

**PILKINGTON UNITED KINGDOM LIMITED**

(Company Registration Number: 1417048)

**REPORT AND ACCOUNTS**

**YEAR ENDED 31 MARCH 2008**



**PILKINGTON**

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## **PILKINGTON UNITED KINGDOM LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008**

The directors present their annual report and the audited accounts of the company for the year ended 31 March 2008

#### **Results and dividend**

The profit for the year on ordinary activities before taxation amounted to £43.3m (2007 £10.5m), taxation charge thereon amounted to £2.7m (2007 £12.1m credit), leaving a profit after taxation amounting to £40.6m (2007 £22.6m). The profit for the financial year of £40.6m will be transferred to reserves.

#### **Principal activities and review of the business**

The principal activity of the company is the manufacture and supply of glass to the building and automotive trades.

Turnover from continuing operations increased by 7% to £305.0m. Domestic trading conditions worsened over the course of the year with glass supply outstripping demand, significantly more so in the final quarter. Prices remained fairly robust for the first half of the year, but the demand/supply situation left the market open to aggressive pricing, with the effects being felt from September onwards. As a result, energy surcharge increases were implemented selectively by competitors. Where prices did remain strong the inevitable trade-off was some loss of volume. Demand from the European business continued to be strong which detracted somewhat from the domestic situation.

Gross Profit to Sales ratio increased by ten percentage points to 38% (2007 28%). The gross profit improvement was due to a combination of higher turnover and a 7% reduction in cost of sales. The cost base was significantly reduced by lower energy prices and a reduction in the level of bought in glass from other Group companies, apart from a six-week period in July, where one float line was taken down for a scheduled hot repair, all three float lines were fully operational.

Indirect costs remained in line with prior year. Therefore, the increase at the gross profit level was directly translated to the operating profit line with an increase of £34.5m from the preceding year to report a profit of £39.4m (2007 £4.9m).

In April 2007, all the share capital of Tuffx Limited was acquired. Tuffx Limited is a roof glazing manufacturer based in Aintree, Liverpool.

The expectation for the forthcoming year is increasing price pressure and significant increases in energy costs which are likely to have a material effect on financial performance. Previous and ongoing cost-saving initiatives plus experience of price competition stand us in good stead for the year ahead.

Pilkington United Kingdom Limited is fully committed to a Group-wide initiative aimed at improving health and safety across all sites. A number of non-financial key performance indicators are quoted as part of this focus, with the primary measures being Lost Time Incident Rate and Significant Injury Rate.

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**PILKINGTON UNITED KINGDOM LIMITED**

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**REPORT OF THE DIRECTORS (CONTINUED)**

Float manufacturing sites saw a twelve month Lost Time Incident Rate average of 0.4 (2007: 0.3), which equates to 3 Lost Time Accidents (2007: 2), compared to targets of zero. The Significant Injury Rate saw a twelve month rolling average of 1.4 (2007: 2.5) against a target of less than 1.9. This equates to 10 Significant Injuries which were significantly below the target of 15.

The downstream branches saw a twelve month Lost Time Incident Rate average of 1.34 (2007: 1.48). The Significant Rolling Injury Rate was 4.23 (2007: 4.1). The corresponding number of Significant Injuries was 65 against a target of 37.

Over the course of the past year, we have introduced a new measure of High Potential Severity. This aims at being proactive in managing our safety and promotes learning and education before an incident moves into the Serious or Lost Time categories. Float manufacturing plants recorded 21 such incidents last year.

We continually seek to improve against our targets, and on our reporting methods and initiatives, which demonstrates our commitment to the safety of our employees.

**Review of business and future developments**

The directors are satisfied with the performance of the business which will continue with its principal activity for the foreseeable future.

**Directors**

The following were directors of the company during the year:

Mr S M Gange  
Mr R Hamilton  
Mr D Pinder  
Mr M Maier

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**PILKINGTON UNITED KINGDOM LIMITED**

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**REPORT OF THE DIRECTORS (CONTINUED)****Directors' qualifying third party indemnity provisions**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**Employee involvement**

The company encourages employee involvement through communication and consultation on a wide range of issues. Planned regular communications take place through briefing meetings, newspapers and bulletins, which keep employees aware of the financial and economic factors affecting the Pilkington Group.

The company encourages participation in decision making at all levels in the business and has a comprehensive training programme for all employee sectors.

**Research and development**

The company pays for and receives the benefits of all appropriate research and development work undertaken by the ultimate holding company. The work and costs are agreed by the directors and, since much of the work is directly related to the business of the company, a large proportion of it is carried out on the company's manufacturing plant.

**Disabled persons**

The company's objective is to maintain, or exceed, in its employment the statutory number of disabled persons under the Disabled Persons (Employment) Act. It endeavours to integrate disabled persons with other employees and their training, career development and promotion is handled under the company's general policy covering these activities.

Where an employee becomes disabled, every effort is made to ensure continuity of employment and provide appropriate training.

**Payments policy**

The company's policy in relation to the payments of its suppliers is to settle its terms of payment with each supplier when agreeing the terms of each business transaction. The supplier is made aware of the terms which are detailed on the company's purchase orders. It is company practice to abide by the agreed terms of payments.

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**PILKINGTON UNITED KINGDOM LIMITED**

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**REPORT OF THE DIRECTORS (CONTINUED)****Payments policy (continued)**

Trade creditors amounting to £37.3m reported in note 14 to the accounts, represent 83 days (2007 - 60 days) of average daily purchases

**Taxation status**

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year

**Charitable contributions**

The contributions made by the company during the year for charitable purposes amounted to £3,000 (2007 £2,000)

**Financial Instruments, Risks, and Uncertainties**

The operations of the company expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, energy prices, liquidity and interest rates. The company complies with the appropriate risk management policies employed by the ultimate parent company and has in place a risk management programme that seeks to limit the effects on the financial performance of the company by using foreign currency financial instruments, including debt and other instruments to fix interest rates.

To manage the foreign exchange risks arising from future commercial transactions and recognised assets and liabilities, the company uses forward contracts, transacted with the Group treasury function.

The company consumes significant amounts of energy and is exposed to energy price risk arising from this consumption, principally of oil and gas.

The directors consider that the cash flow and liquidity risks that may face the company from time to time will be met either by the company's own resources or with the assistance of another company in the NSG Group if required.

The company has its main manufacturing float facility at two locations in St Helens. These and other assets are subject to normal business risks in the event of property damage or business interruption, etc. These are protected by insurance coverage but in certain cases a deductible amount of not more than £100,000 will apply.

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**PILKINGTON UNITED KINGDOM LIMITED**

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**REPORT OF THE DIRECTORS (CONTINUED)****Disclosure of information to auditors**

Each director at the date of the approval of the financial statements has confirmed.

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) they have taken steps to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Statement of Directors' responsibilities**

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 accounts 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)

The financial statements are required by law to 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently, with the exception of any changes arising from the adoption of new accounting standards in the year as explained on page 14 under note 1 "Principal accounting policies"
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 accounts 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

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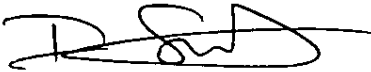
**PILKINGTON UNITED KINGDOM LIMITED**

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**REPORT OF THE DIRECTORS (CONTINUED)****Auditors**

In accordance with part 13 of the Companies Act 2006, the company is no longer required to hold an Annual General Meeting. Ernst & Young shall be deemed to be re-appointed as auditors.

By order of the Board



I M Smith

Secretary

11 September 2008

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**PILKINGTON UNITED KINGDOM LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PILKINGTON UNITED KINGDOM LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of the movement in shareholders' funds and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

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 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 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.



**PILKINGTON UNITED KINGDOM LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PILKINGTON UNITED KINGDOM LIMITED (CONTINUED)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements



Ernst & Young LLP  
Registered auditor  
Manchester

16 September 2008

**PILKINGTON UNITED KINGDOM LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 £M	2007 £M
<b>Turnover</b>		<b>305.0</b>	<b>284.5</b>
Total continuing operations	3	<b>305.0</b>	<b>284.5</b>
<b>Operating profit</b>			
Total continuing operations	4	<b>39.4</b>	<b>4.9</b>
<b>Operating profit</b>		<b>39.4</b>	<b>4.9</b>
Profit on disposal of investment in K McAnallen Limited		-	2.0
<b>Profit before interest</b>		<b>39.4</b>	<b>6.9</b>
Net interest receivable	5	<b>3.9</b>	<b>3.6</b>
<b>Profit on ordinary activities before taxation</b>		<b>43.3</b>	<b>10.5</b>
Taxation on profit on ordinary activities	6	<b>(2.7)</b>	<b>12.1</b>
<b>Profit for the financial year</b>	18	<b>40.6</b>	<b>22.6</b>

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**PILKINGTON UNITED KINGDOM LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2008**

There were no total recognised gains and losses for the year other than the profit for the year

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2008**

There are no differences between the reported profit on ordinary activities before taxation and the historical cost profit for the year. Similarly, there were no such adjustments in respect of 2007

**PILKINGTON UNITED KINGDOM LIMITED**

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 £M	2007 £M
Profit for the year attributable to shareholders		40.6	22.6
Dividends		-	(55.0)
Net increase/(decrease) in shareholders' funds for the year		40.6	(32.4)
Shareholders' funds at beginning of year		207.8	240.2
Shareholders' funds at end of year		248.4	207.8

**PILKINGTON UNITED KINGDOM LIMITED**

**BALANCE SHEET AS AT 31 MARCH 2008**

	Note	2008 £M	2007 £M
<b>Fixed assets</b>			
Tangible assets	10	<u>104.0</u>	<u>107.5</u>
<b>Investments</b>			
Investments - subsidiary undertakings	11	<u>13.1</u>	<u>10.2</u>
<b>Current Assets</b>			
Stocks	12	42.5	36.5
Debtors – amounts falling due within one year	13	159.3	111.2
Cash at bank and in hand		<u>13.8</u>	<u>12.5</u>
<b>Creditors - amounts falling due within one year</b>	14	<u>(72.2)</u>	<u>(57.4)</u>
<b>Net current assets</b>		<u>143.4</u>	<u>102.8</u>
<b>Total assets less current liabilities</b>		<u>260.5</u>	<u>220.5</u>
<b>Provision for liabilities</b>	15	<u>12.1</u>	<u>12.7</u>
<b>Capital and reserves</b>			
Share capital	17	180.0	180.0
Profit and loss account	18	68.4	27.8
<b>Equity shareholders' funds</b>		<u>248.4</u>	<u>207.8</u>
<b>Total shareholders' funds</b>		<u>260.5</u>	<u>220.5</u>

The accounts on pages 10 to 31 were approved by the Board of Directors on 11 September 2008 and were signed on its behalf by:

  
Director

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**PILKINGTON UNITED KINGDOM LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008****1 Principal accounting policies**

The accounts are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

A summary of the major accounting policies, which have been consistently applied, are set out below

**Revenue recognition**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty

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

**Deferred income**

Regional development grants, other investment grants, and contributions from customers towards the cost of tooling, are taken to deferred income and are released to the profit and loss account in appropriate instalments relating to the type and nature of expenditure they are intended to fund

**Interest**

Interest income and expense is accounted for on an accruals basis

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**PILKINGTON UNITED KINGDOM LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008****1 Principal accounting policies (cont'd)****Research and development**

Expenditure on pure or applied research and development expenditure using existing know-how to produce new or substantially improved products or to install new processes prior to the commencement of commercial production or to improve substantially those products or processes already in commercial production is written off the profit and loss account as incurred

**Pension costs**

Pension costs have been accounted for in accordance with the United Kingdom Financial Reporting Standard No 17 – Retirement Benefits

The pension cost relates to defined benefit schemes. The company has applied paragraph 12 of FRS 17, and accounted for the scheme as though it were a defined contribution scheme as the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis

The cost of providing other post-retirement benefits is recognised on a basis similar to that adopted for pensions

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**PILKINGTON UNITED KINGDOM LIMITED**


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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**
**Principal accounting policies (cont'd)**
**Tangible assets and depreciation**

Tangible fixed assets are stated at historical cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When the company builds an entirely new major plant the initial commissioning costs, bringing the plant to a status prior to production of goods of saleable quality, are capitalised as part of the fixed asset. All subsequent production and start up costs are written off to the profit and loss account as incurred.

Gross interest costs relating to major tangible fixed assets under construction are included in the cost of such assets and are depreciated as part of the total cost. Capitalisation of such costs ceases when the asset is commissioned.

The company's float lines are subject to regular repair. All 'hot repair' costs on glass tanks (incurred while the furnace is alight) are written off to the profit and loss account. When the float tank is rebuilt every 10 to 15 years the cost of the re-build is capitalised as fixed assets and depreciated over the life of the tank until the next re-build.

Freehold land is not depreciated. Depreciation is charged on all other categories of tangible fixed assets so as to write off the cost by equal annual instalments over the expected useful economic lives of the assets at the following rates:

• Freehold buildings	2% to 5% per annum
• Leasehold buildings	2% to 5% per annum
• Short leasehold buildings	Over the life of the lease
• Float glass tanks	7% to 10% per annum
• Glass making plant	4% per annum
• Glass processing plant	6% to 7% per annum
• Other plant and machinery	5% to 20% per annum
• Vehicles	20% per annum
• Computer Hardware	Not less than 20% per annum
• Computer Software (including SAP)	Not less than 10% per annum
• Licenses	Not less than 5% per annum

The company regularly reviews its depreciation rates and the remaining useful economic lives of its tangible assets to take account of technological changes, intensity of use over their lives and market requirements.



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**PILKINGTON UNITED KINGDOM LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008****Principal accounting policies (cont'd)****Operating leases**

Rentals under operating leases are charged to the profit and loss account as incurred

**Foreign currencies**

Monetary foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Exchange differences are taken to the profit and loss account.

**Subsidiary undertakings**

Subsidiary undertakings are carried at their original historical cost less any impairment which is charged to the profit and loss account.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and works overhead expenditure incurred in bringing goods to their current state under normal operating conditions. Net realisable value is based on anticipated selling price less the cost of selling such goods and any sales incentives. Provisions for slow moving and obsolete items are made where appropriate.

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**PILKINGTON UNITED KINGDOM LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008****Principal accounting policies (cont'd)****Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Timing differences are differences between the company's taxable profits and its accounting profits arising from gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to the forecasts which have been prepared and approved by the Board.

No timing differences are recognised in respect of

- Fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset
- Gains on the sale of assets where those assets have been rolled over into replacement assets, and
- Additional tax which would arise if the profits of overseas subsidiary undertakings, joint ventures and associates were distributed, in excess of those dividends that have been accrued

The deferred tax assets and liabilities are not discounted

**Debtors**

Provisions against the non-recovery of debtors are made specifically against identified doubtful debtors. Additionally, a general provision is made against all trade debts excluding those already specifically provided, those that are insured, those which are covered by confirmed irrevocable letters of credit and those with major vehicle manufacturers or Government departments (unless a specific provision is deemed necessary)

**Government Grants**

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

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**PILKINGTON UNITED KINGDOM LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008****Provisions**

Provisions in respect of liabilities are made in accordance with FRS 12 and are discounted where the effect is material. Specifically:

- Where the company guarantees or warrants a product from defect at the time of sale, a warranty provision is set up to cover the likely costs of potential claims, calculated by reference to historic experience and the duration of the warranty period
- Provisions for redundancies and restructuring costs are made once a detailed formal plan has been prepared and approved and the company is irrevocably committed to implementing the plan

**Cash flow**

In accordance with paragraph 5 (a) of FRS 1 (revised), the company is not required to publish a cash flow statement

**Related parties**

As the company is a subsidiary undertaking, where 90% or more of its voting rights are controlled within the Nippon Sheet Glass Co Limited (NSG) Group, it has taken advantage of the exemption permitted by FRS 8 not to disclose any transactions or balances with entities that are part of the NSG Group

**2 Changes in accounting policies**

The company has not adopted any new accounting standards during the year

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**3 Geographical analysis of turnover by markets**

	<b>2008</b>		<b>2007</b>	
	Continuing £M	%	Continuing £M	%
United Kingdom	244.1	80.0	232.0	81.6
Europe (excluding UK)	44.6	14.6	33.3	11.7
Rest of the World	16.3	5.4	19.2	6.7
	<u>305.0</u>	<u>100.0</u>	<u>284.5</u>	<u>100.0</u>

**4 Statutory information**

	<b>2008</b>		<b>2007</b>	
	Continuing £M	Total £M	Continuing £M	Total £M
Turnover	305.0	305.0	284.5	284.5
Cost of sales	(190.0)	(190.0)	(204.1)	(204.1)
Gross profit	<u>115.0</u>	<u>115.0</u>	<u>80.4</u>	<u>80.4</u>
Distribution costs	(37.0)	(37.0)	(36.0)	(36.0)
Administrative expenses	(38.6)	(38.6)	(39.5)	(39.5)
Operating profit	<u>39.4</u>	<u>39.4</u>	<u>4.9</u>	<u>4.9</u>

	<b>2008</b>	<b>2007</b>
	<b>£M</b>	<b>£M</b>
Operating profit is after charging/(crediting)		
Depreciation of tangible fixed assets – owned	15.1	13.3
- finance leased	-	1.7
Operating lease costs – land and buildings	3.2	3.3
Operating lease costs – plant and machinery	3.0	3.4
Auditors' remuneration - audit services, Ernst & Young	0.1	0.1
Auditors' remuneration - non-audit services, Other	0.1	0.1
Auditors	0.1	0.1
Impairment of Fixed Assets	1.3	1.9
Research and development expenditure written off in year	3.3	3.2
Exchange losses	-	(0.1)

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**5 Net interest (receivable)/payable**

	2008 £M	2007 £M
Interest payable on bank loans and overdrafts	<u>0.4</u>	<u>0.1</u>
Less interest receivable from Group undertakings	(3.3)	(1.8)
other interest receivable	<u>(1.0)</u>	<u>(1.9)</u>
	<u><u>(3.9)</u></u>	<u><u>(3.6)</u></u>

**6 Taxation**

	2008 £M	2007 £M
Current tax		
Adjustment in respect of previous periods	<u>-</u>	<u>(3.3)</u>
Total current tax (credit)	<u>-</u>	<u>(3.3)</u>
Deferred tax		
Origination and reversal of timing differences	1.5	(5.5)
Effect of decreased tax rate on deferred tax balance	-	(3.3)
Adjustment in respect of previous periods	<u>1.2</u>	<u>-</u>
Total deferred tax	<u>2.7</u>	<u>(8.8)</u>
Total tax on profit on ordinary activities	<u><u>2.7</u></u>	<u><u>(12.1)</u></u>

The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK (30%). The differences are explained below

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**6 Taxation (cont'd)**

	2008 £M	2007 £M
Profit on ordinary activities before tax	<u>43.3</u>	<u>10.5</u>
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 30% (2007 - 30%)	13.0	3.2
Effects of		
Losses claimed by way of group relief for which no payments will be made	(11.4)	(6.7)
Expenses not deductible for tax purposes	-	(2.0)
Capital allowances in excess of accounts depreciation	(1.6)	4.7
Movements in other timing differences	-	0.8
Adjustments to tax charge in respect of prior years	-	(3.3)
Current tax charge (credit) for the year	<u>-</u>	<u>(3.3)</u>

**Factors affecting future tax charges**

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008. This rate change will affect the amount of future cash tax payments to be made by the company. The deferred tax balance has been adjusted in the current year to reflect this change. Changes to the UK Capital allowance regime will also impact the capital allowances the company can claim. The full impact of these changes is still being assessed.

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years but at a slightly lower level than in the current year.

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**7 Dividends**

	<b>2008 £M</b>	<b>2007 £M</b>
Dividends on equity shares		
Dividends (2007 31 pence per share)	-	55 0
	<hr/>	<hr/>
	-	55 0
	<hr/>	<hr/>

**8 Employee pay and numbers (including executive directors)**

	<b>2008 £M</b>	<b>2007 £M</b>
Employment costs		
Wages and salaries	64.6	64 6
Social security costs	5.2	5 6
Pension costs (note 20)	4.4	4 6
	<hr/>	<hr/>
	74.2	74 8
	<hr/>	<hr/>
Average number of employees		
UK	2,107	2,142
Others	13	11
	<hr/>	<hr/>
	2,120	2,153
	<hr/>	<hr/>
Number employed at 31 March	2,133	2,163
	<hr/>	<hr/>

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**9 Directors' emoluments**

	2008 £	2007 £
Aggregate emoluments	865,282	1,830,672
Defined benefit schemes -		
Accrued pension at end of year	-	38,332
	<u>865,282</u>	<u>1,869,004</u>

**Highest paid director**

	2008 £	2007 £
Aggregate emoluments and benefits (including gains on exercise of share options and value of shares received) under long term incentive schemes	295,393	446,205
Defined benefit schemes -		
Accrued pension at end of year	-	38,332
	<u>295,393</u>	<u>484,537</u>



**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**10 Tangible assets**

	Land and buildings	Plant, machinery and vehicles	Computer Software/ Licenses	Total
	£M	£M	£M	£M
<b>At cost or valuation</b>				
At 1 April 2007	57.6	301.1	31.2	389.9
Additions	-	13.2	-	13.2
Disposals	-	(0.5)	-	(0.5)
Transfers to Group undertakings	-	(0.2)	-	(0.2)
At 31 March 2008	57.6	313.6	31.2	402.4
<b>Accumulated depreciation</b>				
At 1 April 2007	28.1	231.4	22.9	282.4
Charge for the year	0.2	12.5	2.4	15.1
Disposals	-	(0.4)	-	(0.4)
Impairment of Assets	0.3	1.0	-	1.3
Transfers to Group undertakings	-	-	-	-
At 31 March 2008	28.6	244.5	25.3	298.4
<b>Written down value at 31 March 2008</b>	29.0	69.1	5.9	104.0
Written down value at 31 March 2007	29.5	69.7	8.3	107.5
<b>The net book value of land and buildings comprises</b>				
Freehold	27.9			
Long leasehold	0.9			
Short leasehold	0.2			
	29.0			

Plant, machinery and vehicles include items acquired under finance leases comprising cost of £nil (2007: £50.0m), accumulated depreciation of £nil (2007: £38.7m) and written down value of £nil (2007: £11.3). Depreciation charged in the year on these assets amounted to £nil (2007: £1.7m). All assets previously held as leased are now fully owned.

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**11 Investments – subsidiary undertakings**

	<b>Shares £M</b>
<b>At cost</b>	
At 1 April 2007	10.2
Additions	2.9
	<hr/>
At 31 March 2008	13.1
	<hr/>

Details of subsidiary undertakings are as follows

Name of company	% equity and voting rights held	Principal activity
Triplex Holding Pension Fund Trustees Ltd	100	Non Trading
Pilkington Glass India Private Limited	100	Non Trading
Pilkington AG Glass Limited	100	IGU Manufacture
Pilkington Aintree Limited (previously Tuffx Limited)	100	IGU Manufacture

All companies operate and are registered in the United Kingdom

On 23 April 2007 the company acquired 100% equity and voting rights in Tuffx Limited

**12 Stocks**

	<b>2008 £M</b>	<b>2007 £M</b>
Raw materials	8.6	8 0
Stores	3.8	4 2
Work in progress	3.8	3 2
Finished goods	26.3	21 1
	<hr/>	<hr/>
	42.5	36 5
	<hr/>	<hr/>

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**13 Debtors**

	2008 £M	2007 £M
<b>Amounts falling due within one year</b>		
Trade debtors	38.4	36.9
Less: Provision for impairment of debtors	(1.3)	(1.2)
	37.1	35.7
Amounts owed by Group undertakings	121.2	74.2
Corporation tax	0.3	0.3
Other debtors	0.6	0.7
Prepayments and accrued income	0.1	0.3
	159.3	111.2

The amounts owed by Group Undertakings are unsecured, interest free and due for repayment in full on or before 31 March 2009, unless both parties agree otherwise.

**14 Creditors**

	2008 £M	2007 £M
Bank overdrafts	2.5	2.3
Trade creditors	37.3	29.2
Amounts owed to Group undertakings	12.1	8.0
Other taxation and social security	8.5	5.4
Other creditors	2.6	2.5
Accruals and deferred income	9.2	10.0
	72.2	57.4

The amounts owed by Group Undertakings are unsecured, interest free and due for repayment in full on or before 31 March 2009, unless both parties agree otherwise.

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**15 Provision for liabilities**

	Deferred Taxation	Warranty and Litigation	Redundancies and Restructuring	Other	Total
	£M	£M	£M	£M	£M
At 1 April 2007	4.8	0.8	4.3	2.8	12.7
Charged to profit and loss account	2.7	0.1	1.2	1.7	5.7
Released to profit and loss account	-	-	(0.4)	(0.2)	(0.6)
Utilised during year	-	-	(4.2)	(1.5)	(5.7)
At 31 March 2008	7.5	0.9	0.9	2.8	12.1
Maturity profile of provisions					
Within 1 year	0.9	0.9		1.4	3.2
Between 1 and 2 years	-	-		0.3	0.3
Between 2 and 5 years	-	-		0.3	0.3
Over 5 years	-	-		0.8	0.8
	0.9	0.9		2.8	4.6

Warranty provisions are created where the company has given a guarantee to cover the reliability and performance of products over an extended period. Redundancies and restructuring relate to provision for costs to be incurred for employees made redundant in prior periods. "Other" includes provisions for costs related to self-insured insurance claims against the Company and a cumulative leave provision which allows employees to carry forward unused annual holiday entitlements and receive a cash equivalent upon leaving the scheme.

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**16 Deferred taxation**

The balances included in provisions relate to

	<b>2008 £M</b>	<b>2007 £M</b>
Accelerated capital allowances	<b>8.0</b>	6 4
Short-term timing differences		
Provisions and accruals	<b>(0.5)</b>	(1 6)
Total provision for deferred tax	<b>7.5</b>	4 8
At 1 April 2007	<b>4.8</b>	13 6
Amounts charged/(credited) in the profit and loss account (note 6)	<b>2.7</b>	(8 8)
At 31 March 2008	<b>7.5</b>	4 8

**17 Share capital**

	<b>2008 £M</b>	<b>2007 £M</b>
Authorised		
180,000,000 ordinary shares of £1 each	<b>180.0</b>	180 0
40,000,000 preference shares of £1 each	<b>40.0</b>	40 0
	<b>220.0</b>	220 0
Allotted, called up and fully paid		
179,978,392 ordinary shares of £1 each	<b>180.0</b>	180 0
	<b>180.0</b>	180 0

**PILKINGTON UNITED KINGDOM LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**18 Profit and Loss Account**

	<b>Profit and loss account £M</b>
At 1 April 2007	<b>27.8</b>
Retained profit for year	<b>40.6</b>
At 31 March 2008	<b>68.4</b>

**19 Capital commitments**

	<b>2008 £M</b>	<b>2007 £M</b>
<b>(a) Capital expenditure</b>		
Amounts contracted for but not provided for in the accounts	<b>0.2</b>	-
	<b>0.2</b>	-

	<b>2008</b>		<b>2007</b>	
<b>(b) Operating lease commitments</b>	<b>Land &amp; buildings £M</b>	<b>Plant &amp; Machinery £M</b>	<b>Land &amp; buildings £M</b>	<b>Plant &amp; Machinery £M</b>
The company's operating lease commitments for the following financial year are as follows, for leases expiring				
Within one year	<b>0.5</b>	<b>1.1</b>	0 3	0 3
Between two and five years	-	<b>5.4</b>	0 8	6 4
After five years	<b>2.1</b>	<b>0.5</b>	1 6	0 2
	<b>2.6</b>	<b>7.0</b>	2 7	6 9

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**PILKINGTON UNITED KINGDOM LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008****20 Pensions and similar obligations**

The company's employees are members of the Pilkington Superannuation Scheme (PSS) which, for the purposes of accounting under FRS 17, is in the nature of a multi-employer scheme. The pension cost charge for the year amounted to £3.6m (2007: £3.7m).

For the purposes of the required disclosures under FRS 17, the contributions paid by the company are accounted for as a defined contribution scheme as the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

At 31 March 2008, the surplus on the PSS amounted to £nil (2007: £nil). Under the scheme rules, the surplus cannot be recovered by the company and contributions will remain at 10.5% of pensionable salaries for active members in the future.

Further details of the PSS are given in the accounts of a fellow subsidiary undertaking, Pilkington Group Limited.

Unpaid pension contributions as at 31 March 2008 amounted to £0.3m (2007: £0.2m).

**21 Ultimate and immediate parent undertakings**

The immediate parent undertaking is Pilkington Brothers Limited, registered in England and Wales. This company has not prepared consolidated accounts as the directors regard the ultimate parent undertaking and controlling party to be Nippon Sheet Glass Co Limited, a company registered in Japan. Nippon Sheet Glass Co Limited has prepared consolidated accounts for the period to 31 March 2008, a copy of which can be obtained from the Company Secretary, Nippon Sheet Glass Co Limited, Sumitomo Fudosan Mita Twin Building, West Wing 5-27, Mita 3-Chome, Minato-ku, Tokyo, 108-6321, Japan.