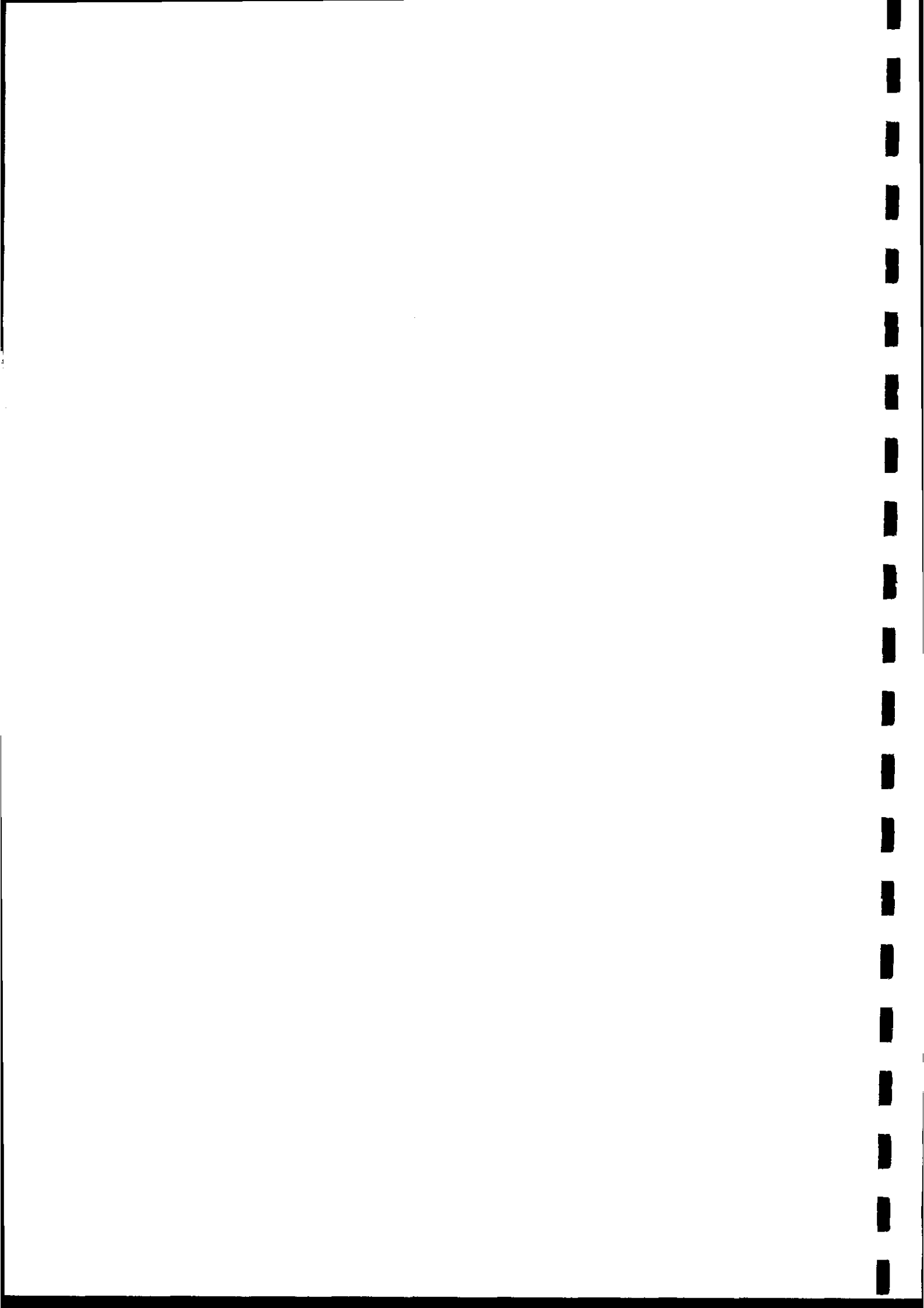


ROM Limited

Directors' report and financial statements

31 December 1999
Registered number 213629

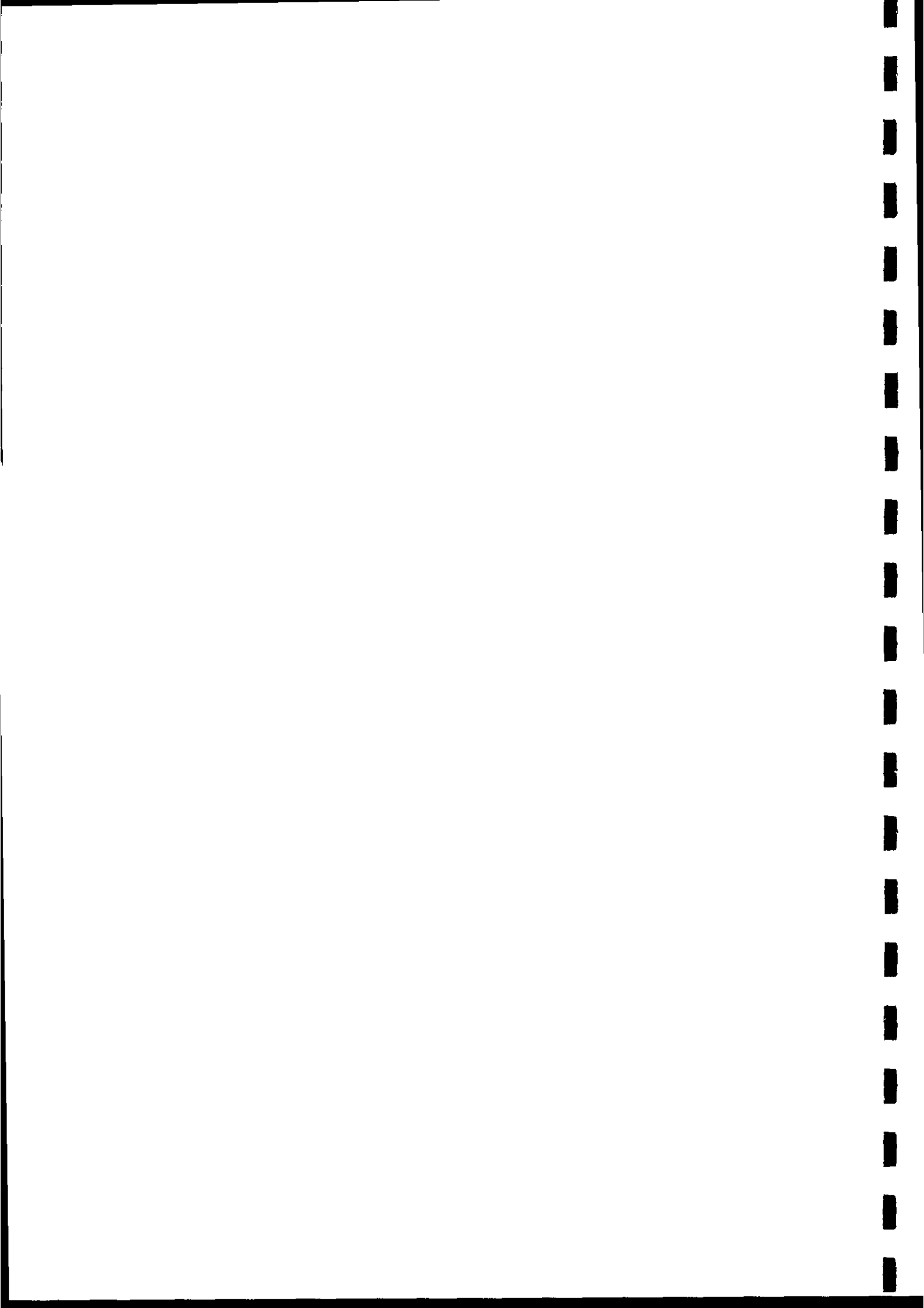




Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999

Principal activities, business review and future developments

The principal activities of the company are the supply of steel reinforcements and accessory products to the civil engineering and construction industry together with the manufacture and supply of industrial wires and temporary fencing systems.

The group continues to seek higher added value sales and services whilst further reducing dependence on the low margin cut and bend products.

Profit before tax for the year was £ 1,676,000 (1998: £ 1,521,000)

Summary of the results for the year

	1999 £ 000	1998 £ 000
Turnover	<u>59,146</u>	<u>56,328</u>
Profit on ordinary activities before taxation	1,676	1,521
Taxation	(582)	(504)
Profit after taxation for the financial year	<u>1,094</u>	<u>1,017</u>
Dividends paid	(1,255)	(1,087)
Retained loss for the financial year	<u>(161)</u>	<u>(70)</u>

Dividends and transfers to reserves

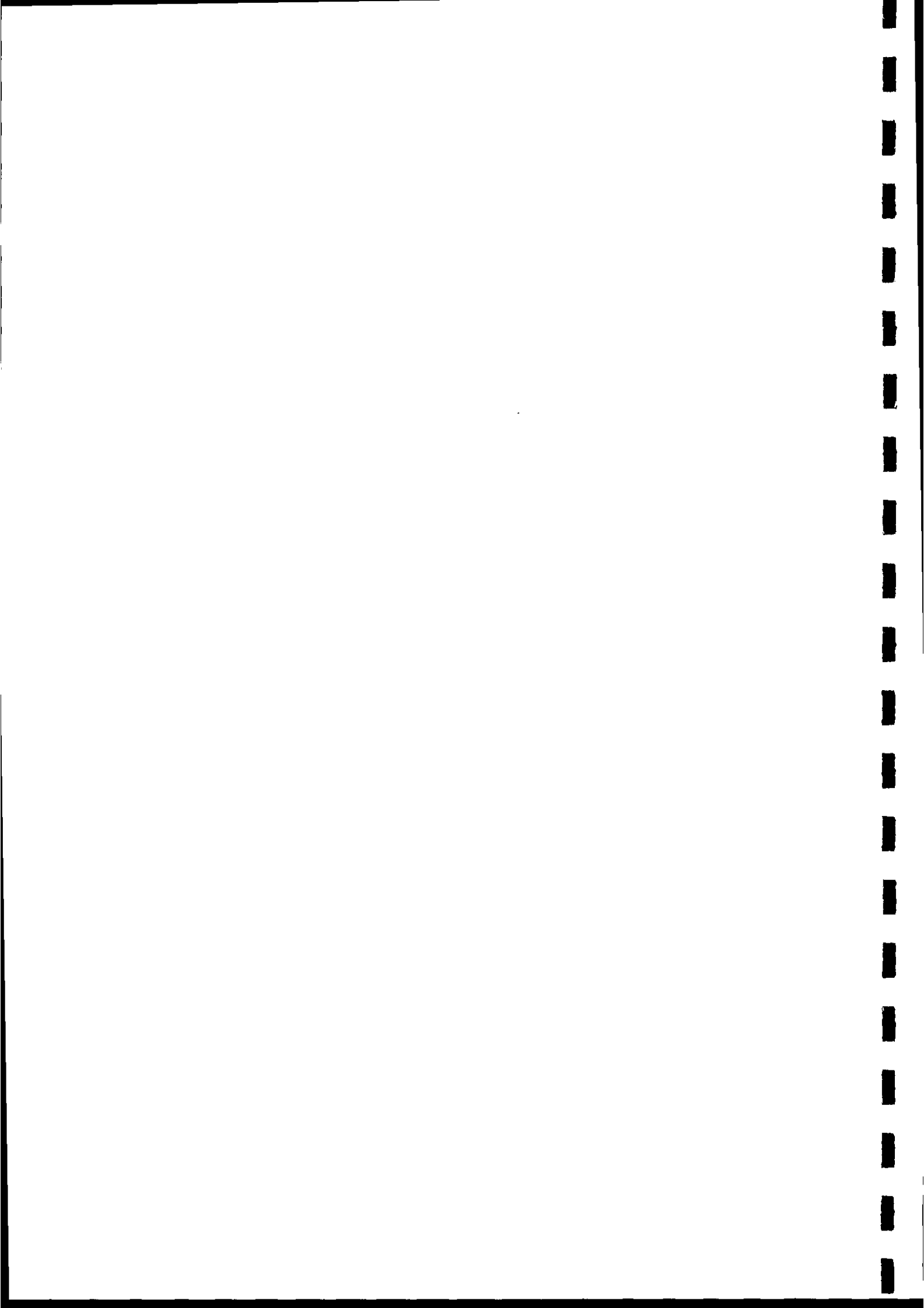
A dividend was paid during the year of £ 1,255,000. The directors do not recommend that a final dividend be paid.

Directors

The directors who held office during the year were as follows:

K.D.Neath
M.Wallis
G.L.Fraser
A.J.Stumpf
R.Holton
C.P.Hall (Appointed 21st July 1999)
R.Wiggin (Appointed 21st July 1999)
K.B.Roberts (Resigned 23rd December 1999)

No directors had any interest in the shares of the company. K.D.Neath and M.Wallis are directors of the parent undertaking. The interests of these directors (including their family interests) in the £ 1 ordinary shares of ROM GROUP LIMITED (the parent undertaking) are disclosed in the accounts of that company.



Directors' report (continued)

Creditor payment policy

It is the company's policy to obtain best possible payment terms with all of its suppliers as part of an annual negotiation process and therefore there is no uniform payment policy. The company makes every effort to pay suppliers according to the agreed terms and to not knowingly exceed negotiated payment terms.

At the year end, there were 78 days purchases in trade creditors.

Employees

The company recognises the benefits of keeping employees informed of the progress of the business and involving them in the company's performance during the year. All employees were systematically briefed with information regarding factors affecting the company's performance and on matters of concern to them as employees. Regular consultations took place with employee representatives so that the views of the employees could be taken into account in making decisions likely to affect their interests.

It is the policy of the company that disabled persons be given full and fair consideration in all applications for employment having regard to their capabilities. Where existing employees become disabled (whether from illness or accident), every reasonable effort is made to continue to provide suitable employment either in the same or, by training, in an alternative job. Disabled persons are given equal opportunity for training, career development and promotion within the company.

Year 2000

The company conducted a risk-based review of its computer systems and processes to identify those which could be affected, and developed an implementation plan to test and remedy any faults. In accordance with accounting policies, all remedial costs, which were not considered to be significant to the company, were written off as incurred.

No problems have arisen to date but it must be recognised however that, with an issue as large and complex as this, it is not possible to give any guarantees that no unforeseen problems will arise in the coming months.

Auditors

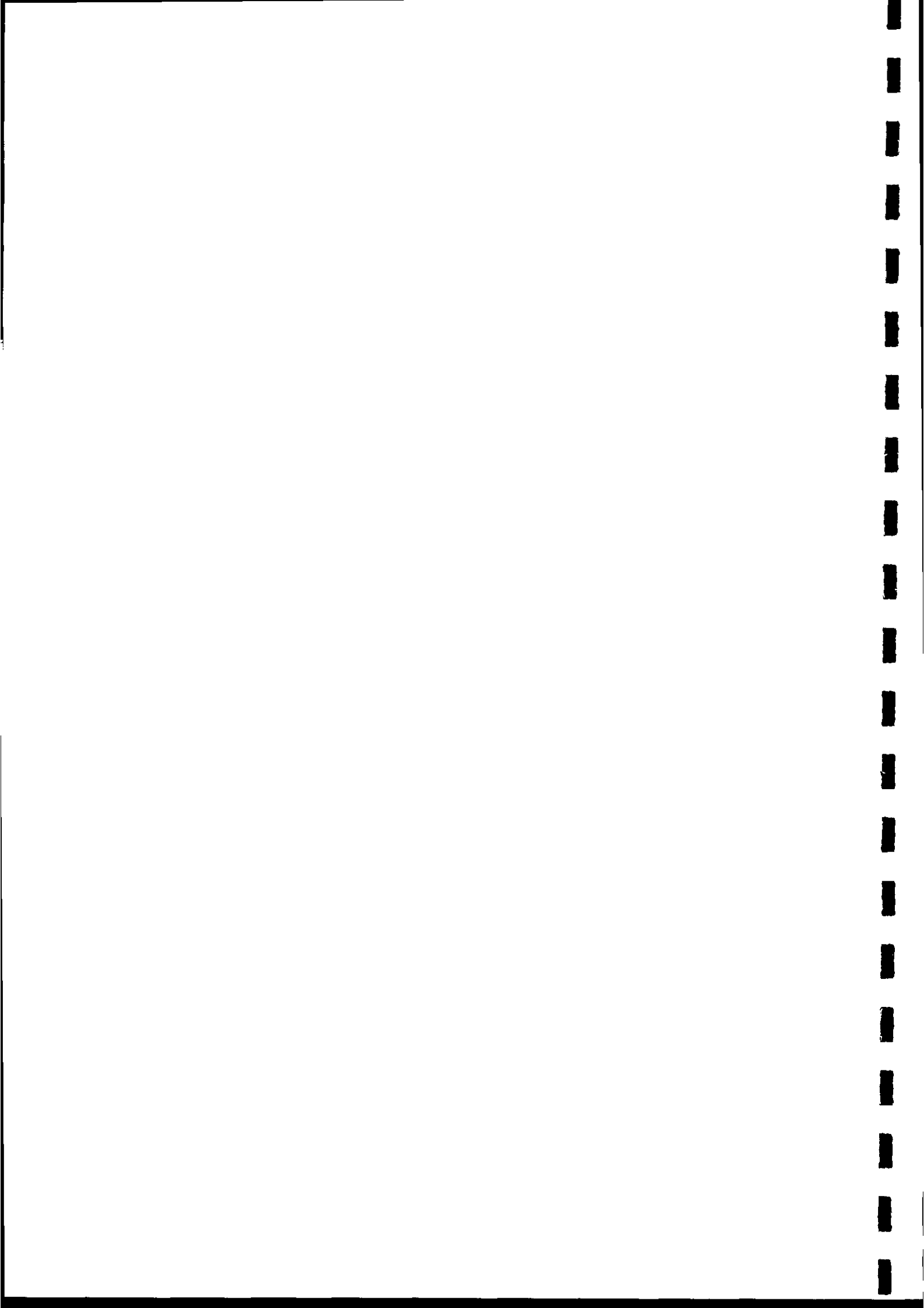
In accordance with Section 385 of the Companies Act 1985, a resolution for re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



K.D. Neath
Secretary

ROM Limited
Eastern Avenue
Trent Valley
Lichfield
Staffordshire
WS13 6RN
11th February 2000



Statement of directors' responsibilities

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 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 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham
B3 2DL

Auditors report to the members of ROM Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

11 February 2000

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	1999 £ 000	1998 £ 000
Turnover	2	59,146	56,328
Cost of sales		(48,576)	(46,388)
Gross profit		10,570	9,940
Distribution costs		(3,743)	(3,157)
Administrative expenses		(4,581)	(4,631)
Operating profit		2,246	2,152
Interest receivable and similar income	4	8	58
Interest payable and similar charges	5	(578)	(689)
Profit on ordinary activities before taxation	6	1,676	1,521
Tax on profit on ordinary activities	8	(582)	(504)
Profit for the financial year		1,094	1,017
Dividends paid	9	(1,255)	(1,087)
Retained loss for the financial year		(161)	(70)
Retained profit brought forward		2,560	2,630
Retained profit carried forward		2,399	2,560

Movements on reserves are shown in note 17.

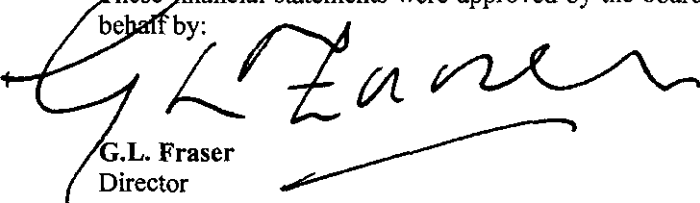
All turnover and operating profit arises from continuing operations. The company had no recognised gains and losses in either the current or preceding year other than the profit for the year.

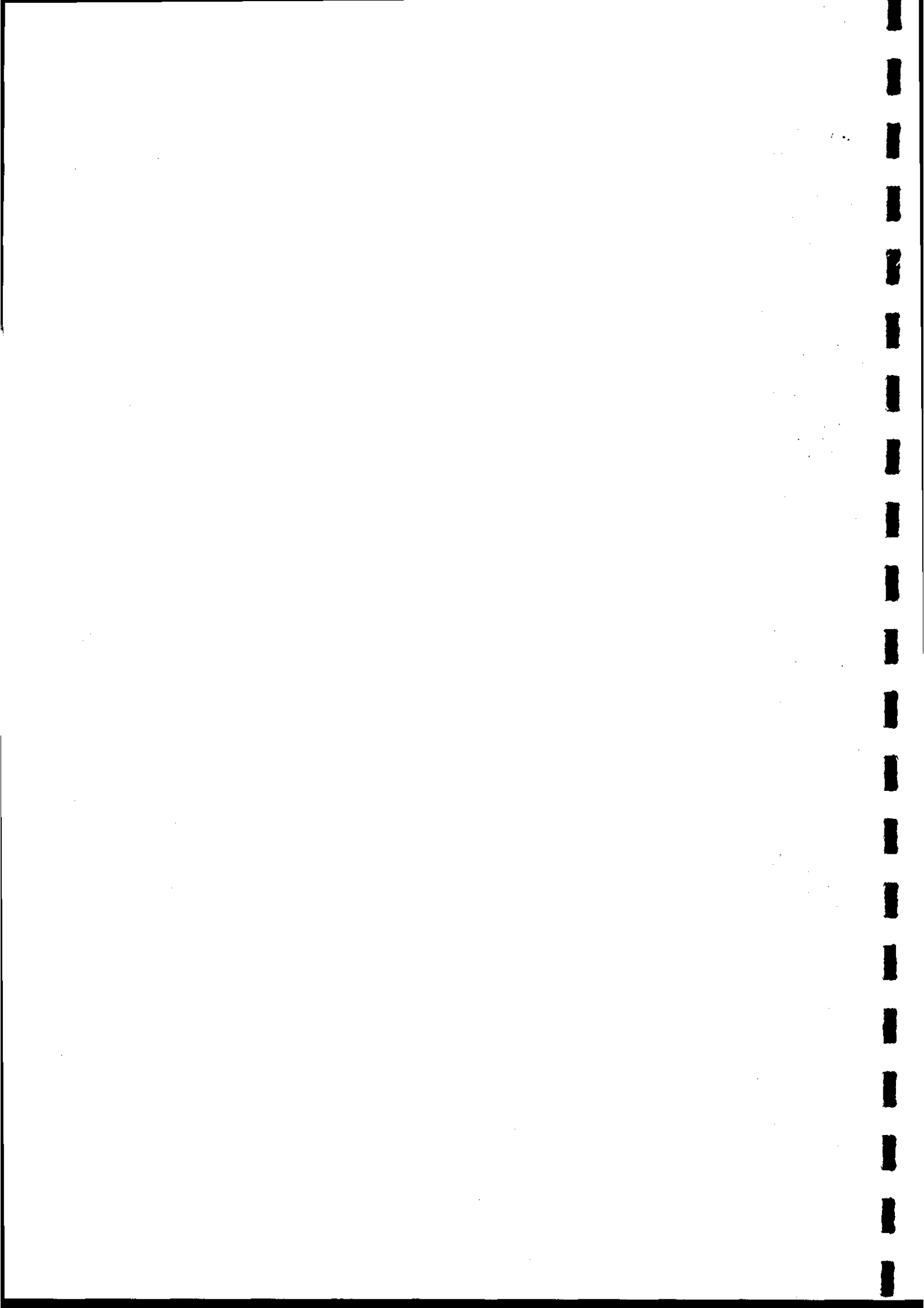
There is no material difference between the results as disclosed and the results calculated on an unmodified historical cost basis.

Balance sheet
at 31 December 1999

	Note	1999 £ 000	1999 £ 000	1998 £ 000	1998 £ 000
Fixed assets					
Tangible assets	10		5,506		6,410
Current assets					
Stocks	11	4,186		2,924	
Debtors	12	7,946		6,464	
Cash at bank and in hand		3,171		3,588	
		15,303		12,976	
Debtors falling due after more than one year	12	957		957	
		16,260		13,933	
Creditors: amounts falling due within one year	13	(17,292)		(16,485)	
Net current liabilities			(1,032)		(2,552)
Total assets less current liabilities			4,474		3,858
Creditors: amounts falling due after more than one year	14		(479)		-
Provisions for liabilities and charges	15		(532)		(234)
			3,463		3,624
Capital and reserves					
Called up share capital	16		20		20
Revaluation reserve	17		1,044		1,044
Profit and loss account	17		2,399		2,560
Shareholders' funds - Equity			3,463		3,624

These financial statements were approved by the board of directors on 11th February 2000 and were signed on its behalf by:


G.L. Fraser
Director



Reconciliation of movements in shareholders' funds
for the year ended 31 December 1999

	1999 £ 000	1998 £ 000
Profit for the financial year	1,094	1,017
Dividends	(1,255)	(1,087)
	<hr/>	<hr/>
Net reduction to shareholders' funds	(161)	(70)
Opening shareholders' funds	3,624	3,694
	<hr/>	<hr/>
Closing shareholders' funds	3,463	3,624
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting standards

The financial statements have been prepared in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold and long leasehold property.

Depreciation

No depreciation is provided on freehold land.

Depreciation is provided to write off the cost or valuation of the relevant assets to estimated residual value by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	10 –50 years (2% to 10% per annum)
Leasehold land and buildings	Period of lease
Plant, machinery and fixtures	5 –25 years (4% to 20% per annum)
Motor vehicles	30% per annum

Stocks

Stocks are valued at the lower of cost, including attributable overheads and net realisable value.

Taxation

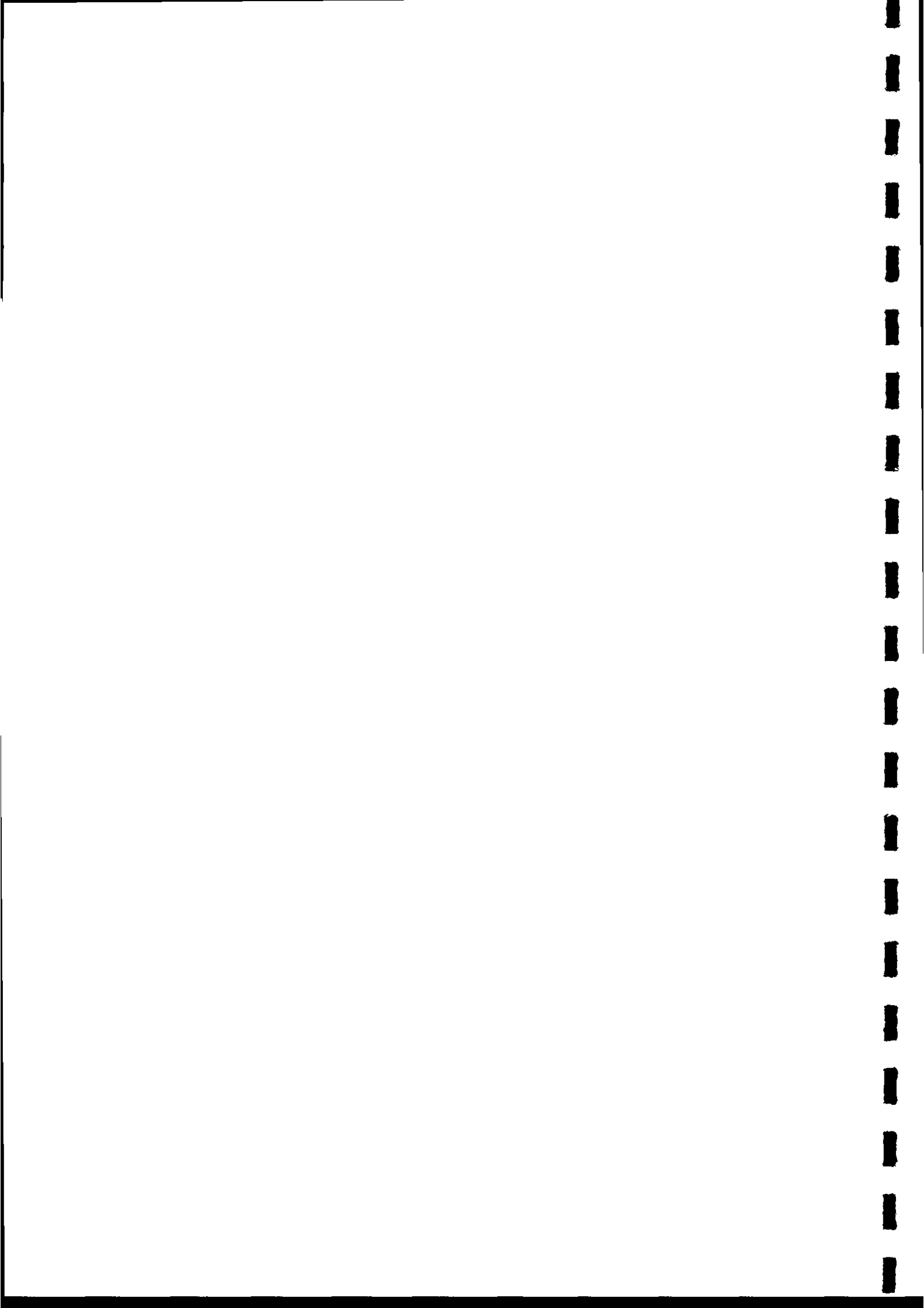
The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that the directors consider that it is probable that a liability will crystallise.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rate ruling on the balance sheet date. Currency differences on transactions in the year are written off to the profit and loss account.

Operating leases

Rentals under operating leases are charged to the profit and loss account as they arise.



Notes (continued)

1 Accounting policies (continued)

Finance leases

Assets held under finance leases are capitalised as tangible fixed assets and the corresponding liability shown net of interest as amounts owing on finance lease. The interest element of the repayments is allocated so as to produce a constant periodic rate of charge throughout the period of the contract.

Pensions

The company operates a contracted-out funded defined benefit pensions scheme for all staff employees. The scheme funds are administered by trustees and are independent of the company's finances. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives in the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The latest formal actuarial valuation was at 1 November 1996.

2 Turnover

Turnover represents amounts invoiced by the company in respect of goods sold during the year, excluding value added tax.

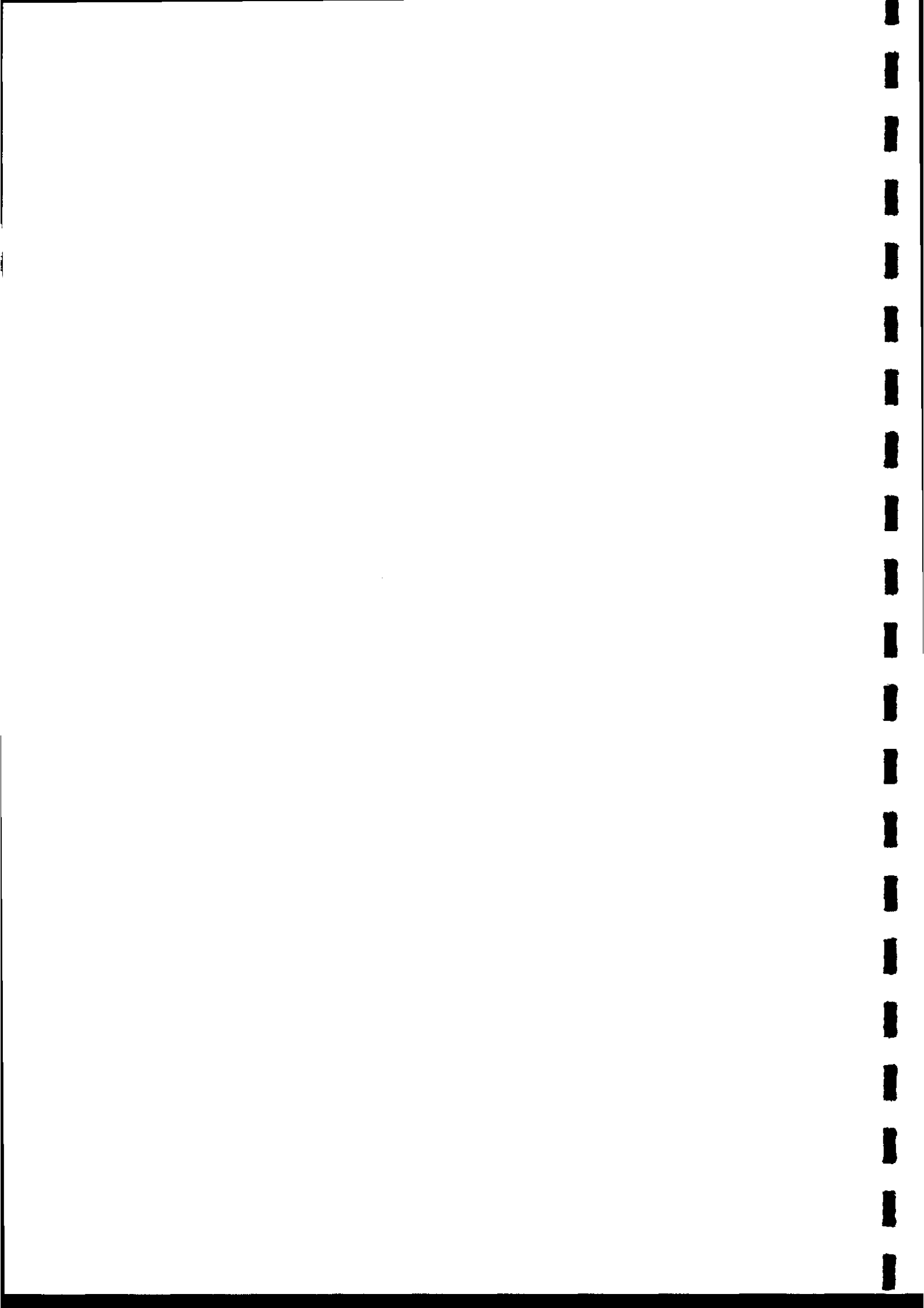
The directors are of the opinion that there is only one class of business. The analysis of turnover by geographical area is as follows:

	1999 £ 000	1998 £ 000
United Kingdom	57,799	54,956
Europe	1,346	1,370
Rest of World	1	2
	<hr/> 59,146	<hr/> 56,328

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	1999 £ 000	1998 £ 000
Management	5	7
Administration and sales staff	166	157
Production staff	231	217
	<hr/> 402	<hr/> 381



Notes (continued)

3 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1999 £ 000	1998 £ 000
Wages and salaries	7,608	6,856
Social security costs	660	632
	<hr/> 8,268	<hr/> 7,488

4 Interest receivable and similar income

	1999 £ 000	1998 £ 000
On bank deposits	<hr/> 8	<hr/> 58

5 Interest payable and similar charges

	1999 £ 000	1998 £ 000
On bank loans and overdrafts	2	58
On loan from group undertaking	548	631
Finance lease interest	28	-
	<hr/> 578	<hr/> 689

Notes (continued)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £ 000	1998 £ 000
Auditors' remuneration		
Audit	23	25
Fees paid to auditor and its associates in respect of other services	4	2
Depreciation – owned assets	1,250	1,592
Depreciation – on fixed assets held under finance leases	50	-
Rentals payable under operating leases – hire of plant and machinery	405	284

7 Directors' emoluments

	1999 £ 000	1998 £ 000
Remuneration as executives	440	438

The emoluments of the highest paid director were £ 253,249 (1998: £ 243,971).

He is a member of a defined benefit scheme, under which his accrued pension at the year end was £ 73,783 (1998: £ 39,253).

Benefits are accruing to one other director in office at 31 December 1999 under the Group pension scheme.

8 Tax on profit on ordinary activities

	1999 £ 000	1998 £ 000
UK Corporation tax at 30% (1998: 31%) based on profit for the year	654	505
Deferred tax	(93)	(194)
Group relief payable	-	185
Adjustments in respect of prior years		
Corporation tax	5	(65)
Deferred tax	16	73
	582	504

Notes (continued)

9 Dividend paid

	1999 £ 000	1998 £ 000
Dividend paid of £ 61.22 (1998: £ 53.00) in respect of ordinary shares	1,255	1,087

10 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings Long £ 000	Short £ 000	Plant, machinery, fixtures, fittings, and motor Vehicles £ 000	Total £ 000
Cost or valuation					
At beginning of the year	4,194	980	401	18,827	24,402
Additions	15	-	3	380	398
Disposals	-	-	-	(95)	(95)
At end of year	4,209	980	404	19,112	24,705
At cost	2,586	590	404	19,112	22,692
At valuation	1,623	390	-	-	2,013
	4,209	980	404	19,112	24,705
Depreciation					
At beginning of the year	1,428	317	279	15,968	17,992
Charge for the year	137	30	12	1,121	1,300
On disposals	-	-	-	(93)	(93)
At end of the year	1,565	347	291	16,996	19,199
Net book value					
At 31 December 1999	2,644	633	113	2,116	5,506
At 31 December 1998	2,766	663	122	2,859	6,410

Notes (continued)

10 Tangible fixed assets (continued)

Fixed assets include land amounting to £ 776,024 (1998: £ 776,024) which is not subject to depreciation.

The net book value of plant, equipment and vehicles include £ 523,011 (1998: £ Nil) in respect of assets held under finance leases.

Certain freehold and long leasehold land and buildings were valued on an open market value basis in 1979.

Under the historical cost convention the net book value of revalued land and buildings, included within the above, is as follows:

	1999 £ 000	1998 £ 000
Cost	969	969
Depreciation	(661)	(644)
	<hr/>	<hr/>
Net book value	308	325
	<hr/>	<hr/>

11 Stocks

	1999 £ 000	1998 £ 000
Raw materials and consumables	2,452	1,051
Work in progress	118	197
Finished goods and goods for resale	1,616	1,676
	<hr/>	<hr/>
	4,186	2,924
	<hr/>	<hr/>

Notes (continued)

12 Debtors

	1999 £ 000	1998 £ 000
Amounts falling due within one year:		
Trade debtors	7,680	6,189
Amounts owed by group undertakings	88	92
Other debtors	-	26
Prepayments and accrued income	178	157
	<hr/> 7,946	<hr/> 6,464
Amounts falling due after more than one year:		
Prepayments and accrued income (see note 19)	957	957
	<hr/> 8,903	<hr/> 7,421
Total debtors	<hr/> <hr/>	<hr/> <hr/>

13 Creditors: amounts falling due within one year

	1999 £ 000	1998 £ 000
Trade creditors	11,708	9,534
Amounts owed to group undertakings	3,712	5,036
Other creditors including taxation and social security	1,366	1,480
Accruals and deferred income	506	435
	<hr/> 17,292	<hr/> 16,485

Other creditors including taxation and social security comprises:

	1999 £ 000	1998 £ 000
Corporation tax	477	622
ACT payable	-	93
Social security	235	180
Other creditors	654	585
	<hr/> 1,366	<hr/> 1,480

Notes (continued)

14 Creditors: amounts falling due after more than one year

	1999 £ 000	1998 £ 000
Obligations under finance leases	479	-
	<hr/>	<hr/>

Analysis of debt:

	1999 £ 000	1998 £ 000
Capital repayments due:		
Between one to two years	119	-
Between two and five years	360	-
	<hr/>	<hr/>
	479	-
	<hr/>	<hr/>

15 Provision for liabilities and charges

	1999 £ 000	1998 £ 000
Deferred taxation		
At 1 January 1999	514	635
Charge/(Credit) for the year	18	(121)
	<hr/>	<hr/>
	532	514
Less: Advance corporation tax	-	(280)
	<hr/>	<hr/>
At 31 December 1999	532	234
	<hr/>	<hr/>

The amounts provided for deferred taxation comprises the full liability at 30% as set out below:

	1999 £ 000	1998 £ 000
Difference between accumulated depreciation and capital allowances	253	384
Other timing differences	279	130
	<hr/>	<hr/>
	532	514
	<hr/>	<hr/>

Notes (continued)

16 Called up share capital

	1999 £ 000	1998 £ 000
<i>Authorised, allotted, called up and fully paid</i> 20,500 ordinary shares of £1 each	20	20

17 Reserves

	Revaluation reserve £ 000	Profit and loss account £ 000
At 1 st January 1999	1,044	2,560
Retained loss for the year	-	(161)
At 31 st December 1999	1,044	2,399

18 Commitments

- (a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	1999 £ 000	1998 £ 000
Contracted	189	81

- (b) Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 1999 £ 000	Other 1999 £ 000	Land and buildings 1998 £ 000	Other 1998 £ 000
Operating leases which expire:				
Within one year	-	66	17	13
Within two to five years	-	149	-	175
In more than five years	139	-	91	-
	139	215	108	188

Notes (continued)

19 Pension scheme

An actuarial valuation at 1 November 1999, has been commissioned by the company, but the results are not yet available for incorporation into the accounts.

The actuarial valuation at 1 November 1996 showed that the market value of the Scheme's assets was £ 8.3 million and their actuarial value was £ 8.9 million. The actuarial value represented 154 percent of the future anticipated liabilities accruing to members.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rate of increase in salaries and the rate of dividend growth which were 9%, 8% and 4.5% respectively.

The pension credit for the period was £ Nil (1998: £ Nil) in respect of a surplus which is being recognised over the average remaining service lives of employees. The prepayment at 31 December 1999 was £ 956,889 (1998: £ 956,889).

20 Ultimate holding company

The ultimate holding company is ROM GROUP LIMITED, which is registered in England and Wales.

A copy of the group financial statements of that company can be obtained from The Company Secretary, Eastern Avenue, Trent Valley, Lichfield, Staffordshire WS13 6RN.