Permasteelisa (UK) Limited

Directors' report and financial statements

Registered number 2423388

31 December 2007

Directors' report and financial statements

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the company is the supply and installation of curtain walling

Business review and dividends

The profit and loss account for the year is set out on page 7 The key performance indicators for the company are the amount of revenues and the operating profit derived from the company's principal activity to customers during the year Turnover moved to £ 53 8m, up from £45 7m in the previous year, the operating result moved to a loss of £(2 6)m from a profit of £0 3m owing to less profitable projects for the year with respect to last year

The principal risk in relation to the reported result of the Company arises from the recoverability of amounts in debtors for contracts where the final certificate has not been issued

The loss for the year after taxation was £(2,490,587) *(2006 loss of £(59,470))* The Directors do not recommend the payment of a dividend this year *(2006 £Nil)*

The directors are satisfied with the performance of the company for the year and look to the future with confidence

Directors and directors' interests

The directors who held office during the year were as follows

G Iovino	(resigned 31 January 2008)
JE Conboye	(resigned 31 July 2008)
T Vallestad	(resigned 21 April 2008)

A termination payment of £372,800 was made to Mr G Iovino in February 2008

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

To comply with legislation applying in the country of the ultimate parent company, new auditors of the company will be proposed at the forthcoming Annual General Meeting

By order of the board

Director

23/10/2008

26 Mastmaker Road
London
E14 9UB

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Permasteelisa (UK) Limited

We have audited the financial statements of Permasteelisa (UK) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4

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

Independent auditors' report to the members of Permasteelisa (UK) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

23/10/2008

Profit and loss account
for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	*2*	**53,755,067**	45,724,314
Cost of sales		**(54,616,368)**	(43,555,524)
Gross profit/(loss)		**(861,301)**	2,168,790
Administrative expenses		**(1,708,307)**	(1,886,556)
Operating profit/(loss)	*4*	**(2,569,608)**	282,234
Profit on sale of fixed assets		**2,000**	-
Other interest receivable and similar income	*6*	**183,642**	46,682
Interest payable and similar charges	*7*	**(108,377)**	(391,023)
Loss on ordinary activities before taxation		**(2,492,343)**	(62,107)
Tax on loss on ordinary activities	*8*	**1,756**	2,637
Loss for the financial year		**(2,490,587)**	(59,470)

There are no recognised gains or losses in either year other than those included in the profit and loss account

All amounts relate to continuing activities

The notes on pages 9 to 15 form part of these financial statements

Balance sheet
at 31 December 2007

	Note	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	*9*		**74,297**		116,182
Current assets					
Stocks	*10*	**-**		129,878	
Debtors	*11*	**13,136,548**		10,082,780	
Cash at bank and in hand		**1,619,154**		9,680,308	
		14,755,702		19,892,966	
Creditors amounts falling due within one year	*12*	**(15,781,466)**		(18,470,028)	
Net current assets/(liabilities)			**(1,025,764)**		1,422,938
Total assets less current liabilities			**(951,467)**		1,539,120
Net assets			**(951,467)**		1,539,120
Capital and reserves					
Called up share capital	*13*		**10,000**		10,000
Profit and loss account			**(961,467)**		1,529,120
Equity shareholders' funds	*14*		**(951,467)**		1,539,120

The notes on pages 9 to 15 form part of these financial statements

These financial statements were approved by the board of directors on 23/10/2008 and were signed on its behalf by

Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards, and under the historical cost accounting rules

As the company is a wholly owned subsidiary of a group registered in the European Union it has taken advantage of the exemption under FRS1 (revised) not to prepare a cash flow statement As the company is a wholly owned subsidiary of Permasteelisa SpA, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Permasteelisa SpA, within which this company is included, can be obtained from the address given in note 17

Going concern

The company is dependent for its working capital on funds provided to it by other group companies Another group company has provided the company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

Tangible fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Site equipment	-	33 3% straight line
Office furniture and equipment	-	20% straight line
Computer equipment	-	33 3% straight line
Motor vehicles	-	33 3% straight line

Stocks

Stocks are stated at the lower of cost, which includes attributable overheads, and net realisable value

Amount recoverable on contracts

Long-term contract balances represent costs incurred on specific contracts, which includes attributable overheads, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover

Turnover arises from increases in valuations on contracts Where the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised by reference to the proportion of contract costs incurred for the work performed to date relative to the estimated total costs, except where this should not be representative of the stage of completion No profit is recognised until the contract has advanced to a stage where the total profit can be assessed with reasonable certainty

Variations and claim are included where it is probable that the amount, which can be measured reliably, will be recovered from customer When the outcome of contract cannot be estimated reliably, contract turnover is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable

Notes *(continued)*

1 Accounting policies *(continued)*

Contract provisions

Provision is made for certain completed contracts on which guarantees have been given, when FRS 12 requirements are meet These provisions, to the extent not utilised in full, are released when the potential liability ceases to exist Provision is made separately for any major liabilities arising in connection with remedial works

A further provision is made, if considered appropriate, against anticipated further costs on contracts when disputes have been notified to the company

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

The company enters into operating leases Rentals under operating leases are charged on a straight line basis over the life of the lease

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the company's principal activity to customers during the year

3 Remuneration of directors

	2007 £	2006 £
Directors' emoluments		
Fees	**183,000**	262,667
Benefits in kind	**968**	10,140
	183,968	272,807

4 Operating profit

Operating profit is stated after charging the following

	2007 £	2006 £
Auditors remuneration		
- audit of these financial statements	**21,330**	19,936
Depreciation	**96,565**	139,890
Hire of plant and machinery	**1,114,824**	995,852
Other operating leases	**204,638**	176,832

Notes *(continued)*

5 Staff

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows numbers and costs

	Number of employees	
	2007	2006
Site operatives	**12**	13
Office staff	**62**	62
	74	75

The aggregate payroll costs of these persons were as follows

	2007	2006
	£	£
Wages and salaries	**3,280,050**	3,242,616
Social security costs	**371,927**	368,466
	3,651,977	3,611,082

6 Other interest receivable and similar income

	2007	2006
	£	£
Interest receivable from group undertakings	**10,547**	-
Net exchange gains	**85,322**	-
Other interest receivable	**87,773**	46,682
	183,642	46,682

7 Interest payable and similar charges

	2007	2006
	£	£
Interest payable to group undertakings	**107,512**	354,596
Net exchange losses	**-**	35,062
Other interest payable	**865**	1,365
	108,377	391,023

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2007	2006
	£	£
UK corporation tax		
Current tax on income for the period	-	5,098
Deferred tax	**(1,756)**	(7,735)
Tax on loss on ordinary activities	**(1,756)**	(2,637)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(2006 higher)* than the standard rate of corporation tax in the UK *(30%, 2006 30%)* The differences are explained below

	2007	2006
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	**(2,492,343)**	(62,107)
Current tax at 30% *(2006 30%)*	**(747,703)**	(18,632)
Effects of		
Expenses not deductible for tax purposes	**76,047**	2,230
Depreciation for year in excess of capital allowances	**1,756**	7,735
Under/(over) provision of tax - prior year	-	5,098
Unutilised losses carried forward	**114,658**	-
Group relief	**457,530**	8,667
Losses carried back against previous years' profits	**97,712**	-
	-	5,098

Notes *(continued)*

9 Tangible fixed assets

	Site equipment	Office furniture and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of year	840,576	267,561	176,244	65,477	1,349,858
Additions	13,723	8,929	32,028	-	54,680
Disposals	-	-	-	(14,869)	(14,869)
	854,299	276,490	208,272	50,608	1,389,669
Depreciation					
At beginning of year	797,308	231,975	162,334	42,059	1,233,676
Charge for year	46,971	18,874	19,012	11,708	96,565
Disposals	-	-	-	(14,869)	(14,869)
	844,279	250,849	181,346	38,898	1,315,372
Net book value					
At 31 December 2007	**10,020**	**25,641**	**26,926**	**11,710**	**74,297**
At 31 December 2006	43,268	35,586	13,910	23,418	116,182

10 Stocks

	2007	2006
	£	£
Long term contract balances		
Work in progress	-	129,878
Less payments on account	-	-
	-	129,878

11 Debtors

Amounts falling due within one year

	2007	2006
	£	£
Trade debtors	**6,419,222**	5,987,880
Amounts recoverable on contracts	**5,825,365**	3,180,016
Amounts owed by ultimate parent company	**12,073**	12,649
Amount owed by other group undertakings	**708,191**	607,313
Other debtors	**9,298**	8,843
Prepayments and accrued income	**41,003**	158,340
Corporation tax recoverable	**50,000**	58,099
Deferred tax asset	**71,396**	69,640
	13,136,548	10,082,780

Notes *(continued)*

12 Creditors. amounts falling due within one year

	2007 £	2006 £
Bank overdraft	**34,447**	-
Trade creditors	**1,816,474**	1,450,542
Amounts owed to ultimate parent company	**9,289,864**	9,997,767
Amounts owed to other group undertakings	**489,073**	2,037,781
Other creditors including taxation and social security		
- Other taxes and social security	**114,294**	130,274
- VAT	**1,228,849**	2,595,045
Other creditors	**10,030**	5,048
Accruals and deferred income	**2,798,435**	2,253,571
	15,781,466	18,470,028

13 Called up share capital

	2007 £	2006 £
Authorised		
Equity 250,000 ordinary shares of £1 each	**250,000**	250,000
Allotted, called up and fully paid		
Equity 10,000 ordinary shares of £1 each	**10,000**	10,000

14 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	**(2,490,587)**	(59,470)
Dividend paid	-	-
Net movement in shareholders' funds	**(2,490,587)**	(59,470)
Shareholders' funds at 1 January	**1,539,120**	1,598,590
Shareholders' funds (deficit) at 31 December	**(951,467)**	1,539,120

Notes *(continued)*

15 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2007 £	2006 £
Property leases which expire		
Between 1 and 5 years	**144,287**	-
After 5 years	-	144,287

16 Contingent liabilities

There are contingent liabilities in respect of performance bonds, guarantees and claims under contracting agreements entered into in the normal course of business

17 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Permasteelisa SpA incorporated in Italy The financial statements of the ultimate parent company are publicly available and may be obtained from

Tribunal of Treviso
Via G Verdi 18
31100 Treviso
Italy

18 Post balance sheet events

In February 2008 a termination payment of £372,800 was made to Mr G Iovino who served as a Director until 31st January 2008