

Ralph Martindale (England) Limited

(Formerly Ralph Martindale (Exports) Limited)

FINANCIAL STATEMENTS

for the year ended

31 December 2003



Company Registration No. 3398001

Ralph Martindale (England) Limited

DIRECTORS AND OFFICERS

DIRECTORS

Mr P A Hartley
Mr J Whitehouse
Mr R V Legiewicz
Mr I Marshall
Mr G Owen
Mr N W Ensor

SECRETARY

Mr M Kearney

COMPANY NUMBER

3398001

REGISTERED OFFICE

Crocodile House
Strawberry Lane
Willenhall
West Midlands
WV13 3RS

AUDITORS

Baker Tilly
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

Ralph Martindale (England) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Ralph Martindale (England) Limited for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The company's principal activity is the manufacture of matchets and edge tools and the company will continue to develop this activity.

REVIEW OF THE BUSINESS

During the year, the company's name was changed from Ralph Martindale (Exports) Limited to Ralph Martindale (England) Limited and the trade and assets of Ralph Martindale (Birmingham) Limited, a fellow subsidiary undertaking, were transferred to the company. The Willenhall division of Ralph Martindale & Company Limited, the parent undertaking, was also transferred to Ralph Martindale (England) Limited on 1 July 2003.

The directors are taking measures to bring the company to a profitable position.

RESULTS FOR THE YEAR AND DIVIDENDS

The loss for the year after taxation amounted to £79,149 (31 December 2002: £Nil). The directors do not recommend a dividend.

DIRECTORS

The directors who served during the year were as follows:

Mr P A Hartley	
Mr I Marshall	
Mr R V Legiewicz	
Mr N W Ensor	
Mr G Owen	(appointed 30 June 2003)
Mr J Whitehouse	(appointed 30 June 2003)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director had any interest in the shares of the company at any time during the year.

The following directors who are not directors of the parent company held ordinary shares in the parent company at 31 December 2003 as follows

	<i>Number</i>
Mr RV Legiewicz	1,420
Mr G Owen	-
Mr N W Ensor	-
Mr J Whitehouse	-

The interests of Mr P A Hartley and Mr I Marshall in the share capital of the parent company are disclosed in the group accounts.

Ralph Martindale (England) Limited

DIRECTORS' REPORT (continued)

AUDITORS

The company has elected to dispense with the annual appointment of auditors.

In the absence of a specific resolution to the contrary, Baker Tilly will continue in office.

By order of the board



Mr M Kearney
Secretary

27 April 2004

Ralph Martindale (England) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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 RALPH MARTINDALE (ENGLAND) LIMITED

We have audited the financial statements on pages 6 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

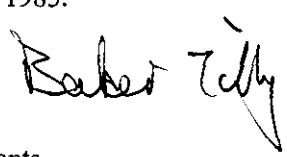
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY



Registered Auditor
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

27 April 2004

Ralph Martindale (England) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	<i>Notes</i>	2003 £	2002 £
TURNOVER	1	2,595,882	-
Cost of sales		(2,203,721)	-
GROSS PROFIT		392,161	-
Distribution costs		(207,197)	-
Administrative expenses		(456,433)	-
Other operating income	2	139,629	-
OPERATING LOSS	3	(131,840)	-
Interest receivable	5	7,266	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(124,574)	-
Taxation	6	45,425	-
RETAINED LOSS FOR THE YEAR	14	(79,149)	-

The profit and loss account represents the results for the six month period from 1 July 2003 to 31 December 2003.

The operating loss for the period arises from the company's continuing operations, which were acquired on 1 July 2003.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Ralph Martindale (England) Limited

BALANCE SHEET

31 December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	1,751,762	-
CURRENT ASSETS			
Stocks	8	1,943,146	-
Debtors	9	2,567,698	250,000
		4,510,844	250,000
CREDITORS: Amounts falling due within one year	10	(5,785,486)	-
NET CURRENT (LIABILITIES)/ASSETS		(1,274,642)	250,000
TOTAL ASSETS LESS CURRENT LIABILITIES		477,120	250,000
PROVISIONS FOR LIABILITIES AND CHARGES	11	(306,269)	-
		170,851	250,000
CAPITAL AND RESERVES			
Called up share capital	13	250,000	250,000
Profit and loss account	14	(79,149)	-
SHAREHOLDER'S FUNDS	12	170,851	250,000

Approved by the board on 27 April 2004

P A Hartley)

) Directors

I Marshall)

Ralph Martindale (England) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at cost. Depreciation is being charged from the year in which the asset is first available for use so as to reduce each asset's cost or valuation less any residual value over its anticipated useful economic life.

The following rates of depreciation have been used:

Plant and equipment, computer equipment and motor vehicles	25% reducing balance
New mill equipment	10% straight line

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

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 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.

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

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate of exchange. Significant differences arising due to exchange fluctuations have been reflected in the profit and loss account.

PENSIONS CONTRIBUTIONS

The cost of providing retirement pensions is charged to the profit and loss account over the years benefiting from the employees' services.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

GOING CONCERN

These accounts have been prepared on a going concern basis which assumes the continued financial support of the group.

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	2003 £	2002 £
Africa	1,355,464	-
United Kingdom	422,119	-
Other European countries	77,289	-
USA	73,074	-
Rest of the world	667,936	-
	<u>2,595,882</u>	<u>-</u>

2 OTHER OPERATING INCOME

Other operating income relates to royalties received from fellow subsidiaries.

3 OPERATING LOSS	2003 £	2002 £
Operating loss is stated after charging:		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year		
owned assets	145,931	-
Auditors' remuneration	15,600	-
	<u>161,531</u>	<u>-</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

4	EMPLOYEES	2003 No.	2002 No.
---	-----------	-------------	-------------

The average monthly number of persons (including directors) employed by the company during the period from 1 July 2003 to 31 December 2003 was:

Manufacturing	53	-
Sales and service	4	-
Administration	10	-
	<u>67</u>	<u>-</u>
	£	£

Staff costs for above persons:

Wages and salaries	656,172	-
Social security costs	62,039	-
Other pension costs	32,427	-
	<u>750,638</u>	<u>-</u>

DIRECTORS' REMUNERATION

Emoluments	56,814	-
Amounts paid to pension schemes	8,783	-
	<u>65,597</u>	<u>-</u>
	Number	Number

The number of directors to whom relevant benefits are accruing under:

Defined benefit pension schemes was	3	-
-------------------------------------	---	---

Directors' emoluments included above relate to directors involved in the day to day management of the business. The remaining directors' emoluments were paid by the parent company Ralph Martindale and Company Limited.

5	INTEREST RECEIVABLE	2003 £	2002 £
	Group interest	<u>7,266</u>	<u>-</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

6	TAXATION	2003 £	2002 £
	Total current tax charge	-	-
	Deferred tax:		
	Origination and reversal of timing differences	(45,425)	-
	Tax on loss on ordinary activities	(45,425)	-
	Reconciliation of UK corporation tax charge to the tax charge if the standard rate is applied to the loss before tax		
	Loss before tax at 30%	(37,372)	-
	Depreciation in excess of capital allowances	17,904	-
	Expenses not deductible for tax purposes	82	-
	Losses transferred from fellow subsidiary undertaking	(20,646)	-
	Losses carried forward	40,032	-
		-	-

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

7 TANGIBLE FIXED ASSETS

	<i>Plant and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost			
1 January 2003	-	-	-
Transfers (see note)	6,923,651	47,217	6,970,868
Additions	118,557	-	118,557
	<hr/>	<hr/>	<hr/>
31 December 2003	7,042,208	47,217	7,089,425
	<hr/>	<hr/>	<hr/>
Depreciation			
1 January 2003	-	-	-
Transfers (see note)	5,163,087	28,645	5,191,732
Charged in the year	141,354	4,577	145,931
	<hr/>	<hr/>	<hr/>
31 December 2003	5,304,441	33,222	5,337,663
	<hr/>	<hr/>	<hr/>
Net book value			
31 December 2003	1,737,767	13,995	1,751,762
	<hr/>	<hr/>	<hr/>
31 December 2002	-	-	-
	<hr/>	<hr/>	<hr/>

During the year, the fixed assets of Ralph Martindale (Birmingham) Limited and certain of the fixed assets of Ralph Martindale and Company Limited were transferred to Ralph Martindale (England) Limited.

8 STOCKS

	2003 £	2002 £
Raw materials and consumables	773,499	-
Work in progress	146,547	-
Finished goods	850,136	-
Sundry stocks	172,964	-
	<hr/>	<hr/>
	1,943,146	-
	<hr/>	<hr/>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

9	DEBTORS	2003 £	2002 £
	Trade debtors	516,435	-
	Amount owed by parent undertaking	596,694	250,000
	Amount owed by fellow subsidiary undertakings	1,367,314	-
	VAT recoverable	46,564	-
	Prepayments and accrued income	40,691	-
		<u>2,567,698</u>	<u>250,000</u>
10	CREDITORS: Amounts falling due within one year	2003 £	2002 £
	Bank overdraft	40,781	-
	Trade creditors	635,234	-
	Amount owed to parent undertaking	3,063,307	-
	Amount owed to fellow subsidiary undertakings	1,893,123	-
	Other taxation and social security	19,428	-
	Other creditors and accruals	133,613	-
		<u>5,785,486</u>	<u>-</u>
11	PROVISIONS FOR LIABILITIES AND CHARGES		<i>Deferred tax £</i>
	1 January 2003		-
	Profit and loss account		(45,425)
	Transfer from Ralph Martindale (Birmingham) Limited		5,000
	Transfer from Ralph Martindale and Company Limited		346,694
			<u>306,269</u>
	31 December 2003		<u>306,269</u>
	The provision for deferred tax at 30% relates to the following:		
			£
	Excess capital allowances over depreciation		346,301
	Tax losses		(40,032)
			<u>306,269</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	2003 £	2002 £
	Loss for the year	(79,149)	-
	Opening shareholder's funds	250,000	250,000
		<u>170,851</u>	<u>250,000</u>

13	CALLED UP SHARE CAPITAL (2003 AND 2002)	<i>Number of shares</i>	£
	Authorised, issued and fully paid Ordinary shares of £1 each	250,000	250,000
		<u>250,000</u>	<u>250,000</u>

14	PROFIT AND LOSS ACCOUNT	2003 £	2002 £
	1 January 2003	-	-
	Retained loss for the financial year	(79,149)	-
		<u>(79,149)</u>	<u>-</u>
	31 December 2003	(79,149)	-
		<u>(79,149)</u>	<u>-</u>

15 PENSION COMMITMENTS

The company contributes to a group pension scheme of the defined benefit type. The total pension cost for the company was £32,427 (2002: £Nil). The assets of the scheme are held in separate trustee administered funds managed by Legal & General Assurance Society Limited. Details of the scheme can be found in the consolidated financial statements of the parent company.

16 CASH FLOW STATEMENT

Under Financial Reporting Standard No. 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

17 PARENT COMPANY

The parent company is Ralph Martindale and Company Limited which is incorporated in Great Britain and registered in England and Wales.

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

18 CONTINGENT LIABILITIES

There is a composite banking agreement between the company, Ralph Martindale and Company Limited, its U.K. subsidiaries and Barclays Bank plc.

There is a cross guarantee between the bank account of the company and Ralph Martindale and Company Limited and its U.K. subsidiaries.

At 31 December 2003 the group had a liability of £829,857 on its UK bank balances.

19 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of the parent company, the company claims exemption under Financial Reporting Standard No. 8 from disclosing related party transactions with other group companies.