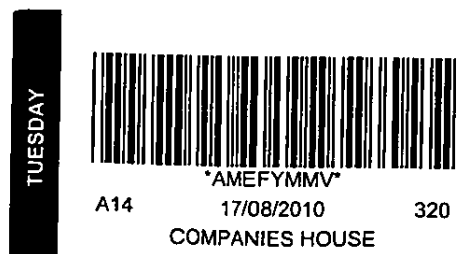


# Ralph Martindale (England) Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2009



Company Registration No 3398001

# Ralph Martindale (England) Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

Mr R V Legiewicz  
Mr I Marshall  
Mr G Owen  
Mr N W Ensor  
Mr L Askey  
Mr S Fox  
Mr K Sharman

### 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

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The directors submit their report and the financial statements of Ralph Martindale (England) Limited for the year ended 31 December 2009

### PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the manufacture of hot-rolled steel sections and the sale of agricultural tools, and the company will continue to develop these activities

### REVIEW OF THE BUSINESS

The year ended 31<sup>st</sup> December 2009 showed an improved performance compared to the previous year, primarily due to a more profitable product mix, with additional demand for steel from group subsidiary companies overseas. Sales to customers outside the group, whilst lower than the previous year, generated higher profit margins.

The company is expected to increase its level of profitability in 2010.

### RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties which could impact adversely on the company's performance.

#### Banking facility and cash flow

The ongoing provision of the necessary composite banking facilities to the company, a fellow subsidiary company, and the parent company, is essential for the continued operation of the UK group companies.

Cash flow could be vulnerable to uninsured customers defaulting, and additional strain could be placed on the company's cash flow if raw material suppliers further restrict trading terms.

#### Raw material and energy prices

A significant increase in steel and energy prices will have an adverse impact on the company's performance, unless the company is able to pass on these additional production costs to its customers.

#### Commercial Relationships

The company has longstanding commercial relationships with a number of key customers and suppliers. Unanticipated changes in these relationships could have an impact on the company's performance until alternative arrangements are put in place.

#### Pensions

The company contributes to a UK group pension scheme of the defined benefit type. The company's pension scheme obligation is calculated on the basis of actuarial assumptions, which are subject to changes in various factors outside the company's control, and which could lead to an increase or decrease in the deficit, the level of company contributions, and its compliance costs.

# Ralph Martindale (England) Limited

## DIRECTORS' REPORT (continued)

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### KEY PERFORMANCE INDICATORS

The Directors continuously review the strategic and financial progress of the company using, among others, the following financial and non-financial key performance indicators (KPIs)

#### Financial KPIs

##### Turnover

Turnover is considered in both price and volume terms

In 2009, total turnover decreased by 23% when compared to 2008

##### Operating Margins

Operating margins are reviewed on a monthly basis. The company returned to profitability in 2009 after reporting an operating loss for 2008

##### Cash Flow

The company's cash flow is managed very closely, with cash levels and cash requirements reviewed on a daily basis. The company's cash balance increased by £245,003 during 2009

#### Non-financial KPIs

##### Health & Safety

Health and safety matters are reviewed on a regular basis to ensure that the company complies with the latest legislation

### RESULTS FOR THE YEAR AND DIVIDENDS

The profit for the year after taxation amounted to £46,534 (31 December 2008: £238,176 loss). The directors do not recommend the payment of a dividend.

### DIRECTORS

The directors who served during the year were as follows

Mr I Marshall  
Mr R V Legiewicz  
Mr N W Ensor  
Mr G Owen  
Mr L Askey  
Mr S Fox  
Mr K Sharman  
Mr J Whitehouse (resigned 20 March 2009)

### 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

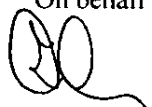
## DIRECTORS' REPORT (continued)

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### 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



Mr I Marshall  
Director

10 May 2010

# Ralph Martindale (England) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' 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. 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 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 AUDITORS' REPORT TO THE MEMBERS OF RALPH MARTINDALE (ENGLAND) LIMITED

We have audited the financial statements on pages 7 to 16. 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 more fully explained in the Directors' Responsibilities Statement 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

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](http://www.frc.org.uk/apb/scope/UKNP).

### Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 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.

### 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.



GARY MORETON (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

10 May 2010

**Ralph Martindale (England) Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2009

	<i>Notes</i>	2009 £	2008 £
TURNOVER	1	6,620,078	8,584,953
Cost of sales		(5,715,482)	(8,106,176)
GROSS PROFIT		904,596	478,777
Distribution costs		(352,365)	(396,410)
Administrative expenses		(722,714)	(707,145)
Other operating income	2	260,563	256,941
OPERATING PROFIT/(LOSS)	3	90,080	(367,837)
Interest receivable	5	-	18,774
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		90,080	(349,063)
Taxation	6	(43,546)	110,887
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	15	46,534	(238,176)

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

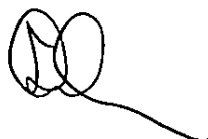
## BALANCE SHEET

31 December 2009

Company Registration No 3398001

	<i>Notes</i>	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	7	974,637	1,049,462
<b>CURRENT ASSETS</b>			
Stocks	8	1,924,158	2,710,400
Debtors Amounts falling due within one year	9	3,717,130	4,169,423
Debtors Amounts falling due after one year	10	760,443	679,709
Cash at bank and in hand		1,122,612	877,609
		<u>7,524,343</u>	<u>8,437,141</u>
<b>CREDITORS Amounts falling due within one year</b>	11	<u>(7,114,581)</u>	<u>(8,167,856)</u>
<b>NET CURRENT ASSETS</b>		<u>409,762</u>	<u>269,285</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,384,399</u>	<u>1,318,747</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(160,262)</u>	<u>(141,144)</u>
<b>NET ASSETS</b>		<u>1,224,137</u>	<u>1,177,603</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	250,000	250,000
Profit and loss account	15	974,137	927,603
<b>SHAREHOLDER'S FUNDS</b>	13	<u>1,224,137</u>	<u>1,177,603</u>

The financial statements on pages 7 to 16 were approved by the board of directors and authorised for issue on 10 May 2010 and signed on its behalf by



I Marshall  
Director

# Ralph Martindale (England) Limited

## ACCOUNTING POLICIES

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### 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 2009

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### 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

	2009 £	2008 £
United Kingdom	1,049,130	2,154,923
Other European countries	129,853	207,730
Rest of the world	5,441,095	6,222,300
	<u>6,620,078</u>	<u>8,584,953</u>

### 2 OTHER OPERATING INCOME

Other operating income relates to royalties received from fellow subsidiaries

3 OPERATING PROFIT/(LOSS)	2009 £	2008 £
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation and amounts written off tangible fixed assets		
Charge for the year		
owned assets	68,700	73,177
Auditors' remuneration	10,000	10,000
Operating lease rentals – plant and machinery	13,129	14,491
Profit on sale of fixed assets	6,936	-
Redundancy costs	35,319	-
	<u>        </u>	<u>        </u>

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

4	EMPLOYEES	2009 No	2008 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Manufacturing	34	38
	Sales and service	6	6
	Administration	3	4
		<u>43</u>	<u>48</u>
		£	£
	Staff costs for above persons		
	Wages and salaries	982,775	1,089,276
	Social security costs	83,944	98,594
	Other pension costs	93,894	99,976
		<u>1,160,613</u>	<u>1,287,846</u>
	DIRECTORS' REMUNERATION		
	Total emoluments	<u>209,165</u>	<u>174,717</u>
	Highest paid director (included above)		
	Emoluments (including benefits in kind)	52,128	52,003
	Accumulated pension benefits at end of year under defined benefit pension scheme	15,571	14,525
	Increase in accrued pension benefits during the year	<u>1,046</u>	<u>1,010</u>
		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		
5	INTEREST RECEIVABLE	2009 £	2008 £
	Group interest receivable	<u>-</u>	<u>18,774</u>

**Ralph Martindale (England) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2009

6	TAXATION	2009	2008
		£	£
	Current tax charges		
	Overseas withholding tax – current period	24,428	-
		<u>24,428</u>	<u>-</u>
	Deferred tax		
	Origination and reversal of timing differences	19,118	(110,887)
		<u>19,118</u>	<u>(110,887)</u>
	Tax on profit/(loss) on ordinary activities	<u>43,546</u>	<u>(110,887)</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 28% / 28.5%	25,222	(99,483)
	Depreciation in excess of capital allowances	5,810	7,556
	Expenses not deductible for tax purposes	737	683
	Deductible items	(1,941)	-
	Tax losses not utilised	20,625	105,519
	Utilisation of tax losses brought forward	(43,613)	-
	Foreign tax expense / (relief)	17,588	(14,275)
		<u>24,428</u>	<u>-</u>

The company has tax losses of £288,145 which are being carried forward to offset against future trading profits. A deferred tax asset has been provided in respect of these tax losses at 28%.

**Ralph Martindale (England) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009**

<b>7</b>	<b>TANGIBLE FIXED ASSETS</b>		
			<i>Plant and equipment</i>
			£
	Cost		
	1 January 2009		6,467,277
	Additions		19,967
	Disposals		(272,668)
	31 December 2009		6,214,576
	Depreciation		
	1 January 2009		5,417,815
	Charged in the year		68,700
	Disposals		(246,576)
	31 December 2009		5,239,939
	Net book value		
	31 December 2009		974,637
	31 December 2008		1,049,462
<b>8</b>	<b>STOCKS</b>	<b>2009</b>	<b>2008</b>
		£	£
	Raw materials	182,200	148,357
	Finished goods	1,072,885	1,762,152
	Engineering stocks and consumables	669,073	799,891
		1,924,158	2,710,400
<b>9</b>	<b>DEBTORS</b> Amounts falling due within one year	<b>2009</b>	<b>2008</b>
		£	£
	Trade debtors	261,109	603,594
	Amount owed by fellow subsidiary undertakings	3,410,439	3,513,341
	Other debtors	8,760	11,245
	Prepayments and accrued income	36,822	41,243
		3,717,130	4,169,423

**Ralph Martindale (England) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2009

10	DEBTORS Amounts falling due after one year	2009 £	2008 £
	Amount owed by fellow subsidiary undertaking	760,443	679,709
		<u>          </u>	<u>          </u>
11	CREDITORS Amounts falling due within one year	2009 £	2008 £
	Trade creditors	754,017	1,054,857
	Amount owed to parent undertaking	2,454,364	2,441,763
	Amount owed to fellow subsidiary undertakings	3,854,113	4,605,540
	Other taxation and social security	10,344	15,814
	Other creditors and accruals	41,743	49,882
		<u>          </u>	<u>          </u>
		7,114,581	8,167,856
		<u>          </u>	<u>          </u>
12	PROVISIONS FOR LIABILITIES AND CHARGES		<i>Deferred tax £</i>
	1 January 2009		141,144
	Profit and loss account		19,118
			<u>          </u>
	31 December 2009		160,262
			<u>          </u>
	The provision for deferred tax at 28% comprises		
			£
	Excess of capital allowances over depreciation		240,943
	Tax losses		(80,681)
			<u>          </u>
			160,262
			<u>          </u>
13	RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	2009 £	2008 £
	Profit/(loss) for the year	46,534	(238,176)
	Opening shareholder's funds	1,177,603	1,415,779
		<u>          </u>	<u>          </u>
	Closing shareholder's funds	1,224,137	1,177,603
		<u>          </u>	<u>          </u>

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

14	CALLED UP SHARE CAPITAL (2009 AND 2008)	<i>Number of shares</i>	<i>£</i>
	Authorised, issued and fully paid Ordinary shares of £1 each	250,000	250,000
		<u>          </u>	<u>          </u>

15	PROFIT AND LOSS ACCOUNT	2009 £	2008 £
	1 January 2009	927,603	1,165,779
	Retained profit/(loss) for the financial year	46,534	(238,176)
		<u>          </u>	<u>          </u>
	31 December 2009	974,137	927,603
		<u>          </u>	<u>          </u>

### 16 PENSION COMMITMENTS

The company contributes to a group pension scheme of the defined benefit type. The total pension cost for the company was £93,894 (2008: £99,976). The assets of the scheme are held in separate trustee administered funds managed by Legal & General Assurance Society Limited. It is not possible to separately identify the company's share of the assets and liabilities within the group pension scheme, and the pensions disclosures in these financial statements are based on that of a defined contribution scheme. 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.

### 19 CONTINGENT LIABILITIES

There is a composite banking agreement between the company, a fellow UK subsidiary, Ralph Martindale and Company Limited, and Barclays Bank plc.

There is a cross guarantee between the company, Ralph Martindale and Company Limited, and its UK subsidiaries.

At 31 December 2009 the group had a liability of £2,102,503 (2008: £1,804,224) on its UK Sterling bank balances.

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

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### 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 2010

	2009 £	2008 £
Expiring		
Within one year	5,207	6,756
Within one to five years	4,272	4,234
	<u>          </u>	<u>          </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 2009 the company is committed to purchasing plant and equipment with the value of £Nil (2008 £Nil)