

TRADE ANNOUNCEMENT

JOHN RITCHIE Ltd

As the first fiscal year of STL Distribution's ownership by John Ritchie Ltd reaches a conclusion a number of key goals have been achieved. As indicated at the point of acquisition, stabilisation and consolidation after a very challenging period in the history of the business were essential and with the implementation of a redeveloped technology platform, the recovery of high levels of service and the rebuilding of strong partnerships with our suppliers and customers we are very pleased with the progress made.

It has however become apparent during 2010 that the trade in which we operate is experiencing a period of very significant transition. A combination of a continued decline in overall High street sales, the proliferation of internet traders and the rapid evolution and implementation of new technologies have driven unprecedented change, challenges and opportunities within our sector.

In addition to the factors noted above the prevailing general economic climate combined with unusually harsh winter weather in December has exacerbated the many difficulties that the Trade was facing. STL distribution was not immune from these difficulties and as a result revenues for 2010 were less than planned. As a consequence we face important challenges as we enter the second fiscal year of ownership, challenges which will be addressed in order to secure the future success of the business.

In light of the issues outlined above we are throughout the month of March conducting a consultation with our staff to ensure that we effectively manage costs and importantly, align our business and competencies to a rapidly re-shaping industry landscape. During this process a new customer and supplier focussed organisation structure will be implemented ensuring that we are totally focussed on providing exceptional service to our customers, efficient partnership with our suppliers and that we are well positioned for future opportunities.

The consultation process that we are conducting will conclude in the early part of April with the majority of staff being actively engaged throughout. Having already solicited voluntary candidates for this process it is likely that 15% of our group work force will be impacted.

Please remember all staff within the group in your prayers as we move through this process.

Ken Munro
CEO, John Ritchie Ltd.

Ends.