PILKINGTON UNITED KINGDOM LIMITED

(Company Registration Number: 1417048)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2013

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2013

Results and dividend

The loss for the year on ordinary activities before taxation amounted to £69 9m (2012 loss of £16 3m), taxation thereon amounted to a credit of £1 9m (2012 charge of £1 4m), leaving a loss after taxation amounting to £68 0m (2012 loss of £17 7m) The directors do not recommend payment of a dividend (2012 £nil) The loss for the financial year of £68 0m 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

The key financial KPI's for the company are turnover and gross profit Turnover from operations decreased by 22% to £204 1m, principally due to the loss of revenues from the supply of glass to the solar energy market The demand from the UK and Ireland market continued at low levels with prices coming under increasing pressure

Gross profit to sales ratio fell 24% to 1% (2012 25%), with the loss of the solar energy revenue stream contributing to this decline In response to the low demand, and with the intention of managing inventory levels, the business took the decision to suspend production at the Cowley Hill float line and Watson Street rolled line for three months from January 2013 The furnaces were kept hot during this time (a 'hot hold'), incurring energy costs during this time without the benefit of glass production, which has also impacted the gross margin Both lines successfully restarted production during April 2013

The company has undertaken a review of its cost base during the year, resulting in the closure of branches in South London, Leeds, Basingstoke and Aintree The customers and some of the assets of those branches were transferred to continuing operations with the aim of improving the utilisation at those sites With the exception of South London, the formal closure of these branches continues into 2014 Restructuring programmes have taken place across the company, most of which are completed at the end of 2013, and resulting in a headcount reduction of 416 heads (24%)

The company is delighted to report the successful start up of its £36m offline coating facility at Cowley Hill during November 2012 Both production and sales volumes are ahead of target and our expansion into the offline coated markets provides some optimism for 2014 With little confidence in any tangible market growth, other key sectors are expected to remain at 2013 levels however the company's restructuring activities should improve the financial result compared to 2013

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

The company achieved a significant injury rate of 0 93 against a target of 0 93 Float manufacturing sites saw a twelve month Significant Injury Rate of 0 77 (FY12 – 0 53) against a target of 0 62 This equates to 5 Significant Injuries (FY12 – 3) during the year Downstream branches saw a Significant Injury Rate of 1 01 (FY12 – 1 43) against a target of 1 14 The corresponding number of Significant Injuries was 8 (FY12 – 12)

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

Going Concern

The directors do not expect the company to return to profit and positive cash generation before March 2014 and therefore expect it to continue to be supported by funding from NSG UK Enterprises Limited, an intermediate parent company, with the intention of returning to positive cash generation in the following financial year Re-financing of the ultimate parent, NSG Co, was completed in April 2013 and further refinancing continues in respect of NSG UK Enterprises, and this is expected to complete by December 2013 The directors have made enquiries of the directors of NSG Co Ltd in respect of banking arrangements and received a letter of support from NSG UK Enterprises and are satisfied that, notwithstanding any further re-financing, such support will be available from its cash flows and existing facilities The directors therefore have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern and have adopted the going concern basis in the preparation of the financial statements

Directors

The following were directors of the company during the year

Mr P McDonald (resigned 30th April 2012)
Mr B Pilling
Mr M Buckley
Mr G Charlton
Mr A McDowell (Appointed 1st April 2012)
Mrs F E Rhodes (Appointed 1st May 2012 and Resigned 8th February 2013)
Mrs N Ellison (Appointed 25th February 2013)

Company Secretary

Mr I M Smith

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 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

Trade creditors amounting to £22 3m (2012 £21 2m) reported in note 14 to the financial statements, represent 47 days (2012 44 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 £2,949 (2011 £2,000)

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

Financial Instruments, Risks, and Uncertainties (continued)

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

REPORT OF THE DIRECTORS (CONTINUED)

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 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

Directors' responsibilities statement (continued)

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 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 LLP shall be deemed to be re-appointed as auditors

By order of the Board

G Charlton
Director

Date 5 July 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PILKINGTON UNITED KINGDOM LIMITED

We have audited the financial statements of Pilkington UK Limited for the year ended 31 March 2013 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 21 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 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. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 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

INDEPENDENT AUDITOR'S 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

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

Date 5 July 2013

PILKINGTON UNITED KINGDOM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £M	2012 £M
Turnover		**204.1**	262 6
Total operatıons	3	**204.1**	262 6
Operating loss			
Total operatıons	4	**(71.6)**	(16 2)
Dıvıdend ıncome		**2.0**	-
Loss before interest		**(69.6)**	(16 2)
Net ınterest payable	5	**(0.3)**	(0 1)
Loss on ordinary activities before taxation		**(69.9)**	(16 3)
Taxatıon credıt / (charge) on loss on ordınary actıvıtıes	6	**1.9**	(1 4)
Loss for the financial year	18	**(68.0)**	(17 7)

Turnover and operatıng losses were related to contınuıng operatıons

PILKINGTON UNITED KINGDOM LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2013

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 2012

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2013

	Note	**2013**	2012
		£M	£M
Net decrease in shareholders' funds for the year	18	**(68.0)**	(17 7)
Shareholders' funds at beginning of year		**162.3**	180 0
Shareholders' funds at end of year		**94.3**	162 3

PILKINGTON UNITED KINGDOM LIMITED

BALANCE SHEET AS AT 31 MARCH 2013

	Note	**2013 £M**	2012 £M
Fixed assets			
Tangible assets	9	**127.9**	113 4
Intangible assets	10	**0.7**	0 8
Investments			
Investments - subsidiary undertakings	11	**122.8**	2 7
Current Assets			
Stocks	12	**37.2**	55 8
Debtors – amounts falling due within one year	13	**41.5**	45 0
– less non-returnable amounts received	13	**(5.9)**	-
– amounts falling due after more than one year	13	**2.2**	1 0
Cash at bank and in hand		**5.7**	4 1
Creditors - amounts falling due within one year	14	**(30.7)**	(42 3)
Net current assets		**50.0**	63 6
Total assets less current liabilities		**301.4**	180 5
Provision for liabilities	15	**15.2**	10 6
Creditors – amounts falling due within more than one year	14	**184.6**	-
Accruals and deferred income			
Deferred government grants		**7.3**	7 6
Net assets		**94.3**	162 3
Capital and reserves			
Share capital	17	**180.0**	180 0
Profit and loss account	18	**(85.7)**	(17.7)
Equity shareholders' funds		**94.3**	162 3

The financial statements on pages 9 to 28 were approved by the Board of Directors on 5 July 2013 and were signed on its behalf by

M Buckley, Director

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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, except as stated in note 2, 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 to 3

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

Re-financing of the ultimate parent, NSG Co, was completed in April 2013 and further refinancing continues in respect of NSG UK Enterprises, and this is expected to complete by December 2013 The directors have made enquiries of the directors of NSG Co Ltd in respect of banking arrangements and received a letter of support from NSG UK Enterprises and are satisfied that, notwithstanding any further re-financing, such support will be available from its cash flows and existing facilities The directors therefore have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern and have adopted the going concern basis in the preparation of the 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

Dividends

Dividend income is recognised when the company's right to receive payment is established

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

1 Principal accounting policies (cont'd)

Interest

Interest income and expense is accounted for on an accruals basis

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 to 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 Principal accounting policies (cont'd)

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
• Licences	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

Intangible assets

Intangible asset arising on the acquisition of the IGA business is being amortised evenly over the directors' estimate of its useful economic life of 5 years

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

1 **Principal accounting policies (cont'd)**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 **Principal accounting policies (cont'd)**

Debtors

Provisions against the non-recovery of debtors are made specifically against identified doubtful debtors

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 cash flow statement

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

3 Geographical analysis of turnover by markets

	2013		2012	
	£M	**%**	£M	%
United Kingdom	**173.4**	**85.0**	167 1	63 7
Europe (excluding UK)	**19.3**	**9.5**	54 2	20 6
Rest of the World	**11.4**	**5.5**	41.3	15 7
	204.1	**100.0**	262.6	100 0

4 Statutory information

	2013	2012
	£M	£M
Turnover	**204.1**	262 6
Cost of sales	**(201.6)**	(197 5)
Gross Profit	**2.5**	65 1
Distribution costs	**(35.7)**	(38 0)
Administrative expenses	**(38.4)**	(43 3)
Operating Loss	**(71.6)**	(16.2)

	2013	2012
	£M	£M
Operating loss is after charging / (crediting)		
Depreciation of tangible fixed assets – owned	**13.2**	15 0
Operating lease costs – land and buildings	**2.3**	3 1
Operating lease costs – plant and machinery	**2.1**	2 2
Auditors' remuneration - audit services, Ernst & Young	**0.1**	0 1
Impairment of investments	**2.7**	-
Impairment of fixed asset	-	2 1
Reversal of impairment of fixed asset	-	(0 7)
Reversal of impairment of investments	-	-
Exceptional costs	**20.5**	5 6

Exceptional costs are the costs of restructuring

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5 Net interest payable

	2013 £M	2012 £M
Interest payable to Group undertakings	**0.3**	0.1
	0.3	0.1
Less interest receivable from group undertakings	-	-
	0.3	0 1

6 Taxation

	2013 £M	2012 £M
Current tax		
Total current tax charge	**0.0**	0 0
Deferred tax		
Origination and reversal of timing differences	**(2.9)**	(2 8)
Adjustment in respect of previous periods	**0.3**	3 0
Change in deferred tax rate	**0.7**	1 2
Total deferred tax (credit) / charge	**(1.9)**	1 4
Total tax (credit) / charge on loss on ordinary activities	**(1.9)**	1 4

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

6 Taxation (cont'd)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 24% (2012 – 26%) The differences are explained below

	2013 **£M**	2012 £M
Loss on ordinary activities before tax	**(69.9)**	(16 3)
Loss on ordinary activities multiplied by the standard rate of tax in the UK of 24% (2012 – 26%)	**(16.8)**	(4 2)
Effects of		
Expenses not deductible for tax purposes	**0.3**	1 4
Accelerated capital allowances/other timing differences	**2.8**	2 8
Loss on which no deferred tax recognised	**13.7**	-
Current tax charge for the year	**0.0**	0.0

7 Employee pay and numbers (including executive directors)

	2013 **£M**	2012 £M
Employment costs		
Wages and salaries	**50.1**	58 1
Social security costs	**4.5**	5 2
Pension costs	**6.3**	7 0
	60.9	70 3
Average number of employees		
UK	**1,533**	1,808
Others	**6**	9
	1,539	1,817
Number employed at 31 March	**1,331**	1,747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

8 Directors' emoluments

	2013 £000s	2012 £000s
Aggregate emoluments	**478**	642
Amounts (excluding shares) receivable under long-term incentive schemes	**-**	-
Compensation for loss of office	**-**	415
Company pension contributions to money purchase schemes	**83**	175
	561	1,232

Retirement benefits are accruing to 7 of the companies directors under the companies defined contribution scheme (2012 5)

Highest paid director

	2013 £000s	2012 £000s
Aggregate emoluments and benefits under long term incentive schemes	-	206
Compensation for loss of office	-	415
Company pension contributions to money purchase scheme	-	59
	-	680

None of directors were paid more than £200k during the year to 31 March 2013, therefore the highest paid director has not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

9 Tangible assets

	Land and buildings £M	Plant, machinery and vehicles £M	Computer Software/ Licenses £M	Total £M
At cost				
At 1 Apml 2012	56 9	355 3	26.9	439 1
Additions	4 8	23 7	-	28 5
Disposals	(0 4)	(4 8)	-	(5.2)
Transfers from/(to) group undertakings	3 0	(3 1)	0.1	-
At 31 March 2013	64 3	371 1	27 0	462 4
Accumulated depreciation				
At 1 Apml 2012	35 5	264 5	25 7	325 7
Charge for the year	1 2	11 6	0.4	13 2
Disposals	(0 4)	(4.0)	-	(4 4)
At 31 March 2013	36 3	272.1	26 1	334.5
Written down value at 31 March 2013	28 0	99.0	0 9	127 9
Written down value at 31 March 2012	21 4	90 8	1.2	113 4

The net book value of land and buildings comprises

Freehold	27 6
Short leasehold	0 4
	28 0

Tangible assets include the cost of assets in the course of construction and payments on account amounting to £13 8m (2012 £26 2m)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

10 Intangible assets

	£M
At cost	
At 1 April 2012	0 9
Additions	-
Disposals	-
At 31 March 2013	0 9
Accumulated depreciation	
At 1 April 2012	0 1
Charge for the year	0.1
At 31 March 2013	0.2
Written down value at 31 March 2013	0 7
Written down value at 31 March 2012	0 8

PILKINGTON UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

11 Investments – subsidiary undertakings

	Shares £M
At cost	
At 1 April 2012	13 6
Additions	122 8
At 31 March 2013	136 4
Impairments	
At 1 April 2012	(10 9)
Impairment for the year	(2 7)
At 31 March 2013	(13 6)
Net book value 31 March 2013	122 8

Details of subsidiary undertakings are as follows

Name of company	Registered	% equity and voting rights held	Principal activity
Pilkington Glass India Private Limited	India	100	Trading
Pilkington AG Limited	United Kingdom	100	Non Trading
Pilkington Automotive Finland Oy	Finland	100	Trading
Pilkington Finland Oy	Finland	100	Trading
Pilkington Sverige AB	Sweden	100	Trading
Pilkington Automotive Sweden AB	Sweden	100	Trading
Pilkington Norge AS	Norway	100	Trading
Pilkington Eiendom	Norway	100	Trading

12 Stocks

	2013 £M	2012 £M
Raw materials	**9.2**	9 5
Stores	**4.9**	5 5
Work in progress	**0.4**	0 9
Finished goods	**22.7**	39 9
	37.2	55 8

13 Debtors

	Note	2013 £M	2012 £M
Amounts falling due within one year			
Trade debtors		**27.5**	31 7
Less. Non-returnable amounts received		**(5.9)**	-
Less. Provision for impairment of debtors		**(2.8)**	(2 0)
		18.8	29 7
Other debtors		**0.3**	0.5
Prepayments and accrued income		**0.2**	0 4
Deferred tax	16	**16.3**	14 4
		35.6	45 0
Amounts falling after more than one year			
Amounts owed by group undertakings		**2.2**	1 0
		2.2	1 0
		37.8	46.0

On 25th March 2013, the company, entered into a receivables purchase arrangement with NSG UK Enterprises Limited, an intermediate parent entity Under this agreement, the company was eligible to enter into sales agreements with NSG UK Enterprises Limited whereby it agreed to sell amounts receivable from third parties At 31 March 2013, the company had sold £5 9m of its amounts receivable in less than 1 year
The company has incurred no costs in the year to 31 March 2013 in respect of debt factoring arrangements Any late payment interest received by the Company from its customers relating to a factored debtor is payable to NSG UK Enterprises Limited
Under the terms of the agreement, except where commercial disputes in respect of matters relating to existence occur, the factor may not require, and the company is not obliged to repurchase any receivable
The company is not obliged and does not intend to support any losses arising from the sale of receivables

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

14 Creditors

	2013 £M	2012 £M
Amounts fallıng due wıthın one year		
Trade credıtors	**22.3**	21 2
Amounts owed to group undertakıngs	**-**	10 8
Other taxatıon and socıal securıty	**1.4**	1 6
Other credıtors	**1.8**	1 1
Accruals	**5.2**	7 6
	30.7	42 3
Amounts fallıng due after more than one year		
Amounts owed to group undertakıngs	**184.6**	-
	215.3	42 3

The amounts owed to group undertakıngs are unsecured and due for repayment ın full on or before 31 March 2018, unless both partıes agree otherwıse

15 Provision for liabilities

	Warranty and Lıtıgatıon £M	Redundancıes and Restructurıng £M	Other £M	Total £M
At 1 Aprıl 2012	1 5	7 0	2 1	10 6
Charged to profit and loss account	0 5	20 5	0 3	21.3
Utılısed durıng year	(0 7)	(15 4)	(0 6)	(16 7)
At 31 March 2013	1 3	12 1	1 8	15 2
Maturıty profile of provısıons				
Wıthın 1 year	1 3	10 3	1 4	13 0
Between 1 and 2 years	-	1 5	-	1 5
Between 2 and 5 years	-	0 3	0 1	0.4
Over 5 years	-	-	0 3	0 3
	1 3	12 1	1 8	15.2

Warranty provısıons are created where the company has gıven a guarantee to cover the relıabılıty and performance of products over an extended perıod Provısıons for costs relate to self-ınsured claıms agaınst the Company

Redundancıes and restructurıng provısıon relates to costs of onerous leases, property dılapıdatıons and costs of redundancy for employees followıng company reorganısatıon

Provısıons classıfied as 'Other' relate to employee bonuses, further onerous leases and to a cumulatıve leave scheme whıch allowed employees to carry forward unused annual holıday entıtlements and receıve a cash equıvalent upon leavıng the scheme

16 *Deferred taxation*

The balances ıncluded ın debtors relate to

	2013 £M	2012 £M
Accelerated capıtal allowances	**(10.4)**	(8 2)
Short-term tımıng dıfferences	**(0.3)**	(0 6)
Losses	**(5.6)**	(5.6)
Total asset for deferred tax	**(16.3)**	(14 4)
At 1 Aprıl 2012	**(14.4)**	(15 8)
Amounts credıted ın the profit and loss account (note 6)	**1.9**	(1 4)
At 31 March 2013	**(16.3)**	(14 4)

There are tax losses arısing ın the year whıch amount to £56.5m, for which no deferred tax has been provıded

At the balance sheet date, legıslatıon had been enacted whıch would reduce the main rate of UK corporatıon tax from 24% to 23% wıth effect from 1 Aprıl 2013 Thıs reductıon ıs reflected ın the company's deferred tax balances for the perıod to 31 March 2013 The effect of the rate reductıon has been to reduce the company's deferred tax by £0 7m Thıs reduction ıs reflected ın the company's deferred tax asset for the period 31 March 2013

Further reductıons to the main rate of corporatıon tax were also announced ın the March 2013 UK Budget Statement, to ultımately reduce the rate to 20% from 1 April 2015 The reductıons from 23% to 21% wıth effect from 1 Aprıl 2014 and from 21% to 20% wıth effect from 1 April 2015, have been ıncluded ın Fınance Bıll 2013 but these changes had not been substantıvely enacted at the balance sheet date and, therefore, are not reflected ın these financıal statements

If the remaınıng 3% reductıon ın the UK corporatıon tax rate were applıed to the company's deferred tax balances at 31 March 2013, the effect would be to reduce the overall deferred tax asset by £2 1m

17 **Issued Share capital**

	2013 No	2013 £M	2012 No	2012 £M
Allotted, called up and fully paıd Ordınary shares of £1 each	179,978,392	180 0	179,978,392	180.0
	179,978,392	180 0	179,978,392	180 0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

18 Profit and Loss Account

	Profit and loss account £M
At 1 Aprıl 2012	**(17.7)**
Retaıned loss for year	**(68.0)**
At 31 March 2013	**(85.7)**

19 Capital commitments

	2013		2012	
Operatıng lease commıtments	Land & Buıldıngs £M	Plant & Machınery £M	Land & Buıldıngs £M	Plant & Machınery £M
The company's operatıng lease commıtments for the followıng financıal year are as follows, for leases expırıng				
Wıthın one year	2 7	0 9	2 9	1 4
Between two and five years	7 9	2 4	8.7	2 5
After five years	8 4	0 3	10 3	0.5
	19 0	3 6	21 9	4 4

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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 £6 3m (2012 – £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 2013, the deficit on the PSS amounted to £124m (2012 £156m)

With effect from 1 October 2008, the PSS was closed to new members
In February 2013, the Group communicated to active employees participating in the PSS that the salary used in the calculation of their pension benefits would be frozen from 30 April 2013

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

In February 2013, the Group communicated to active employees participating in the PSS that the salary used in the calculation of their pension benefits would be frozen from 30 April 2013 This change to the terms and conditions of participation in the scheme was accepted by the active employees in March 2013 This results a curtailment gain of £43 million being recognised in the income statement for 2013

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 2013 amounted to £nil (2012 – £nil)

21 Ultimate and immediate parent undertakings

The immediate parent undertaking and controlling party is Pilkington Group 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 year to 31 March 2013, 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