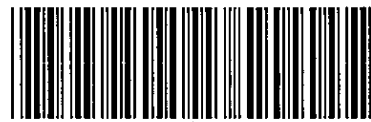


Company Registration No. 00416671

Bridon International Limited
Annual Report and Financial Statements
31 December 2011

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Bridon International Limited

**Report and Financial Statements
Year ended 31 December 2011**

Officers and professional advisers

Directors

G P Martin
S A Peckham
G E Barnes
A G Peart
M J Richards
J Templeman

Secretary

G E Barnes

Registered Office

Precision House
Arden Road
Alcester
Warwickshire
B49 6HN

Chartered Accountants and Statutory Auditor

Deloitte LLP
Chartered Accountants
Leeds, United Kingdom

Bridon International Limited

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activity and review of the business

The Company's principal activity is that of the manufacture and distribution of wire, wire rope and associated products. The Directors do not expect any change in this activity in the foreseeable future.

Turnover for the year ended 31 December 2011 was £137,560,000 (year ended 31 December 2010: £129,923,000). The operating loss for the year ended 31 December 2011 was £116,000 (year ended 31 December 2010: profit of £17,148,000). The retained loss for the year ended 31 December 2011 was £3,244,000 (year ended 31 December 2010: profit of £16,283,000).

The Directors paid a dividend for the year of £15,000,000 (year ended 31 December 2010: £25,000,000).

The Company's retained loss is driven through an exceptional charge of £16,167,000 related to the restructuring of the business (£1,425,000) and the settlement of the Noble Drilling Services ("Noble") claim for which a further £14,742,000 has been expensed (see note 4). On 23 May 2012, Bridon, Noble and Certex reached a consensual resolution and confidential settlement of the litigation and all claims have been dismissed with prejudice.

The Key Performance Indicators (KPIs) for the Company are in line with the KPIs of the Melrose Group, of which the Company is a trading subsidiary. The primary KPIs relate to revenue growth, operating profit margin growth and the conversion of operating profits into cash. Revenue has grown by 6% year on year and operating margin before operating exceptional items was 11.7% (2010: 13.2%). The improvement in trading results year on year reflected an overall recovery in Bridon's markets, the exiting of the lower margin structures business and operational improvements and although steel prices rose by some 20 per cent in the year, Bridon was largely able to pass this on, reflecting the underlying strength of the business.

On the back of a healthy order intake in the first half of the year and a strong order book, Bridon expects an improvement in performance in 2012. The company has leading positions in sectors with favourable market prospects, such as oil & gas and mining, which together with the capital investment being made and associated operating improvements provides confidence that Bridon can continue to progress even in the light of the current economic uncertainty.

Going concern

The Directors have considered the going concern assumption given the current economic climate including uncertainties and have reviewed the Company's forecasts. After making enquiries and considering the above facts, 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.

Financial risk management and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies and approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

Credit risk

The Company's principal financial assets are bank balances and cash and trade and other receivables (including receivables from other Group undertakings).

The Company's credit risk is primarily attributable to its trade receivables and receivables from other Group undertakings. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

Bridon International Limited

Directors' report (continued)

Directors

The Directors who served throughout the year ended 31 December 2011 and thereafter are listed under 'Officers and professional advisers'

Directors' liabilities

The ultimate parent undertaking has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

Supplier payment policy

The Company agrees terms and conditions for its business transactions with suppliers. Payment is made on those terms subject to the terms and conditions being met by the supplier. Trade creditors of the Company at 31 December 2011 were equivalent to 81 days purchases (year ended 31 December 2010: 81 days), based on the average daily amount invoiced by suppliers during the year.

Employment policies

The Company has developed a wide range of voluntary practices and procedures for employee involvement. The Company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing the individual business in which the employee works.

It is Company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

It is the policy of the Company to give full and fair consideration to applications made by disabled persons for job vacancies, where particular job requirements are within their ability and, where possible, arrangements are made for the continuing employment of employees who have become disabled.

Research and development

Product development and innovation is a continuous process. The Company has committed additional resources to the development of new products to enhance the organic growth of the business. The Company incurred research and development costs of £95,000 during the year (year ended 31 December 2010: £91,000).

Charitable and political donations

There were no political or charitable donations during the year (year ended 31 December 2010: £nil).

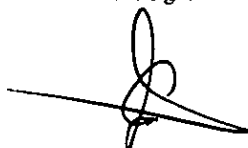
Auditor

Each of the persons who is a Director at the date of approval of this report confirms that
so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware,
and
the Directors have taken all the steps that he/she ought to have taken as a Director in order to make himself/herself 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 auditor and will be deemed to be re-appointed after the end of the next "period for appointing auditors" as defined in s485(2) of the Companies Act 2006.

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



G E Barnes
Director
28 September 2012

Bridon International Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the 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,
- state whether applicable UK Accounting Standards have been followed, 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.

Bridon International Limited

Independent auditor's report to the members of Bridon International Limited

We have audited the financial statements of Bridon International Limited for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes 1 to 23. 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 31 December 2011 and of its loss 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.

Bridon International Limited

Independent auditor's report to the members of Bridon International Limited (continued)

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



Simon Manning ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
28 September 2012

Bridon International Limited

Profit and Loss Account Year ended 31 December 2011

		Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
	Note		
Turnover	2	137,560	129,923
Cost of sales		(95,628)	(88,483)
Gross profit		41,932	41,440
Distribution costs		(13,691)	(13,350)
Administrative expenses		(12,190)	(10,942)
Exceptional administrative expenses	4	(16,167)	-
Total administrative expenses		(28,357)	(10,942)
Operating (loss)/profit		(116)	17,148
Finance income	3	121	126
Finance expense	3	-	(5)
Profit on ordinary activities before taxation	4	5	17,269
Tax charge on profit on ordinary activities	7	(3,249)	(986)
(Loss)/profit for the financial year	15	(3,244)	16,283

The above results derive from continuing operations

Bridon International Limited

Statement of Total Recognised Gains and Losses
Year ended 31 December 2011

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
(Loss)/profit for the financial year	(3,244)	16,283
Exchange difference on re-translation of foreign enterprise	36	97
Fair value loss on cash flow hedges	(74)	(72)
Total recognised gains and losses	(3,282)	16,308

Bridon International Limited**Note of Historical Cost Profits and Losses**
Year ended 31 December 2011

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Reported result on ordinary activities before taxation	5	17,269
Difference between historical cost depreciation charge and actual depreciation charge	38	38
Historical cost result on ordinary activities before taxation	<u>43</u>	<u>17,307</u>
Historical cost result retained after taxation	<u>(3,206)</u>	<u>16,321</u>

Bridon International Limited

Balance Sheet

As at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	8	44	44
Tangible assets	9	22,620	14,336
		<u>22,664</u>	<u>14,380</u>
Current assets			
Stocks	10	15,905	15,579
Debtors	11	72,502	60,532
Cash at bank and in hand		13,120	22,480
		<u>101,527</u>	<u>98,591</u>
Creditors amounts falling due within one year	12	(65,700)	(31,101)
Net current assets		<u>35,827</u>	<u>67,490</u>
Total assets less current liabilities		<u>58,491</u>	<u>81,870</u>
Provisions for liabilities	13	(3,721)	(8,903)
Net assets		<u>54,770</u>	<u>72,967</u>
Capital and reserves			
Called-up share capital	14	26,000	26,000
Revaluation reserve	15	5,230	5,230
Net unrealised gains	15	(74)	(85)
Profit and loss account	15	23,614	41,822
Shareholders' funds	16	<u>54,770</u>	<u>72,967</u>

The financial statements of Bridon International Limited (registered number 00416671) were approved by the Board of Directors and authorised for issue on 28 September 2012

Signed on Behalf of the Board of Directors



G E Barnes
Director

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention as amended for the revaluation of certain fixed assets and financial instruments, in accordance with applicable United Kingdom law and accounting standards, and on a going concern basis as described in the Directors' report.

The Company has taken advantage of the exemption from adopting FRS 29 (IFRS 7) Financial Instruments - Disclosures as the company is a wholly owned subsidiary of Melrose PLC and the consolidated financial statements of Melrose PLC, which are publicly available, have adopted IFRS 7 - Financial Instruments - Disclosures.

Going concern

The Directors have considered the going concern assumption given the current economic climate including uncertainties and have reviewed the Company's forecasts. After making enquiries and considering the above facts, 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.

Statement of Cash Flow

Under the provisions of FRS 1 "Cash Flow Statements" (Revised 1996), the Company has not prepared a statement of cash flows because its ultimate parent undertaking, Melrose PLC, has prepared consolidated financial statements which include the financial statements of the Company and which contain a Statement of Cash Flows.

Research and development costs

Research costs are expensed as incurred.

Costs relating to clearly defined and identifiable development projects are capitalised when there is a technical degree of exploitation, adequacy of resources and a potential market or development possibility in the undertaking that is recognisable, and where it is the intention to produce, market or execute the project, and a correlation also exists between the costs incurred and future benefits and those costs can be measured reliably. Capitalised expenses are expensed on a straight-line basis over their useful lives. Costs not meeting such criteria are expensed as incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	50 years
Long leasehold property	10 to 95 years
Short leasehold property	1 to 5 years
Plant and equipment	10 to 15 years
Computer software	5 to 10 years

Freehold and Leasehold land and buildings were professionally valued on 01 July 2008 with the revaluation taken to the revaluation reserve.

Revaluation of properties

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the Profit and Loss Account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the Profit and Loss Account as a movement on reserves.

Stocks and works in progress

Stocks are stated at the lower of cost or net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises the actual cost of raw materials and direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

1 Accounting policies (continued)

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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the Balance Sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

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

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company exclusive of value added taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of goods

Revenue from servicing and repair of assets which remain the property of their owners during the work is recognised over the period in which the service is provided

Defined benefit pension scheme

The Company participates in a defined benefit pension scheme, with the assets of the scheme held separately from those of the Company in separate trustee administered funds. The Company's contributions are affected by the surplus/deficit in the scheme. However, it is not possible to identify the Company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis

Therefore, in accordance with the FRS 17 multi-employer exemption, the scheme is accounted for as if it were a defined contribution scheme. For defined contribution schemes the amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet

The latest available information relating to the scheme and the implications for the Company are detailed in the notes to the financial statements

Defined contribution pension scheme

Pension costs for the Company's defined contribution pension scheme are recognised within operating profit or loss at an amount equal to the contributions payable to the scheme for the year. Any prepaid or outstanding contributions at the Balance Sheet date are recognised respectively as assets or liabilities within prepayments or accruals

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and leases which result in the transfer to the Company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated over their expected useful lives or over the primary lease period, whichever is the shorter, in accordance with the above policy. The capital elements of future lease obligations are recorded as liabilities whilst the finance element of the rental payments are charged to the Profit and Loss Account over the period of the lease or hire purchase contract so as to produce a constant rate of charge on the outstanding balance of the net obligation in each year. Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

1 Accounting policies (continued)

Finance costs

Finance costs of financial liabilities are recognised in the Profit and Loss Account over the term of such instruments at a constant rate on the carrying amount

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and/or interest rate movements. The Company does not use derivative financial instruments for speculative purposes

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition they are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Profit and Loss Account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged

The fair value of forward foreign exchange contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles

For the purpose of hedge accounting, hedges are classified as either fair value hedges where they hedge the exposure to changes in the fair value of a recognised asset or liability, or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the Profit and Loss Account. Any gain or loss on the hedged item attributable to the hedged risk is recognised as an adjustment to the carrying amount of the hedged item and recognised in the Profit and Loss Account. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the Profit and Loss Account such that it is fully amortised by maturity

In relation to cash flow hedges (eg forward foreign currency contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly to equity and the ineffective portion is recognised in Profit and Loss Account

When the hedged firm commitment results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For cash flow hedges that do not result in the recognition of an asset or a liability, the gains or losses that are recognised in equity are transferred to the Profit and Loss Account in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year

Intangible fixed assets

Intangible assets which relate to software costs are included at cost and depreciated in equal annual instalments over a period of 5 to 10 years which is their estimated useful economic life. Provision is made for any impairment

Group financial statements exemption

The company has taken advantage of the exemption from preparing Group financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary undertaking of Melrose PLC, which prepares consolidated financial statements which are publicly available

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

2 Segment information

An analysis of turnover by end market is given below

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Oil and gas	53,518	48,067
Industrials	10,934	8,748
Aftermarket	92	11
Marine	14,226	13,254
Mining	30,256	24,023
Infrastructure	8,221	17,439
Wire	20,313	18,381
	137,560	129,923

An analysis of turnover by geographical market is given below

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
United Kingdom	34,168	38,915
Rest of Europe	37,910	46,776
North America	17,548	19,425
Rest of world	47,934	24,807
	137,560	129,923

3 Finance income and expense

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Interest receivable and similar income		
Loans to fellow Group undertakings	98	108
Bank interest income	23	18
	121	126

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Interest payable and similar charges		
Bank loans	-	(5)
	-	(5)

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

4 Profit on ordinary activities before taxation

This is stated after charging

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Depreciation of owned tangible fixed assets	1,745	2,368
Research and development current costs	95	91
Operating lease rentals - plant and machinery	363	589
Operating lease rentals - other	743	485
	<hr/>	<hr/>
Fees payable to the Company's auditor for the audit of the Company's financial statements	50	71
	<hr/>	<hr/>

Also included within the operating (loss)/profit were the following exceptional items

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Restructuring costs	(1,425)	-
Increase in legal provision	(14,742)	-
	<hr/>	<hr/>
	(16,167)	-
	<hr/>	<hr/>

The Company has incurred exceptional restructuring costs related to redundancy at the main Doncaster facility. The total estimated cost provided is £1,425,000.

During the year the Company settled a claim with Noble Drilling Services ("Noble"). Noble was claiming from Bridon and its US distributor for alleged losses arising from Hurricane Ike causing two offshore drilling rigs secured by Bridon ropes to break station in the Gulf of Mexico. On 23 May 2012, Bridon, Noble and Certex reached a consensual resolution and confidential settlement of the litigation and all claims have been dismissed with prejudice. The settlement sum of £19,294,000 paid by Bridon, legal costs and current contributions from insurers is fully provided at 31 December 2011. This has led to the net amount being provided increasing by £14,742,000 (£4,552,000 was included in product claim liabilities at 31 December 2010). Bridon is still in discussions with the remaining relevant members of its insurance programme who may be able to make further contributions.

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

5 Staff costs

The average monthly number of employees (including Directors) was

	Year ended 31 December 2011 Number	Year ended 31 December 2010 Number
Production	537	562
Distribution	66	72
Administration	100	100
	<u>703</u>	<u>734</u>

The aggregate remuneration comprised

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Wages and salaries	23,964	22,106
Social security costs	2,433	1,915
Defined contribution pension costs (note 17)	1,514	203
Defined benefit pension costs (note 17)	-	1,930
	<u>27,911</u>	<u>26,154</u>

6 Directors' remuneration

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Directors' remuneration		
Emoluments	408	320
Company contributions to money purchase pension scheme	32	28
	<u>440</u>	<u>348</u>

	Year ended 31 December 2011 Number	Year ended 31 December 2010 Number
The number of directors who		
Are members of a money purchase pension scheme	1	1

During the year 1 Director received remuneration for their services to the Company of £440,000 (year ended 31 December 2010 £348,000). The other Directors of the Company are Directors of a number of other companies within the Melrose Group. The Directors' services to the Company do not occupy a significant amount of their time. As such, the Directors do not consider that they have received remuneration for their incidental services to the Company.

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

7 Tax on ordinary activities

The tax charge comprises

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Current tax		
UK corporation tax	(106)	-
Adjustments in respect of prior years	4,041	-
Withholding taxes	(7)	307
Total current tax charge	3,928	307
Deferred tax	(679)	679
Total tax charge	3,249	986

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before taxation is as follows

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Profit on ordinary activities before taxation	5	17,269
Tax on profit on ordinary activities before taxation at standard UK corporation tax rate of 26.5% (31 December 2010: 28%)	1	4,835
Effects of		
Expenses not deductible for tax purposes	45	21
Capital allowances in excess of depreciation	(454)	118
Other timing differences	308	(6)
Group relief surrendered at nil consideration	1	(4,968)
Effect of change in UK tax rate	(6)	-
Withholding taxes	(7)	-
Adjustments in respect of prior years	4,040	-
Withholding taxes		307
Current tax charge	3,928	307

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

8. Intangible fixed assets

	Computer Software £'000	Total £'000
Cost		
At 1 January 2011 and 31 December 2011	44	44
	<hr/>	<hr/>
Amortisation		
At 1 January 2011 and 31 December 2011	-	-
	<hr/>	<hr/>
Net book value		
At 31 December 2011	44	44
	<hr/>	<hr/>
At 31 December 2010	44	44
	<hr/>	<hr/>

Bridon International Limited

Notes to the financial statements
Year ended 31 December 2011

9 Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold properties £'000	Short leasehold properties £'000	Plant and equipment £'000	Total £'000
Cost					
At 1 January 2011	6 506	870	20	58 647	66 043
Additions	98	68	-	9 862	10,028
Disposals	-	-	-	(13)	(13)
Exchange adjustments	-	-	-	2	2
At 31 December 2011	6,604	938	20	68,498	76 060
Depreciation					
At 1 January 2011	(383)	(64)	(19)	(51,241)	(51,707)
Charge for the year	(149)	(24)	(1)	(1,571)	(1,745)
Disposals	-	-	-	13	13
Exchange adjustments	-	-	-	(1)	(1)
At 31 December 2011	(532)	(88)	(20)	(52 800)	(53,440)
Net book value					
At 31 December 2011	6,072	850	-	15,698	22 620
At 31 December 2010	6,123	806	1	7,406	14 336
Leased assets included above					
Net book value					
At 31 December 2011	-	850	-	-	850
At 31 December 2010	-	806	1	-	807

Bridon International Limited

Notes to the financial statements

Year ended 31 December 2011

9 Tangible fixed assets (continued)

Freehold and leasehold land and buildings were professionally valued by Colliers CRE at 01 July 2008 with subsequent additions at cost (an interim valuation has been performed during 2011 with no material impact on valuation), as follows

	2011		2010	
	Freehold £'000	Leasehold £'000	Freehold £'000	Leasehold £'000
Valuation	6,263	870	6,263	870
Subsequent additions at cost	341	68	243	-
	<u>6,604</u>	<u>938</u>	<u>6,506</u>	<u>870</u>

If land and buildings had not been revalued they would have been included at the following amounts

	2011		2010	
	Freehold £'000	Leasehold £'000	Freehold £'000	Leasehold £'000
Cost	341	88	243	20
Depreciation	(631)	(103)	(449)	(74)
Net book value	<u>(290)</u>	<u>(15)</u>	<u>(206)</u>	<u>(54)</u>

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

10 Stocks

	2011	2010
	£'000	£'000
Raw materials and consumables	2,113	2,126
Work in progress	3,398	2,670
Finished goods and goods for resale	10,394	10,783
	<u>15,905</u>	<u>15,579</u>

There is no material difference between the Balance Sheet value of stocks and their replacement cost

11 Debtors

	2011	2010
	£'000	£'000
Amounts falling due within one year*		
Trade debtors	17,018	17,602
Amounts owed by fellow Group undertakings	40,864	39,661
Corporation tax	89	-
Other debtors	10,632	29
Prepayments and accrued income	3,852	3,240
Derivative financial assets	47	-
	<u>72,502</u>	<u>60,532</u>

12 Creditors-amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	21,095	19,517
Amounts owed to fellow Group undertakings	2,535	2,437
Corporation tax	3,935	232
Other taxation and social security	740	644
Other creditors	214	175
Accruals and deferred income	37,181	7,730
Derivative financial liabilities	-	366
	<u>65,700</u>	<u>31,101</u>

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

13 Provisions for liabilities

	Restructuring provision £'000	Product claim liabilities £'000	Deferred tax liability £'000	Total £'000
At 1 January 2011	-	8,224	679	8,903
Charged to Profit and Loss Account	1,425	103	(679)	849
Utilisation of provision	(245)	(1,234)	-	(1,479)
Reclassified to accruals	-	(4,552)	-	(4,552)
At 31 December 2011	1,180	2,541	-	3,721

Deferred tax

Deferred tax is provided as follows

	2011 £'000	2010 £'000
Accelerated capital allowances	-	701
Other timing differences	-	(22)
	-	679

The restructuring provision relates to the project to relocate certain production activities from the Doncaster facility to the newly invested Neptune Quay facility at Newcastle upon Tyne and consists predominantly of the costs of redundancy. The provision is expected to be utilised within the next 12 months.

The product claim liability provision relates to product risk assessments made by management. These provisions are expected to be utilised within the next 12 to 24 months. During the year £4,552,000 was reclassified to accruals following consensual resolution and confidential settlement of the litigation and all claims have been dismissed with prejudice.

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

14 Called-up share capital

	2011 £'000	2010 £'000
Allotted, called-up and fully-paid 26,000,000 Ordinary Shares of £1 each	26,000	26,000

15 Reserves

	Revaluation reserve £'000	Net unrealised gains £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	5,230	(231)	50,442	55,441
Cash flow hedge fair value change in year	-	(72)	-	(72)
Cash flow hedge recognised in Profit and Loss Account	-	218	-	218
Result for the year	-	-	16,283	16,283
Exchange adjustments	-	-	97	97
Dividends paid to other Group subsidiary undertakings	-	-	(25,000)	(25,000)
At 1 January 2011	5,230	(85)	41,822	46,967
Cash flow hedge fair value change in year	-	(74)	-	(74)
Cash flow hedge recognised in Profit and Loss Account	-	85	-	85
Result for the year	-	-	(3,244)	(3,244)
Exchange adjustments	-	-	36	36
Dividends paid to other Group subsidiary undertakings	-	-	(15,000)	(15,000)
At 31 December 2011	5,230	(74)	23,614	28,770

16 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
(Loss)/profit for the financial year	(3,244)	16,283
Other recognised gains and losses relating to the year	47	243
	(3,197)	16,526
Dividends paid	(15,000)	(25,000)
Net addition to shareholders' funds	(18,197)	(8,474)
Opening shareholders' funds	72,967	81,441
Closing shareholders' funds	54,770	72,967

A dividend of £15,000,000 has been paid to the parent company during the year (2010: £25,000,000)

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

17 Retirement benefit schemes

Defined Contribution Scheme Member

The Company participates in a defined contribution pension scheme. Contributions to this scheme in the year amounted to £1,514,000 (year ended 31 December 2010: £203,000).

There were no amounts prepaid or accrued in the Balance Sheet at the year end date.

Defined Benefit Scheme Member and holder

The Company closed the plan to future service accrual from 28 February 2011. Melrose PLC holds a deed of guarantee with FKI UK Pension Trust Limited, the trustee of the FKI UK Pension Plan, pursuant to which it agreed to contribute £18.5 million to the FKI UK Pension Plan per annum from 1 July 2010 until 1 October 2017.

The Company participates in a Group defined benefit scheme. It is not possible to identify the Company's share of assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, in accordance with FRS 17 paragraph 9 (b) (multi-employer exemption), the scheme is accounted for as if it were a defined contribution scheme.

Contributions to this scheme in the year amounted to £nil (year ended 31 December 2010: £1,930,000).

The valuation of the Group scheme shows the following deficit: UK Group scheme £79,349,000 (year ended 31 December 2010: £78,549,000).

For the purposes of these financial statements, these figures are illustrative only and do not impact on the results or the Balance Sheet of the Company. It should also be noted that these figures include a substantial proportion of pension assets and liabilities relating to other Group companies which also participate in the scheme. It has not been possible to identify the share of the deficit which relates solely to Bridon International Limited.

The measurement bases required by FRS 17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme's assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the scheme, which are recommended by the independent actuaries based on the expected long term rate of return on the scheme assets.

The assets in the scheme and the expected rates of return at 31 December 2011 were:

	31 December 2011		31 December 2010	
	Long term rate of return expected %	Value £'000	Long term rate of return expected %	Value £'000
Equities	7.00	186,200	8.50	194,625
Debt instruments	3.97	408,200	4.60	342,400
Other assets	5.71	5,925	3.33	12,300
Total fair value of scheme assets		600,325		549,325
Present value of scheme liabilities		(679,674)		(627,874)
Deficit in scheme		(79,349)		(78,549)

The figures above were calculated on the basis of the following assumptions:

	2011	2010
	%	%
Discount rate	4.90	5.55
Expected rate of salary increases	0.00	4.00
Future pension increases	3.00	3.30
Inflation	3.10	3.45

Bridon International Limited

Notes to the financial statements

Year ended 31 December 2011

17 Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations were as follows

	2011	2010
	£'000	£'000
At 1 January	(627,874)	(618,857)
Service cost	(500)	(3,517)
Interest cost	(34,200)	(35,000)
Contributions from scheme members	(300)	-
Actuarial losses	(45,200)	(8,600)
Benefits paid	28,400	25,000
Gains on curtailment	-	13,100
At 31 December	(679,674)	(627,874)
Experience adjustments on scheme liabilities	7%	1%

Movements in the value of scheme assets were as follows

	2011	2010
	£'000	£'000
At 1 January	549,325	508,762
Expected return on plan assets	30,000	29,600
Actuarial gains	30,600	17,600
Member company contributions	18,500	18,363
Contributions from scheme members	300	-
Benefits paid	(28,400)	(25,000)
At 31 December	600,325	549,325
Experience adjustments on scheme assets	5%	3%
Net deficit in scheme	(79,349)	(78,549)

Bridon International Limited

Notes to the financial statements

Year ended 31 December 2011

17. Retirement benefit schemes (continued)

Mortality assumptions

The mortality assumptions for the plan at 31 December 2011 are based on 90% of the heavy Self Administered Pension Scheme (SAPs) tables, reflecting the scheme membership being largely employed in the industrial sector. Future improvements are in line with 80% (60% for women) of the long cohort, subject to a minimum underpin of 1% p a

The assumed life expectancy on retirement at age 65 are

	2011	2010
Retiring today		
Males	85.30	85.20
Females	88.70	88.60
Retiring in 20 years		
Males	87.80	87.70
Females	91.00	90.90

The remaining known history of experience adjustments is as follows

	2009 £'000	2008 £'000
Present value of defined benefit obligations	(618,857)	(520,300)
Fair value of scheme assets	508,762	462,700
Net deficit	(110,095)	(57,600)
Experience adjustments on scheme liabilities	(85,500)	(2,400)
Experience adjustments on scheme assets	25,400	(58,200)

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Notes to the financial statements Year ended 31 December 2011

18 Financial instruments

	Derivative financial assets £'000	2011 Derivative financial liabilities £'000	Net financial instruments £'000	Derivative financial assets £'000	2010 Derivative financial liabilities £'000	Net financial instruments £'000
Derivative financial instruments - current						
Forward foreign exchange contracts	47	-	47	-	(366)	(366)
	<u>47</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>(366)</u>	<u>(366)</u>

At 31 December 2011 the Company held a number of forward foreign exchange contracts. The most significant of which are listed below.

	Currency	Principal	Maturity	Average exchange rate
Company sells	UAE Dirham	4.8 million	January to March 2012	5.84
Company buys	Sterling	0.8 million		
Company sells	Australian Dollars	0.6 million	January to June 2012	1.57
Company buys	Sterling	0.4 million		
Company sells	Canadian Dollar	4.3 million	January to September 2012	1.6
Company buys	Sterling	2.7 million		
Company sells	Danish Krone	2.9 million	January to April 2012	8.64
Company buys	Sterling	0.3 million		
Company sells	Euro	12.6 million	January to December 2012	1.15
Company buys	Sterling	10.9 million		
Company sells	Hong Kong Dollar	21.7 million	February to May 2012	12.11
Company buys	Sterling	1.8 million		
Company sells	Norwegian Krone	56.9 million	January to May 2013	9.13
Company buys	Sterling	6.2 million		
Company sells	Polish Zloty	1.7 million	January 2012	5.36
Company buys	Sterling	0.3 million		
Company sells	Singapore Dollar	1.7 million	January to June 2012	2.01
Company buys	Sterling	0.8 million		
Company sells	US Dollar	28.1 million	January to December 2012	1.59
Company buys	Sterling	17.7 million		
Company sells	South African Rand	2.8 million	January to March 2012	12.37
Company buys	Sterling	0.2 million		
Company sells	New Zealand Dollar	0.8 million	January to April 2012	2.05
Company buys	Sterling	0.4 million		
Company sells	Qatari Rial	0.7 million	January 2012	5.77
Company buys	Sterling	0.1 million		

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market prices discounted to current value. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing rates translated at year end exchange rates.

	2011		2010	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Derivative financial instruments				
Forward foreign exchange contracts	47	47	(366)	(366)
	<u>47</u>	<u>47</u>	<u>(366)</u>	<u>(366)</u>

Foreign currency risk

The Company uses forward foreign exchange contracts to hedge foreign currency exposures on committed, and occasionally forecast, receipts and payments in foreign currencies.

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

19 Capital commitments

	2011 £'000	2010 £'000
Contracted for but not provided for		
Contracted for addition of fixed assets	10,050	253
	<u>10,050</u>	<u>253</u>

20. Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2011 £'000	2010 £'000
Operating leases which expire		
Within one year	99	82
Between two and five years	30	25
After five years	174	174
	<u>303</u>	<u>281</u>

	Other	
	2011 £'000	2010 £'000
Operating leases which expire		
Within one year	40	44
Between two and five years	199	176
	<u>239</u>	<u>220</u>

Bridon International Limited

Notes to the financial statements Year ended 31 December 2011

21 Contingent Liabilities

As part of a Group debt arrangement, the Company has entered into a multilateral cross guarantee with certain Group undertakings in respect of Group borrowings. Other outstanding bonds and guarantees at Group at the year end amounted to £488.7 million (year ended 31 December 2010: £488.8 million).

22 Related party transactions

The Company is a wholly owned subsidiary of Melrose PLC, the consolidated accounts of which are publicly available. Accordingly, the Company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Melrose Group for which 100% of the ownership rests within the Melrose Group.

23. Ultimate parent company

The Directors regard Melrose PLC, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking and controlling party for the year ended 31 December 2011. The immediate parent company is Bridon Holdings Limited, which is registered in Great Britain.

The smallest and largest group into which the results of the company are consolidated is that headed by Melrose PLC. Copies of the financial statements are available from the Company Secretary, Melrose PLC, Precision House, Arden Road, Alcester, Warwickshire, B49 6HN.