Company Registration No. SC 30987

BARCLAY & MATHIESON LIMITED

Report and Financial Statements

Period from 1 September 2007 to 31 December 2008

BARCLAY & MATHIESON LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

BARCLAY & MATHIESON LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Paul Astles
Paul Patrick Bradburn
Robert George Kyle
Michael Norrie
Ralph Oppenheimer
Julian Verden
James Walker
Nicholas Watson

SECRETARY

Paul Patrick Bradburn

REGISTERED OFFICE

Shieldhall Works
180 Hardgate Road
Glasgow
G51 4TB

BANKERS

Bank of Scotland
110 St Vincent Street
Glasgow
G2 5ER

SOLICITORS

Holmes McKillop
109 Douglas Street
Glasgow
G2 4HB

INDEPENDENT AUDITORS

Deloitte LLP
Glasgow

BARCLAY & MATHIESON LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the Company for the 16 month period from 1 September 2007 to 31 December 2008.

CHANGE OF ACCOUNTING REFERENCE DATE

On 18 March 2008 the Company changed its accounting reference date to 31 December 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

On 18 March 2008, the Company was acquired by Stemcor Holdings Limited. Stemcor Holdings Limited has a turnover in excess of £4 billion and is a leading provider of marketing, finance and logistics services to the steel industry.

The Company's principal activities are steel stockholders, operating from 12 locations throughout the UK. There have been no significant changes in the Company's principal activities in the period to 31 December 2008. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the coming year.

As shown in the profit and loss account on page 7 the sales by the Company have increased by 55% compared with the year to 31 August 2007. Compared with the year to 31 August 2007 after adjusting to pro rate the prior year's turnover, like for like sales increased by 16%. This increase reflects the increased steel prices which were experienced during part of the period. Gross margin also increased by several points in the period as a consequence of the increased steel prices.

The 16 month accounting period covers a time where the UK and world economy went from a relatively buoyant state to a state of recession, characterised as the 'credit crunch'. The market for steel followed these general economic conditions, with demand staying strong and prices rising until late summer of 2008 and falling demand and prices being seen thereafter. When compared with last year, on a pro rata basis, the Company's profit before tax increased significantly. This was mainly a result of higher profits made during the period of rising prices and, as such, the majority of the Company's profit was made in the first 12 months of this accounting period.

The directors have not paid a dividend for the year (2007: £nil). There were no exceptional items in the period. The profit for the financial period of £2,769,027 (year to 31 August 2007: £1,619,442) has been transferred to reserves. During the period, in line with its accounting policy the Company revalued its land and buildings, resulting in an increase in the revaluation reserve of £1,414,701.

The balance sheet on page 10 shows that the Company's financial position at the period end in net asset terms is up significantly on prior year due to the profit in the period and upward revaluation of land and buildings offset by movement in the pension scheme deficit.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risk and uncertainty at the current time relates to the level of general economic activity in UK and world terms, and the extent of this current recession. This is a risk common to most companies at the current time.

The Company's business is not concentrated on one sector of the economy, and it has a very wide customer base in terms of activity and size. It also has a range of suppliers and so has no concerns regarding continuity of supply.

Given these factors, the directors consider that the Company is in reasonable condition to withstand these depressed economic conditions when compared with its competitors.

Other key business risks affecting the Company are considered to relate to competition from national suppliers, employee retention and product availability and price.

FUTURE OUTLOOK

As at the date of this report, it is not clear how long the current recession will last for. The Directors expect the demand for steel to remain at reduced levels for most of 2009. In line with this it is thought that steel prices will not increase much if at all in 2009, and there will likely be a lag between demand increase and price increase as excess production capacity is used up.

The directors would therefore expect Company performance in 2009 to be reduced when compared with the equivalent period in 2008 both in terms of turnover and profit.

DIRECTORS' REPORT (CONTINUED)

POST BALANCE SHEET EVENTS

On 9 February 2009 the Company completed the refinancing of its land and buildings with Butterfield Bank (UK) Limited. This loan is repayable by 2014 and the funding received as part of this transaction was used to repay its existing term debt and to repay the bank overdraft.

The Company also opened a new depot in Inverness as of 1 January 2009.

CREDIT AND LIQUIDITY RISK

The Company's principal financial assets are trade debtors. The company has no significant concentration of credit risk with a single counterparty as exposure is spread over a number of counterparties.

The company's principal financial liabilities are its bank overdraft and loan, and trade creditors.

GOING CONCERN

In the prevailing economic conditions all companies must give careful consideration as to whether it is reasonable to use the going concern basis of accounting.

As described above the Company has considerable financial resources and the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. As noted above on 9 February 2009 the company entered into a new five year borrowing facility which will enable the company to meet its liabilities as they fall due and provide sufficient working capital to meet the company's requirements.

After making enquires, the directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and accounts.

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPI's other than turnover, gross profit and operating profit is not necessary for an understanding of the development, performance or position of the business.

DIRECTORS

The directors of the Company, who served throughout the period and to the date of this report were:

Paul Astles	(appointed 18 March 2008)
Paul Patrick Bradburn	
Graham Donnell	(appointed 18 March 2008, resigned 19 May 2008)
Robert George Kyle	
Michael Norrie	
Ralph Oppenheimer	(appointed 18 March 2008)
Julian Verden	(appointed 18 March 2008)
James Walker	
Nicholas Watson	(appointed 18 March 2008)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the director has 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 the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS

Deloitte LLP were appointed auditors of the Company for the period ended 31 December 2008 in place of the retiring auditors, PricewaterhouseCoopers LLP.

A resolution to appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board

P Bradburn

7th April 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAY & MATHIESON LIMITED

We have audited the financial statements of Barclay & Mathieson Limited for the period ended 31 December 2008 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 26. These 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 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 are 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 which 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.

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 December 2008 and of its profit for the period 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Glasgow
United Kingdom

7th April 2009

PROFIT AND LOSS ACCOUNT
Period from 1 September 2007 to 31 December 2008

	Note	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
TURNOVER – continuing operations	2	59,417,166	38,447,604
Cost of sales		(47,291,192)	(31,464,816)
GROSS PROFIT		12,125,974	6,982,788
Other operating expenses	3	(7,925,053)	(5,086,278)
Operating profit – continuing operations		4,200,291	1,896,510
Exceptional item – gain on disposal of property	4	-	302,703
Interest receivable	7	16,481	13,289
Interest payable	8	(547,735)	(451,291)
Net return on pension scheme	22	230,000	171,000
Profit on ordinary activities before taxation	4	3,899,667	1,932,211
Tax on profit on ordinary activities	9	(1,130,640)	(312,769)
Profit for the financial period	21	2,769,027	1,619,442

The accompanying notes form an integral part of this profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period from 1 September 2007 to 31 December 2008

	Note	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Profit for the financial period	21	2,769,027	1,619,442
Actuarial (loss)/gain relating to the pension scheme	22	(1,964,000)	1,322,000
UK deferred tax attributable to the actuarial (loss)/gain		549,920	(396,600)
Total recognised gains for the period		1,354,947	2,544,842

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Period from 1 September 2007 to 31 December 2008

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Reported profit on ordinary activities before taxation	3,899,667	1,932,211
Difference between historical cost depreciation charge and actual depreciation charge of the period	230,266	192,941
Historical cost profit on ordinary activities before taxation	4,129,933	2,125,152
Historical cost profit on ordinary activities after taxation	2,999,293	1,812,383

BALANCE SHEET
At 31 December 2008

	Note	31 December 2008 £	31 August 2007 £
FIXED ASSETS			
Tangible fixed assets	10	16,978,505	16,074,981
Fixed asset investments	11	1,877,256	1,874,232
		18,855,761	17,949,213
CURRENT ASSETS			
Stocks	12	8,446,971	6,177,615
Debtors	13	8,238,060	9,962,913
Cash at bank and in hand		16,020	18,968
		16,701,051	16,159,496
CREDITORS: amounts falling due within one year	14	(12,604,959)	(13,742,620)
NET CURRENT ASSETS		4,096,092	2,416,876
TOTAL ASSETS LESS CURRENT LIABILITIES		22,951,853	20,366,089
CREDITORS: amounts falling due after more than one year	15	(3,270,962)	(4,657,019)
PROVISIONS FOR LIABILITIES	17	(98,553)	(126,500)
NET ASSETS EXCLUDING PENSION (DEFICIT)/SURPLUS		19,582,338	15,582,570
PENSION (DEFICIT)/SURPLUS	22	(1,141,920)	88,200
NET ASSETS INCLUDING PENSION (DEFICIT)/SURPLUS		18,440,418	15,670,770
CAPITAL AND RESERVES			
Called up share capital	18	8,600	8,600
Capital redemption reserve	19	21,400	21,400
Revaluation reserve	19	7,958,104	6,543,403
Profit and loss account	20	10,452,314	9,097,367
TOTAL SHAREHOLDERS' FUNDS	21	18,440,418	15,670,770

The financial statements were approved by the Board of Directors on 7th April 2009 and were signed on its behalf by:

P Bradburn
Director

NOTES TO THE FINANCIAL STATEMENTS
Period from 1 September 2007 to 31 December 2008

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards, and have been applied consistently in the current period and prior year.

Basis of consolidation

Group financial statements have not been prepared as the Company is a wholly owned subsidiary of Stemcor Holdings Limited, which prepares group financial statements.

Information in these financial statements is therefore presented for the individual Company rather than for the group.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided to write off the cost less estimated residual values of each asset, other than land, on a straight line basis at the following annual rates:

Buildings	2.5%
Vehicles, plant and machinery	10 - 25%
Fixtures and fittings	10 – 25%

Revaluation of properties

Individual freehold and leasehold properties are revalued in accordance with FRS 17 with the surplus or deficit on book value transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

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.

Investments

Fixed asset investments are stated at cost, less any provision necessary for diminution in value.

Stocks

Stocks of steel and raw materials are valued at the lower of cost and net realisable value. Cost includes transport inwards.

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the taxation rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation 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 taxation in the future or a right to pay less taxation 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 taxation assessments in periods different from those in which they are recognised in the financial statements.

A net deferred taxation 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 taxation is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to taxation only if and when the replacement assets are sold.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

The Company operates a defined benefit pension scheme. The funds are valued on a regular basis by a professionally qualified independent actuary, the rate of contribution payable being determined by the actuary. In accordance with FRS 17 the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Company's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account under 'interest payable and other finance expense'.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 22 to the financial statements.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension cost is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals of prepayments in the balance sheet.

Leasing commitments

Rentals paid under operating leases are charged to profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis.

Cash flow statement

No cash flow statement has been prepared in accordance with the exemption conferred by Financial Reporting Standard No 1 'Cash Flow Statements' (Revised 1996), as the Company is part of a group. A cash flow statement is incorporated in the consolidated financial statements of Stemcor Holdings Limited, the ultimate parent Company.

2. TURNOVER

Turnover, all of which is continuing, represents the aggregate amount receivable in respect of goods sold, excluding value added tax, and arises wholly in the United Kingdom from the Company's principal activity of steel stockholding.

3. OTHER OPERATING EXPENSES (NET)

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Administrative expenses	4,370,482	3,075,979
Distribution expenses	3,554,571	2,010,299
	7,925,053	5,086,278

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	1,030,386	774,752
Auditors' remuneration – audit services	33,000	27,500
Operating lease rentals – land and buildings	44,032	33,888
Gain on sale of tangible fixed assets – including exceptional item	(30,544)	(339,848)

Fees paid to the auditors in respect of other services provided amounted to £nil (2007 - £92,157). This included £nil (2007 - £66,618) for tax services and £nil (2007 - £25,539) for other advisory services.

The gain on sale of tangible fixed assets includes an exceptional item of £nil (2007 - £302,703) relating to the gain on sale of property.

5. STAFF COSTS

The average monthly number of persons (including executive directors) employed by the Company during the period was:

	Period from 1 September 2007 to 31 December 2008 Number	Year ended 31 August 2007 Number
Sales and administration	89	86
Transport and warehousing	88	88
	177	174

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Wages and salaries	5,320,961	3,736,427
Social security costs	449,579	299,104
Other pensions costs (note 22)	432,590	907,490
	6,203,130	4,943,021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

6. DIRECTORS' EMOLUMENTS

Directors' emoluments, excluding pension contributions, amounted to £688,095 (2007 - £430,635).

Company contributions paid to money purchase schemes in the period were £35,872 (2007 - £110,905). Retirement benefits are accruing to 3 directors (2007 – 3) under a defined contribution (money purchase) pension scheme and to 3 directors (2007 – 3) under a defined benefit scheme.

Total emoluments attributable to the highest paid director were £178,081 (2007 - £130,238). Company contributions paid to a money purchase pension scheme in respect of the highest paid director were £nil (2007 - £nil). No benefits are accruing to him under a defined benefits scheme.

7. INTEREST RECEIVABLE

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Bank interest	4,139	2,771
Interest on intercompany loan	12,342	10,518
	16,481	13,289

8. INTEREST PAYABLE

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Interest on bank loans and overdrafts	547,735	451,291

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 1 September 2007 to 31 December 2008	**Year ended 31 August 2007**
Current tax	**£**	**£**
UK corporation tax	1,161,870	551,000
Adjustment in respect of prior year	(3,283)	(78,031)
Total current tax	1,158,587	472,969
Deferred tax (note 17)	(27,947)	(160,200)
Tax on profit on ordinary activities	1,130,640	312,769

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 before tax is as follows:

	Period from 1 September 2007 to 31 December 2008	**Year ended 31 August 2007**
	£	**£**
Profit on ordinary activities before taxation	3,899,667	1,932,211
Profit on ordinary activities multiplied by the weighted average rate of corporation tax of 28.87% (2007 – 30%)	1,125,834	579,663
Effects of:		
Marginal relief	-	(3,274)
Expenses not deductible for tax purposes	812	3,104
Additional allowances in period	(79,811)	-
Depreciation in excess of /(less than) capital allowances	16,688	(9,601)
Short term timing differences	3,188	5,597
Permanent difference in respect of building depreciation for period in excess of/(less than) capital allowances	95,159	(24,489)
Adjustment in respect of prior year	(3,283)	(78,031)
Total current tax charge for the period	1,158,587	472,969

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Vehicles, plant and machinery £	Fixtures & fittings £	Total £
Cost				
At 1 September 2007	15,303,849	3,328,097	742,783	19,374,729
Additions	-	525,943	14,262	540,205
Disposals	-	(299,743)	-	(299,743)
Gain on revaluation	1,004,580	-	-	1,004,580
At 31 December 2008	16,308,429	3,554,297	757,045	20,619,771
Depreciation				
At 1 September 2007	696,743	2,012,687	590,318	3,299,748
Charge for the period	457,136	518,600	54,650	1,030,386
Disposals	-	(278,747)	-	(278,747)
On revaluation	(410,121)	-	-	(410,121)
At 31 December 2008	743,758	2,252,540	644,968	3,641,266
Net book amount				
At 31 December 2008	15,564,671	1,301,757	112,077	16,978,505
At 31 August 2007	14,607,106	1,315,410	152,465	16,074,981

Land and buildings were professionally valued by Knight Frank LLP, external Chartered Surveyors, on an existing use basis at September 2007.

The directors are not aware of any material change in value since this date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

11. FIXED ASSET INVESTMENTS

	31 December 2008 £	31 August 2007 £
Subsidiary undertakings	1,844,756	1,691,692
Associates	32,500	182,540
	1,877,256	1,874,232

	Investment in subsidiary undertaking £
Cost	
At 1 September 2007	1,759,692
Additions	153,064
At 31 December 2008	1,912,756
Provisions for impairment	
At 1 September 2007 and 31 December 2008	68,000
Net book amount at 31 December 2008	1,844,756
Net book amount at 31 August 2007	1,691,692

On 18 March 2008 the Company acquired 60% of the issued share capital of Clydeside Steel Fabrications Limited to take its shareholding to 100% for a cash consideration of £53,064. The additional investment relates to a loan of £100,000 to Clydeside Steel Fabrications Limited.

The Company's subsidiary undertakings, which are wholly owned within the United Kingdom are:

	Country of registration	Class of shares held	Nature of business	Profit for the period £	Net assets/ (liabilities) £
B & M Steel Limited	England and Wales	Ordinary	Dormant	-	(1,300,564)
Tatham Miller Limited	England and Wales	Ordinary	Dormant	-	1,691,504
Tatham Steels Limited	England and Wales	Ordinary	Dormant	-	210,000
Liverpool Steel Services Limited	England and Wales	Ordinary	Dormant	-	1,000
Clydeside Steel Fabrications Limited	Scotland	Ordinary	Steel fabrication	23,979	119,619

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

11. FIXED ASSET INVESTMENTS (CONTINUED)

Investment in associates

At the start of the period the Company held an interest in 2 associates, Clyde Corrosion Control Limited and Clydeside Steel Fabrications Limited. As described above, Clydeside Steel Fabrications Limited became a full subsidiary on 18 March 2008. Clyde Corrosion Control Limited is registered in Scotland.

		31 December 2008 £	31 August 2007 £
Share capital	ordinary shares (50%) - Clyde Corrosion Control Limited	32,500	32,500
	ordinary shares (100%) – Clydeside Steel Fabrications Limited	-	40
Loan account	(100%) – Clydeside Steel Fabrications Limited	-	150,000
		32,500	182,540

Clyde Corrosion Control Limited is engaged in the surface treatment of metals and has a period end of 31 December.

12. STOCKS

	31 December 2008 £	31 August 2007 £
Finished goods and goods for resale	8,446,971	6,177,615

In the opinion of the directors, the replacement cost of stock is not materially different from purchase price or production cost.

13. DEBTORS

	31 December 2008 £	31 August 2007 £
Amounts falling due within one year:		
Amounts owed by associates	2,679	10,668
Amounts due from group undertakings	59,697	-
Trade debtors	7,200,677	8,736,976
Other debtors, prepayments and accrued income	975,007	1,200,869
Balance owed by employee benefit trust	-	14,400
	8,238,060	9,962,913

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2008 £	31 August 2007 £
Amounts due to associate companies	1,546	-
Amounts due to group undertakings	705,108	-
Bank overdrafts	4,364,258	3,967,047
Bank loans (note 16)	1,039,543	1,189,543
Trade creditors	3,889,043	6,495,579
Other taxation and social security	629,424	679,712
Other creditors and accruals	882,207	1,052,646
Corporation tax	1,093,830	358,093
	12,604,959	13,742,620

The bank overdrafts and loans are secured by a bond and floating charge over the assets of Barclay & Mathieson Limited and by security over five properties.

Interest on the bank overdraft is charged at 1.15% above the bank's base rate.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2008 £	31 August 2007 £
Amount owed to subsidiary undertaking	1,691,505	1,691,505
Bank loans (note 16)	1,579,457	2,965,514
	3,270,962	4,657,019

16. ANALYSIS OF MATURITY OF DEBT

	Note	31 December 2008 £	31 August 2007 £
Due in less than one year			
Bank loans	14	1,039,543	1,189,543
Due within one to two years			
Bank loans	15	985,409	1,039,542
Due within two to five years			
Bank loans	15	594,048	1,925,972
Due in more than five years			
Amount owed to subsidiary	15	1,691,505	1,691,505
		4,310,505	5,846,562

Interest on the bank loans are charged at 1.5% above the bank's base rate.

There is no interest charged on the intercompany loan balance.

On 9 February 2009 the Company completed the refinancing of its land and buildings with Butterfield Bank (UK) Limited. This loan is repayable by 2014 and the funding received as part of this transaction was used to repay its existing term debt and to repay the bank overdraft.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

17. PROVISIONS FOR LIABILITIES

	£
Movements on the deferred tax account during the period were as follows:	
At 1 September 2007	126,500
Credited to the profit and loss account (note 9)	(27,947)
At 31 December 2008	98,553

The amounts provided at 28% (2007 – 30%) and total potential liability are:

	31 December 2008 £	31 August 2007 £
Excess of capital allowances over depreciation	16,830	35,628
Other timing differences	81,723	90,872
	98,553	126,500

Deferred tax at 28% of £1,850,000 (2007 - £1,582,000) (unindexed) has not been recognised on revalued land and buildings (refer to note 9).

The estimated gain being rolled over is £247,928 (2007 - £247,928) and therefore deferred tax (at 28%) of £69,420 (2007 - £69,420) has not been recognised in the financial statements.

18. CALLED UP SHARE CAPITAL

	31 December 2008 £	31 August 2007 £
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid		
8,600 ordinary shares of £1 each	8,600	8,600

19. OTHER RESERVES

	Capital redemption reserve £	Revaluation reserve £
At 1 September 2007	21,400	6,543,403
Revaluation surplus	-	1,414,701
At 31 December 2008	21,400	7,958,104

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

20. PROFIT AND LOSS ACCOUNT

	31 December 2008 £
At 1 September 2007	9,097,367
Actuarial loss on pension deficit	(1,964,000)
Movement on deferred tax relating to pension deficit	549,920
Profit for the financial period	2,769,027
At 31 December 2008	10,452,314

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2008	31 August 2007
Profit for the financial period	2,769,027	1,619,442
Movement in revaluation reserve in the period	1,414,701	(116,203)
Actuarial (deficit)/gain on pension deficit/(surplus)	(1,964,000)	1,322,000
Movement on deferred tax relating to pension deficit/(surplus)	549,920	(396,600)
Net addition to shareholders' funds	2,769,648	2,428,639
Opening shareholders' funds	15,670,770	13,242,131
Closing shareholders' funds	18,440,418	15,670,770

22. PENSION SCHEME

The Company operates one pension scheme, the Barclay & Mathieson Limited Retirement and Death Benefits Scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested by professional investment managers. An actuarial valuation of the pension scheme was carried out at 1 September 2007 by a qualified independent actuary. The scheme was closed to new members in May 2005.

Following the triennial valuation in September 2007, the scheme actuary proposed decreased employer contribution rates.

In deciding upon the foregoing contribution levels the Company considered the cost of the accrual of future benefits on the assumptions underlying the FRS 17 calculations. By setting the contributions at the levels chosen, the Company anticipated that the agreed contributions would be in excess of the cost of the accruing FRS 17 based liability.

The major assumptions used for the actuarial valuation were:

	At 31 December 2008	At 31 August 2007	At 31 August 2006
Rate of increase in salaries	4.50%	4.25%	4.00%
Rate of increase in pensions in payment accrued	2.90%	2.75%	2.50%
Rate of revaluation of deferred pensions in excess	3.00%	2.75%	2.50%
Discount rate – non pensioners	6.00%	5.84%	5.02%
Discount rate – pensioners	7.00%	5.84%	5.02%
Inflation assumption	3.00%	2.75%	2.50%

The contribution rate for 2008 and beyond was set between 10.2 and 13.9 percent of pensionable earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

22. PENSION SCHEME (CONTINUED)

The scheme is a closed scheme and therefore under the projected unit method the current service unit would be expected to increase as the members of the scheme approach retirement.

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	31 December 2008		31 August 2007		31 August 2006	
	%	£'000	%	£'000	%	£'000
Equities	8.40	5,820	7.75	9,016	8.00	8,224
Bonds	5.25	3,911	5.25	2,011	5.00	1,401
Property	8.40	7	7.75	10	7.00	9
Other	4.00	241	5.75	229	4.50	383
Total fair value of assets		9,979		11,266		10,017
Present value of scheme liabilities		(11,565)		(11,140)		(11,683)
(Deficit)/surplus in the scheme		(1,586)		126		(1,666)
Related deferred tax asset/(liability)		444		(38)		500
Net pension (deficit)/asset		(1,142)		88		(1,166)

Analysis of amount charged to operating profit:

	Period from 1 September 2007 to 31 December 2008	Year ended 31 August 2007
	£	£
Current service cost	395,000	385,000

Analysis of the amount charged to other finance costs:

	Period from 1 September 2007 to 31 December 2008	Year ended 31 August 2007
	£	£
Expected return on pension scheme assets	1,110,000	759,000
Interest on pension scheme liabilities	(880,000)	(588,000)
	230,000	171,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

22. PENSION SCHEME (CONTINUED)

Analysis of actuarial (loss)/gain recognised in statement of total recognised gains and losses:

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Actual return less expected return on pension scheme assets	(2,520,000)	142,000
Experience gains and losses arising on the scheme liabilities	285,000	(118,000)
Changes in the assumptions underlying the present value of the scheme liabilities	271,000	1,298,000
	(1,964,000)	1,322,000

Movement in deficit/(surplus) during the period:

	Period from 1 September 2007 to 31 December 2008 £	Year ended 31 August 2007 £
Surplus/(deficit) in the scheme at the beginning of the period:	126,000	(1,666,000)
Movement		
Current service cost	(395,000)	(385,000)
Contributions	417,000	684,000
Net finance income	230,000	171,000
Actuarial (loss)/gain	(1,964,000)	1,322,000
(Deficit)/surplus in the scheme at the end of the period	(1,586,000)	126,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

22. PENSION SCHEME (CONTINUED)

History of experience gains and losses

	Period from 1 September 2007 to 31 December 2008	Year ended 31 August 2007	Year ended 31 August 2006	Year ended 31 August 2005	Year ended 31 August 2004
Difference between the expected and actual return on scheme					
Amount (£)	(2,520,000)	142,000	642,000	1,054,000	338,000
As a percentage of scheme assets	(25%)	1%	6%	13%	4%
Experience gains and losses on scheme liabilities					
Amount (£)	285,000	(118,000)	(364,000)	(582,000)	(14,000)
As a percentage of the present value of the scheme liabilities	2%	(1%)	(3%)	(5%)	-
Total amount recognised in STRGL					
Amount (£)	(1,964,000)	1,322,000	606,000	(638,000)	(553,000)
As a percentage of the present value of the scheme liabilities	(17%)	12%	5%	(6%)	(7%)

The Company also operates a defined contribution scheme for which the pension cost charge for the year amounted to £27,225.

23. RELATED PARTY TRANSACTIONS

The Company has elected to take advantage of the exemption from disclosure of transactions with group companies and investees of the group qualifying as related parties, available to 90% (or more) owned subsidiaries under FRS 8.

In the ordinary course of business purchases of services from Clyde Corrosion Control Limited, an associate company, amounted to £29,574 (year to 31 August 2007 - £16,244) and sales to Clyde Corrosion Control Limited amounted to £nil (year to 31 August 2007 - £3,076). At 31 December 2008 Barclay & Mathieson Limited was due £2,679 (year to 31 August 2007 - £9,762) on a current account and owed £1,546 (year to 31 August 2007 - £nil) to Clyde Corrosion Control Limited.

Prior to the Company acquiring a 100% shareholding in Clydeside Steel Fabrications Limited the Company purchased services from them of £42,542 (year to 31 August 2007 - £193,085) and made sales to Clydeside Steel Fabrications Limited of £97,936 (year to 31 August 2007 - £335,194).

There were no other related party transactions in the period.

24. OPERATING LEASE COMMITMENTS

At 31 December 2008 the Company was committed to making the following payments during the next year in respect of operating leases:

	31 December 2008 £	31 August 2007 £
Leases which expire:		
within two to five years	33,000	33,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period from 1 September 2007 to 31 December 2008

25. ULTIMATE PARENT

The Company is a subsidiary undertaking of Stemcor Holdings Limited, a Company registered in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that headed by Stemcor Holdings Limited. A copy of the group financial statements can be contained from Level 27, One Ropemaker Street, London, EC2Y 9ST.

26. SUBSEQUENT EVENTS

On 9 February 2009 the Company completed the refinancing of its land and buildings with Butterfield Bank (UK) Limited. This loan is repayable by 2014 and the funding received as part of this transaction was used to repay its existing term debt and to repay the bank overdraft.

The Company also opened a new depot in Inverness as of 1 January 2009.