

PILKINGTON UNITED KINGDOM LIMITED

(Company Registration Number: 1417048)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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PILKINGTON UNITED KINGDOM LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2011.

Results and dividend

The loss for the year on ordinary activities before taxation amounted to £18.9m (2010 – loss of £62.6m), taxation thereon amounted to a credit of £0.2m (2010 – credit of £9.8m), leaving a loss after taxation amounting to £18.7m (2010 – loss of £52.8m). The directors do not recommend the payment of a dividend (2010 – £nil). The loss for the financial year of £18.7m will be transferred to reserves.

Principal activities

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

Review of business and future developments

Turnover from operations increased by 7% to £232.7m going some way towards reversing the decline seen in the prior year. The economic climate dictated the result for the year, with demand remaining depressed in all sectors. The UK and Ireland market continued to be highly competitive at all levels with changes in product mix due to Building Regulations more notable than price movements, which increased through the year. Volumes in the final quarter were poor, reflecting declining market confidence.

Gross profit to sales ratio increased by 12 percentage points to 26% (2010 – 14%). The change reflects the lower cost base of the company following restructuring projects carried out in the prior year. It also reflects increases in selling prices through the year; these driven largely by increases in the level of energy surcharge. Improvements in margin were limited by significant increases in costs of energy and raw materials.

Over the course of the year, the company made progress on a number of projects with the objective of further reducing its underlying cost base to ensure sustainability going forward. In addition to the projects launched in the previous year, closures of processing sites at Basildon and Sheffield were announced in February 2011. These projects will be finalised in the year ahead.

The outlook for the forthcoming year is more optimistic following a period of significant restructuring. In January the company announced the reopening of its UK5 float line after a period of repair. The plant will manufacture glass for solar energy applications in line with the company's plan to expand its range of value added products. However, with little confidence in any tangible market growth, other key sectors are expected to remain flat or in slight decline.

PILKINGTON UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS (CONTINUED)**Review of business and future developments (continued)**

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 the Significant Injury Rate and the number of Significant Injuries underlying this figure.

Float manufacturing sites saw a twelve month Significant Injury Rate of 1.29 (2010 – 0.8) against a target of 0.83. This equates to 8 Significant Injuries (2010 – 5) during the year. Downstream branches saw a Significant Injury Rate of 1.55 (2010 – 3.12) against a target of 2.33. The corresponding number of Significant Injuries was 14 (2010 – 23).

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.

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 D Pinder
Mr M Buckley (appointed 8th April 2011)
Mr G Charlton (appointed 8th April 2011)
Mr S M Gange (resigned 30th September 2010)
Mr R Hamilton (resigned 8th April 2011)
Mr P McDonald
Mr B Pilling (appointed 1st October 2010)

Company Secretary

Mr I M Smith

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 place as at the date of approving the directors' report.

PILKINGTON UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS (CONTINUED)**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 NSG 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 payment 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.

Trade creditors amounting to £26.7m (2010 – £26.8m) reported in note 13 to the financial statements, represent 63 days (2010 – 58 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 £2,000 (2010 – £1,000).

PILKINGTON UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS (CONTINUED)**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 facilities 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.

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.

Directors' responsibilities statement

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 for the company for that period.

PILKINGTON UNITED KINGDOM LIMITED

REPORT OF THE DIRECTORS (CONTINUED)**Directors' responsibilities statement (continued)**

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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 to 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.

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



David Pinder

Director

29 November 2011

PILKINGTON UNITED KINGDOM LIMITED

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

We have audited the financial statements of Pilkington United Kingdom Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 20. 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).

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 5 and 6, 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 (APB'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.

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 March 2011 and of its loss 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 matter prescribed by the Companies Act 2006

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

PILKINGTON UNITED KINGDOM LIMITED

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

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

Ernst & Young LLP

Colin Brown (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

29 November 2011

PILKINGTON UNITED KINGDOM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £M	2010 £M
Turnover		232.7	217.5
Total operations	3	232.7	217.5
Operating loss			
Total operations	4	(18.9)	(62.7)
Loss before interest		(18.9)	(62.7)
Net interest receivable	5	-	0.1
Loss on ordinary activities before taxation		(18.9)	(62.6)
Taxation credit on loss on ordinary activities	6	0.2	9.8
Loss for the financial year	17	(18.7)	(52.8)

Turnover and operating losses were related to continuing operations

PILKINGTON UNITED KINGDOM LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2011**

There were no recognised gains and losses for the year other than the loss for the year. Similarly, there were no such adjustments in respect of 2010.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £M	2010 £M
Net decrease in shareholders' funds for the year	(18.7)	(52.8)
Shareholders' funds at beginning of year	198.7	251.5
Shareholders' funds at end of year	<u>180.0</u>	<u>198.7</u>

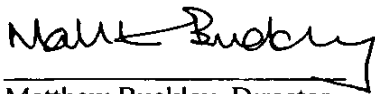
PILKINGTON UNITED KINGDOM LIMITED

BALANCE SHEET AS AT 31 MARCH 2011

(Company Registration Number: 1417048)

	Note	2011 £M	2010 £M
Fixed assets			
Tangible assets	9	<u>111.4</u>	<u>105.2</u>
Investments			
Investments - subsidiary undertakings	10	<u>2.7</u>	<u>2.3</u>
Current Assets			
Stocks	11	43.8	37.1
Debtors – amounts falling due within one year	12	69.9	113.7
Cash at bank and in hand		<u>9.8</u>	<u>7.2</u>
Creditors - amounts falling due within one year	13	<u>(45.7)</u>	<u>(51.6)</u>
Net current assets		<u>77.8</u>	<u>106.4</u>
Total assets less current liabilities		<u>191.9</u>	<u>213.9</u>
Provision for liabilities	14	<u>11.9</u>	<u>15.2</u>
Capital and reserves			
Share capital	16	180.0	180.0
Profit and loss account	17	-	18.7
Equity shareholders' funds		<u>180.0</u>	<u>198.7</u>
		<u>191.9</u>	<u>213.9</u>

The financial statements on pages 9 to 27 were approved by the Board of Directors on 29 November 2011 and were signed on its behalf by:


Matthew Buckley, Director

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****1 Principal accounting policies**

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

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

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 2 and 3.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The directors, having assessed the responses of the directors of the company's parent, Nippon Sheet Glass Co. Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the NSG group to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Nippon Sheet Glass Co. Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

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.

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****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.

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.

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**
Principal accounting policies (cont'd)

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

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

Group financial statements

The company has taken advantage in Section 401 of the Companies Act 2006 under which group financial statements need not be prepared where the company is itself a wholly owned subsidiary undertaking of another company and is included in non-EEA group accounts of a larger group.

Subsidiary undertakings

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

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****Principal accounting policies (cont'd)****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.

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).

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****Principal accounting policies (cont'd)****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.

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.

Statement of Cash Flows

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

Related parties

As the company is a subsidiary undertaking, where 100% 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 other wholly owned subsidiaries 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

3 Geographical analysis of turnover by markets

	2011		2010	
	£M	%	£M	%
United Kingdom	185.1	79.5	172.6	79.4
Europe (excluding UK)	31.3	13.5	31.6	14.5
Rest of the World	16.3	7.0	13.3	6.1
	232.7	100.0	217.5	100.0

4 Statutory information

	2011 £M	2010 £M
Turnover	232.7	217.5
Cost of sales	(172.9)	(186.3)
Gross Profit	59.8	31.2
Distribution costs	(33.4)	(31.2)
Administrative expenses	(45.3)	(45.0)
Exceptional item – Redundancy & Restructuring	-	(17.7)
Operating Loss	(18.9)	(62.7)

	2011 £M	2010 £M
Operating loss is after charging:		
Depreciation of tangible fixed assets – owned	14.9	15.0
Operating lease costs – land and buildings	3.5	3.1
Operating lease costs – plant and machinery	1.6	2.9
Auditors' remuneration - audit services, Ernst & Young	0.1	0.1
(Reversal of impairment of fixed assets)/impairment of fixed assets	(2.7)	12.7
(Reversal of impairment of investments)/impairment of investments	(0.2)	10.9

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**
5 Net interest (receivable)/payable

	2011 £M	2010 £M
Interest payable to Group undertakings	<u>0.1</u>	<u>0.1</u>
	0.1	0.1
Less interest receivable from group undertakings	<u>(0.1)</u>	<u>(0.2)</u>
	<u>-</u>	<u>(0.1)</u>

6 Taxation

	2011 £M	2010 £M
Current tax:		
Withholding tax suffered	0.1	-
Adjustment in respect of previous periods	<u>-</u>	<u>5.5</u>
Total current tax charge	<u>0.1</u>	<u>5.5</u>
Deferred tax:		
Origination and reversal of timing differences	(4.9)	(14.2)
Adjustment in respect of previous periods	3.4	(1.1)
Change in deferred tax rate	<u>1.2</u>	<u>-</u>
Total deferred tax credit	<u>(0.3)</u>	<u>(15.3)</u>
Total tax credit on loss on ordinary activities	<u>(0.2)</u>	<u>(9.8)</u>

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

6 Taxation (cont'd)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 28% (2010 – 28%) The differences are explained below

	2011 £M	2010 £M
Loss on ordinary activities before tax	<u>(18.9)</u>	<u>(62.6)</u>
Loss on ordinary activities multiplied by the standard rate of tax in the UK of 28% (2010 – 28%)	(5.3)	(17.6)
Effects of:		
Losses claimed by way of group relief for which no payments will be made	-	-
Expenses not deductible for tax purposes	0.4	3.4
Accelerated capital allowances/other timing differences	4.9	14.2
Adjustments to tax charge in respect of prior years	-	5.5
Withholding tax suffered	0.1	-
Current tax charge for the year	<u>0.1</u>	<u>5.5</u>

7 Employee pay and numbers (including executive directors)

	2011 £M	2010 £M
Employment costs		
Wages and salaries	58.8	56.7
Social security costs	4.4	4.8
Pension costs	6.7	6.1
	<u>69.9</u>	<u>67.6</u>
Average number of employees		
UK	1,684	1,790
Others	11	3
	<u>1,695</u>	<u>1,793</u>
Number employed at 31 March	<u>1,723</u>	<u>1,693</u>

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**
8 Directors' emoluments

	2011 £	2010 £
Aggregate emoluments	1,104,402	948,975
Amounts (excluding shares) receivable under long-term incentive schemes	79,754	-
Company pension contributions to money purchase schemes	119,064	126,330
	<u>1,303,220</u>	<u>1,075,305</u>

Highest paid director

	2011 £	2010 £
Aggregate emoluments and benefits under long term incentive schemes	506,481	293,363
Company pension contributions to money purchase scheme	41,935	38,946
	<u>548,416</u>	<u>332,309</u>

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

9 Tangible assets

	Land and buildings	Plant, machinery and vehicles	Computer Software/ Licenses	Total
	£M	£M	£M	£M
At cost				
At 1 April 2010	56.1	331.1	32.7	419.9
Additions	-	17.9	0.5	18.4
Disposals	(0.2)	(3.0)	-	(3.2)
Transfers from/(to) group undertakings	1.1	5.3	(6.4)	-
At 31 March 2011	57.0	351.3	26.8	435.1
Accumulated depreciation				
At 1 April 2010	30.3	255.1	29.3	314.7
Charge for the year	1.2	12.2	1.5	14.9
Disposals	(0.2)	(3.0)	-	(3.2)
Impairment of assets/(reversal of impairments)	0.3	(3.0)	-	(2.7)
Transfers from/(to) group undertakings	0.1	5.6	(5.7)	-
At 31 March 2011	31.7	266.9	25.1	323.7
Written down value at 31 March 2011	25.3	84.4	1.7	111.4
Written down value at 31 March 2010	25.8	76.0	3.4	105.2
The net book value of land and buildings comprises				
Freehold	21.9			
Short leasehold	0.5			
	22.4			

Tangible assets include the cost of assets in the course of construction and payments on account amounting to £15.9m (2010: £44.4m).

In accordance with FRS11 'Impairment of Fixed Assets and Goodwill' the carrying values of the fixed assets at 31 March 2011 have been compared to their recoverable amounts, represented by their value in use to the group. The value in use has been derived from discounted cash flow projections using a nominal discount rate of 9.5% on a pre-tax basis. A long-term growth rate consistent with the average UK industry growth rate has been assumed for five years, followed by a steady growth rate.

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

10 Investments – subsidiary undertakings

	Shares £M
At cost	
At 1 April 2010	13.4
Additions	0.2
	<hr/>
At 31 March 2011	13.6
Impairments	
At 1 April 2010	(11.1)
Reversal of impairment	0.2
	<hr/>
At 31 March 2011	(10.9)
	<hr/>
Net book value 31 March 2011	<u>2.7</u>

Details of subsidiary undertakings are as follows

Name of company	% equity and voting rights held	Principal activity
Triplex Holding Pension Fund Trustees Limited	100	Non Trading
Pilkington Glass India Private Limited	100	Non Trading
Pilkington AG Glass Limited	100	Non Trading
Pilkington Aintree Limited	100	Non Trading

Pilkington Glass India Private Limited operates and is registered in India. All other subsidiary companies operate and are registered in the United Kingdom.

11 Stocks

	2011 £M	2010 £M
Raw materials	9.6	8.7
Stores	4.9	7.7
Work in progress	0.1	0.9
Finished goods	29.2	19.8
	<hr/>	<hr/>
	43.8	37.1
	<hr/>	<hr/>

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

12 Debtors

	Note	2011 £M	2010 £M
Amounts falling due within one year			
Trade debtors		34.2	38.9
Less: Provision for impairment of debtors		(3.8)	(5.2)
		30.4	33.7
Amounts owed by group undertakings		22.8	61.7
Other debtors		0.4	1.8
Prepayments and accrued income		0.5	1.0
Deferred tax	14	15.8	15.5
		69.9	113.7

The amounts owed by group undertakings are unsecured and due for repayment in full on or before 31 March 2014, unless both parties agree otherwise.

The deferred tax asset relates to accelerated capital allowances and other short term timing differences.

13 Creditors

	Note	2011 £M	2010 £M
Amounts falling due within one year:			
Bank overdrafts		-	2.7
Trade creditors		26.7	26.8
Amounts owed to group undertakings		8.3	8.6
Other taxation and social security		1.5	5.3
Other creditors		0.5	3.2
Accruals and deferred income		8.7	5.0
		45.7	51.6

The amounts owed to group undertakings are unsecured and due for repayment in full on or before 30 April 2011, unless both parties agree otherwise.

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**
14 Provision for liabilities

	Warranty and Litigation £M	Redundancies and Restructuring £M	Other £M	Total £M
At 1 April 2010	3.3	5.9	6.0	15.2
Charged to profit and loss account	1.9	3.1	4.7	9.7
Released to profit and loss account	(0.2)	(0.8)	-	(1.0)
Utilised during year	(1.9)	(5.0)	(5.1)	(12.0)
At 31 March 2011	3.1	3.2	5.6	11.9
Maturity profile of provisions				
Within 1 year	2.9	1.2	4.2	8.3
Between 1 and 2 years	0.2	1.0	0.1	1.3
Between 2 and 5 years	-	1.0	0.3	1.3
Over 5 years	-	-	1.0	1.0
	3.1	3.2	5.6	11.9

Warranty provisions are created where the company has given a guarantee to cover the reliability and performance of products over an extended period. Provisions for costs relate to self-insured claims against the Company.

Redundancies and restructuring provision relates to costs of onerous leases, property dilapidations and costs of redundancy for employees following closures of downstream sites at Basildon and Sheffield announced in February 2011. These projects will be completed during the financial year ending 31 March 2012.

Provisions classified as 'Other' relate to employee bonuses, further onerous leases and to a cumulative leave scheme which allowed employees to carry forward unused annual holiday entitlements and receive a cash equivalent upon leaving the scheme.

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

15 Deferred taxation

The balances included in debtors relate to:

	2011 £M	2010 £M
Accelerated capital allowances	(6.4)	(8.1)
Short-term timing differences	(0.6)	(0.7)
Losses	(8.8)	(6.7)
Total asset for deferred tax	<u>(15.8)</u>	<u>(15.5)</u>
At 1 April 2010	(15.5)	(0.2)
Amounts credited in the profit and loss account (note 6)	(0.3)	(15.3)
At 31 March 2011	<u>(15.8)</u>	<u>(15.5)</u>

At the balance sheet date, legislation had been substantively enacted which would reduce the main rate of UK corporation tax from 28% to 26% with effect from 1 April 2011. This reduction is reflected in the company's deferred tax asset for the period to 31 March 2011. The effect of the rate reduction has been to reduce the company's deferred tax asset by £1.2m (see Note 6).

Further reductions to the main rate of corporation tax were also announced in the March 2011 UK Budget Statement, to reduce the rate to 23% by 1 April 2014. The reduction from 26% to 25% has been included in Finance Bill 2011, to have effect from 1 April 2012. The reductions from 25% to 23% are expected to be enacted separately, in the Finance Bill for each of the years 2012 and 2013 respectively. These changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

If the full 3% reduction in the UK corporation tax rate were applied to the company's deferred tax balance at 31 March 2011, the effect would be to reduce the overall deferred tax asset by £1.8m, with a reduction of £608k recognised in the financial statements for each of the years ended 31 March 2012, 2013 and 2014, upon each successive 1% rate change becoming enacted or substantively enacted.

16 Issued Share capital

	No	2011 £M	No	2010 £M
Allotted, called up and fully paid Ordinary shares of £1 each	179,978,392	180.0	179,978,392	180.0
	179,978,392	<u>180.0</u>	179,978,392	<u>180.0</u>

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**
17 Profit and Loss Account

	Profit and loss account £M
At 1 April 2010	18.7
Retained loss for year	(18.7)
At 31 March 2011	-

18 Capital commitments

	2011		2010	
	Land & Buildings £M	Plant & Machinery £M	Land & Buildings £M	Plant & Machinery £M
Operating lease commitments				
The company's operating lease commitments for the following financial year are as follows, for leases expiring				
Within one year	-	1.0	0.3	0.8
Between two and five years	1.0	1.0	0.8	0.9
After five years	1.9	-	2.0	-
	<u>2.9</u>	<u>2.0</u>	<u>3.1</u>	<u>1.7</u>

PILKINGTON UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011****19 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 £4.9m (2010 – £5.1m)

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 2011, the deficit on the PSS amounted to £40m (2010 – £50m)

With effect from 1 October 2008, the PSS was closed to new members.

With effect from 1 January 2009, Company contributions are levied at 16% of pensionable salary for active members accruing on a 1/60th basis and 12.5% for active members accruing on a 1/80th basis. For the calendar years 2009, 2010 and 2011, it was agreed with the PSS Trustee that the total increase in Company contributions (compared to what the Company contributions would have been had they remained at 10.5%) received from all participating employers will be no less than £4m. To the extent that the total increase in Company contributions received from all participating employers falls short of £4m, a further final and balancing contribution will be made by Pilkington Group Limited.

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

Unpaid pension contributions as at 31 March 2011 amounted to £0.4m (2010 – £0.4m)

20 Ultimate and immediate parent undertakings

The immediate parent undertaking is Pilkington Brothers Limited, registered in England and Wales. This company has not prepared consolidated financial statements 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 financial statements for the year to 31 March 2011, 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.