Company Registration No. SC265760

MURRAY METALS INVESTMENTS LIMITED

Report and Financial Statements

30 June 2009

MURRAY METALS INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir D E Murray
G Hill
J D G Wilson
M S McGill – appointed 5 March 2010

SECRETARY

D W M Horne

REGISTERED OFFICE

9 Charlotte Square
Edinburgh
EH2 4DR

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

Dundas & Wilson
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

INDEPENDENT AUDITORS

Grant Thornton UK LLP
95 Bothwell Street
Glasgow
G2 7JZ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 17 month period ended 30 June 2009. The directors' report has been prepared under the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company. The directors expect this to continue.

REVIEW OF DEVELOPMENTS

On 1 June 2007 the company acquired £5m of preference shares in its subsidiary company Material Logistics Limited. The loss for the period ended 30 June 2009 was £450,857 (Year ended 31 January 2008 – loss of £991,151). The loss for the period was transferred to reserves.

DIVIDENDS

No dividend was paid or proposed in respect of the period (Year ended 31 January 2008 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

Sir D E Murray
G Hill
J D G Wilson

At 30 June 2009, none of the directors held any interest in the share capital of the company (31 January 2008 – nil). The interests of the directors in the share capital of the ultimate holding company (Note 12) are disclosed in the directors' report accompanying that company's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; 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.

DIRECTORS' REPORT

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks as discussed below. The company has a risk management programme that seeks to limit the effect of such risks on financial performance.

Foreign currency risk:

The company does not enter into foreign currency transactions. The directors therefore consider the company is not exposed to any foreign currency movement risk.

Credit risk:

The company is exposed to credit related losses in the event of non-performance by transaction counterparties, but mitigates such risk through its policy of selecting only counterparties with high credit ratings.

Liquidity risk:

Operations are financed by a mixture of shareholders' funds and bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company.

Cashflow risk:

The company's policy is to arrange bank overdrafts with a floating rate of interest plus an agreed margin.

INDEPENDENT AUDITORS

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488 (1) of the Companies Act 2006.

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

David Horne

D W M Horne

Secretary

28 April 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MURRAY METALS INVESTMENTS LIMITED

We have audited the financial statements of Murray Metals Investments Limited for the period ended 30 June 2009 which comprise the profit and loss account, the balance sheet and notes 1 to 16. 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 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 auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and 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 judgements 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 30 June 2009 and of its loss 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.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

GLASGOW
28 APRIL 2010

PROFIT AND LOSS ACCOUNT
17 months ended 30 June 2009

	Note	17 months ended 30 June 2009 £	Year ended 31 January 2008 £
Administrative expenses (net)		(2)	(829,590)
OPERATING LOSS		(2)	(829,590)
Interest payable and similar charges	2	(450,855)	(230,813)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(450,857)	(1,060,403)
Tax on loss on ordinary activities	4	-	69,252
RETAINED LOSS FOR THE FINANCIAL PERIOD / YEAR	9	(450,857)	(991,151)

The current period and prior year results have been derived wholly from continuing operations.

There have been no recognised gains and losses attributable to the shareholders other than the retained loss for the current period and accordingly, no statement of total recognised gains and losses has been presented.

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
30 June 2009

	Note	30 June 2009 £	31 January 2008 £
FIXED ASSETS			
Investments	5	6,708,006	6,708,006
CURRENT ASSETS			
Debtors due within one year	6	-	168,406
CREDITORS: Amounts falling due within one year	7	(8,149,917)	(7,867,466)
NET LIABILITIES		(1,441,911)	(991,054)
CAPITAL AND RESERVES			
Called-up share capital	8	100	100
Profit and loss account	9	(1,442,011)	(991,154)
SHAREHOLDERS' DEFICIT	10	(1,441,911)	(991,054)

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The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 April 2010.

Signed on behalf of the Board of Directors

M S McGill

Director

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 months ended 30 June 2009

1. ACCOUNTING POLICIES

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

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements were prepared on a going concern basis.

The company's financial statements present information about it as an individual undertaking and not about its group. No consolidated financial statements have been prepared for the company and its subsidiary undertaking (Note 5) under the terms of the Companies Act 1985 Section 228 (1) (b) which exempts parent companies whose financial statements are included in the financial statements of a larger group from preparing consolidated financial statements.

Taxation

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

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by other group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertakings.

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

Fixed assets

Investments are stated at cost net of any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 months ended 30 June 2009

2. INTEREST PAYABLE AND SIMILAR CHARGES

	17 months ended 30 June 2009 £	Year ended 31 January 2008 £
On bank overdraft	450,855	230,813

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Audit fees were borne by another group undertaking during both the current period and prior year. Non-audit fees of £nil relating to taxation advisory work were incurred during the period (Year ended 31 January 2008 - £6,000).

During the period the company incurred no staff costs (Year ended 31 January 2008 - £nil). The directors are remunerated by another group undertaking.

4. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit is based on the loss for the period and comprises:

	17 months ended 30 June 2009 £	Year ended 31 January 2008 £
UK Corporation Tax at 28.23% (2008: 30%)	-	69,252

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 months ended 30 June 2009

4. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

	17 months ended 30 June 2009 £	Year ended 31 January 2008 £
Loss on ordinary activities before tax	(450,857)	(1,060,403)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28.23% (2008 – 30%)	127,277	318,121
Effects of:		
Non-deductible expenditure	-	(248,869)
Unrelieved tax losses and other deductions arising in the period	(127,277)	-
Current tax credit for period / year	-	69,252

There is an unrecognised deferred taxation asset balance at 30 June 2009 of £126,240 (31 January 2008 - £nil). In accordance with the company's accounting policy, such assets are recognised only when their recoverability can be regarded as certain.

5. FIXED ASSET INVESTMENTS

The following are included in the net book value of fixed asset investments:

	30 June 2009 £	31 January 2008 £
COST AND NET BOOK VALUE		
Investments – opening	6,708,006	1
Additions during the period / year	-	6,708,005
	6,708,006	6,708,006

On 1 June 2007 the company acquired £5m of preference shares in its subsidiary company Material Logistics Limited. Fees associated with the transaction amounted to £35,005. During January 2008 Material Logistics disposed of Apollo Metals Limited and its trading subsidiaries. As part of the disposal process the company incurred further costs of £1.673m.

On 3 December 2004, the company acquired 100% of the ordinary share capital of Material Logistics Limited a company incorporated in the United Kingdom. Material Logistics Limited sold all of its subsidiary companies during the prior year. Until the sale the principal activity of the group headed by Material Logistics Limited was the processing and distribution of specialised metals.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 months ended 30 June 2009

6. DEBTORS

	30 June 2009 £	31 January 2008 £
Amounts due within one year:		
Amounts due from group undertakings	-	69,252
Other debtors	-	99,154
	-	168,406

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2009 £	31 January 2008 £
Bank overdraft	8,025,990	5,504,636
Amounts due to other group undertakings	113,092	-
Other creditors and accruals	10,835	2,362,830
	8,149,917	7,867,466

The bank overdraft is secured by a bond and floating charge over the assets of the company.

8. CALLED-UP SHARE CAPITAL

	30 June 2009 £	31 January 2008 £
Authorised:		
1,000 ordinary shares of £1	1,000	1,000
Allotted, called-up and paid		
100 ordinary shares of £1	100	100

9. RESERVES

The movement for the period was as follows:

	Profit and loss account £
Beginning of period	(991,154)
Retained loss for the financial period	(450,857)
End of period	(1,442,011)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 months ended 30 June 2009

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	30 June 2009 £	31 January 2008 £
Retained loss for the period	(450,857)	(991,151)
Opening shareholders' deficit	(991,054)	97
Closing shareholders' deficit	(1,441,911)	(991,054)

11. GUARANTEES AND OTHER FINANCIAL COMMITTMENTS

a) Contingent liabilities

The company has guaranteed bank borrowings of its ultimate holding company and certain other subsidiary undertakings. The total contingency at 30 June 2009 amounted to £440,006,637 (31 January 2008 - £382,140,982). Security for the guarantee consists of a bond and floating charge over the assets of the company.

b) VAT

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group and failure by other members of the group to meet their liabilities would give rise to additional liabilities for the company. The directors are of the opinion that no additional liability is likely to arise.

12. ULTIMATE HOLDING COMPANY

The ultimate holding company is Murray International Holdings Limited and the immediate parent company is Murray Group Holdings Limited, both of which are registered in Scotland. The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address.

13. ULTIMATE CONTROL

Sir D E Murray, a director of the ultimate holding company (Note 12), and members of his close family control the company as a result of controlling directly or indirectly 88% of the issued share capital of the ultimate holding company.

14. CASH FLOW STATEMENT

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary of Murray International Holdings Limited whose financial statements contain a consolidated cash flow statement and are available to the public.

15. RELATED PARTY TRANSACTIONS

In accordance with the exemptions provided under Financial Reporting Standard 8 for companies whose voting rights are 90% or more controlled within a group, the company has not disclosed transactions with other subsidiary undertakings of the ultimate holding company (Note 12).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 months ended 30 June 2009

16. SUBSEQUENT EVENTS

On 21 April 2010, Murray International Holdings Limited and certain of its subsidiaries completed a financial restructuring, details of which are set out in the financial statements of Murray International Holdings Limited for the period ended 30 June 2009.