive exchange rate movement with the Euro and its positive effect on margins the company has seen an upturn in profit despite a downward trend in activity in our market sector compared to the previous year.

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.

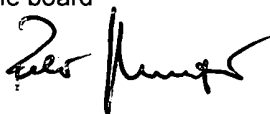
The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made and to have appropriate credit insurance and trading terms reflecting our customers' purchase volumes. The company did not incur any bad debt in 2015 despite challenging market conditions.

Key performance indicators

Turnover for the current year decreased 5% to £26.2m due to difficult market conditions which we were trying to counteract by increased efforts in new customer acquisitions and product innovations. General cost of sales decreased mainly due to FX rate effects on material costs and European transport.

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. However the company expects to make significant profits in 2016 as we look to grow market share further.

On behalf of the board



Dr P A Mrosik

Director

18 May 2016

PROFINE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

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 slightly deteriorated from the previous year in terms of volumes and pricing, however, due to positive FX rate movement, the company has reported an increased operating profit. For 2016, we would forecast increased market activity.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms U F Kretzschmar
Dr P A Mrosik

Results and dividends

The results for the year are set out on page 7.

The company's profit for the year amounted to £1,544,561 (2014 - £968,433). The Directors recommend that no dividend be paid.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 19 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Future developments

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

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 disclosure to auditors

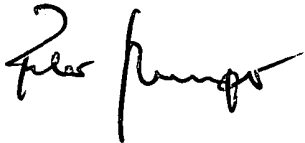
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

PROFINE UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

On behalf of the board



Dr P A Mrosik

Director

18 May 2016

PROFINE UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Annual 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.

PROFINE UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROFINE UK LIMITED

We have audited the financial statements of Profine UK Limited for the year ended 31 December 2015 set out on pages 7 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), including Financial Reporting Standard 102.

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 pages 2 - 3, 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2015 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 matters prescribed by the Companies Act 2006

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

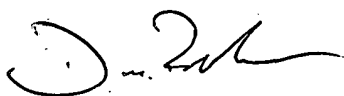
PROFINE UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PROFINE UK 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.



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

18 May 2016

Chartered Accountants
Statutory Auditor

Ventura House
Ventura Park Road
Tamworth
Staffs
B78 3HL

PROFINE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	26,191,343	27,512,271
Cost of sales		(21,638,067)	(23,523,135)
Gross profit		4,553,276	3,989,136
Distribution costs		(741,241)	(751,825)
Administrative expenses		(2,236,749)	(2,238,400)
Other operating expenses		(31,111)	(28,909)
Operating profit	4	1,544,175	970,002
Interest receivable and similar income	5	386	(1,569)
Profit before taxation		1,544,561	968,433
Taxation	6	(331,006)	2,629,499
Profit for the financial year		1,213,555	3,597,932
Total comprehensive income for the year		1,213,555	3,597,932

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

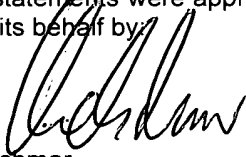
PROFINE UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	7		266,393		372,884
Current assets					
Stocks	9	2,106,550		2,048,595	
Debtors	10	6,442,579		6,453,006	
Cash at bank and in hand		794,218		1,002,541	
		<u>9,343,347</u>		<u>9,504,142</u>	
Creditors: amounts falling due within one year	11	<u>(2,110,120)</u>		<u>(3,590,961)</u>	
Net current assets			7,233,227		5,913,181
Total assets less current liabilities			<u>7,499,620</u>		<u>6,286,065</u>
Capital and reserves					
Called up share capital	13	17,920,002		17,920,002	
Profit and loss reserves		<u>(10,420,382)</u>		<u>(11,633,937)</u>	
Total equity			<u>7,499,620</u>		<u>6,286,065</u>

The financial statements were approved by the board of directors and authorised for issue on 18 May 2016 and are signed on its behalf by:



Ms U F Kretzschmar
Director

Company Registration No. 01811296

PROFINE UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2014		17,920,002	(15,231,869)	2,688,133
Period ended 31 December 2014:				
Profit and total comprehensive income for the year		-	3,597,932	3,597,932
Balance at 31 December 2014		17,920,002	(11,633,937)	6,286,065
Period ended 31 December 2015:				
Profit and total comprehensive income for the year		-	1,213,555	1,213,555
Balance at 31 December 2015		17,920,002	(10,420,382)	7,499,620

PROFINE UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	17		(94,014)		363,251
Investing activities					
Purchase of tangible fixed assets		(114,695)		(13,750)	
Interest received		386		(1,569)	
Net cash used in investing activities			(114,309)		(15,319)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(208,323)		347,932
Cash and cash equivalents at beginning of year			1,002,541		654,609
Cash and cash equivalents at end of year			794,218		1,002,541

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Profine UK Limited is a company limited by shares incorporated in England and Wales. The registered office is Lancaster Road, Fradley Park, Lichfield, Staffordshire, WS13 8RY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 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.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015 £	2014 £
Turnover		
United Kingdom	26,191,343	27,512,271
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	386	(1,569)
	<u> </u>	<u> </u>

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	26,191,343	27,512,271
	<u> </u>	<u> </u>

4 Operating profit

	2015 £	2014 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	46,102	35,921
Fees payable to the company's auditors for the audit of the company's annual accounts	20,000	16,750
Depreciation of owned tangible fixed assets	221,186	233,481
Cost of stocks recognised as an expense	19,911,852	21,783,109
Operating lease charges	756,728	849,240
	<u> </u>	<u> </u>

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

5 Interest receivable and similar income

	2015 £	2014 £
Interest income		
Interest on bank deposits	352	393
Other interest income	34	(1,962)
Total income	386	(1,569)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	352	393
--	-----	-----

6 Taxation

	2015 £	2014 £
Deferred tax		
Previously unrecognised tax loss, tax credit or timing difference	331,006	-
Adjustment in respect of prior periods	-	(2,629,499)
Total deferred tax	331,006	(2,629,499)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit before taxation	1,544,561	968,433
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.00%)	308,912	203,371
Tax effect of expenses that are not deductible in determining taxable profit	1,194	2,231
Tax effect of utilisation of tax losses not previously recognised	(315,244)	(231,053)
Depreciation on assets not qualifying for tax allowances	5,138	25,451
Deferred tax adjustments in respect of prior years	331,006	(2,629,499)
Tax expense for the year	331,006	(2,629,499)

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, Fittings and	Total
	£	£	£	£
Cost				
At 1 January 2015	340,186	1,373,979	278,043	1,992,208
Additions	-	114,695	-	114,695
At 31 December 2015	340,186	1,488,674	278,043	2,106,903
Depreciation and impairment				
At 1 January 2015	189,212	1,152,069	278,043	1,619,324
Depreciation charged in the year	22,646	198,540	-	221,186
At 31 December 2015	211,858	1,350,609	278,043	1,840,510
Carrying amount				
At 31 December 2015	128,328	138,065	-	266,393
At 31 December 2014	150,974	221,910	-	372,884

8 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,035,340	3,687,047
Carrying amount of financial liabilities		
Measured at amortised cost	1,508,767	2,967,177

9 Stocks

	2015 £	2014 £
Finished goods and goods for resale	2,106,550	2,048,595

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	3,554,327	3,683,698
Corporation tax recoverable	2,298,493	2,629,499
Amounts due from fellow group undertakings	477,664	-
Other debtors	3,349	3,349
Prepayments and accrued income	108,746	136,460
	<u>6,442,579</u>	<u>6,453,006</u>

Trade debtors disclosed above are measured at amortised cost.

11 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	1,032,754	785,974
Amounts due to fellow group undertakings	-	1,921,794
Other taxation and social security	601,353	623,784
Other creditors	1,405	407
Accruals and deferred income	474,608	259,002
	<u>2,110,120</u>	<u>3,590,961</u>

12 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £36,101 (2014 - £30,810).

13 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
9,600,002 Ordinary of £1 each	<u>9,600,002</u>	<u>9,600,002</u>
Preference share capital		
Issued and fully paid		
8,320,000 Preference of £1 each	<u>8,320,000</u>	<u>8,320,000</u>

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

14 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	348,371	374,386
Between two and five years	1,180,859	1,235,950
In over five years	171,080	464,360
	<u>1,700,310</u>	<u>2,074,696</u>

15 Related party transactions

The company has taken advantage of the FRS102 exemption to disclose related party transactions with and between wholly-owned subsidiaries

16 Controlling party

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.

17 Cash generated from operations

	2015 £	2014 £
Profit for the year after tax	1,213,555	3,597,932
Adjustments for:		
Taxation charged/(credited)	331,006	(2,629,499)
Investment income	(386)	1,569
Depreciation and impairment of tangible fixed assets	221,186	233,481
Movements in working capital:		
(Increase) in stocks	(57,955)	(185,311)
(Increase) in debtors	(320,579)	(394,653)
(Decrease) in creditors	(1,480,841)	(260,268)
Cash (absorbed by)/generated from operations	<u>(94,014)</u>	<u>363,251</u>

PROFINE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

18 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

In common with many other businesses of our size and nature we use our auditors to provide tax advice and to represent us, as necessary, at tax tribunals.

19 Auditor's liability limitation agreement

In accordance with Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 22 March 2016 which limits the liability of the auditor to £2m for any loss or damage suffered by Profine UK Limited arising out of or in connection with the provision of the services provided by the auditor including negligence but not willful default.