

Company Registration No. SC040892

IRELAND ALLOYS LIMITED

Report and Financial Statements

Year Ended 31 January 2007

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IRELAND ALLOYS LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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IRELAND ALLOYS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir David E Murray
J Donald G Wilson
Graeme Hill
Robert P Cochrane
William Hogarth
Allan C Addie

SECRETARY

D W M Horne

REGISTERED OFFICE

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EH2 4DR

HEAD OFFICE

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P O Box 18
Hamilton
Scotland
ML3 0EL

AUDITORS

Grant Thornton UK LLP
95 Bothwell Street
Glasgow
G2 7JZ

SOLICITORS

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

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

IRELAND ALLOYS LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the financial statements and Independent Auditors' Report for the year ended 31 January 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company has been trading in the United Kingdom and internationally in complex alloy scrap containing nickel, tungsten, titanium, chromium, cobalt, molybdenum, and vanadium. The activities involve buying, sorting, processing and selling alloy secondary materials.

Demand for the company's products from the aerospace sector remained relatively strong throughout the year, although some customer resistance was experienced in response to soaring commodity prices. Looking to the future the company remains vulnerable to a downturn in the aerospace sector. The LME Nickel price reached an all time high level during the year and, having opened the year at \$15,000 per metric tonne the LME nickel price had risen to in excess of \$36,000 per metric tonne by year end.

Despite the unparalleled increase in the nickel price, demand from the stainless steel sector remained buoyant throughout the year. In year 2005/2006 the company recorded its best trading result for many years and has managed to equal that performance during the current year. The company moves into year 2007/2008 with a degree of optimism.

Acute volatility in international commodity and currency markets continues to present challenges and opportunities for the company. We continue to address these issues on a commercial basis through utilisation of appropriate hedging instruments.

Management of the company's supply chain remains crucial to the company's prosperity. The directors have given priority to this alongside generation of new supply sources.

The company continues to develop strategic alliances, both domestically and internationally, with a view to securing enhanced market share.

Turnover has increased by 27.2% over year 2005/2006 although this has been heavily influenced by escalating commodity prices.

The year end net debt to equity ratio at 37.6% has improved significantly from the prior year end ratio of 73.8% as a result of another year of healthy earnings, coupled with a fresh injection of £750,000 of ordinary share capital by our parent company.

Year end net assets at £4,490,000 have increased by 72.0% over the course of the financial year.

For the current year the company's sales averaged approximately £554,000 per employee.

Over the course of the current year stock turnover remained close to our corporate target at individual business unit level.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders after all charges, depreciation and taxation amounted to £1,130,000 (year to 31 January 2006 – profit of £1,081,000).

The directors do not recommend the payment of a dividend (year to 31 January 2006 – £Nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Use Of Financial Instruments

- A significant proportion of the company's revenues are denominated in US\$. Such revenues are only partially offset by product acquisition costs in the same currency. In order to mitigate against the company's exposure to exchange rate movements, the company enters into non speculative foreign currency hedging instruments based on likely future foreign currency cash flows
- Periodically, the company will enter into non speculative forward contracts in order to hedge against movements in the price of Nickel. The directors consider that such transactions provide a degree of protection against the company's overall exposure to price movements in the market place in respect of stock held and stock commitments

(b) Credit Risk

The Company is exposed to credit related losses in the event of non performance by counterparties to financial instruments, but mitigates such risk through its policies of selecting only counterparties with high credit ratings and ensuring credit insurance is obtained where required

(c) 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

(d) Cashflow Risk

The company's policy is to arrange core debt, bank loans and overdrafts with a floating rate of interest plus an agreed margin. The company from time to time may use interest rate swaps, caps and collars together with non speculative hedging instruments to manage its exposure to interest rate movements on its bank borrowings

DIRECTORS

The directors who served during the year and to the date of this report are set out on page 1

At 31 January 2007, none of the directors had any interest in the ordinary share capital of the company (2006 £Nil). The interests of the directors in the share capital of the ultimate holding company Murray International Holdings Limited 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 United Kingdom Generally Accepted Accounting Practice

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 year. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

AUDITOR

Grant Thornton UK LLP were appointed as auditors to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD



D W M HORNE
Company Secretary

Date 10th April 2007

IRELAND ALLOYS LIMITED

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF IRELAND ALLOYS LIMITED

We have audited the financial statements of Ireland Alloys Limited for the year ended 31 January 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 20. 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

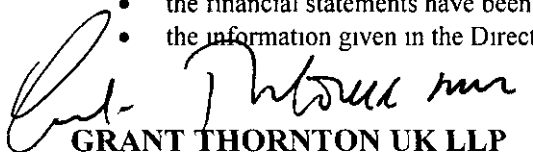
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 January 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
GLASGOW

11th April 2007

IRELAND ALLOYS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2007

		Year to 31 January 2007 £000	Year to 31 January 2006 £000
	Note		
TURNOVER	2	24,360	19,150
Cost of sales		(22,159)	(17,035)
GROSS PROFIT		2,201	2,115
Distribution expenses		(439)	(445)
Administration expenses		(526)	(425)
OPERATING PROFIT		1,236	1,245
Interest payable	5	(187)	(206)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,049	1,039
Tax on profit on ordinary activities	7	81	42
RETAINED PROFIT FOR THE YEAR	16	1,130	1,081

The accompanying notes form an integral part of these financial statements

The current year and prior year results have been derived wholly from continuing operations. The company's profit for the current year and for the preceding year are not significantly different on a historical cost basis and accordingly a separate statement of historical cost profits and losses has not been presented.

IRELAND ALLOYS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 JANUARY 2007

		Year to 31 January 2007 £000	Year to 31 January 2006 £000
	Note		
Profit for the year	16	1,130	1,081
Unrealised surplus on revaluation of freehold land and buildings	17		
Total recognised gains and losses relating to the year		1,130	1,081

IRELAND ALLOYS LIMITED

BALANCE SHEET AT 31 JANUARY 2007

	Note	2007 £000	2006 £000
FIXED ASSETS			
Tangible assets	9	1,354	1,316
CURRENT ASSETS			
Stock	10	2,286	1,929
Debtors	11	6,028	3,507
Cash at bank and on hand		314	436
		8,628	5,872
CREDITORS: amounts falling due within one year	12	(3,492)	(2,495)
NET CURRENT ASSETS		5,136	3,377
TOTAL ASSETS LESS CURRENT LIABILITIES		6,490	4,693
CREDITORS amounts falling due after more than one year	13	(2,000)	(2,083)
NET ASSETS		4,490	2,610
CAPITAL AND RESERVES			
Called up share capital	15	1,611	861
Revaluation reserve	16	521	521
Profit and loss account	16	2,358	1,228
SHAREHOLDERS' FUNDS	17	4,490	2,610

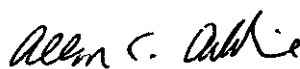
The accompanying notes form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 10th April 2007

Signed on behalf of the Board of Directors by



ROBERT P COCHRANE
DIRECTOR



ALLAN C ADDIE
DIRECTOR

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS Year Ended 31 January 2007

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted by the company are set out below. They have all been applied consistently throughout the current year and the preceding period.

a) Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost accounting rules, modified to include the revaluation of freehold land and buildings.

b) Tangible Fixed Assets

Fixed assets are shown at cost or valuation, net of depreciation and provisions for impairment.

Depreciation is provided on fixed assets at the following rates in order to reduce the net cost of the assets to estimated net residual value over the anticipated useful life of the assets:

Freehold buildings	4% straight line
Plant and machinery	20% reducing balance
Office equipment	20% straight line

Freehold land is not depreciated.

In accordance with FRS 15 *tangible fixed assets*, freehold land and buildings are carried at valuation, with the surplus or deficit on book value being transferred to the revaluation reserve except that a deficit which is in excess of any previously recognised surplus over depreciated cost, or reversal of such a deficit, is charged (or credited) to the profit and loss account. The last valuation was carried out on 31 January 2005. In accordance with the company's five year revaluation cycle an interim valuation will be carried out after 3 years and will take place in the year ending 31 January 2008.

c) Stock

Stock is stated at the lower of cost and net realisable value at the balance sheet date. Cost includes all costs incurred in bringing the product to its present location and condition. Net realisable value is based on estimated selling price less costs expected to be incurred in completion and disposal. Provision is made for obsolete or slow moving items where appropriate.

d) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged, at the rate of exchange under the related currency hedging contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Year Ended 31 January 2007

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

e) 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

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 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 not discounted

f) Pensions

The company participates, on a defined contribution basis, in the Murray International Holdings Limited Group Personal Pension Plan. These contributions are charged to the profit and loss account as incurred. The company has adopted FRS 17 Retirement Benefits, which did not have any significant impact on the financial statements

g) 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 subsidiary of Murray International Holdings Limited whose financial statements contain a consolidated cash flow statement and are publicly available

h) Related party transactions

In accordance with the exemption 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 19)

i) Revenue recognition

Revenue is recognised in respect of the sale of goods on the date of despatch at which point the customer becomes irrevocably committed to the transaction

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) Year Ended 31 January 2007

2. TURNOVER

Turnover represents the invoiced amount of goods sold net of value added tax. No geographical analysis of turnover by destination or analysis of profit before taxation or net assets has been provided on the basis of commercial confidentiality.

3. DIRECTORS' EMOLUMENTS

The total remuneration of the directors is shown below

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
Emoluments	193	154
Pension contributions	11	11
	<u>204</u>	<u>165</u>

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
Highest Paid Director		
Emoluments	91	73
Company contributions to defined contribution pension plan	6	6
	<u>97</u>	<u>79</u>

Two of the directors are members of the Murray International Holdings Limited Group Personal Pension Plan.

Sir David Murray, Mr J D G Wilson, Mr G Hill and Mr W Hogarth do not receive any remuneration specifically for services to the company. They are employees of, and are remunerated by, other group undertakings.

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) Year Ended 31 January 2007

4. EMPLOYEE INFORMATION

- a) The average number of persons employed during the year, inclusive of directors, was as analysed below

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
Office and management	13	12
Production	31	30
	<u>44</u>	<u>42</u>

- b) Staff costs during the year amounted to

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
Wages and salaries	1,042	1,002
Social security costs	86	72
Pension costs (Note 8)	52	50
	<u>1,180</u>	<u>1,124</u>

5. INTEREST PAYABLE

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
Bank loans and overdrafts	184	205
Finance leases and hire purchase contracts		1
Other	3	
	<u>187</u>	<u>206</u>

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) Year Ended 31 January 2007

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging / (crediting)

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
Depreciation	71	58
Auditors' remuneration – audit fees	7	7
Operating lease rentals – plant	79	80
Exchange losses/(gains)	45	(55)
	<u> </u>	<u> </u>

7. TAXATION

Tax on profit on ordinary activities

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
The tax credit comprises		
Current tax		
UK corporation tax	<u> </u>	<u> </u>
Total current tax		
Deferred tax (Note 14)	(81)	(42)
Tax credit on historic loss on ordinary activities	<u>(81)</u>	<u>(42)</u>

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

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Year Ended 31 January 2007

7. TAXATION (CONTINUED)

	Year to 31 January 2007 £000	Year to 31 January 2006 £000
Profit on ordinary activities before tax	<u>1,049</u>	<u>1,039</u>
Tax on profit on ordinary activities at standard UK Corporation Tax rate of 30% (2006 – 30%)	315	312
Effects of		
Expenses not deductible for tax purposes	2	3
Depreciation in excess of capital Allowances	21	29
Other short term timing differences	13	12
Utilisation of losses	<u>(351)</u>	<u>(356)</u>
Current tax credit for the year	<u><u> </u></u>	<u><u> </u></u>

8. PENSION COSTS

The company participates in the Murray International Holdings Limited Group Personal Pension Plan. This is a defined contribution multi employer scheme, the assets and liabilities of which are held independently from the group.

Contributions to the scheme for the year to 31 January 2007 were £52,000 (year to 31 January 2006 £50,000). The agreed employer contribution rate to 31 January 2007 was 9.00%.

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Year Ended 31 January 2007

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £000	Plant & Equipment £000	Total £000
COST OR VALUATION			
At 1 February 2006	1,186	1,866	3,052
Additions		109	109
Disposals			
At 31 January 2007	1,186	1,975	3,161
DEPRECIATION			
At 1 February 2006	77	1,659	1,736
Charge for the period	10	61	71
Disposals			
At 31 January 2007	87	1,720	1,807
NET BOOK VALUE			
At 31 January 2007	1,099	255	1,354
At 31 January 2006	1,109	207	1,316

At 31 January 2005 the freehold land & buildings were valued at £1,125,000 by The Premier Property Group Limited. The valuation was carried out on an "existing use" basis and conducted in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes. The directors are not aware of any material change in the value of freehold land and buildings since the last valuation at 31 January 2005.

Particulars relating to revalued assets are given below

	2007 £000	2006 £000
Freehold land and buildings		
At open market valuation	1,186	1,186
Aggregate depreciation thereon	(87)	(77)
Net book value	1,099	1,109
Historical cost of revalued assets	846	846
Aggregate depreciation thereon	(111)	(98)
Historical cost net book value	735	748

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Year Ended 31 January 2007

10. STOCKS

	2007 £000	2006 £000
Raw materials	2,286	1,911
Consumables		18
	<u>2,286</u>	<u>1,929</u>

In the opinion of the directors the replacement cost of stocks is not materially different from their balance sheet value

11. DEBTORS

	2007 £000	2006 £000
Amounts falling due within one year		
Trade debtors	4,902	2,902
Other debtors	265	113
Amounts due from other group undertakings	297	10
Prepayments	<u>34</u>	<u>33</u>
	5,498	3,058
Amounts falling due after more than one year		
Deferred tax asset (Note 14)	<u>530</u>	<u>449</u>
	<u>6,028</u>	<u>3,507</u>

12. CREDITORS – amounts falling due within one year

	2007 £000	2006 £000
Bank loans (Note 13)		278
Trade creditors	2,808	1,756
Amounts due to other group undertakings	286	130
Accruals	370	291
Other creditors	<u>28</u>	<u>40</u>
	<u>3,492</u>	<u>2,495</u>

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Year Ended 31 January 2007

13. CREDITORS – amounts falling due after more than one year

	2007 £000	2006 £000
Bank loans	2,000	2,361
Less amounts due within one year (Note 12)		(278)
	<u>2,000</u>	<u>2,083</u>
Due between one and two years		278
Due between two and five years	2,000	833
Due after more than five years		972
	<u>2,000</u>	<u>2,083</u>

Bank loans are secured by fixed and floating charges over the company's assets including freehold land and buildings. Interest is charged at commercial rates.

On 26 January 2007 the company commenced participation in the Murray International Holdings Limited Revolving Credit Banking Facility and, as a consequence, ceased to have independent banking facilities from that date onwards.

14. PROVISION FOR LIABILITIES AND CHARGES

	2007 £000	2006 £000
Deferred taxation is provided as follows		
At beginning of year	(449)	(407)
Credited to profit and loss account (Note 7)	(81)	(42)
At end of year – asset	<u>(530)</u>	<u>(449)</u>
The closing balance is made up as follows		
	2007 £000	2006 £000
Deferred capital allowances	(43)	(22)
Short term timing differences	(43)	(30)
Tax losses and other deductions	(444)	(397)
	<u>(530)</u>	<u>(449)</u>
Transferred to debtors (note 11)	<u>530</u>	<u>449</u>

There is an unrecognised deferred tax asset of £Nil (31 January 2006 £398,000)

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Year Ended 31 January 2007

15. CALLED UP SHARE CAPITAL

	2007 £000	2006 £000
Authorised 1,650,000 Ordinary shares of £1 each	1,650	900
Allotted 1,611,000 Ordinary shares of £1 each	1,611	861

On 31 January 2007, the company issued 750,000 Ordinary shares to Murray Metals Group Limited at par value

16. RESERVES

	Profit & loss account £000	Revaluation reserve £000	Total £000
Balance at 31 January 2006	1,228	521	1,749
Retained profit for the year	1,130		1,130
Balance at 31 January 2007	2,358	521	2,879

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £000	2006 £000
Profit for the financial year	1,130	1,081
Revaluation surplus		
New share capital issued	750	
	1,880	1,081
Shareholders' funds at 31 January 2006	2,610	1,529
Shareholders' funds at 31 January 2007	4,490	2,610

On 31 January 2007, the company issued 750,000 Ordinary shares of £1 each to Murray Metals Group Limited at par value

IRELAND ALLOYS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Year Ended 31 January 2007

18 CONTINGENT LIABILITIES, GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) **Forward Foreign Currency Contracts**

At 31 January 2007 the company had forward currency contracts in respect of US \$7,500,000 (2006 US \$4,250,000) due from overseas debtors. The fair value of the contracts as at 31 January 2007 was £31,000 (2006 £23,000)

b) **Capital Commitments**

	2007 £000	2006 £000
Contracted for but not provided		

c) **Operating Leases plant**

	2007 £000	2006 £000
Expiring within one year	1	1
Expiring within two to five years	66	69
	67	70

d) **Contingent Liabilities and Guarantees**

The company has guaranteed bank borrowings of its holding company and certain other subsidiary undertakings. The total contingency at 31 January 2007 amounts to £253,349,000 (31 January 2006 – £ Nil). Security for the bank facilities consists of cross guarantees and a bond and floating charge over the assets of the company.

19. ULTIMATE HOLDING COMPANY

The company's immediate parent undertaking is Murray Metals Group Limited. The company's ultimate holding company is Murray International Holdings Limited, which is 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.

20. ULTIMATE CONTROL

Sir David E Murray, a director of the ultimate holding company (Note 19), and members of his close family control the company as a result of controlling directly or indirectly 81% of the issued share capital of the ultimate holding company.