Registered No. 4155640

Bridgnorth Aluminium Limited

Report and Financial Statements

31 December 2011

Directors
D Peden (Chairman)
C Catsaros
J Attas
O Faulx
S MacVicker
Y Angelis
K Niibori
Y Watanabe

Secretary
M Richards

Auditors
Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

Bankers
Santander Corporate Banking
1 Cornwall Street
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Registered No. 4155640

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011.

Results and dividends

The profit for the year after taxation amounted to £8,930,000 (2010 – profit of £10,453,000). The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The company is a 75% owned subsidiary of Elval Hellenic Aluminium Industry SA, a company registered in Greece. The company is also 25% owned by Furukawa Sky Aluminium Corporation, a company registered in Japan.

The company continues to manufacture aluminium coils for the lithographic printing industry, as well as other aluminium flat rolled products, including foilstock coils for the foil rolling industry.

2011 was a more challenging year for the company. Demand conditions in the company's main lithographic coil market were subdued with a high amount of overstocking evident in the graphics industry's downstream supply chain. Demand conditions in the other segments held up better, and total volumes for the company reached a new record.

Profitability during the year was adversely affected by energy cost increases.

In October 2011, the company completed the purchase of the freehold for the land and buildings which it occupies, together with adjoining land and buildings, some of which are subject to a lease.

The company's key financial performance indicators during the year were as follows:

	2011 *£000*	*2010* *£000*	*%* *Change*
Turnover	169,554	151,104	+12%
Gross profit	16,298	20,425	-20%
Operating profit	12,720	15,101	-16%
Profit after tax	8,930	10,453	-15%
EBITDA	17,862	20,224	-12%
Shareholders' funds	55,383	46,453	+19%
Net Debt/EBITDA	-0.09	0.32	-128%

Turnover increased by 12% as a result of higher sales volume and metal prices. The gross profit margin fell from 13.5% to 9.6%. The operating profit margin also reduced from 10% to 7.5%. During the previous year, the gross profit was affected positively by a gain of £3.4m from exchange rate movements on metal purchases. Excluding the effect of the £3.4m gain in the previous year, the gross profit fell from 11.3% to 9.6%. Despite the growth in sales and higher selling prices, profitability was lower as a result of higher costs.

The company continued to closely monitor and control working capital during 2011, working capital as a % of sales decreased from 23.7% to 22.8% as a result of lower inventory and debtors, more than offsetting lower creditors.

The level of shareholders' funds increased by 19% during the year, due to the increase in retained earnings.

Directors' report

Principal activities and review of the business (continued)

As a consequence of lower profitability, interest cover reduced from 37.1 in 2010 to 29.9 in 2011. The company's gearing level (Net debt/EBITDA) improved considerably, reducing from 0.32 in 2010 to -0.09 in 2011 as a consequence of improved cash flow during the year.

Events since the balance sheet date

On the 8 March 2012 an agreement was reached with Her Majesty's Revenue and Customs for the settlement of a claim by the company for Research and Development tax relief. The agreement will reduce the company's tax liability for 2009 to 2011 by £1,008,000.

The agreement is considered to be a non-adjusting post balance sheet event.

Future developments

The directors consider the outlook for 2012 to be positive but challenging. The higher energy costs which were experienced during 2011 are expected to remain in 2012, and the company is facing a margin squeeze. In summary, the directors forecast that the company's profitability will be lower in 2012. Longer term, the purchase of the land and buildings allows opportunities for the company to grow, which the directors will assess during 2012.

Principal risks and uncertainties

Metal price risks

The company sells finished products, and buys aluminium raw materials priced on the London Metal Exchange (LME). The company has, together with its parent, developed hedging procedures designed to manage the risk of metal price volatility on the LME.

Foreign exchange risks

The company has a high percentage of sales and purchases in currencies other than GBP. The company has a policy of forward selling or purchasing the known net currency exposures for sales and purchase contracts, so as to protect the business from margin erosion after contract commitments have been agreed.

Interest rate risks

Interest rate swaps are used by the company to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable, hence reducing exposure to interest rate movements.

Credit risk

The company has a credit review mechanism which allows deferred payment terms to certain customers with good historic payment records. In addition, the company seeks to further minimise credit risk by taking out credit insurance policies covering credit risks with customers.

Price risk

The company's exposure to the risk of the two elements of its selling price, metal and conversion, are managed by the use of LME futures for the metal price and forward sales contracts for the conversion price.

Liquidity risk

Revolving credit facilities and long term debt are used by the company to manage liquidity risk. The company also aims to reduce liquidity risk by managing working capital, investments and operations within strict target levels.

Cash flow risk

The company manages cash flow risk, where significant, by the use of derivatives as explained above.

Directors' report

Going concern

The directors consider that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served the company during the year and appointed subsequently were as follows:

D Peden (Chairman)	
C Catsaros	
J Attas	
O Faulx	
S MacVicker	
Y Angelis	
K Niibori	
T Itoh	(resigned 30 June 2011)
Y Watanabe	(appointed 30 June 2011)

Directors' liabilities

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

Charitable donations

The company made charitable donations in the year of £11,970 (2010 – £16,363).

Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. At 31 December 2011, the company had an average of 20 days (2010 – 32 days) purchases outstanding in trade creditors.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

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Mark Richards
Secretary

4TH APRIL 2012

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Bridgnorth Aluminium Limited

We have audited the financial statements of Bridgnorth Aluminium Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 24. 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 5, 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 the 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 December 2011 and of its profit 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 auditors' report

to the members of Bridgnorth Aluminium Limited

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

Steven Bagworth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
21 May 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	*2011* *£000*	*2010* *£000*
Turnover	2	169,554	151,104
Cost of sales		(153,256)	(130,679)
Gross profit		16,298	20,425
Distribution costs		(3,505)	(3,713)
Administrative expenses		(2,114)	(1,967)
		10,679	14,745
Other operating income/(expense)		2,041	356
Operating profit	3	12,720	15,101
Interest receivable and similar income	6	19	59
Interest payable and similar charges	7	(444)	(414)
Profit on ordinary activities before taxation		12,295	14,746
Tax	8	(3,365)	(4,293)
Profit for the financial year	18	8,930	10,453

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £8,930,000 in the year ended 31 December 2011 (2010 – profit of £10,453,000).

Balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	17,987	18,870
Current assets			
Stocks	10	29,246	30,918
Debtors	11	19,674	20,657
Cash at bank and in hand		11,617	3,255
		60,537	54,830
Creditors: amounts falling due within one year	12	(12,857)	(17,592)
Net current Assets		47,680	37,238
Total assets less current liabilities		65,667	56,108
Creditors: amounts falling due after more than one year	13	(9,167)	(9,000)
Provisions for liabilities	15	(1,117)	(655)
Net Assets		55,383	46,453
Capital and reserves			
Called up share capital	16	29,333	29,333
Share premium account	18	6,667	6,667
Profit and loss account	18	19,383	10,453
Shareholders' funds	18	55,383	46,453

The financial statements were approved for issue by the Board of Directors at their meeting on 15 March 2012 and the following was authorised to sign on behalf of the Board.

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Derek Peden
Director

4 April 2012

Statement of cash flows

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Net cash inflow from operating activities	19(a)	15,628	9,286
Returns on investments and servicing of finance			
Interest received		19	7
Interest paid and similar charges		(433)	(388)
Dividends paid		–	(1,873)
Net cash outflow from returns on investments and servicing of finance		(414)	(2,254)
Taxation			
Corporation tax paid		(3,786)	(1,938)
Capital expenditure			
Payments to acquire tangible fixed assets		(3,259)	(2,411)
Net cash inflow / (outflow) before financing		8,169	2,683
Financing			
Issue of share capital	18	–	–
Issue / (Repayment) of loans	19(c)	193	(5,009)
		193	(5,009)
Increase / (Decrease) in cash	19(b)	8,362	(2,326)

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

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

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Buildings	–	between 5 and 30 years
Plant and machinery	–	between 3 and 10 years
Motor vehicles	–	between 2 and 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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. The following criteria must also be met before revenue is recognised:

Sale of goods

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.

Interest income

Revenue is recognised as interest accrues issuing the effective interest method.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables and goods for resale	–	purchase cost on an average cost basis.
Work in progress and finished goods	–	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover is the total amount charged, exclusive of VAT in respect of goods and services supplied by the company. All turnover arises in the UK and is attributable to the company's continuing activity, the manufacture of rolled aluminium products.

An analysis of turnover by geographical market is given below:

	2011	*2010*
	£000	*£000*
United Kingdom	53,756	53,097
Continental Europe	92,071	60,492
Americas	16,325	26,410
Asia, Middle East and Africa	7,402	11,105
	169,554	151,104

Notes to the financial statements

at 31 December 2011

3. Operating Profit

This is stated after charging/(crediting):

		2011	*2010*
		£000	*£000*
Auditors' remuneration	– audit services	30	30
	– taxation services	5	4
Depreciation of owned fixed assets		5,142	5,123
Profit on disposal of fixed assets		–	(2)
Operating lease rentals	– land and buildings	590	923
	– other operating leases	45	46

4. Directors' emoluments

	2011	*2010*
	£000	*£000*
Emoluments	247	244
Company contributions to defined contribution personal pension plans	8	7

In respect of the highest paid director:

	2011	*2010*
	£000	*£000*
Emoluments	170	156
Company contributions to defined contribution personal pension plans	8	7

5. Staff costs

	2011	*2010*
	£000	*£000*
Wages and salaries	8,160	7,840
Social security costs	877	833
Other pension costs	276	265
	9,313	8,938

Notes to the financial statements

at 31 December 2011

5. Staff costs (continued)

The monthly average number of employees during the year was as follows:

	2011	*2010*
	No.	*No.*
Production	220	215
Sales	2	2
Administration	17	19
	239	236

6. Interest receivable and similar income

	2011	*2010*
	£000	*£000*
Bank interest receivable	19	7
Exchange gains on retranslation of bank loans	–	52
	19	59

7. Interest payable and similar charges

	2011	*2010*
	£000	*£000*
Bank interest payable	444	414
	444	414

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2011	*2010*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year (note 8(b))	3,884	3,958
Adjustment in respect of prior years	19	–
Deferred tax:		
Origination and reversal of timing differences (note 8(c))	(538)	335
Tax on profit on ordinary activities	3,365	4,293

Notes to the financial statements

at 31 December 2011

8. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). From 1 April 2011, the standard rate of corporation tax in the United Kingdom decreased from 28% to 26%. As a result, the average rate for the year to 31 December 2011 is 26.5% (2010: 28%).The differences are explained below:

	2011	*2010*
	£000	*£000*
Profit on ordinary activities before tax	12,295	14,746
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	3,258	4,129
Effects of:		
Expenses not deductible for tax purposes	8	9
Other permanent differences	(20)	(21)
Depreciation in excess of capital allowances	655	537
Other timing differences	(17)	(30)
Utilisation of tax losses	–	(666)
	3,884	3,958

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2011	*2010*
	£000	*£000*
Included in (provisions) (note 15)	(117)	(655)
This is made up as follows:		
Accelerated capital allowances	(149)	(709)
Tax losses available	–	–
Other timing differences	32	54
Deferred tax liability	(117)	(655)

The movement on the deferred tax liability is explained as follows:

	£000
At 1 January 2011	(655)
Profit and loss account movement arising during the year (note 8(a))	538
At 31 December 2011	(117)

There is no unrecognised deferred tax in 2011 (2010 – £nil).

Notes to the financial statements

at 31 December 2011

8. Tax (continued)

(d) Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. These changes were subsequently amended by the March 2011 Budget Statement. The Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 28% to 23%, falling by 2% in 2011 and a further 1% per year over the period 2012 to 2014. On 5 July 2011 a 1% reduction was substantively enacted reducing the rate of corporation tax to 25% from 1 April 2012. In accordance with accounting standards this has been reflected in the company's financial statements. Further proposed changes will only be reflected once the reductions are substantively enacted. The estimated effect of the proposed reductions in the rate by 2014 would be to decrease the deferred tax liability by £5,000.

9. Tangible fixed assets

	Land and buildings £000	*Assets in course of construction £000*	*Plant and machinery £000*	*Motor vehicles £000*	*Total £000*
Cost:					
At 1 January 2011	5,733	566	60,598	1,534	68,431
Additions	3,033	526	668	32	4,259
Disposals	–	–	–	–	–
Transfers	73	(510)	437	–	–
At 31 December 2011	8,839	582	61,703	1,566	72,690
Depreciation:					
At 1 January 2011	1,620	–	46,840	1,101	49,561
Provided during the year	249	–	4,607	286	5,142
Disposals	–	–	–	–	–
At 31 December 2011	1,869	–	51,447	1,387	54,703
Net book value:					
At 31 December 2011	6,970	582	10,256	179	17,987
At 1 January 2011	4,113	566	13,758	433	18,870

Included within land and buildings is £2,054,153 (2010 – £1,493,094) of freehold land which is not depreciated. The remaining net book value is in respect of buildings constructed on the company's freehold premises.

Notes to the financial statements

at 31 December 2011

10. Stocks

	2011	*2010*
	£000	*£000*
Raw materials	14,431	13,024
Work in progress	7,508	6,918
Finished goods	7,307	10,976
	29,246	30,918

The difference between purchase price or production cost of stocks and their replacement cost is not material.

11. Debtors

	2011	*2010*
	£000	*£000*
Trade debtors	17,684	16,274
Amounts owed by group undertakings	–	417
VAT recoverable	1,179	3,652
Prepayments and accrued income	811	314
	19,674	20,657

12. Creditors: amounts falling due within one year

	2011	*2010*
	£000	*£000*
Current instalments due on bank loans (note 14)	833	807
Trade creditors	8,148	11,539
Amounts owed to group undertakings	51	280
Corporation tax	2,137	2,020
Other taxation and social security	282	270
Accruals and deferred income	1,406	2,676
	12,857	17,592

There were outstanding pension contributions to the company's defined contribution pension scheme of £49,000 (2010 – £45,000) included within creditors at the balance sheet date.

Notes to the financial statements

at 31 December 2011

13. Creditors: amounts falling due after more than one year

	2011	*2010*
	£000	*£000*
Bank loans (note 14)	9,167	9,000

14. Loans

	2011	*2010*
	£000	*£000*
Amounts falling due:		
In one year or less on demand	833	807
In more than one year but not more than two years	1,111	–
In more than two years but not more than five years	8,056	9,000
	10,000	9,807
Less: included in creditors: amounts falling due within one year	(833)	(807)
	9,167	9,000

During the year the company entered into an agreement with Santander UK Plc to provide credit facilities. The credit facilities consist of a £10,000,000 term loan facility, £15,000,000 revolving credit facility and a £3,500,000 overdraft facility. All of the assets of the company have been pledged as security for the facilities under a mortgage debenture.

15. Provisions for liabilities

	Deferred tax	*Environmental Provision*	*Total*
	£000	*£000*	*£000*
At 1 January 2011	655	–	655
Provided in the year	–	1,000	1,000
Movement in the year (note 8(c))	(538)	–	(538)
At 31 December 2011	117	1,000	1,117

The environmental provision of £1m relates to the ongoing monitoring and clean up costs of complying with the requirements agreed with the Environment Agency for the land in Bridgnorth. The provision is expected to be utilised over a period of 10 years.

16. Issued share capital

		2011		*2010*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	29,333,333	29,333	29,333,333	29,333

Notes to the financial statements

at 31 December 2011

17. Dividends and other appropriations

	2011	*2010*
	£000	*£000*
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2011 £nil (2010 £0.06385)	–	1,873

18. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Share premium account*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*
At 1 January 2010	29,333	6,667	1,873	37,873
Dividends	–	–	(1,873)	(1,873)
Profit for the year	–	–	10,453	10,453
At 1 January 2011	29,333	6,667	10,453	46,453
Profit for the year	–	–	9,766	9,766
At 31 December 2011	29,333	6,667	20,219	56,219

19. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2011	*2010*
	£000	*£000*
Operating profit	12,720	15,101
Depreciation of fixed assets	5,142	5,123
Decrease / (Increase) in stocks	1,672	(11,712)
Decrease / (Increase) in debtors	983	(741)
(Decrease) / Increase in creditors	(4,889)	1,515
Net cash inflow from continuing operating activities	15,628	9,286

Notes to the financial statements

at 31 December 2011

19. Notes to the statement of cash flows (continued)

(b) Reconciliation of net cash flow to movement in net debt

	2011 *£000*	*2010* *£000*
Increase / (Decrease) in cash in the year	8,362	(2,326)
Cash (inflow) / outflow from loan repayments	(193)	5,009
Change in net debt resulting from cash flows	8,169	2,683
Exchange differences on re-translation of bank loans	–	52
Movement in net debt in the year	8,169	2,735
Net debt at the start of the year	(6,552)	(9,287)
Net debt at the end of the year	1,617	(6,552)

(c) Analysis of changes in net debt

	At 1 January 2011 *£000*	*Cash flow* *£000*	*At 31 December 2011* *£000*
Cash at bank	3,255	8,362	11,617
	3,255	8,362	11,617
Loans	(9,807)	(193)	(10,000)
Total	(6,552)	8,169	1,617

20. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £1,120,000 (2010 – £1,451,000).

21. Financial commitments

At 31 December 2011 the company had entered into commitments to sell foreign currencies in future months amounting to £70,182,495 (2010: £39,757,267). The fair value of the forward contracts held at the balance sheet date, determined by reference to their market value, is £2,177,000 (2010: £257,000).

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at 31 December 2011

22. Other financial commitments

At 31 December 2011, the company had annual commitments under non-cancellable operating leases as set out below:

	2011 Land and buildings £000	*2011* Other £000	*2010* Land and buildings £000	*2010* Other £000
Operating leases which expire:				
Within one year	–	11	–	1
In one to two years	–	10	–	11
In two to five years	–	20	–	29
In over five years	–	–	186	–
	–	41	186	41

23. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Related party		*Sales to related party £000*	*Purchases from related party £000*	*Amounts owed from related party £000*	*Amounts owed to related party £000*
Elval Hellenic Aluminium Industry SA	2011	674	50	–	–
	2010	13	53	262	265
Metal Agencies Limited	2011	734	209	–	40
	2010	500	65	155	–
Viexal Limited	2011	–	34	–	–
	2010	–	46	–	3
Teka Systems SA	2011	–	25	–	3
	2010	–	28	–	3
Elkeme SA	2011	–	100	–	8
	2010	–	104	–	9
Elval Colour SA	2011	36	–	–	–
	2010	–	–	–	–
Furukawa Sky Aluminium Corporation	2011	–	139	–	–
	2010	–	63	–	–

Elval Hellenic Aluminium Industry SA owns 75% of the ordinary shares in the company. Metal Agencies Limited, Viexal Limited and Elkeme SA are all part of the Viohalco Hellenic Copper and Aluminium Industry SA Group, the company's ultimate parent undertaking. Furukawa Sky Aluminium Corporation owns 25% of the ordinary shares in the company.

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24. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Elval Hellenic Aluminium Industry SA, a Greek corporation listed on the Greek Stock Exchange.

The company's ultimate parent undertaking and controlling party is Viohalco Hellenic Copper and Aluminium Industry SA, a Greek corporation listed on the Greek Stock Exchange.

Copies of financial statements for both of the above undertakings can be obtained from the offices of Viohalco Hellenic Copper and Aluminium Industry SA, which are located at 2-4 Messogion, Athens, Greece.