

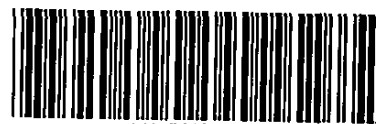
COMPANY REGISTERED NUMBER: 01928529

HEXSTONE HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

WEDNESDAY



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HEXSTONE HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2010

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company during the year was that of a holding company

PROFIT AND DIVIDENDS

The results for the year ended 31 December 2010 are shown in the attached financial statements. The Directors do not propose the payment of a dividend and recommend that the profit for the financial year of £15,551,000 (2009 - £2,911,000 loss) be transferred to reserves

DIRECTORS

The Directors of the Company during the year and to the date of this report were as follows

R W Colburn
R D Goddard
D T McNair

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 prepared 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper 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.

HEXSTONE HOLDINGS LIMITED
DIRECTORS' REPORT (CONTINUED)


AUDITORS

The Directors confirm that

- (a) so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and
- (b) 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 the Company's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board


W S WOOF
Secretary

28 June 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEXSTONE HOLDINGS LIMITED

We have audited the financial statements of Hexstone Holdings Limited for the year ended 31 December 2010 which comprises the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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 our 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 2010 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 MATTERS 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HEXSTONE HOLDINGS LIMITED (CONTINUED)

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 Profit Centres 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



NICHOLAS BODEN (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

28 June 2011

HEXSTONE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>Notes</u>	<u>2010</u> £000	<u>2009</u> £000
Administrative expenses		(189)	(117)
OPERATING LOSS BEFORE EXCEPTIONAL ITEM		(189)	(117)
Exceptional item	2	16,766	-
Net interest payable	3	(1,033)	(2,787)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	15,544	(2,904)
Tax credit/(charge) on profit/(loss) on ordinary activities	5a	7	(7)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	11	15,551	(2,911)

The operating loss arose from continuing operations

The Company has no recognised gains and losses other than those reported in the profit and loss account above

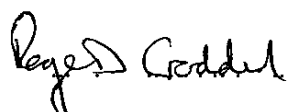
The notes on pages 7 to 13 form part of these financial statements

HEXSTONE HOLDINGS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2010

	<u>Notes</u>	<u>2010</u> £000	<u>2009</u> £000
FIXED ASSETS			
Investments	6	<u>11,571</u>	<u>11,571</u>
CURRENT ASSETS			
Debtors - Amounts falling due after more than one year	7	2,003	5,008
Debtors - Amounts falling due within one year	7	156	134
Cash		<u>17</u>	<u>5</u>
		2,176	5,147
CREDITORS - Amounts falling due within one year	8	<u>(60,457)</u>	<u>(62,213)</u>
NET CURRENT LIABILITIES		(58,281)	(57,066)
TOTAL ASSETS LESS CURRENT LIABILITIES		(46,710)	(45,495)
CREDITORS - Amounts falling due after more than one year	9	<u>(1)</u>	<u>(16,767)</u>
NET LIABILITIES		<u>(46,711)</u>	<u>(62,262)</u>
CAPITAL AND RESERVES			
Called up share capital	10	21,000	21,000
Profit and loss account	11	<u>(67,711)</u>	<u>(83,262)</u>
SHAREHOLDERS' DEFICIT	12	<u>(46,711)</u>	<u>(62,262)</u>

Approved by the Board of Directors on 28 June 2011

DIRECTORS  D T McNAIR

 R D GODDARD

The notes on page 7 to 13 form part of these financial statements

Company registered number 01928529

HEXSTONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1 STATEMENT OF ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

The accounts have been prepared on a going concern basis as Marlowe Holdings Investments Limited, the immediate parent undertaking, has confirmed that it intends to continue to provide financial support for the foreseeable future to enable the Company to meet its liabilities as they fall due

Investments

Fixed asset investments are stated in the financial statements at cost less any provision required to reflect a diminution in value

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

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

Deferred tax is measured at the tax 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 an undiscounted basis

Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised 1996) on the grounds that a group cash flow statement is included in the financial statements of Marlowe Holdings Limited

HEXSTONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 EXCEPTIONAL ITEM

	<u>2010</u> £000	<u>2009</u> £000
Waiver of unpaid preference share dividend	16,766	-

The Company has been released from all obligations to make any payments to Marlowe Holdings Investments Limited in respect of the unpaid preference share dividend payable of £16,766,000

3 NET INTEREST PAYABLE

	<u>2010</u> £000	<u>2009</u> £000
Interest payable to Group undertaking	(1,200)	(1,317)
Preference share dividend payable	-	(1,677)
Interest receivable from Group undertaking	79	142
Other interest receivable	88	65
	<u>(1,033)</u>	<u>(2,787)</u>

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging the following amounts

	<u>2010</u> £000	<u>2009</u> £000
Auditors' remuneration	-	3

Auditors' remuneration is borne by a fellow Group undertaking and no recharge is made

5 (a) TAXATION - ANALYSIS OF CREDIT/(CHARGE) IN THE YEAR

	<u>2010</u> £000	<u>2009</u> £000
The taxation credit/(charge) for the year consists of		
UK Corporation Tax receivable/(payable) at 28% (2009 - 28%) on the profit/(loss) for the year	7	(25)
Adjustment in respect of prior periods	-	18
Total tax credit/(charge) on loss on ordinary activities	<u>7</u>	<u>(7)</u>

HEXSTONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 (b) TAXATION - FACTORS AFFECTING (CREDIT)/CHARGE FOR THE YEAR

The tax assessed for the year is lower (2009 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
Profit/(loss) on ordinary activities before tax	<u>15,544</u>	<u>(2,904)</u>
Profit/(loss) on ordinary activities before tax multiplied by standard rate of corporation tax at 28% (2009 - 28%)	4,352	(813)
(Income)/expenses not taxable/deductible for tax purposes	(4,359)	838
Adjustments to tax in respect of previous years	<u>-</u>	<u>(18)</u>
	<u>(7)</u>	<u>7</u>

5 (c) TAXATION - FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of corporation tax changes to 27% with effect from 1 April 2011. However, since this change was enacted, the UK Government has announced that the main rate of corporation tax will be amended to 26% from 1 April 2011. This was enacted on 29 March 2011 and would have the effect of reducing the deferred tax asset at the balance sheet date by £Nil. It has also announced three further one per cent per annum reductions to 23% with effect from 1 April 2012. This announcement has had no effect on the current accounting as they have not been substantively enacted. In addition the UK Government has announced a reduction in the main capital allowance rate from 20% to 18% from 1 April 2012.

HEXSTONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 INVESTMENTS

	Shares in subsidiary undertakings £000
<u>Cost</u>	
At 31 December 2010 and 2009	12,276
<u>Provisions</u>	
At 31 December 2010 and 2009	705
<u>Net book amount</u>	
At 31 December 2010 and 2009	11,571

Details of the Company's subsidiaries, each of which are wholly owned, are as follows

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>Activity</u>
Hexstone Ltd	England	Wholesaling of fasteners and industrial engineering products
D K East Limited	England	Dormant
Jaton Limited *	England	Dormant
JCP Fixings Limited *	England	Dormant
Owlett-Jaton Limited *	England	Dormant
S&MCL Limited	Scotland	Dormant
Swift Hardware Distributors Limited	England	Dormant
W M Owlett & Sons Limited *	England	Dormant

* Shares held by subsidiary company

In the opinion of the Directors the value of the investments in the subsidiaries is not less than the aggregate amount shown in the balance sheet

HEXSTONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 DEBTORS

	<u>2010</u> <u>£000</u>	<u>2009</u> <u>£000</u>
<u>Amounts due after more than one year</u>		
Amount due from Group undertaking	2,003	5,008
<u>Amounts due within one year</u>		
Other debtors	156	134

Amount due from Group undertaking includes a loan which is unsecured, repayable on demand and bears interest at a commercial rate

8 CREDITORS - amounts falling due within one year

	<u>2010</u> <u>£000</u>	<u>2009</u> <u>£000</u>
Amounts owed to Group undertakings	60,457	62,180
Corporation tax payable	-	30
Accruals and deferred income	-	3
	<u>60,457</u>	<u>62,213</u>

Amounts owed to Group undertakings includes a loan of £58,626,000 (2009 - £60,342,000) which is unsecured, repayable on demand and bears interest at a commercial rate

9 CREDITORS - amounts falling due after more than one year

	<u>2010</u> <u>£000</u>	<u>2009</u> <u>£000</u>
Cumulative preference shares (note 10)	1	1
Dividends on cumulative preference shares	-	16,766
	<u>1</u>	<u>16,767</u>

10 SHARE CAPITAL

	<u>2010</u> <u>£000</u>	<u>2009</u> <u>£000</u>
<u>Authorised, allotted and fully paid</u>		
Equity		
21,000,025 ordinary shares of £1 each	21,000	21,000

HEXSTONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 SHARE CAPITAL (CONTINUED)

Ordinary shares of £1 each

Every holder has one vote on a show of hands and 351 votes per share on a poll

The following shares are shown within creditors - amounts falling due after more than one year (note 8).

975 preference shares of £1 each

The shares entitle the holder to receive an annual dividend of 5% of their nominal value, the right to a return of capital at either a winding up or a repayment of capital, and to receive notice of and to attend and vote at any general meeting of the Company. Every holder has one vote on a show of hands and one vote per share on a poll

11 PROFIT AND LOSS ACCOUNT

	<u>2010</u> £000	<u>2009</u> £000
At 1 January	(83,262)	(80,351)
Profit/(loss) for the financial year	<u>15,551</u>	<u>(2,911)</u>
At 31 December	<u>(67,711)</u>	<u>(83,262)</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	<u>2010</u> £000	<u>2009</u> £000
Profit/(loss) on ordinary activities after taxation	15,551	(2,911)
Issue of share capital	-	21,000
Opening shareholders' deficit	<u>(62,262)</u>	<u>(80,351)</u>
Closing shareholders' deficit	<u>(46,711)</u>	<u>(62,262)</u>

13 EMPLOYEES

The affairs of the Company are managed by employees from a fellow Group undertaking

14 DIRECTORS' EMOLUMENTS

No Director received any emoluments in respect of services to the Company during the year (2009 - £Nil)

HEXSTONE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 GUARANTEE

The Company's bank overdraft facility has been guaranteed by the parent undertaking, Marlowe Holdings Investments Limited

The bank overdraft facility is also secured by a mortgage debenture granted on 27 September 1985 in favour of National Westminster Bank plc including a specific charge over the undertaking and its subsidiaries and all property and assets present and future, including goodwill and book debts

16 PARENT UNDERTAKINGS

The ultimate parent undertaking is Blackfriars Corporation, an American company incorporated in the State of Delaware

The immediate parent undertaking is Marlowe Holdings Investments Limited, which is a wholly owned subsidiary of Marlowe Holdings Limited, a company registered in England. Marlowe Holdings Limited is the only company to consolidate the financial statements of Hexstone Holdings Limited and copies of the financial statements of Marlowe Holdings Limited may be obtained from the Registrar of Companies, Companies House, Cardiff, CF4 3UZ

17 RELATED PARTY TRANSACTIONS

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures", as the consolidated accounts of Marlowe Holdings Limited, in which the Company is included, are available at the address noted above