Registered No 1506705

Kennametal Stellram Limited

Report and Financial Statements

31 December 2013

Registered No: 1506705

Directors
Andy Godwin
Neil Walker

Secretary
Reed Smith Corporate Services Limited

Auditors
Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers
Bank of America
2 King Edward Street,
London,
EC1A 1HQ

Registered office
Hercules Way
Bowerhill Industrial Estate
Melksham
Wiltshire
SN12 6TS

Strategic report

The directors present their report and financial statements for the year ended 31 December 2013. The financial statements have been prepared on a break up basis.

Principal activity and review of the business

The company's principal activity during the year continued to be the manufacture and distribution of specialised hard metal cutting tools to the engineering industry.

Integration into the Kennametal group

On November 4th 2013 Allegheny Technologies Incorporated sold its tungsten material business to Kennametal Inc. for $605 million. The tungsten materials business produces tungsten powder, tungsten heavy alloys, tungsten carbide materials, and carbide cutting tools. Kennametal Stellram Ltd and the other European Kennametal Stellram companies are part of this group and are hence subject to this agreement of sale.

With the acquisition of the tungsten materials business on November 4th 2013, the company will be integrated to the Kennametal structure.

The first step of the integration was concluded on May 1st 2014 with a conversion of the current ERP GLOVIA system to the ERP system SAP for the commercial part of the business. With the SAP go live on 1st of May 2014, the sales business has been transferred to Kennametal UK Ltd., the sales organisation of Kennametal in the UK.

The second step of the integration has occurred November 1st 2014, when the manufacturing part of the business has also been transferred from GLOVIA to SAP. With the SAP introduction for the remainder part, mainly the production, the manufacturing business has been transferred to Kennametal Manufacturing Ltd.

The existing participations in other group companies have been sold.

With no activity after November 1st, the company is planned to be liquidated. With the intention to liquidate and the fact that there is no business remaining, the financial statements of the company have not been prepared on a going concern basis.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign exchange and interest risk.

Price risk - the company is exposed to commodity and energy price risks as a result of its operations. The company has taken steps to purchase energy inputs at fixed prices but given the size of the company the costs of further managing exposure to commodity price risk exceeds any potential benefits.

Credit risk - the company has policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk - the company is able to borrow funds as required from other group companies. The worldwide group has excellent debt coverage on a consolidated basis.

Exchange risk - the company's currency risk is controlled by natural hedges wherever possible and where there is an excess risk the company takes out foreign currency contracts to mitigate these exposures.

Interest rate risk - the company's debt is all short term borrowing from group companies and is at floating annually adjusted market interest rates. In the year, however, interest payable represented less than 1% of turnover and the directors do not currently actively manage the interest rate risk at this level.

On behalf of the Board

A Godw

A. Godwin
Director

Date: 15TH DECEMBER 2014

Directors' report

The directors present their report and financial statements for the year ended 31 December 2013.

Results and dividends

The loss for the year, after taxation, amounted to £834,616 (2012 Loss: £11,233). An interim dividend of £2,607,454 was declared and paid in the year (2012: £nil). No final dividend has been declared or recommended.

Principal activity, review of the business and future developments

The company's principal activity during the year continued to be the manufacture and distribution of specialised hard metal cutting tools to the engineering industry. In 2013 the business focus has continued on specific market segments including power generation, aerospace, oil & gas, and medical in line with our parent company strategies. While the domestic sales increased over 2012 by 2 %, sales to the rest of Europe and the US are much weaker. The biggest proportion of those sales are sales to other group companies, that the Kennametal Stellram provides with tool manufactured at the facility.

Sales in the year, compared to 2012, decreased by 2 %:

	2013	*2012*		
	£000	*£000*	*Movement*	*%*
Total Sales				
UK	5,055	4,945	110	2
Europe	2,438	2,405	33	1
USA	765	1,056	(291)	(28)
	8,258	8,406	(148)	(2)

On Monday 4th November 2013 Allegheny Technologies Incorporated sold its tungsten material business to Kennametal Inc. for $605 million. The tungsten materials business produces tungsten powder, tungsten heavy alloys, tungsten carbide materials, and carbide cutting tools. Kennametal Stellram Ltd and the other European Kennametal Stellram companies are part of this group and are hence subject to this agreement of sale. On the 2013 business activities this had no particular impact, but on the 2014 business the company has been fully integrated into the business of Kennametal.

Events Since the Balance Sheet Date

With the acquisition of the tungsten materials business on November 4th 2013, the company has been integrated into the Kennametal structure.

A conversion of the current ERP GLOVIA has been started in order to move to the ERP SAP in 2 steps. The first steps has been concluded on May 1st 2014 with the implementation of the commercial part of the business. The second step occurred in November, when the manufacturing part of the business has been transferred to SAP.

With the SAP go live on 1st of May 2014, the sales business has been transferred to Kennametal UK Ltd., the sales organisation of Kennametal in the UK.

With the SAP introduction for the remainder part, mainly the production, the manufacturing business has been transferred to Kennametal Manufacturing Ltd.

In 2014, the participation in Kennametal Stellram GmbH (Germany), Kennametal Stellram Srl (Italy) and Kennametal Stellram Sàrl have been or are due to be sold to other companies of the Kennametal group.

On June 30th, the participation in Kennametal Garryson has been sold to ATA, a company outside the Kennametal group.

Directors' report
(continued)

Going concern
Based on the fact that during 2014 the business has been transferred to other companies belonging to the Kennametal group and the company is intended to be liquidated, the financial statements of the company have not been prepared on a going concern basis.

Directors
The directors during the year and to the date of this report were:

E Davis (resigned 4 November 2013)
R Wetherbee (resigned 28 February 2013)
D Reid (retired effective 15 July 2013)
P.J. DeCourcy (appointed 15 July 2013, resigned 4 November 2013)
Andy Godwin (appointed 4 November 2013)
Neil Walker (appointed 4 November 2013)

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

Disclosure of information to auditors
The directors who were members of the board at the time of approving the directors' report are listed on above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each directors knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

A Godw

A. Godwin
Director

Date: 15TH DECEMBER 2014

Statement of directors' responsibilities in respect of the financial statements

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 the profit or loss of 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

We have audited the financial statements of Kennametal Stellram Ltd for the year ended 31 December 2013 which comprise the Profit and Loss Account, 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). The financial statements have been prepared on a break up basis.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 December 2012 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

(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

Jane Barwell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

Date: 16 December 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	8,258,055	8,406,138
Cost of sales		(5,970,674)	(6,379,586)
Gross profit		2,287,381	2,026,552
Administrative expenses		(3,134,466)	(2,075,093)
Operating loss	3	(847,085)	(48,541)
Interest (payable)/received		(14,814)	29,676
Loss on ordinary activities before taxation		(861,899)	(18,865)
Tax credit on loss on ordinary activities	6	27,283	7,632
Loss for the financial year	14	(834,616)	(11,233)

All amounts relate to discontinuing operations.

There are no recognised gains or losses other than the loss for the year. Accordingly, no statement of total recognised gains and losses is provided.

The notes on pages 11 to 21 form part of these financial statements.

Balance Sheet
at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	7	-	1
Tangible assets	8a	-	542,765
Investments	9	-	28,482,405
		-	29,025,171
Current assets			
Assets held for sale	8b	29,431,907	-
Stocks	10	353,594	321,672
Debtors	11	2,509,666	4,934,746
Cash at bank and in hand		237,554	-
		32,532,721	5,256,418
Creditors: amounts falling due within one year	12	3,296,407	1,603,205
Net current assets		29,236,314	3,653,213
Total assets less current liabilities	14	29,236,314	32,678,384
Capital and Reserves			
Called up share capital	13	180,002	180,002
Share premium account	14	10,625,625	10,625,625
Capital contribution	14	16,192,053	16,192,053
Profit and loss account	14	2,238,634	5,680,704
Equity shareholders' funds		29,236,314	32,678,384

Approved by the Board

A Godwin

A. Godwin
Director

Date: 15th December 2014

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Accounting convention and basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. They are prepared under United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The financial statements have been prepared on a break-up basis reflecting the intention to close the company in the forthcoming year. Accordingly, adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying value to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Fixtures, fittings, tools and equipment	-	over 2 to 10 years
Computers	-	over 2 to 10 years
Plant and machinery	-	over 2 to 10 years

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

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition 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.

Deferred taxation

Deferred tax 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, tax, with the exception that 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 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.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the profit & loss account on a straight-line basis over the lease term.

Group financial statements

The financial statements present information about the company as an individual undertaking, and not about its group.

The company is exempt from the preparation of group financial statements by virtue of s400 of the Companies Act.

Cash flow statement

The company has taken advantage of the wholly owned subsidiary exemption of Financial Reporting Standard 1 (revised) and thus a cash flow statement has not been published. A consolidated cash flow statement is included in the consolidated financial statements of Kennametal Incorporated.

Pensions

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

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its goods. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT or duty. The following criteria must also be met before revenue is recognized:
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.

Intangible assets

Intangible assets represent purchased patent rights and were capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of twenty years. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments held as fixed assets are dated at cost less provision for any permanent diminution in value.

Notes to the financial statements

at 31 December 2013

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the distribution of specialised hard metal cutting tools to the engineering industry. An analysis of turnover by geographical market is given below:

	2013	*2012*
	£	£
United Kingdom	5,054,997	4,944,829
Europe	2,438,109	2,405,045
United States of America	764,949	1,056,264
	8,258,055	8,406,138

Kennametal Stellram Ltd operates in competitive international markets and information on competitor activity is not available. In the opinion of the directors, disclosure of the information required by Companies Act 2006 and SSAP 25 would be seriously prejudicial to the interests of the company.

3. Operating loss

This is stated after charging:	*2013*	*2012*
	£	£
Auditors' remuneration - audit services	30,000	23,040
Depreciation of owned fixed assets	181,494	120,377
Operating lease rentals - plant and machinery	55,555	70,088
- land and buildings	100,687	100,687
Loss on foreign exchange	3,401	70,931

4. Directors' emoluments

The directors received £nil (2012: £nil) emoluments in respect of services to the company. The remuneration of the director's are paid for by Allegheny Technologies Incorporated and Kennametal Inc.

5. Staff costs

	2013	*2012*
	£	£
Wages and salaries	2,183,514	2,121,852
Social security costs	239,987	235,283
Other pension costs	120,469	107,311
	2,543,969	2,464,446

Notes to the financial statements

at 31 December 2013

5. Staff costs (continued)

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

	2013	*2012*
	No.	*No.*
Selling	13	13
Administration	4	4
Manufacturing	39	38
	56	55

6. Tax

a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2013	*2012*
	£	£
Current tax		
Total current tax (note 6(b))	-	-
Deferred tax		
Origination and reversal of timing differences (note 6(c))	(12,853)	3,120
Effect of changes in tax rates	(14,430)	(10,752)
	(27,283)	(7,632)

b) Factors affecting the current tax credit

The tax assessed on the loss on ordinary activities for the year is lower (2012:lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2013	*2012*
	£	*£*
Loss on ordinary activities before tax	(861,899)	(18,865)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25 % (2011: 24.5%)	(200,392)	(4,621)
Effects of:		
Expenses not deductible for tax purposes	213,246	1,501
Capital allowances in excess of depreciation	47,333	17,349
Movement in short term timing differences	358	721
Utilisation of tax losses	(60,536)	(14,950)
Total current tax (note 6(a))	-	-

Notes to the financial statements

at 31 December 2013

6. Tax (continued)

c) Deferred tax

The deferred tax asset included in the Balance Sheet is as follows:

	2013	*2012*
	£	*£*
Included in debtors (note 11)	97,110	124,393
	97,110	124,393

	2013	*2012*
	£	*£*
Accelerated capital allowances	47,501	7,802
Other timing differences	3,338	3,485
Trading losses	46,271	113,106
	97,110	124,393

The movement during the year was as follows:

	£
At 1 January 2013	124,393
Origination and reversal of timing differences	(27,283)
At 31 December 2013	97,110

7. Intangible fixed assets

	Patent rights
	£
Cost:	
At 1 January 2013 and 31 December 2013	79,796
Transferred to assets held for resale	(79,796)
Amortisation:	
At 1 January 2013 and 31 December 2013	79,795
Transferred to assets held for resale	(79,795)
Net book value:	
At 1 January 2013	1
At 31 December 2013	-

Notes to the financial statements

at 31 December 2013

8 (a). Tangible fixed assets

	Computers	Fixtures, fittings, plant and machinery	Total
	£	£	£
Cost:			
At 1 January 2013	247,459	2,416,561	2,664,020
Disposals during the year	-	-	-
Additions	-	588,230	588,230
Transferred to assets held for resale	(247,459)	(3,004,791)	(3,252,250)
At 31 December 2013	-	-	-
Depreciation:			
At 1 January 2013	247,459	1,873,796	2,121,255
Disposals during the year	-	-	-
Provided during the year	-	181,494	181,494
Transferred to assets held for resale	(247,459)	(2,055,290)	(2,302,749)
At 31 December 2013	-	-	-
Net book value:			
At 31 December 2013	-	-	-
At 1 January 2013	-	542,765	542,765

Notes to the financial statements
at 31 December 2013

8 (b). Assets held for resale

	Investments	*Patent rights*	*Computers*	*Fixtures, fittings, plant and machinery*	*Total*
	£	*£*	*£*	*£*	*£*
Cost:					
At 1 January 2013	-	-	-	-	-
Transferred from fixed assets	28,482,505	79,796	247,459	3,004,791	31,814,551
At 31 December 2013	28,482,505	79,796	247,459	3,004,791	31,814,551
Depreciation:					
At 1 January 2013	-	-	-	-	-
Transferred from fixed assets	100	79,795	247,459	2,055,290	2,382,644
At 31 December 2013	100	79,795	247,459	2,055,290	2,382,644
Assets held for resale:					
At 31 December 2013	28,482,405	1	-	949,501	29,431,907

Notes to the financial statements
at 31 December 2013

9. Investments

	£
Cost:	
At 1 January 2013	28,482,505
Transferred to assets held for resale	(28,482,505)
Additions:	
At 31 December 2013	0
Provision:	
At 1 January 2013 and 31 December 2013	100
Transferred to assets held for resale	(100)
Net book value:	
At 31 December 2013	-
At 1 January 2013	28,482,405

The subsidiaries of the company are:

Name	*Holding*	*Activity*	*Country of Incorporation*
Kennametal Stellram GA Ltd	100% ordinary share capital	Manufacture and sale of specialised carbide and abrasive tools	England & Wales
Kennametal Stellram Sarl	100% ordinary share capital	Manufacture and sale of specialised hard metal cutting tools	Switzerland
Kennametal Stellram Gmbh	100% ordinary share capital	Sale of specialised hard metal cutting tools	Germany
Kennametal Stellram Srl	100% ordinary share capital	Sale of specialised hard metal cutting tools	Italy
Kennametal Stellram Iberica SA	87.5% ordinary share capital*	Sale of specialised Cutting tools	Spain

*Shares held by subsidiary undertaking

With the integration in to the Kennametal group (see note 21), all participations are sold or due to be sold in 2014.

Notes to the financial statements

at 31 December 2013

10. Stocks

	2013	2012
	£	£
Raw materials and consumables	133,937	146,533
Work in progress	53,974	21,559
Finished goods and goods for resale	165,683	153,580
	353,594	321,672

11. Debtors

	2013	2012
	£	£
Trade debtors	1,483,334	1,454,766
Amounts owed by group undertakings	787,982	3,300,898
Prepayments and accrued income	53,185	54,689
Deferred tax	97,110	124,393
Tax	88,055	-
	2,509,666	4,934,746

12. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	87,868	203,858
Amounts owed to group undertaking	2,907,363	1,198,473
Taxes and social security costs	65,190	12,780
Accruals	235,986	188,094
	3,296,407	1,603,205

13. Share capital

	2013	2012	2013	2012
	No.	No.	£	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	180,002	180,002	180,002	180,002

Notes to the financial statements

at 31 December 2013

14. Reconciliation of shareholders' funds and movement on reserves

	Capital Contribution	*Share Premium account*	*Share capital*	*Profit and loss account*	*Total*
	£	*£*	*£*	*£*	*£*
At 1 January 2012	-	8,999,999	180,001	5,691,937	14,871,937
Loss for the year	-	-	-	(11,233)	(11,233)
Share Issue	-	1,625,626	1	-	1,625,627
Capital Contribution	16,192,053	-	-	-	16,192,053
At 31 December 2012	16,192,053	10,625,625	180,002	5,680,704	32,678,384
Loss for the year	-	-	-	(834,616)	(834,616)
Dividend payment (Note 20)	-	-	-	(2,607,454)	(2,607,454)
At 31 December 2013	16,192,053	10,625,625	180,002	2,238,634	29,236,314

15. Pension commitments

The company operates a defined contribution pension scheme, the Stellram Pension Scheme, for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year-end are £16,690 (2012: £15,150).

16. Contingent liability

The company is party to a limited guarantee in respect of the HMRC deferment guarantee held with Bank of America. The total amount guaranteed at 31 December 2013 was £50,000 (2012: £50,000).

17. Other financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		*Other*	
	2013	*2012*	*2013*	*2012*
	£	*£*	*£*	*£*
Operating leases which expire:				
Within two to five years	100,687	100,687	70,082	70,082
	100,687	100,687	70,082	70,082

18. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing transactions with related parties that are part of the Kennametal Incorporated group or investees of the group.

Notes to the financial statements

at 31 December 2013

19. Parent undertaking

Until the 4th November 2013, the immediate parent undertaking was Cuttech Limited. The smallest group of which the company was a member and for which group financial statements were prepared is that headed by TDY Holdings Limited.

The ultimate parent undertaking was Allegheny Technologies Incorporated, a company incorporated in the state of Delaware, United States of America. Copies of the financial statements of Allegheny Technologies Incorporated are available from Cyclops Works, President Way, Sheffield, S4 7LJ.

On the 4th of November, Allegheny Technologies sold its tungsten materials to Kennametal Inc, leading to a change in the parent of the company.

Since 4th November 2013, the immediate parent undertaking is Kennametal Europe GmbH, Rheingoldstr. 50, 8212 Neuhausen am Rheinfall, Switzerland. The smallest group of which the company was a member and for which group financial statements were prepared is that headed by Kennametal Inc.

The ultimate parent undertaking is Kennametal Incorporated, a company incorporated in the state of Pennsylvania, United States of America. Copies of the financial statements of Kennametal Incorporated are available from Kennametal Inc., 1600 Technology Way, Latrobe, PA 15650 USA.

20. Dividends

An interim dividend of £2,607,454 was declared and paid in the year (2012: £nil). No final dividend has been declared or recommended.

21. Post balance sheet events

With the acquisition of the tungsten materials business on November 4th 2013, the company has been integrated into the Kennametal structure.

A conversion of the current ERP GLOVIA has been started in order to move to the ERP SAP in 2 steps. The first steps has been concluded on May 1st 2014 with the implementation of the commercial part of the business. The second step occurred in November, when the manufacturing part of the business has been transferred to SAP.

With the SAP go live on 1st of May 2014, the sales business has been transferred to Kennametal UK Ltd., the sales organisation of Kennametal in the UK.

With the SAP introduction for the remainder part, mainly the production, the manufacturing business has been transferred to Kennametal Manufacturing Ltd.

In 2014, the participation in Kennametal Stellram GmbH (Germany), Kennametal Stellram Srl (Italy) and Kennametal Stellram Sàrl have been or are due to be sold to other companies of the Kennametal group.

On June 30th, the participation in Kennametal Garryson has been sold to ATA, a company outside the Kennametal group.