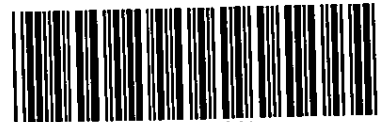


Company Registration No. 03265088

Brush Trains Oldco
Annual Report and Financial Statements
31 December 2012

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Brush Trains Oldco

Report and Financial Statements Year ended 31 December 2012

Officers and professional advisors

Directors

G P Martin
S A Peckham
G E Barnes

Secretary

G E Barnes

Registered Office

Precision House
Arden Road
Alcester
Warwickshire
B49 6HN

Chartered Accountants and Statutory Auditor

Deloitte LLP
Chartered Accountants
London, United Kingdom

Brush Trains Oldco

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activity and review of the business

The Company's principal activity is to act as a finance company in the Melrose Industries PLC Group. During the year, the Company's activities have been wound down and its net assets have been transferred to its parent companies as a dividend. It is expected that the Company will be liquidated in the near future.

The retained loss for the year ended 31 December 2012 was £1,444,000 (year ended 31 December 2011: loss of £4,388,000).

The Directors paid a dividend for the year of £189,265,000 (year ended 31 December 2011: £nil).

The Company considers its key performance indicators to be in line with those of Melrose Industries PLC as disclosed in the Directors' Report of the 2012 Annual Report.

During the year, the activities of the Company have been wound down. The Company's subsidiary, FKI Heracles Limited, paid a dividend of £178,927,000 which has been recorded as investment income within the Profit and Loss account. The Company's investment in FKI Heracles was consequently written down to nil, resulting in an impairment expense of £180,445,000.

Going concern

The Directors expect that the Company will be liquidated in the near future. These financial statements have therefore been prepared on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Financial risk management and policies

The Company's activities expose it to a number of financial risks, including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are other receivables (including receivables from other Group undertakings).

The Company's credit risk is primarily attributable to its 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.

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.

Brush Trains Oldco

Directors' report (continued)

Directors

The Directors who served throughout the year ended 31 December 2012 and thereafter are listed under 'Officers and professional advisors'

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.

Charitable and political donations

There were no political or charitable donations during the year (year ended 31 December 2011: £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
22 August 2013

Brush Trains Oldco

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.

Brush Trains Oldco

Independent auditor's report to the members of Brush Trains Oldco

We have audited the financial statements of Brush Trains Oldco for the year ended 31 December 2012, which have been prepared on a basis other than of a going concern and which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 2012 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.

Brush Trains Oldco

Independent auditor's report to the members of Brush Trains Oldco (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

Helen Burridge

Helen Burridge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 August 2013

Brush Trains Oldco

Profit and Loss Account Year ended 31 December 2012

		Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
	Note		
Exceptional expense	2	(180,445)	(4,481)
Loss on ordinary activities before finance charges		(180,445)	(4,481)
Investment income	3	178,927	-
Finance income	4	74	93
Loss on ordinary activities before taxation	5	(1,444)	(4,388)
Tax charge on loss on ordinary activities	7	-	-
Loss for the financial year	12	(1,444)	(4,388)

The above results derive from continuing operations

There are no recognised gains and losses in either year other than the profit and loss result for that year

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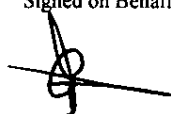
Balance Sheet

As at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	8	-	180,445
		<hr/>	<hr/>
		-	180,445
Current assets			
Debtors	9	-	10,285
		<hr/>	<hr/>
Total assets		-	190,730
Creditors amounts falling due after more than one year	10	-	(21)
		<hr/>	<hr/>
Net assets		-	190,709
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	11	-	10
Share premium account	12	-	192,293
Profit and loss account	12	-	(1,594)
		<hr/>	<hr/>
Shareholders' funds	13	-	190,709
		<hr/>	<hr/>

The financial statements of Brush Trains Oldco (registered number 03265088) were approved by the Board of Directors and authorised for issue on 22 August 2013

Signed on Behalf of the Board of Directors



G E Barnes
Director

Brush Trains Oldco

Notes to the financial statements Year ended 31 December 2012

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, in accordance with applicable United Kingdom law and accounting standards.

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 Industries PLC, which prepares consolidated financial statements which are publicly available.

Going concern

The Directors expect that the Company will be liquidated in the near future. These financial statements have therefore been prepared on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

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 Industries PLC, has prepared consolidated financial statements which include the financial statements of the Company and which contain a Statement of Cash Flows.

Investments

The Company's investment in shares in Group companies are stated at cost less provision for impairment in value. Income received from investments is credited to the Profit and Loss Account on a receivables basis.

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.

2 Exceptional items

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Exceptional expense		
Impairment of investment in subsidiary	(180,445)	(4,481)
	<u>(180,445)</u>	<u>(4,481)</u>

During the year, the Company's subsidiary undertaking, FKI Heracles Limited, distributed the majority of its assets to the Company as a dividend. Consequently, the carrying value of the Company's investment in FKI Heracles Limited was reviewed and an impairment of £180,445,000 was recognised.

Brush Trains Oldco

Notes to the financial statements Year ended 31 December 2012

3 Investment income

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Dividends received from subsidiary undertakings	178,927	-
	<u>178,927</u>	<u>-</u>

4 Finance income

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Interest receivable and similar income		
Loans to fellow Group undertakings	74	93
	<u>74</u>	<u>93</u>

5 Loss on ordinary activities before taxation

This is stated after charging

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Impairment of investments	180,445	4,481
	<u>180,445</u>	<u>4,481</u>

The audit fees payable to the Company's auditor of £1,000 (year ended 31 December 2011 £1,000) for the audit of the financial statements were borne by a fellow Group undertaking in both periods

The Company did not have any employees in the current year or prior year

6 Directors' remuneration

The Directors received no remuneration for their services to the Company during the year (year ended 31 December 2011 £nil). The Directors of the Company who served during the year were also Directors of a number of the 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 any remuneration for their incidental services to the Company for the year ended 31 December 2012 or the year ended 31 December 2011.

Brush Trains Oldco

Notes to the financial statements Year ended 31 December 2012

7 Tax on ordinary activities

The tax charge comprises

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax	-	-
Total tax charge	-	-

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

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Loss on ordinary activities before taxation	(1,444)	(4,388)
Tax on loss on ordinary activities before taxation at standard UK corporation tax rate of 24.5% (31 December 2011: 26.5%)	(354)	(1,163)
Effects of		
Expenses not deductible for tax purposes	44,209	1,187
Non taxable income	(43,837)	-
Group relief claimed at nil consideration	(18)	(24)
Current tax charge	-	-

Brush Trains Oldco

Notes to the financial statements Year ended 31 December 2012

8 Investments

	Investment in Subsidiary £'000	Total £'000
Cost		
At 1 January 2012 and 31 December 2012	282,361	282,361
Provision for impairment		
At 1 January 2012	(101,916)	(101,916)
Impairment recognised in year	(180,445)	(180,445)
At 31 December 2012	(282,361)	(282,361)
Net book value		
At 31 December 2012	-	-
At 31 December 2011	180,445	180,445

The Company has investments in the following subsidiary undertakings

Name	Nature of business	Country	Holding
Subsidiary undertakings			
FKI Heracles Limited	Investment	Great Britain	100%

The Company's subsidiary, FKI Heracles Limited paid a dividend of £178,927,000 which has been recorded as investment income within the Profit and Loss account. The Company's investment in FKI Heracles was consequently written down to nil resulting in an impairment expense of £180,445,000.

Brush Trains Oldco

Notes to the financial statements Year ended 31 December 2012

9 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Amounts owed by fellow Group undertakings	-	10,285
	<u>-</u>	<u>10,285</u>
	<u>-</u>	<u>10,285</u>

10. Creditors-amounts falling due after more than one year

	2012 £'000	2011 £'000
Other creditors		
Amounts owed to fellow Group undertakings	-	21
	<u>-</u>	<u>21</u>
	<u>-</u>	<u>21</u>

Brush Trains Oldco

Notes to the financial statements Year ended 31 December 2012

11 Called-up share capital

	2012 £'000	2011 £'000
Allotted, called-up and fully-paid		
10 Ordinary Shares of £1 each	-	-
10,000 Ordinary Shares of £1 each	-	10
	<u>-</u>	<u>10</u>

During the year a special resolution was passed to reduce share capital by 9,990 Ordinary Shares of £1 each and that such reduction of capital be effected by transferring the amount of £9,990 to the Company's realised profit account

12 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	192,293	2,794	195,087
Result for the year	-	(4,388)	(4,388)
At 1 January 2012	<u>192,293</u>	<u>(1,594)</u>	<u>190,699</u>
Capital reduction	(192,293)	192,303	10
Result for the year	-	(1,444)	(1,444)
Dividends paid to other Group subsidiary undertakings	-	(189,265)	(189,265)
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>

During the year a special resolution was passed to reduce share capital by 9,990 Ordinary Shares of £1 each and that such reduction of capital be effected by transferring the amount of £9,990 to the Company's realised profit account. A further resolution also resulted in the reduction of the share premium account by £192,293,000 which was also transferred to realised profit.

13 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Loss for the financial year	(1,444)	(4,388)
Dividends paid	(189,265)	-
Net reduction to shareholders' funds	<u>(190,709)</u>	<u>(4,388)</u>
Opening shareholders' funds	190,709	195,097
Closing shareholders' funds	<u>-</u>	<u>190,709</u>

Brush Trains Oldco

Notes to the financial statements Year ended 31 December 2012

14. Related party transactions

The Company is a wholly owned subsidiary of Melrose Industries 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.

15. Ultimate parent company

On 27 November 2012 a group restructure resulted in Melrose Industries Plc, a company incorporated in Great Britain and registered in England and Wales becoming the new top company for the Melrose Group of companies. Since this date the Directors regard Melrose Industries Plc as the ultimate parent undertaking and controlling party. Prior to 27 November 2012 Melrose Plc was the ultimate controlling party. The immediate parent companies are FK1 Limited, which is registered in Great Britain and Whipp & Bourne 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 Industries PLC. Copies of the financial statements are available from the Company Secretary, Melrose Industries PLC, Precision House, Arden Road, Alcester, Warwickshire, B49 6HN.