Co House

SPEAR & JACKSON PLC

Report and Accounts

30 September 2009

Registered No 2422675

DIRECTORS
B C Beazer
P J Dyson
D B Higgins
Pantene Global Acquisitions Corp

SECRETARY
J M Dallman

AUDITOR
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
2 Broadfield Court
Sheffield
S8 0XF

BANKERS
HSBC Bank plc
Unit 4 Europa Court
Sheffield Business Park
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S9 1XE

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Commercial House
Commercial Street
Sheffield
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REGISTERED OFFICE
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Sheffield
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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 September 2009

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company acts principally as an industrial holding company providing management services to the Spear & Jackson plc group of companies

On 28 July 2009, the company, through its UK-based subsidiary Neill Tools Limited, purchased 100 shares in Eclipse Tools North America Inc , a company incorporated in Canada and involved in the distribution of magnetic products, hand tools and other related products, for Canadian $90,000

No material changes are anticipated in the nature and scope of the company's principal activities in the forthcoming year

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as inter-company debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from previous periods

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Primarily, this is achieved through utilisation of a pooled banking arrangement within the Spear & Jackson plc group companies Bowers group plc and its UK subsidiary undertakings, as well as the utilisation of short-term money market deposits Short term flexibility is achieved by overdraft facilities

Currency risk

The company is exposed to transaction and translation foreign exchange risk In relation to translation risk, transaction exposures are hedged, when known

RESULTS AND DIVIDEND

After crediting exceptional items of £4,258,000 (2008 – charge of £311,000), the operating profit for the year was £5,452,000 (2008 – loss of £201,000) The profit for the financial year, stated after crediting interest, amounted to £5,426,000 (2008 - £148,000) No dividend can be paid Preference dividends due from subsidiary undertakings of £12,600 were waived during the year (2008 - £12,600 waived)

ULTIMATE PARENT UNDERTAKING

The entire issued share capital of Spear & Jackson plc is held by S and J Acquisitions Corp , a company incorporated in the United States of America, whose parent undertaking is Pantene Global Acquisition Corp ("PGAC"), (formerly Spear & Jackson, Inc), a company which is also registered in the United States of America In addition to its shareholding in Spear & Jackson plc, S and J Acquisitions Corp also owns the entire issued share capital of Bowers Group plc, a fellow subsidiary undertaking of Spear & Jackson plc 100% of the common stock of PGAC is owned by United Pacific Industries, Limited ("UPI"), a company registered in Bermuda and listed on the Hong Kong Stock Exchange

DIRECTORS

The directors of the company during the year were

P J Dyson
D B Higgins
W Fletcher (resigned 30 April 2009)
B C Beazer (appointed 30 April 2009)
Pantene Global Acquisitions Corp

EVENTS SINCE THE BALANCE SHEET DATE

Manufacturing Relocation

In November 2009, Neill Tools Limited, a UK-based subsidiary of the company, announced the relocation of its Hacksaw Blade manufacturing operations to the PRC under the control of UPI's Contract Manufacturing Division

Defined Benefit Pension Plan

In connection with the renegotiation of the employer's contribution scheme relating to the annual payments to be made by the participating employers of the James Neill Holdings Limited defined benefit pension plan ("the Plan"), a guarantee has been offered by Spear & Jackson plc to secure certain obligations relating to the Plan in the event of a contribution default by any of the participating companies or in certain other circumstances

The guaranteed obligations means all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to a maximum amount equal to the lowest non-negative amount which, when added to the assets of the Plan, would result in the Plan being at least 105% funded on the date on which any liability under the guarantee crystallised based on an actuarial valuation of the Plan carried out on that date

This guarantee was effected on 17 March 2010 and a similar guarantee has been offered by Bowers Group plc, a fellow subsidiary undertaking of Spear & Jackson plc

AUDITOR

Grant Thornton UK LLP have expressed their willingness to continue in office as Auditors and a resolution will be proposed to re-appoint them at the Annual General Meeting

By order of the Board

J M Dallman
Secretary
26 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The accounts 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 accounts, 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 accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPEAR & JACKSON PLC

We have audited the financial statements of Spear & Jackson plc for the year ended 30 September 2009 which comprise the profit and loss account, balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Director's Responsibilities 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 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
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

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 30 September 2009 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 AUDITOR'S REPORT TO THE MEMBERS OF SPEAR & JACKSON PLC (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

Grant Thornton UK LLP

Michael Redfern
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
SHEFFIELD
26 March 2010

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2009

	Notes	2009 £000	2008 £000
TURNOVER	2	355	212
NET OPERATING CREDITS/(COSTS)	3	5,097	(413)
OPERATING PROFIT/(LOSS)	3	5,452	(201)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		5,452	(201)
Interest receivable		1	366
Interest payable	5	(27)	(17)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,426	148
Taxation on profit on ordinary activities	6	-	-
PROFIT FOR THE FINANCIAL YEAR	13	5,426	148

All of the activities of the company are classed as continuing

There are no recognised gains or losses other than the profit for the financial year as set out above

The accompanying notes are an integral part of this profit and loss account

BALANCE SHEET
at 30 September 2009

	Notes	2009 £000	2008 £000
FIXED ASSETS			
Tangible assets	7	126	128
Investments	8	2,500	2,500
		2,626	2,628
CURRENT ASSETS			
Debtors	9	7,873	7,292
Cash at bank and in hand		5,290	305
		13,163	7,597
CREDITORS amounts falling due within one year	10	290	152
NET CURRENT ASSETS		12,873	7,445
TOTAL ASSETS LESS CURRENT LIABILITIES		15,499	10,073
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	6	6
NET ASSETS		15,493	10,067
CAPITAL AND RESERVES			
Called up share capital	12	82,633	82,633
Capital reserve	13	19,879	19,879
Profit and loss account	13	(87,019)	(92,445)
SHAREHOLDERS' FUNDS	14	15,493	10,067

These accounts were approved by the directors and authorised for issue on 26 March 2010, and are signed on their behalf by

P J Dyson

Company No 2422675

The accompanying notes are an integral part of this balance sheet

1. ACCOUNTING POLICIES

Basis of preparation
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards The accounting policies of the company have remained unchanged from the prior year

After making appropriate enquiries and reviewing budgets, profit and cash flow forecasts and business plans, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has more than sufficient resources and available facilities to continue in operational existence for the foreseeable future For this reason the Directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate

The company is a 100% subsidiary of United Pacific Industries Limited ("UPI"), a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange UPI prepares its financial statements in accordance with Hong Kong GAAP ("HK GAAP") The requirements of HK GAAP are equivalent to those of International Financial Reporting Standards and, as such, the company is entitled to the exemption from the requirement to prepare consolidated financial statements provided under Section 400 of the Companies Act 2006 These accounts therefore contain information about Spear & Jackson plc as an individual company, and not about its group

Investments in subsidiary undertakings
Investments in subsidiary undertakings are stated at cost of acquisition less amounts written off

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value of each asset, over its expected useful life, as follows

Freehold buildings - over 50 years

Impairment
Fixed assets are subject to review for impairment in accordance with Financial Reporting Standard ("FRS") 11 "Impairment of Fixed Assets and Goodwill" Any impairment is recognised in the profit and loss account in the year in which it occurs

Deferred taxation
In accordance with FRS19, provision for deferred taxation is made in full on all timing differences that have originated but not reversed at the balance sheet date Deferred tax assets are regarded as recoverable, and therefore recognised, only when it is regarded as more likely than not that there will be sufficient future taxable profits from which the reversal of the underlying timing differences can be deducted

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enabled or substantially enacted by the balance sheet date Deferred taxation is measured on a non-discounted basis

Advance corporation tax, which is expected to be recoverable in the future, is deducted from the deferred taxation balance

Deferred taxation is not provided on revalued land and buildings where there is no present intention to dispose of the property concerned

1. ACCOUNTING POLICIES (continued)

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 with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Cash flow statement
The directors have taken advantage of the exemption in FRS 1 (Revised 1996) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement

2 TURNOVER

Turnover, representing administration charges to subsidiary undertakings in the United Kingdom, is a continuing activity, and is stated net of value added tax The directors regard the company's business as being of one class

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) comprises

		2009	*2008*
		£000	*£000*
Turnover		355	212
Depreciation of owned fixed assets		2	2
Auditors' remuneration	- audit services	28	28
	- non audit services	4	14
Exchange gain		(989)	-
Other operating charges		116	58
		(839)	102
Operating profit before exceptional items		1,194	110
Exceptional items			
Impairment write-down of group loans		-	(311)
Reversal of provision against group loans		4,258	-
Total exceptional items		4,258	(311)
Operating profit/(loss)		5,452	(201)

Net operating credits/(costs) are analysed as

	2009	*2008*
Depreciation	(2)	(2)
Exchange gains	989	-
Other external charges	(32)	(42)
Other operating charges	(116)	(58)
Impairment write down of group loans	-	(311)
Reversal of provision against group loans	4,258	-
	5,097	(413)

4. DIRECTORS' REMUNERATION

No director received any emoluments from the company in the year (2008 - £nil)

5. INTEREST PAYABLE

	2009	*2008*
	£000	*£000*
Bank interest payable	27	17

6. TAXATION

No taxation charge or credit arises in the year (2008 - £nil)

The effective rate of current taxation assessed on the profit for the year differs from the standard rate of corporation tax in the UK The differences are as follows

	2009 *£000*	*2008* *£000*
Tax on profit on ordinary activities before taxation at the UK statutory rate of 28%	1,519	41
Group relief received for which no payment will be made	(327)	(128)
Non-taxable write-backs and write-downs of group loans	(1,192)	87
Current taxation charge as reported	-	-

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings *£000*
Cost	
At 1 October 2008 and 30 September 2009	184
Depreciation	
At 1 October 2008	56
Provided during the year	2
At 30 September 2009	58
Net book value	
At 30 September 2009	126
At 30 September 2008	128

NOTES TO THE ACCOUNTS
at 30 September 2009

8. INVESTMENTS

	Subsidiary undertakings
	£000
Cost	
At 1 October 2008 and 30 September 2009	118,169
Provisions	
At 1 October 2008 and 30 September 2009	115,669
Net book value	
At 30 September 2008 and 30 September 2009	2,500

The company's operating subsidiary undertakings, all of which are wholly owned, are listed in note 15

9 DEBTORS

	2009	*2008*
	£000	*£000*
Amounts falling due within one year		
Amounts due from subsidiary undertakings	7,849	7,287
Amounts due from fellow subsidiary undertakings	24	5
	7,873	7,292

10. CREDITORS. amounts falling due within one year

	2009	*2008*
	£000	*£000*
Other creditors	109	80
Amounts due to ultimate parent undertaking	181	72
	290	152

11. DEFERRED TAXATION

The full potential liability to deferred taxation, all of which has been provided in the accounts, comprises

	2009	*2008*
	£000	*£000*
Timing differences relating to		
Depreciation in advance of capital allowances	6	6

The company has capital losses available of approximately £551,000 (2008- £551,000), which have not been recognised in these accounts There is insufficient evidence that these assets will be recoverable within the meaning of FRS 19 "Deferred Taxation"

12. SHARE CAPITAL

				Authorised
	2009	2008	2009	2008
	No	No	£000	£000
Ordinary shares of 10p each	624,722,030	624,722,030	62,472	62,472
Deferred shares of 10p each	4,772,498,270	4,772,498,270	477,249	477,249
	5,397,220,300	5,397,220,300	539,721	539,721

		Allotted, called up and fully paid		
	2009	2008	2009	2008
	No	No	£000	£000
Ordinary shares of 10p each	600,342,291	600,342,291	60,034	60,034
Deferred shares of 10p each	225,993,087	225,993,087	22,599	22,599
	826,335,378	826,335,378	82,633	82,633

13. RESERVES

	Capital reserve	Profit and loss account
	£000	£000
At 1 October 2008	19,879	(92,445)
Profit for the year	-	5,426
At 30 September 2009	19,879	(87,019)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£000	£000
Profit for the financial year	5,426	148
Shareholders' funds at 1 October 2008	10,067	9,919
Shareholders' funds at 30 September 2009	15,493	10,067

15. SUBSIDIARY GROUP UNDERTAKINGS

Principal operating subsidiary undertakings

United Kingdom subsidiary undertakings

The following subsidiary undertakings are incorporated and operate in England

Name of company	*Nature of business*
James Neill Holdings Limited	Holding company of the James Neill companies
Neill Tools Limited (principal operating subsidiary incorporating Eclipse Tools and Moore & Wright)	Manufacture of hacksaw blades, other engineers' cutting tools, pliers and other hand tools, micrometers and other precision measuring tools
Eclipse Magnetics Limited	Manufacture of permanent magnets, magnetic work holding systems and other associated products, marketing and sales of micrometers and other precision measuring tools
Coventry Gauge Limited	Manufacture of precision gauges and associated metrology products
Spear & Jackson Holdings Limited	Holding company of the Spear & Jackson companies
Spear & Jackson Garden Products Limited	Manufacture and sale of garden, agricultural and contractors' handtools, woodsaws and builders' tools
Magnacut Limited	Manufacture of permanent magnets and assemblies

Overseas subsidiary undertakings

Name of company	*Nature of business*	*Country of incorporation and operation*
Spear & Jackson France SA	Marketing and sale of group garden tools, hand tools and other related products	France
Spear & Jackson (Australia) Pty Limited	Marketing and sale of group hand and garden tools and other related products	Australia
Spear & Jackson (New Zealand) Limited	Marketing and sale of group hand and garden tools and other related products	New Zealand
Bowers Measuring Equipment Shanghai Co Limited	Manufacture, quality control and distribution of metrology products	China
Eclipse Tools North America, Inc	Distribution of magnetic products, hand tools And other related products	Canada

On 28 July 2009, the company, through its UK-based subsidiary Neill Tools Limited, purchased 100 shares in Eclipse Tools North America Inc , a company incorporated in Canada for Canadian $90,000

15. SUBSIDIARY GROUP UNDERTAKINGS (continued)

At 30 September 2009 Spear & Jackson plc owned 100% of the ordmary share capital of James Neill Holdings Limited Holdings in the other companies, with the exception of Coventry Gauge Limited, are all 100% owned, are held indirectly through subsidiary undertakings

Other subsidiary undertakings

The company has investments in other sub-holding and dormant companies Details concerning these investments have been omitted in order to avoid a statement of excessive length

16. CONTINGENT LIABILITIES

Bank Facilities

The bank overdrafts and bank borrowings of Spear & Jackson plc and Bowers Group plc, a fellow subsidiary undertaking , and their UK subsidiary undertakings ("the group") have been secured by a mortgage debenture with the HSBC Bank plc, incorporating a fixed first charge on the group's freehold land and buildings, by a charge on certain trade receivables of the UK trading subsidiaries and a fixed and floating charge over the group's remaining undertakings and assets

The group's UK bank borrowings with the HSBC Bank plc form a pooled fund As part of this arrangement, the company has entered into a cross guarantee with the HSBC Bank plc to guarantee any bank overdrafts and bank borrowings of other undertakings within the group At 30 September 2009 the extent of this guarantee was £27,070,000 (2008 - £16,979,000) The net pooled borrowings position at 30 September 2009 was £1,124,000 (2008 - £1,427,000 net pooled cash position)

Defined Benefit Pension Plan

In connection with the renegotiation of the employer's contribution scheme relating to the annual payments to be made by the participating employers of the James Neill Holdings Limited defined benefit pension plan ("the Plan"), a guarantee has been offered by Spear & Jackson plc to secure certain obligations relating to the Plan in the event of a contribution default by any of the participating companies or in certain other circumstances

The guaranteed obligations means all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to a maximum amount equal to the lowest non-negative amount which, when added to the assets of the Plan, would result in the Plan being at least 105% funded on the date on which any liability under the guarantee crystallised based on an actuarial valuation of the Plan carried out on that date

This guarantee was effected on 17 March 2010 and a similar guarantee has been offered by Bowers Group plc, a fellow subsidiary undertaking of Spear & Jackson plc

Litigation

A claim has been brought against Eclipse Magnetics Limited, a subsidiary undertaking of Spear & Jackson plc, regarding an alleged defective magnetic lifting application No provision for any potential costs has been made in these financial statements as the directors believe that the case has no merit and it will therefore be vigorously defended

NOTES TO THE ACCOUNTS
at 30 September 2009

17. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is United Pacific Industries Limited ("UPI"), a company registered in Bermuda and listed on the Hong Kong Stock Exchange

18 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided under FRS 8 not to disclose transactions with other group companies

19 POST BALANCE SHEET EVENTS

Manufacturing Relocation

In November 2009, Neill Tools Limited, a UK-based subsidiary of the company, announced the relocation of its Hacksaw Blade manufacturing operations to the PRC under the control of UPI's Contract Manufacturing Division

Defined Benefit Pension Plan

In connection with the renegotiation of the employer's contribution scheme relating to the annual payments to be made by the participating employers of the James Neill Holdings Limited defined benefit pension plan ("the Plan"), a guarantee has been offered by Spear & Jackson plc to secure certain obligations relating to the Plan in the event of a contribution default by any of the participating companies or in certain other circumstances

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This guarantee was effected on 17 March 2010 and a similar guarantee has been offered by Bowers Group plc, a fellow subsidiary undertaking of Spear & Jackson plc