



Accountants &
business advisers

ENGINEERING SPECIAL STEELS LIMITED

(Company Number: 02760491)

ANNUAL REPORT

YEAR ENDED 31 MARCH 2009

REGISTRARS COPY

WEDNESDAY



AOH78DW3

A58

07/10/2009

130

COMPANIES HOUSE

ENGINEERING SPECIAL STEELS LIMITED

COMPANY INFORMATION

Directors	S Horne D P Milner R N Keighley P D Kirkham
Company secretary	R N Keighley
Company number	02760491
Registered office	Victoria Works 31 Catley Road, Darnall Sheffield South Yorkshire S9 5JF
Auditors	PKF (UK) LLP 2nd Floor Fountain Precinct Balm Green Sheffield S1 2JA

ENGINEERING SPECIAL STEELS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 17

ENGINEERING SPECIAL STEELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and the financial statements for the year ended 31 March 2009.

Principal activities

The principal activity of the company is the supply of machined and semi-machined metal components, primarily to the Oil and Gas industry.

Business review

The company supplies machined and semi-machined metal components, primarily to the Oil and Gas industry.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole; these being turnover, gross margin and profit before tax.

The turnover for the company for the year was £23.6m (2008 - £22.1m)

This shows good growth during the year and has left the company in a good financial position at the end of the year. The increase in turnover is as a result of the high oil price and strong worldwide demand for oil, especially during the first part of the year. In addition we have developed and progressed with a number of new customers. The performance in the later months of the year reflected the slow-down in the global economy. The business environment remains challenging.

As at 30th November 2008 the trade, assets and liabilities of Sheffield Deep Bore Limited, a fellow subsidiary company of Material Advantage Group Limited, were transferred to the company. This reflects the fact that the company was the principal customer of Sheffield Deep Bore Limited. The consolidation of the two companies into one business increases the effectiveness and responsiveness of the combined operation to service the markets in which the Material Advantage Group operates.

Results

The profit for the year, after taxation, amounted to £4,113,475 (2008 - £4,126,590).

Directors

The directors who served during the year were:

S Horne
D P Milner
R N Keighley (appointed 2/3/2009)
P D Kirkham (appointed 1/8/2008)

Political and charitable contributions

During the year the company donated £1,485 (2008 - £1,413) to charity.

ENGINEERING SPECIAL STEELS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2009**

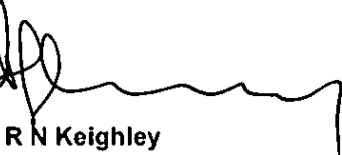
Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 8th July 2009

and signed on its behalf.



R N Keighley
Director

ENGINEERING SPECIAL STEELS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2009

The directors are responsible for preparing the directors' report and the financial statements and other information included in directors' reports in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements and other information included in directors' reports for each financial year. Under that law the directors have elected to prepare the financial statements and other information included in directors' reports in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements and other information included in directors' reports are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements and other information included in directors' reports, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements and other information included in directors' reports 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and other information included in directors' reports comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

ENGINEERING SPECIAL STEELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGINEERING SPECIAL STEELS LIMITED

We have audited the financial statements of Engineering Special Steels Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

ENGINEERING SPECIAL STEELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGINEERING SPECIAL STEELS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors
Sheffield, UK
9 July 2009

ENGINEERING SPECIAL STEELS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	23,550,232	22,070,650
Cost of sales		<u>(15,386,812)</u>	<u>(14,355,948)</u>
GROSS PROFIT		8,163,420	7,714,702
Administrative expenses		<u>(2,231,999)</u>	<u>(1,749,994)</u>
Other operating income	3	<u>-</u>	<u>3,172</u>
OPERATING PROFIT	4	5,931,421	5,967,880
Interest receivable		184	15
Interest payable	7	<u>(170,829)</u>	<u>(175,906)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,760,776	5,791,989
Tax on profit on ordinary activities	8	<u>(1,647,301)</u>	<u>(1,665,399)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>4,113,475</u>	<u>4,126,590</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account.

The notes on pages 8 to 17 form part of these financial statements.

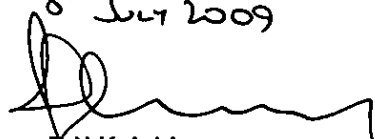
ENGINEERING SPECIAL STEELS LIMITED
Company Number 02760491

BALANCE SHEET
AS AT 31 MARCH 2009

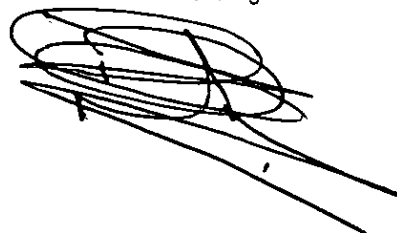
	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	9		856,235		245,183
CURRENT ASSETS					
Stocks	10	3,049,158		3,002,497	
Debtors: amounts falling due after more than one year	11	10,666,020		4,225,470	
Debtors: amounts falling due within one year	11	5,451,471		5,305,719	
Cash at bank and in hand		43,919		662,554	
		<u>19,210,568</u>		<u>13,196,240</u>	
CREDITORS: amounts falling due within one year	12	<u>(8,104,839)</u>		<u>(8,219,718)</u>	
NET CURRENT ASSETS			<u>11,105,729</u>		<u>4,976,522</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,961,964</u>		<u>5,221,705</u>
CREDITORS: amounts falling due after more than one year	13		<u>(2,664,163)</u>		<u>(51,614)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	14		<u>(14,235)</u>		<u>-</u>
NET ASSETS			<u>9,283,566</u>		<u>5,170,091</u>
CAPITAL AND RESERVES					
Called up share capital	15		63,062		63,062
Share premium account	16		99,938		99,938
Capital redemption reserve	16		73,667		73,667
Profit and loss account	16		9,046,899		4,933,424
SHAREHOLDERS' FUNDS	17		<u>9,283,566</u>		<u>5,170,091</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

8th July 2009



R N Keighley
Director



D P Milner
Director

The notes on pages 8 to 17 form part of these financial statements.

ENGINEERING SPECIAL STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

S/Term Leasehold Property	-	Over term of lease
Plant & machinery	-	15% straight line
Motor vehicles	-	25% reducing balance
Office equipment	-	20% straight line
Computer equipment	-	33% straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

ENGINEERING SPECIAL STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover is attributable to one class of business.

On 30 November 2008 the activities of Sheffield Deep Bore Limited, a fellow subsidiary company, were transferred into Engineering Special Steels Limited therefore from this date the turnover includes trade formerly attributed to Sheffield Deep Bore Limited.

A geographical analysis of turnover is as follows:

	2009 £	2008 £
United Kingdom	16,747,317	17,256,054
Rest of European Union	1,675,315	774,747
Rest of world	5,127,600	4,039,849
	<u>23,550,232</u>	<u>22,070,650</u>

ENGINEERING SPECIAL STEELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

3. OTHER OPERATING INCOME

	2009 £	2008 £
Other operating income	-	3,172

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the company	61,913	60,689
- held under finance leases	66,358	43,973
Auditors' remuneration	12,000	6,000
Operating lease rentals:		
- other operating leases	186,894	132,809
Difference on foreign exchange	(1,227)	(22,712)

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2009 £	2008 £
Wages and salaries	1,040,325	653,640
Social security costs	134,015	86,213
Other pension costs	85,582	122,831
	1,259,922	862,684

The average monthly number of employees, including the directors, during the year was as follows:

	2009 No.	2008 No.
Office	6	5
Sales	6	5
Production and Warehouse	27	16
	39	26

ENGINEERING SPECIAL STEELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

6. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>143,211</u>	<u>44,615</u>
Company pension contributions to money purchase pension schemes	<u>18,000</u>	<u>65,567</u>

During the year retirement benefits were accruing to 1 director (2008 - 1) in respect of money purchase pension schemes.

7. INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	-	5,312
On finance leases and hire purchase contracts	17,176	11,108
Other interest payable	153,653	159,486
	<u>170,829</u>	<u>175,906</u>

8. TAXATION

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,015,405	1,720,987
Adjustments in respect of prior periods	(424,810)	-
Total current tax	<u>1,590,595</u>	<u>1,720,987</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	56,706	(55,588)
Tax on profit on ordinary activities	<u>1,647,301</u>	<u>1,665,399</u>

ENGINEERING SPECIAL STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

8. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>5,760,776</u>	<u>5,791,989</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	1,613,017	1,737,597
Effects of:		
Expenses not deductible for tax purposes	3,663	4,167
Capital allowances for year in excess of depreciation	(10,890)	(227)
Group relief	(1,189,782)	-
Charge made for group relief	1,599,397	-
Provisions tax adjustment	-	(20,550)
Adjustments to tax charge in respect of prior periods	(424,810)	-
Current tax charge for the year (see note above)	<u>1,590,595</u>	<u>1,720,987</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

ENGINEERING SPECIAL STEELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

9. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost					
At 1 April 2008	-	1,027,862	202,686	161,491	1,392,039
Additions	18,811	59,550	82,429	40,529	201,319
Transfers intra group	-	896,415	69,324	43,037	1,008,776
Disposals	-	-	(38,596)	-	(38,596)
At 31 March 2009	18,811	1,983,827	315,843	245,057	2,563,538
Depreciation					
At 1 April 2008	-	897,224	107,652	141,980	1,146,856
Intra group transfer	182	72,584	36,400	19,004	128,170
Transfers intra group	-	384,481	32,945	37,990	455,416
On disposals	-	-	(23,139)	-	(23,139)
At 31 March 2009	182	1,354,289	153,858	198,974	1,707,303
Net book value					
At 31 March 2009	18,629	629,538	161,985	46,083	856,235
At 31 March 2008	-	130,638	95,034	19,511	245,183

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2009 £	2008 £
Plant and machinery	352,770	48,414
Motor vehicles	149,968	83,519
	<u>502,738</u>	<u>131,933</u>

10. STOCKS

	2009 £	2008 £
Raw materials	2,371,476	2,205,591
Work in progress	677,682	796,906
	<u>3,049,158</u>	<u>3,002,497</u>

ENGINEERING SPECIAL STEELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

11. DEBTORS

	2009 £	2008 £
Due after more than one year		
Amounts owed by group undertakings	10,666,020	4,225,470
	<u>10,666,020</u>	<u>4,225,470</u>
Due within one year		
Trade debtors	5,341,676	5,201,939
Amounts owed by group undertakings	-	18,639
Other debtors	300	-
Prepayments and accrued income	109,495	29,553
Deferred tax asset (see note 14)	-	55,588
	<u>5,451,471</u>	<u>5,305,719</u>

12. CREDITORS:

Amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	1,536,459	2,538,248
Net obligations under finance leases and hire purchase contracts	132,691	55,661
Trade creditors	3,798,531	2,971,071
Amounts owed to group undertakings	1,725,776	859,302
Corporation tax	581,060	1,120,987
Social security and other taxes	140,952	407,277
Other creditors	10,738	-
Accruals and deferred income	178,632	267,172
	<u>8,104,839</u>	<u>8,219,718</u>

An intercompany cross-guarantee exists on the borrowings of the group.

Bank loans and overdrafts include amounts secured on certain trade debtors.

Obligations under hire purchase contracts are secured on the assets to which they relate.

ENGINEERING SPECIAL STEELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

13. CREDITORS:

Amounts falling due after more than one year

	2009 £	2008 £
Net obligations under finance leases and hire purchase contracts	313,956	51,614
Amounts owed to group undertakings	2,350,207	-
	<u>2,664,163</u>	<u>51,614</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2009 £	2008 £
Between one and five years	313,956	51,614
	<u>313,956</u>	<u>51,614</u>

Obligations under hire purchase contracts are secured on the assets to which they relate.

14. DEFERRED TAXATION

	2009 £	2008 £
At beginning of year	55,588	-
Movement in the year	(69,823)	55,588
	<u>(14,235)</u>	<u>55,588</u>
At end of year	<u>(14,235)</u>	<u>55,588</u>

The deferred taxation balance is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	(14,235)	55,588
	<u>(14,235)</u>	<u>55,588</u>

Movement in the year includes a transfer from Sheffield Deep Bore of £13,117.

15. SHARE CAPITAL

	2009 £	2008 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
63,062 Ordinary shares of £1 each	63,062	63,062
	<u>63,062</u>	<u>63,062</u>

ENGINEERING SPECIAL STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

16. RESERVES

	Share premium account £	Capital redempt'n reserve £	Profit and loss account £
At 1 April 2008	99,938	73,667	4,933,424
Profit for the year			4,113,475
At 31 March 2009	<u>99,938</u>	<u>73,667</u>	<u>9,046,899</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	5,170,091	1,043,501
Profit for the year	<u>4,113,475</u>	<u>4,126,590</u>
Closing shareholders' funds	<u>9,283,566</u>	<u>5,170,091</u>

18. CONTINGENT LIABILITIES

The company has given a cross guarantee in favour of Clydesdale Bank Plc in respect of borrowings of fellow group undertakings. The outstanding borrowings of these companies at 31 March 2009 were £1,644,973 (2008 - £786,956).

The company, along with fellow group undertakings, has also guaranteed the borrowings of Material Advantage Group Limited (formerly ESS Steels Group Holdings Limited) which amounted to £26,370,318 at 31 March 2009 (2008 - £27,725,000).

19. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £85,582 (2008 - £122,831). No contributions are included in creditors at the balance sheet date (2008 - £Nil).

20. OPERATING LEASE COMMITMENTS

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2009 £	2008 £
Expiry date:		
Between 2 and 5 years	<u>58,966</u>	<u>58,966</u>

ENGINEERING SPECIAL STEELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

21. RELATED PARTY TRANSACTIONS

No disclosure has been made within these financial statements of any transactions with group companies for the year ended 31 March 2009. These have been eliminated within the first year consolidation of Material Advantage Group Limited and are therefore exempt in accordance with Financial Reporting Standards No.8. Details of prior year related party transactions, which have not been consolidated, are set out below.

During the year ended 31 March 2008 the company made a loan of £3,641,020 to the ultimate parent company, Material Advantage Group Limited (formerly ESS Steels Group Holdings Limited). This amount remained outstanding at 31 March 2008.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is ESS Steels Holdings Limited.

During December 2007 the group was sold and a new holding company, ESS Steels Group Holdings Limited, was formed. This company has subsequently been renamed Material Advantage Group Limited.

Material Advantage Group Limited is the ultimate parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from Companies House.

Material Advantage Group Limited is also the controlling party.