Independent Slitters Limited

internet: www.independentslitters.co.uk
e-mail: sales@independentslitters.co.uk

Park Street, Church Bridge, Oldbury, West Midlands, B69 4LQ

Telephone: 0121 552 9628
Fax: 0121 552 9631

Date: 19 August 2014

Subject: Treasury Select Committee meeting 17 June 2014.

During a meeting of the Treasury Select Committee on 17 June 2014 at just after 11.49am. Derek Sach used Independent Slitters Limited as an example of a satisfied customer. The comments made did not reflect Independent Slitters Limited views of GRG and we would like to clarify the same.

Our dissatisfaction of the fees levied by GRG was made clear to our GRG relationship manager during our recovery process and afterwards to our Relationship Manager in mainstream banking on 15 May 2014.

Following a mandatory referral to GRG, Independent Slitters Limited received none of the specialist restructuring help we were told would be available. The restructuring was limited to financial flexibility, allowing our facility to go into excess by up to £26k for a maximum period of two weeks, together with a 12 month capital repayment holiday on a loan that the company had inherited from a separate business venture.

Throughout the recovery period Independent Slitters Limited continued to trade with a healthy order book. The company was suffering from cash flow issues brought about by the inherited debt. On entering GRG we were told there would be no unsecured or "new money", but we would be assisted practically by "specialist business doctors" who would help us with the physical restructure, this support was never provided. With interest and other charges levied by GRG worsening our financial situation, the flexibility in our facility alone, was just delaying the inevitable failure. Should this have happened it would no doubt have offered an opportunity for "an investor" to acquire a good and very profitable debt free business at a substantially reduced price.

To avoid this happening, the physical restructure was planned and implemented by Daniel Wharrad and Ian Edwards with support from our Accountant. This work included the sale and lease back of assets, the sale of toxic assets and other equipment and the negotiation of complex payment plans.

GRG were fully updated with regard to our restructuring plans and progress and the future profitability of the business was clear for them to see. Despite this we were told the facility would be withdrawn unless we agreed to RBS taking a fee based on a 15% equity stake in the business. Despite our remonstrations we were bullied into signing a "continuation in facilities" agreement to avoid foreclosure.

In summary the bank required;

1. a 15% equity stake in the business,
2. our company to pay all costs and legal fees for both sides (bank fees estimated by GRG at the time to be circa £8,000),

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3. a debenture,
4. first legal charges,
5. interest on all excesses,
6. a £5250 facility fee,
7. a £500 per month management fee,
8. £150,000 personal guarantee by Daniel Wharrad,
9. Numerous, other conditions restricting salaries, and Directors participation in other, even non conflicting businesses etc…

A break fee / penalty of £25,000 would be applied if we failed to agree to the above within a short period (7 days).

It was very clear from our plans including the various sale agreements, that the recovery of the business was just a matter of time and GRG had a clear view of this and the extent of future profitability.

We asked GRG to justify why such a high and ongoing fee was being charged, it was clear the risk was not unduly high and was being managed effectively. GRG could, or would not do this. GRG were also unprepared to provide valuations or consideration of the future worth of the shares they were taking that could be easily extrapolated.

With no time to find any alternatives and to preserve the 20 or so jobs in the business we were forced to capitulate.

"We lent them more money" *(Derek Sach)*
This statement is misleading. There was no new money or investment by the bank throughout the key stages of our recovery. Towards the end of the recovery process in December 2012 we were told we were to exit GRG and once again told our overdraft facility was to be withdrawn. We were told we would be offered a loan as an alternative which was charged at a significantly higher interest rate. Again we objected but had no alternative but to accept the loan as the cancellation of facility at the final stages of our recovery would have destroyed cash flow.

They can't thank us enough for what we did (Derek Sach)
Throughout 2013 RBS publicized our recovery in a number of press releases in local and national newspapers. We saw this as an opportunity to promote the recovery of the business to our customers. However many of the claims and inferences made in the press releases by GRG are inaccurate, misleading and grossly overstate their involvement in the practical aspects of the recovery process. Because of the historical events where GRG had made it clear they could and would foreclose on facilities and with their additional powers now as a shareholder, we were reluctant to "rock the boat" and very nervous of the potential consequences of challenging or disagreeing with the claims GRG were making. We did however where possible insist content was added that made it clear "Daniel Wharrad and Ian Edwards were responsible for planning the business restructure and operational management".

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At 12.26pm Mr Sach told the Treasury Select Committee "with a UK SME portfolio of £6bn one was hardly going to spend a great deal of time squeezing some poor entrepreneur from Bromsgrove for his one million pounds"

Daniel Wharrad the major share holder of Independent Slitters Limited lived in Bromsgrove and the debt profile matched our business at the time.

The above statement by Mr. Sach trivializes the importance or contribution of a SME like Independent Slitters Limited, but despite this GRG still used our company's recovery almost exclusively from the many thousands of clients as an example of the success of GRG in their press releases to local and national news papers, on RBS's own website, and in the Meeting of The Treasury Select Committee on 17 June 2014. Our company was also mentioned at a meeting on 17 December 2013 in Westminster Hall when the Tomlinson Report was discussed. Because of this we draw the conclusion that in selecting us for publicity we have been "manipulated and played" to enhance the public perception of GRG's work. We were lead to believe GRG was run at a cost to RBS and there to help customers like us. In reality the portfolio of equity such as ours, now held in West Register would appear to be there and designed to enhance the banks profits at the customer's expense.

At the time we were forced to sign the agreement we were told there would be an opportunity to re acquire the equity GRG took from our business. In September 2013 and again earlier this year we made an approach to RBS's Investment Director, but were advised they had no procedure for this and the equity was not being offered for sale.

If you need any further information about this report, or sight of documentation referred to please contact us.

Prepared by

Ian Edwards and Daniel Wharrad
Managing Director — Director and CEO

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