Company Registration No. 2684488

TEXTURING TECHNOLOGY LIMITED

Report and Financial Statements

52 weeks ended 2 April 2011

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Court
L Deeming
P D Court
M C Court
J Phillips (appointed 13 May 2011)

SECRETARY

Ms A Scandrett

REGISTERED OFFICE

30 Millbank
London
SW1P 4WY

BANKERS

Lloyds TSB Bank plc

SOLICITORS

Gabb & Co

AUDITOR

Deloitte LLP
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 April 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Tata Steel UK Limited and Chrome Deposit Limited each own 50% of the equity share capital of Texturing Technology Limited ("the company") Chrome Deposit Limited is part of the Court Holdings Limited group of companies The company's main customer is the Tata Steel UK Strip Division

The company's principal activities are the grinding, texturing and chroming of industrial components There have not been any significant changes in the company's principal activities in the year under review The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year It is expected that the level of business will continue to recover and the company will take steps to maintain and improve its cost competitiveness

As shown in the company's profit and loss account on page 7, its sales have increased by 9 6% over the prior year This improving performance has been significantly helped by the company winning a new contract to supply additional services to one of its largest customers – Tata Steel Tinplate Division The contract which started in January 2009 is estimated to be worth £500,000 per annum and generated £521,732 in this financial year Together with increased demand from existing customers, the core roll refurbishment activity has increased by 9 5% to 28,267 treatments during the year (2010 25,804)

The company's key measurement of effectiveness of its operation is calculating gross profit margin The company achieved a gross profit margin of 27 8%, which is a slight decrease on the prior year (2010 - 30%) The main reason for this decrease in margin was due to the higher labour costs following the recruitment of additional operators to cope with the expected increased volume as a result of winning the new contract with Tata Steel Tinplate Division

The company's focus on cash management has resulted in a stronger balance sheet which shows an increase of 190% in net current assets from £55,000 in 2010 to £160,000 at 2 April 2011 This is despite a 127% increase in capital spend to £284,000 (2010 £127,000)

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in note 1

RESULTS

The results of the company show turnover in the year of £3,860,000 (2010 - £3,522,000) and a pre-tax loss of £111,000 (2010 - loss of £73,000) The increase in turnover did not offset the increased labour costs shown on page 12

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks affecting the company are considered to relate to the demand by Tata Steel UK Strip Division and other third party customers for the grinding, texturing and chroming of industrial components, which can fluctuate according to economic conditions

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's General Manager and Finance Manager

DIRECTORS' REPORT (continued)

PRICE RISK

The company's sales in the United Kingdom are made in Pounds Sterling and therefore are not exposed to exchange rate risk The joint venture parties, as part of the joint venture agreement, have agreed a pricing structure for sales to Tata Steel UK Strip Division

CREDIT RISK

The company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically

LIQUIDITY RISK

The company actively ensures it maintains finance facilities to ensure it has sufficient funds for operations and planned expansions

CUSTOMER CONCENTRATION RISK

The company is exposed to customer concentration risk, since 98 5% (2010 – 97 9%) of their revenue is generated from one customer, being Tata Steel UK Limited The company works closely with its customers to support the relationships whilst also regularly seeking other opportunities

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year (2010 - £nil)

DIRECTORS

The current directors of the company, who served throughout the financial year unless stated otherwise, are as set out on page 1 F P Royle resigned as director on 13 May 2011

ENVIRONMENT

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities The company operates in accordance with Court Holdings Limited environmental policies and Tata Steel site environmental policies Activities designed to minimise the company's impact on the environment include improving energy use efficiency and reducing the production of waste (both hazardous and non-hazardous) The company's electricity consumption, measured in KWh per operation, reduced by 12% over the year

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements

There are well established and effective arrangements at each business location for communication and consultation with trade union representatives

The company keeps employees informed on matters relevant to them through regular meetings and briefings Employee representatives are consulted regularly on a wide range of matters affecting their interests

DIRECTORS' REPORT (continued)

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

J. Phillips

J Phillips
Director

Date 30.09.2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgements and accounting estimates that are reasonable and prudent, 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 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEXTURING TECHNOLOGY LIMITED

We have audited the financial statements of Texturing Technology Limited for the 52 weeks ended 2 April 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 20 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, 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 annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2 April 2011 and of its loss for the 52 weeks 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

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

Andrew Wright

Andrew Wright ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

Date 2 November 2011

PROFIT AND LOSS ACCOUNT
52 weeks ended 2 April 2011

	Note	52 weeks ended 2 April 2011 £'000	52 weeks ended 3 April 2010 £'000
TURNOVER	1	3,860	3,522
Cost of sales		(2,788)	(2,450)
GROSS PROFIT		1,072	1,072
Other operating income		72	60
Distribution costs		(653)	(587)
Administrative expenses		(602)	(617)
OPERATING LOSS	2	(111)	(72)
Interest payable and similar charges	5	-	(1)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(111)	(73)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	13	(111)	(73)

All activities derive from continuing operations

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented

BALANCE SHEET
2 April 2011

	Note	2 April 2011 £'000	3 April 2010 £'000
FIXED ASSETS			
Tangible assets	7	4,654	4,953
CURRENT ASSETS			
Stocks	8	59	28
Debtors	9	663	830
Cash at bank and in hand		616	520
		1,338	1,378
CREDITORS: amounts falling due within one year	10	(1,178)	(1,323)
NET CURRENT ASSETS		160	55
TOTAL ASSETS LESS CURRENT LIABILITIES		4,814	5,008
DEFERRED INCOME	11	(136)	(219)
NET ASSETS		4,678	4,789
CAPITAL AND RESERVES			
Called up share capital	12	2,000	2,000
Profit and loss account	13	2,678	2,789
SHAREHOLDERS' FUNDS	13	4,678	4,789

The financial statements of Texturing Technology Limited, registered number 2684488, were approved by the Board of Directors and authorised for issue on 30 September 2011

Signed on behalf of the Board of Directors

J. Phillips

J Phillips
Director

CASH FLOW STATEMENT
52 weeks ended 2 April 2011

	Note	52 weeks ended 2 April 2011 £'000	52 weeks ended 3 April 2010 £'000
Net cash inflow from operating activities	14	380	604
Returns on investments and servicing of finance			
Interest paid		-	(1)
		-	(1)
Taxation			
Corporation tax paid		-	(3)
		-	(3)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(284)	(127)
		(284)	(127)
Increase in cash in the financial year	15,16	96	473

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial period, are described below

Accounting convention

The financial statements are prepared under the historical cost convention

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the directors' report The directors' report also describes the financial position of the company - its cash flows, liquidity position and borrowing facilities, the company's financial risk management objectives and its exposure to credit risk and liquidity risk

The company meets its day-to-day working capital requirements through a current account facility At the year-end the company's cash position had reached £616,000 (2010 - £520,000) As a consequence of the company's positive and improving cash position, it was not deemed necessary to formally agree an overdraft facility with the company's bankers However, it has been agreed in principle that, should the need arise, an overdraft facility of £500,000 would be made available to the company at short notice

Whilst the directors acknowledge the current dependency of the company upon the custom of the Tata Steel Group, the directors do not anticipate the demand for the company's services declining in the foreseeable future The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Leasehold land and buildings	4% per annum
Plant and machinery	5-33% per annum
Fixtures and fittings	12-33% per annum

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned Other grants are credited to the profit and loss account as the related expenditure is incurred

Stocks

Stocks are valued at the lower of cost and net realisable value In general, cost is determined on a first-in-first-out basis and includes transport and handling costs where applicable Provision is made for obsolete, slow-moving and defective stocks

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

1. **ACCOUNTING POLICIES (continued)**

Turnover

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods Turnover excludes VAT and similar taxes Turnover consists entirely of sales made in the United Kingdom

Pension arrangements

The company administers a group personal pension plan on behalf of its employees The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the period Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

2. **OPERATING LOSS**

	52 weeks ended 2 April 2011 £'000	52 weeks ended 3 April 2010 £'000
Operating loss is stated after charging/(crediting)		
Depreciation charge for the period – owned assets	583	595
Auditor's remuneration for audit	8	7
Operating lease charges – plant and machinery	8	8
Government grants	(72)	(60)

3. **DIRECTORS' EMOLUMENTS**

The directors' services to the company are of a non-executive nature Under the terms of the joint venture agreement agreed between the parent companies, the directors are not entitled to any remuneration arising from their services to the company

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

4. EMPLOYEE INFORMATION

The average weekly number of persons employed by the company, excluding directors, during the period was

	52 weeks ended 2 April 2011 Number	52 weeks ended 3 April 2010 Number
By function		
Administration	7	6
Production	53	45
	60	51
	£'000	**£'000**
Staff costs (for the above persons)		
Wages and salaries	1,583	1,316
Social security costs	129	115
Pension costs	44	41
	1,756	1,472

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 2 April 2011 £'000	52 weeks ended 3 April 2010 £'000
On overdrafts	-	1

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	52 weeks ended 2 April 2011 £'000	52 weeks ended 3 April 2010 £'000
Current taxation		
United Kingdom corporation tax		
Current tax on income for the financial year at 28% (2010 – 28%)	-	-
Total deferred tax	-	-
	-	-

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	£'000	£'000
Loss on ordinary activities before tax	(111)	(73)
Tax on loss on ordinary activities before tax at 28% (2010 - 28%)	(31)	(20)
Factors affecting charge for the financial year		
- Accelerated capital allowances	50	61
- Other timing differences	(20)	(17)
- Unrecognised tax losses	(27)	(47)
- Expenses not deductible for tax purposes	28	23
Current tax charge for the financial year	-	-

A deferred tax asset has not been recognised in respect of trading losses of £377,000 (2010 - £365,000) as there is insufficient evidence that the amount will be recovered

The reduction in the corporation tax rate from 28% to 26% from 6 April 2011 and 25% from 6 April 2012 is not anticipated to materially affect the future tax charge

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

7. TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 4 April 2010	2,580	13,747	65	16,392
Additions	24	249	11	284
At 2 April 2011	2,604	13,996	76	16,676
Depreciation				
At 4 April 2010	1,129	10,258	52	11,439
Charge for the year	110	465	8	583
At 2 April 2011	1,239	10,723	60	12,022
Net book value				
At 2 April 2011	1,365	3,273	16	4,654
At 3 April 2010	1,451	3,489	13	4,953

8. STOCKS

	2 April 2011 £'000	3 April 2010 £'000
Raw materials and consumables	59	28

9. DEBTORS

	2 April 2011 £'000	3 April 2010 £'000
Amounts falling due within one year		
Trade debtors	13	30
Amounts owed by joint venture partners	584	691
Other debtors	-	1
Prepayments and accrued income	66	108
	663	830

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 April 2011 £'000	3 April 2010 £'000
Trade creditors	518	399
Amounts owed to joint venture partners	351	616
Other taxation and social security	121	115
Accruals and deferred income	188	193
	1,178	1,323

The amounts owed to associated undertakings are interest-free and repayable on demand

11. DEFERRED INCOME DUE IN GREATER THAN ONE YEAR

	2 April 2011 £'000	3 April 2010 £'000
Deferred grant income	136	219

12. CALLED UP SHARE CAPITAL

	2 April 2011 £'000	3 April 2010 £'000
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	2,000	2,000

13. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £'000	Profit and loss account £'000	Total 52 weeks ended 2 April 2011 £'000	Total 52 weeks ended 3 April 2010 £'000
At the beginning of the financial year	2,000	2,789	4,789	4,862
Loss for the financial year	-	(111)	(111)	(73)
At the end of the financial year	2,000	2,678	4,678	4,789

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

14. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks ended 2 April 2011 £'000	52 weeks ended 3 April 2010 £'000
Operating loss	(111)	(72)
Depreciation charge	583	595
Amortisation of government grants	(72)	(60)
Increase in stocks	(31)	(5)
Decrease in debtors	167	38
Decrease/(increase) in creditors	(156)	108
Net cash inflow from operating activities	380	604

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2 April 2011 £'000	3 April 2010 £'000
Increase in cash in the period	96	473
Change in net funds	96	473
Net funds at beginning of financial year	520	47
Net funds at end of financial year	616	520

16. ANALYSIS OF CHANGES IN NET FUNDS

	At 4 April 2010 £'000	Cash flow £'000	At 2 April 2011 £'000
Cash at bank and in hand	520	96	616

17. FINANCIAL COMMITMENTS

	2 April 2011 £'000	3 April 2010 £'000
Operating leases expiring within one year	-	1
Expiring between two and five years inclusive	8	6
	8	7

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 2 April 2011

18. PENSION SCHEMES

The company administers a group pension plan on behalf of its employees The assets of the scheme are held in separate trustee-administered funds Contributions made during the year amounted to £44,000 (2010 - £41,000) Included within creditors is £6,328 (2010 - £6,126) in respect of unpaid contributions

19. RELATED PARTY TRANSACTIONS

In the course of normal trading, the company enters into transactions with Tata Steel UK Limited for the graining, texturing and chroming of industrial components The total of such sales in the year amounted to £3,805,000 (2010 - £3,448,000) In addition, costs amounting to £13,729 (2010 - £14,796) were recharged to Court Holdings Limited The total amount due at the year-end in respect of such transactions was £581,000 (2010 - £686,000) from Tata Steel UK Limited and £3,000 (2010 - £5,000) from Court Holdings Limited

Under the terms of a service agreement entered into by the company, management charges are paid to Tata Steel UK Limited and Court Holdings Limited based upon a fixed percentage of turnover No management charge was made by Tata Steel UK Limited in the current or prior year, the management charge payable to Court Holdings Limited was £52,000 (2010 - £46,000) The amount owed at the year-end under these arrangements was £138,000 to Tata Steel UK Limited (2010 - £205,000) and £190,000 to Court Holdings Limited (2010 - £297,000)

In addition, as part of its normal trading, the company has been recharged costs incurred on its behalf, including utilities, by Tata Steel UK Limited and Court Holdings Limited The total recharge from Tata Steel UK Limited in the period amounted to £288,000 (2010 - £312,000) The total recharge from Court Holdings Limited was £6,000 (2010 - £14,000) The amount owed to Tata Steel UK Limited and Court Holdings Limited at the year-end in respect of these transactions were £21,000 (2010 - £114,000) and £2k (2010 £nil) respectively All such transactions are entered into on an arm's length basis

20. ULTIMATE PARENT UNDERTAKINGS

Tata Steel UK Limited and Chrome Deposit Limited, companies incorporated in the United Kingdom, each own 50% of the equity share capital of the company Chrome Deposit Limited is in turn a 100% subsidiary company of Court Holdings Limited

The directors do not consider there to be an ultimate controlling party