

Ralph Martindale (England) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2007



Ralph Martindale (England) Limited

DIRECTORS AND ADVISORS

DIRECTORS

Mr J Whitehouse
Mr R V Legiewicz
Mr I Marshall
Mr G Owen
Mr N W Ensor
Mr L Askey

SECRETARY

Mr S Fox

COMPANY NUMBER

3398001

REGISTERED OFFICE

Crocodile House
Strawberry Lane
Willenhall
West Midlands
WV13 3RS

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
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 2007

PRINCIPAL ACTIVITIES

The company's principal activity is the manufacture of hot-rolled steel sections for the production of matchets and edge tools and the company will continue to develop this activity

REVIEW OF THE BUSINESS

Throughout the year under review, the rolling mill has continued to focus on group steel consumption and higher margin products which have resulted in a considerable improvement in operating profit

Increases in energy costs and the soaring price of steel billet as a raw material are expected to affect operating costs throughout 2008, however, further growth of external sales revenue is expected

RESULTS FOR THE YEAR AND DIVIDENDS

The profit for the year after taxation amounted to £473,274 (31 December 2006 £66,518 loss) The Directors do not recommend the payment of a dividend

DIRECTORS

The directors who served during the year were as follows

Mr P A Hartley (resigned 31 March 2008)
Mr I Marshall
Mr R V Legiewicz
Mr N W Ensor
Mr G Owen
Mr J Whitehouse
Mr L Askey

AUDITORS

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

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

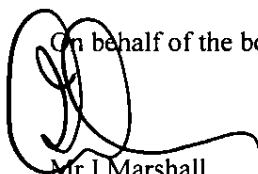
Ralph Martindale (England) Limited

DIRECTORS' REPORT (continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board

A handwritten signature in black ink, appearing to be 'I Marshall', written over a circular stamp or seal.

Mr I Marshall
Director

7 May 2008

Ralph Martindale (England) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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). The financial statements 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 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 UK 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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

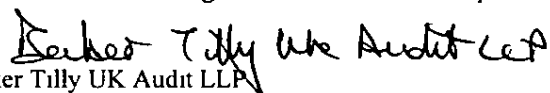
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

7 May 2008

Ralph Martindale (England) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2007

	<i>Notes</i>	2007 £	2006 £
TURNOVER	1	7,927,689	6,013,625
Cost of sales		(6,329,414)	(5,241,567)
GROSS PROFIT		1,598,275	772,058
Distribution costs		(409,673)	(341,504)
Administrative expenses		(619,555)	(630,875)
Other operating income	2	133,200	146,151
OPERATING PROFIT/(LOSS)	3	702,247	(54,170)
Reorganisation costs	4	-	(20,058)
Interest receivable/(payable)	6	20,442	(19,984)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		722,689	(94,212)
Taxation	7	(249,415)	27,694
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	15	473,274	(66,518)

The operating profit/(loss) for the year arises from the company's continuing operations

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

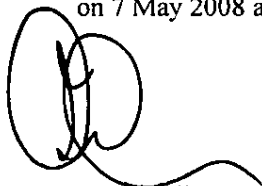
Ralph Martindale (England) Limited

BALANCE SHEET

for the year ended 31 December 2007

	<i>Notes</i>	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	1,070,506	1,135,103
CURRENT ASSETS			
Stocks	9	2,621,546	2,243,310
Debtors	10	4,428,349	3,538,018
Cash at bank and in hand		983,246	335,253
		8,033,141	6,116,581
CREDITORS Amounts falling due within one year	11	(7,435,837)	(6,071,044)
NET CURRENT ASSETS		597,304	45,537
TOTAL ASSETS LESS CURRENT LIABILITIES		1,667,810	1,180,640
PROVISIONS FOR LIABILITIES AND CHARGES	12	(252,031)	(238,135)
		1,415,779	942,505
CAPITAL AND RESERVES			
Called up share capital	14	250,000	250,000
Profit and loss account	15	1,165,779	692,505
SHAREHOLDER'S FUNDS	13	1,415,779	942,505

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 7 May 2008 and signed on its behalf by



I Marshall
Director

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	3 - 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 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.

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.

Deferred tax assets are recognised to the extent that they are recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

OPERATING LEASES

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2007 £	2006 £
United Kingdom	1,063,212	1,360,837
Other European countries	225,315	300,703
Rest of the world	6,639,162	4,352,085
	<u>7,927,689</u>	<u>6,013,625</u>

2 OTHER OPERATING INCOME

Other operating income relates to royalties received from fellow subsidiaries

	2007 £	2006 £
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation and amounts written off tangible fixed assets		
Charge for the year		
owned assets	70,513	79,079
Auditors' remuneration	11,000	10,500
Operating lease rentals	14,239	11,364
Profit on sale of fixed assets	(14,699)	-
	<u>70,513</u>	<u>100,943</u>

4 REORGANISATION COSTS

Exceptional reorganisation costs incurred during the prior year related to redundancy costs of £20,058

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

5	EMPLOYEES	2007 No	2006 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Manufacturing	36	39
	Sales and service	5	5
	Administration	4	4
		<u>45</u>	<u>48</u>
		£	£
	Staff costs for above persons		
	Wages and salaries	965,363	945,392
	Social security costs	88,753	78,390
	Other pension costs	66,302	47,280
		<u>1,120,418</u>	<u>1,071,062</u>
	DIRECTORS' REMUNERATION		
	Emoluments	166,133	134,566
	Amounts paid to pension schemes	31,893	18,536
		<u>198,026</u>	<u>153,102</u>
	Total emoluments		
		Number	Number
	The number of directors to whom relevant benefits are accruing under		
	Defined benefit pension schemes was	<u>4</u>	<u>4</u>
	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		
6	INTEREST RECEIVABLE/(PAYABLE)	2007 £	2006 £
	Group interest receivable/(payable)	<u>20,442</u>	<u>(19,984)</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

7	TAXATION	2007 £	2006 £
	Current tax charges		
	Adjustments in respect of previous periods	(826)	4,347
	Group relief received	236,345	-
		<u>235,519</u>	<u>4,347</u>
	Deferred tax		
	Origination and reversal of timing differences	29,863	(32,041)
	Effect of change in tax rate	(15,967)	-
		<u>13,896</u>	<u>(32,041)</u>
	Tax on profit/(loss) on ordinary activities	<u>249,415</u>	<u>(27,694)</u>
	Reconciliation of UK corporation tax charge to the tax charge if the standard rate is applied to the profit/(loss) before tax		
	Profit/(loss) before tax at 30%	216,807	(28,264)
	Depreciation in excess of capital allowances	4,398	517
	Expenses not deductible for tax purposes	520	540
	Deductible items	(8,398)	(4,385)
	Adjustment in respect of previous periods	(826)	4,347
	Tax losses not utilised	-	31,592
	Utilisation of tax losses brought forward	(30,229)	-
	Group relief received at higher tax rate	53,247	-
		<u>235,519</u>	<u>4,347</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

8 TANGIBLE FIXED ASSETS

	<i>Plant and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost			
1 January 2007	6,436,933	11,574	6,448,507
Additions	9,211	-	9,211
Disposals	(31,000)	(11,574)	(42,574)
	<hr/>	<hr/>	<hr/>
31 December 2007	6,415,144	-	6,415,144
	<hr/>	<hr/>	<hr/>
Depreciation			
1 January 2007	5,305,339	8,065	5,313,404
Charged in the year	70,221	292	70,513
Disposals	(30,922)	(8,357)	(39,279)
	<hr/>	<hr/>	<hr/>
31 December 2007	5,344,638	-	5,344,638
	<hr/>	<hr/>	<hr/>
Net book value			
31 December 2007	1,070,506	-	1,070,506
	<hr/>	<hr/>	<hr/>
31 December 2006	1,131,594	3,509	1,135,103
	<hr/>	<hr/>	<hr/>

9 STOCKS

	2007 £	2006 £
Raw materials	356,664	391,156
Work in progress	1,244	7,243
Finished goods	1,492,982	1,169,518
Engineering stocks and consumables	770,656	675,393
	<hr/>	<hr/>
	2,621,546	2,243,310
	<hr/>	<hr/>

Ralph Martindale (England) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

10	DEBTORS	2007 £	2006 £
	Trade debtors	717,018	690,914
	Amount owed by fellow subsidiary undertakings	3,668,393	2,812,036
	Corporation tax recoverable	826	-
	Prepayments and accrued income	42,112	35,068
		<u>4,428,349</u>	<u>3,538,018</u>
11	CREDITORS Amounts falling due within one year	2007 £	2006 £
	Trade creditors	827,073	725,569
	Amount owed to parent undertaking	2,454,776	2,265,904
	Amount owed to fellow subsidiary undertakings	4,080,462	2,996,402
	Other taxation and social security	12,912	15,504
	Other creditors and accruals	60,614	67,665
		<u>7,435,837</u>	<u>6,071,044</u>
12	PROVISIONS FOR LIABILITIES AND CHARGES		<i>Deferred tax £</i>
	1 January 2007		238,135
	Profit and loss account		13,896
			<u>252,031</u>
	31 December 2007		<u>252,031</u>
	The provision for deferred tax at 28% relates to the following		
			£
	Excess of capital allowances over depreciation		<u>252,031</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

13	RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	2007 £	2006 £
	Profit/(loss) for the year	473,274	(66,518)
	Opening shareholder's funds	942,505	1,009,023
		<hr/>	<hr/>
	Closing shareholder's funds	1,415,779	942,505
		<hr/>	<hr/>
14	CALLED UP SHARE CAPITAL (2007 AND 2006)	<i>Number of shares</i>	£
	Authorised, issued and fully paid Ordinary shares of £1 each	250,000	250,000
		<hr/>	<hr/>
15	PROFIT AND LOSS ACCOUNT	2007 £	2006 £
	1 January 2007	692,505	759,023
	Retained profit/(loss) for the financial year	473,274	(66,518)
		<hr/>	<hr/>
	31 December 2007	1,165,779	692,505
		<hr/>	<hr/>
16	PENSION COMMITMENTS		
	The company contributes to a group pension scheme of the defined benefit type. The total pension cost for the company was £66,302 (2006 £47,280). 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.		
17	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.		
18	PARENT COMPANY		
	The parent company is Ralph Martindale and Company Limited which is incorporated in Great Britain and registered in England.		

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

19 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 2007 the group had a liability of £1,220,156 (2006 £914,059) on its UK Sterling bank balances

20 OPERATING LEASE COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2008

	2007 £	2006 £
Expiring		
Within one to five years	13,668	14,098
	<u>13,668</u>	<u>14,098</u>

21 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

22 CAPITAL COMMITMENTS

At 31 December 2007 the company is committed to purchasing plant and equipment with the value of £28,089 (2006 £Nil)