

PROFINE UK LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013



PROFINE UK LIMITED

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PROFINE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

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 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.

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 £377,222 (2012 - £605,509). 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.

Directors

The following directors have held office since 1 January 2013:

Mr G Schwager	(Resigned 2 April 2013)
Ms U F Kretschmar	(Appointed 2 April 2013)
Dr P A Mrosik	(Appointed 2 April 2013)

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.

PROFINE UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

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



Dr P A Mrosik

Director

22 March 2014

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 2013 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 22 March 2014 we reported, as auditors of Profine UK Limited, to the members on the financial statements prepared under section 396 of the Companies Act 2006 for the year ended 31 December 2013, 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.

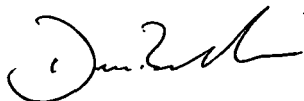
The directors have obtained confirmation from company's ultimate parent that they will continue to provide such financial support as the company requires for its continued operations for a period of not less than one year from the date of signing the annual report in the accounts.

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 FCCA (Senior Statutory Auditor)
for and on behalf of Baldwins (Tamworth) Limited**

22 March 2014

**Chartered Certified Accountants
Statutory Auditor**

28 Lichfield Street
Tamworth
B79 7QE

PROFINE UK LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover		23,488,512	18,775,292
Other operating income less cost of sales		(21,156,401)	(16,898,792)
Distribution costs		(610,390)	(565,332)
Administrative expenses		(2,055,376)	(1,858,835)
Operating loss	2	(333,655)	(547,667)
Other interest receivable and similar income		353	293
Interest payable and similar charges	4	(43,920)	(58,135)
Loss on ordinary activities before taxation		(377,222)	(605,509)
Tax on loss on ordinary activities	5	-	-
Loss for the year	12	(377,222)	(605,509)

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

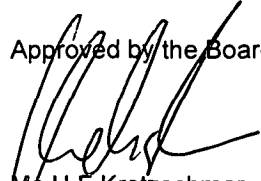
ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	6		592,615		856,089
Current assets					
Stocks	7	1,863,284		1,964,560	
Debtors	8	3,428,855		2,980,923	
Cash at bank and in hand		654,609		627,768	
		5,946,748		5,573,251	
Creditors: amounts falling due within one year	9	(3,851,229)		(3,363,984)	
Net current assets			2,095,519		2,209,267
Total assets less current liabilities			2,688,134		3,065,356
Capital and reserves					
Called up share capital	11	17,920,002		17,920,002	
Profit and loss account	12	(15,231,868)		(14,854,646)	
Shareholders' funds	13		2,688,134		3,065,356

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 22 March 2014


Ms U F Kretzschmar
Director

Company Registration No. 01811296

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013

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	2013 £	2012 £
	Operating loss is stated after charging:		
	Depreciation of tangible assets	268,297	275,761
	Loss on foreign exchange transactions	4,566	-
	Operating lease rentals		
	- Plant and machinery	508,211	373,408
	- Other assets	444,781	434,478
	Auditors' remuneration (including expenses and benefits in kind)	16,750	16,750
	and after crediting:		
	Profit on foreign exchange transactions	-	(161,599)
		<u> </u>	<u> </u>
3	Investment income	2013 £	2012 £
	Bank interest	353	293
		<u> </u>	<u> </u>
		353	293
		<u> </u>	<u> </u>
4	Interest payable	2013 £	2012 £
	On bank loans and overdrafts	43,920	58,135
		<u> </u>	<u> </u>

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

5	Taxation	2013	2012
	Total current tax	-	-
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(377,222)	(605,509)
		<u> </u>	<u> </u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2012 - 26.00%)	(98,078)	(157,432)
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	3,189	875
	Depreciation add back	69,757	71,698
	Capital allowances	(32,497)	(40,802)
	Tax losses not yet utilised	57,629	125,661
		<u> </u>	<u> </u>
		98,078	157,432
		<u> </u>	<u> </u>
	Current tax charge for the year	-	-
		<u> </u>	<u> </u>

The company has estimated losses of £ 13,621,678 (2012 - £ 13,400,027) available for carry forward against future trading profits.

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

6 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, Fittings and	Total
	£	£	£	£
Cost				
At 1 January 2013	340,186	1,355,406	278,043	1,973,635
Additions	-	4,823	-	4,823
At 31 December 2013	340,186	1,360,229	278,043	1,978,458
Depreciation				
At 1 January 2013	143,919	695,584	278,043	1,117,546
Charge for the year	22,646	245,651	-	268,297
At 31 December 2013	166,565	941,235	278,043	1,385,843
Net book value				
At 31 December 2013	173,621	418,994	-	592,615
At 31 December 2012	196,267	659,822	-	856,089

7 Stocks

	2013 £	2012 £
Finished goods and goods for resale	1,863,284	1,964,560

8 Debtors

	2013 £	2012 £
Trade debtors	3,320,625	2,873,282
Other debtors	3,349	3,349
Prepayments and accrued income	104,881	104,292
	3,428,855	2,980,923

Included within other debtors is prepayments of £104,881 (2012 - £104,292).

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

9	Creditors: amounts falling due within one year	2013 £	2012 £
	Trade creditors	644,149	471,029
	Amounts owed to parent and fellow subsidiary undertakings	2,354,343	2,074,374
	Taxes and social security costs	707,499	582,603
	Other creditors	5,959	6,413
	Accruals and deferred income	139,279	229,565
		<u>3,851,229</u>	<u>3,363,984</u>

10	Pension and other post-retirement benefit commitments Defined contribution	2013 £	2012 £
	Contributions payable by the company for the year	<u>29,280</u>	<u>28,675</u>

11	Share capital	2013 £	2012 £
	Allotted, called up and fully paid		
	9,600,002 Ordinary of £1 each	9,600,002	9,600,002
	8,320,000 Preference shares of £1 each	8,320,000	8,320,000
		<u>17,920,002</u>	<u>17,920,002</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.

12	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 January 2013	(14,854,646)
	Loss for the year	<u>(377,222)</u>
	Balance at 31 December 2013	<u>(15,231,868)</u>

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

13 Reconciliation of movements in shareholders' funds	2013 £	2012 £
Loss for the financial year	(377,222)	(605,509)
Proceeds from issue of shares	-	7,600,000
Net (depletion in)/addition to shareholders' funds	(377,222)	6,994,491
Opening shareholders' funds	3,065,356	(3,929,135)
Closing shareholders' funds	2,688,134	3,065,356

14 Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Operating leases which expire:				
Within one year	293,280	-	66,736	-
Between two and five years	1,173,120	-	73,838	-
In over five years	757,640	-	-	-
	2,224,040	-	140,574	-

15 Directors' remuneration	2013 £	2012 £
Pensions to former directors	3,399	3,576

PROFINE UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

16 Employees

Number of employees

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

	2013 Number	2012 Number
Selling and distribution	6	5
Administration	7	7
Warehouse	7	6
Management	1	1
	<u>21</u>	<u>19</u>

Employment costs

	2013 £	2012 £
Wages and salaries	911,340	831,740
Other pension costs	32,679	32,251
	<u>944,019</u>	<u>863,991</u>

17 Ultimate parent company

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 Profine group headed by profine GmbH, a company registered in Germany on the grounds that 100% of the voting rights in the company are controlled within profine GmbH and the company is included in consolidated financial statements.