

Company Registration No. 8076113

Melrose USD 1 Limited

Annual Report and Financial Statements

31 December 2012

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Melrose USD 1 Limited

Report and Financial Statements Period ended 31 December 2012

Officers and professional advisors

Directors

G P Martin (appointed 21 May 2012)
G E Barnes (appointed 21 May 2012)

Secretary

G E Barnes (appointed 21 May 2012)

Registered Office

Precision House
Arden Road
Alcester
Warwickshire
B49 6HN

Chartered Accountants and Statutory Auditor

Deloitte LLP
Chartered Accountants
London, United Kingdom

Melrose USD 1 Limited

Directors' report

The Directors present their annual report and the audited financial statements for the period 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 profit for the period ended 31 December 2012 was US\$2,317,000.

The Directors paid a dividend for the period of US\$152,317,000.

The Company was incorporated on 21 May 2012 with an issue of 2 ordinary shares of \$1 each. These financial statements relate to the 225 day period ended 31 December 2012. No comparative information has been presented.

On 23 May 2012, 150,000,000 \$1 ordinary shares were issued increasing the amount of share capital in issue to \$150,000,002.

On 13 September 2012, a capital reduction took place and 150,000,000 \$1 ordinary shares were cancelled resulting in a transfer of \$150,000,000 to the profit and loss account reserve.

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 liquidity risk.

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.

Melrose USD 1 Limited

Directors' report (continued)

Directors

The Directors who served throughout the period 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 period and at the date of this report.

Charitable and political donations

There were no political or charitable donations during the period.

Auditor

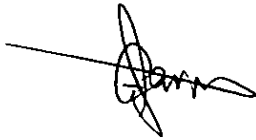
Each of the persons who is a Director at the date of approval of this report confirms that

- 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
4 September 2013

Melrose USD 1 Limited

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.

Melrose USD 1 Limited

Independent auditor's report to the members of Melrose USD 1 Limited

We have audited the financial statements of Melrose USD 1 Limited for the period ended 31 December 2012, which have been prepared on a basis other than that of a going concern and which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. 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 profit for the period 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.

Melrose USD 1 Limited

Independent auditor's report to the members of Melrose USD 1 Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period 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 (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
4 September 2013

Melrose USD 1 Limited

Profit and Loss Account Period ended 31 December 2012

	Note	Period ended 31 December 2012 US\$'000
Finance income	2	2,317
Profit on ordinary activities before taxation	3	<u>2,317</u>
Tax charge on result on ordinary activities	5	-
Profit for the financial period	7	<u><u>2,317</u></u>

The above results derive from continuing operations

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

Melrose USD 1 Limited

Balance Sheet

As at 31 December 2012

	Note	2012 US\$'000
Net assets		-
Capital and reserves		
Called-up share capital	6	-
Profit and loss account	7	-
Shareholders' funds	8	-

The financial statements of Melrose USD 1 Limited (registered number 8076113) were approved by the Board of Directors and authorised for issue on 4 September 2013
Signed on Behalf of the Board of Directors



G E Barnes
Director

Melrose USD 1 Limited

Notes to the financial statements Period ended 31 December 2012

1 Accounting policies

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

Basis of preparation

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

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 (formerly Melrose PLC), has prepared consolidated financial statements which include the financial statements of the Company and which contain a Statement of Cash Flows.

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 Finance income

	Period ended
	31 December 2012
	US\$'000
Interest receivable and similar income	
Loans to fellow Group undertakings	2,317
	2,317

Melrose USD 1 Limited

Notes to the financial statements Period ended 31 December 2012

3 Profit on ordinary activities before taxation

The audit fees payable to the Company's auditor of £1,000 (year ended 31 December 2011: nil) for the audit of the financial statements was borne by a fellow Group undertaking in the current period.

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

4 Directors' remuneration

The Directors received no remuneration for their services to the Company during the period (year ended 31 December 2011: £nil). The Directors of the Company who served during the period 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 period ended 31 December 2012 or the year ended 31 December 2011.

5 Tax on ordinary activities

The tax charge comprises

	Period ended
	31 December 2012
	US\$'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 profit on ordinary activities before taxation is as follows:

	Period ended
	31 December 2012
	US\$'000
Profit on ordinary activities before taxation	2,317
Tax on profit on ordinary activities before taxation at standard UK corporation tax rate of 24.5% (31 December 2011: 26.5%)	568
Effects of Group relief claimed at nil consideration	(568)
Current tax charge	-

Melrose USD 1 Limited

Notes to the financial statements Period ended 31 December 2012

6 Called-up share capital

	2012 US\$'000
Allotted, called-up and fully-paid 2 Ordinary Shares of \$1 each	-

The Company was incorporated on 21 May 2012 with an issue of 2 ordinary shares of \$1 each

On 23 May 2012, 150,000,000 \$1 ordinary shares were issued increasing the amount of share capital in issue to \$150,000,002

On 13 September 2012, a capital reduction took place and 150,000,000 \$1 ordinary shares were cancelled resulting in a transfer of \$150,000,000 to the profit and loss account reserve

7 Reserves

	Profit and loss account US\$'000	Total US\$'000
Result for the period	2,317	2,317
Dividends paid to parent company	(152,317)	(152,317)
Capital reduction	150,000	150,000
At 31 December 2012	-	-

8 Reconciliation of movements in shareholders' funds

	2012 US\$'000
Profit for the financial period	2,317
Dividends paid	(152,317)
New shares issued	150,000
Net addition to shareholders' funds	-
Opening shareholders' funds	-
Closing shareholders' funds	-

Melrose USD 1 Limited

Notes to the financial statements Period ended 31 December 2012

9 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.

10 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 company is FKI Engineering 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 (formerly Melrose PLC). Copies of the financial statements are available from the Company Secretary, Melrose Industries PLC, Precision House, Arden Road, Alcester, Warwickshire, B49 6HN.