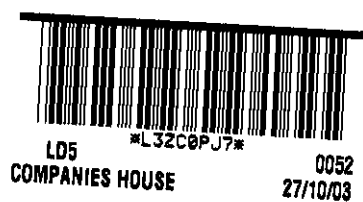


FBM METALS (U.K.) LIMITED
(formerly Fritz Bender Metals (U.K.) Limited)

REPORT AND ACCOUNTS

31st DECEMBER, 2002

Company No: 1222727



**Littlestone Martin Glenton,
Chartered Accountants,
2, Fitzhardinge Street,
London, W1H 6EE.**

**Tel: 020-7486 8781
Fax: 020-7487 2720**

FBM METALS (U.K.) LIMITED
YEAR ENDED 31st DECEMBER, 2002

Contents

Pages

2 & 3	Report of the Directors
4	Report of the Auditors
5	Profit and Loss Account
6	Balance Sheet
7	Cash Flow Statement
8 to 14	Notes to the Accounts

FBM METALS (U.K.) LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report together with the audited accounts of the Company for the year ended 31st December, 2002.

Company Name

On 6th October 2003 the company changed its name from Fritz Bender Metals (U.K.) Ltd to FBM Metals (U.K.) Ltd.

Principal Activity

The Company's principal activity during the year was Metal Brokers.

Review of the Business

Details of turnover, profit, assets and liabilities are shown in the accompanying profit and loss account, balance sheet and notes. The profit after tax was £85,709 (2001 : £ 130,549).

Dividends and Transfers to Reserves

The Directors recommend that, at the present time the dividend paid for the period under review of £1,932,000 be confirmed and that the post tax and dividend deficit of £1,846,291 be transferred from reserves (2001 : £130,549).

Future Developments

The Company intends to continue to trade largely in the same area of activity as before.

Movements in Fixed Assets

The movements in fixed assets during the year are set out in Note 7 to the accounts.

Property Values

The Directors are of the opinion that the market value of land and buildings at the Balance Sheet date is not less than the book value.

Directors and their Interests in Shares of the Company

The Directors of the Company at the Balance Sheet date who were Directors for the whole of the year ended on that date, were:-

	Shares held at			
	27.12.2002 to 31.12.2002	27.12.2002		31.12.2001 to 26.12.2002
	'A' Ordinary	'A' Ordinary	'B' Ordinary	Ordinary
R. M. Bender (German)*	10	10	70	80
A. Uhlemann (German)*	10	10	-	10
M. J. Wilkinson	10	10	-	10
	—	—	—	—
	30	30	70	100
	===	===	===	===

* Including family interests.

It was decided to restructure the company share capital by splitting the shares into 'A' and 'B' ordinary shares. The 'B' ordinary shares were repurchased by the company at par and then cancelled.

Directors' Responsibilities

Company law requires the Directors to prepare accounts 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 period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

FBM METALS (U.K.) LIMITED

REPORT OF THE DIRECTORS Cont'd.

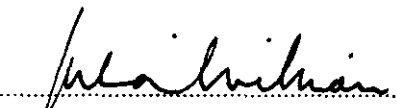
Directors' Responsibilities Cont'd.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act. 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.

Auditors

In accordance with the Companies Act 1985, a resolution re-appointing Littlestone Martin Glenton as auditors will be presented at the annual general meeting.

BY ORDER OF THE BOARD


.....
J. WILKINSON, SECRETARY

DATED THIS 24th DAY OF OCTOBER 2003

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FBM METALS (U.K.) LIMITED

We have audited the financial statements of FBM Metals (U.K.) Limited on pages 5 to 14 for the year ended 31st December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Director's 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

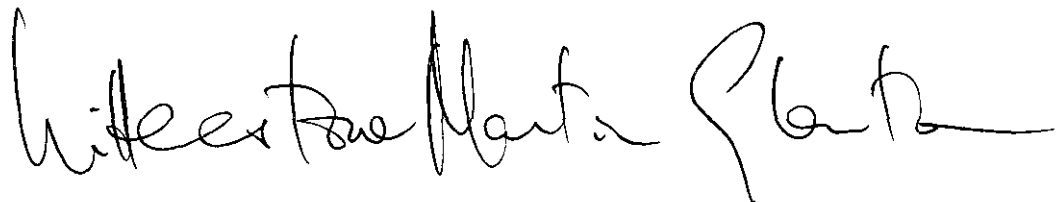
BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlestone Martin Glenton
Registered Auditors
2, Fitzhardinge Street
London, W1H 6EE

DATED THIS 27th DAY OF October 2003

FBM METALS (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 2002

		<u>2002</u>	<u>2001</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
<u>Turnover</u>	(1)	4,453,056	5,952,090
Cost of Sales		3,812,223	5,050,543
		-----	-----
<u>Gross Profit</u>		640,833	901,547
Distribution Costs and Administrative Expenses	(2)	609,455	796,304
		-----	-----
<u>Operating Profit</u>	(3)	31,378	105,243
Interest Receivable & Similar Income		74,310	73,601
		-----	-----
		105,688	178,844
Interest Payable		1	-
		-----	-----
<u>Profit on Ordinary Activities before Tax</u>		105,687	178,844
Tax on Profit on Ordinary Activities	(5)	19,978	48,295
		-----	-----
		85,709	130,549
Dividends	(6)	1,932,000	-
		-----	-----
<u>(Loss) Profit for the Financial Year, retained</u>		(1,846,291)	130,549
Retained Profit Brought Forward		2,760,037	2,629,488
		-----	-----
<u>Retained Profit Carried Forward</u>		£913,746	£2,760,037
		=====	=====

Continuing Operations

None of the Company's activities were acquired or discontinued during the above two financial years.

Total Recognised Gains and Losses

The company has no recognised gains or losses other than the profits for the above two financial years.

The notes on pages 8 to 14 form part of these accounts.

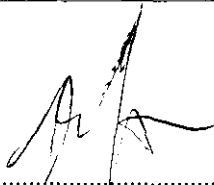
FBM METALS (U.K.) LIMITED

BALANCE SHEET

31st DECEMBER, 2002

		<u>2002</u>		<u>2001</u>	
	<u>Notes</u>	£	£	£	£
<u>FIXED ASSETS</u>					
Tangible	(7)		40,087		40,047
<u>CURRENT ASSETS</u>					
Stocks	(1 & 9)	308,734		484,070	
Investments	(10)	-		1,000,000	
Debtors	(11)	976,661		938,817	
Cash at Bank and in Hand		1,438,542		697,122	
		<u>2,723,937</u>		<u>3,120,009</u>	
<u>CREDITORS DUE WITHIN ONE YEAR</u>	(12)	1,850,248		399,919	
				<u>399,919</u>	
<u>NET CURRENT ASSETS</u>			873,689		2,720,090
<u>TOTAL ASSETS LESS CURRENT</u>					
<u>LIABILITIES</u>			£913,776		£2,760,137
			=====		=====
<u>CAPITAL AND RESERVES</u>					
Share Capital (Equity)	(14)		30		100
Profit and Loss Account			913,746		2,760,037
<u>SHAREHOLDERS FUNDS</u>	(15)		£913,776		£2,760,137
			=====		=====

APPROVED BY THE BOARD ON 24th OCTOBER 2003



.....
M. J. WILKINSON, DIRECTOR

The notes on pages 8 to 14 form part of these accounts.

FBM METALS (U.K.) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st DECEMBER, 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
<u>Net cash (Outflow)/Inflow from Operating Activities</u>	(20A)	1,669,111	913,511
<u>Returns on Investments and Servicing of Finance:</u>			
Interest Receivable and Similar Income		74,310	73,601
Interest Payable	(1)	-	-
		<hr/>	<hr/>
<u>Net cash inflow for returns on investments and servicing of finance</u>		74,309	73,601
<u>Taxation</u>			
Corporation Tax Paid	(49,939)	(88,365)	
Corporation Tax Recovered	-	1,644	
		<hr/>	<hr/>
		(49,939)	(86,721)
<u>Capital expenditure and financial investment</u>			
Receipts from sales of tangible assets	10,500	-	
Purchase of tangible assets	(30,491)	(12,060)	
		<hr/>	<hr/>
		(19,991)	(12,060)
Equity Dividends paid		(1,932,000)	-
		<hr/>	<hr/>
<u>Net Cash Inflow/(Outflow) before Management of liquid Resources and Financing</u>		(258,510)	888,331
<u>Management of Liquid Resources</u>		1,000,000	(408,537)
<u>Net cash outflow from financing</u>		(70)	-
		<hr/>	<hr/>
<u>Increase/(Decrease) in cash in the year</u>	(20B & C)	£741,420	£479,794
		=====	=====

FBM METALS (U.K.) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER, 2002

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:-

Leasehold Land and Buildings	- 10% p.a. on cost
Plant and Machinery	- 33 1/3% p.a. on cost
Fixtures, Fittings and Equipment	- 20% p.a. on written down book value
Computer Equipment	- 33 1/3% p.a. on cost
Motor Vehicles	- 25% p.a. on written down book value

Terms of Trading

Certain suppliers have a retention of title clause in their supply contracts i.e. stipulating that property in the goods supplied shall not pass to the Company until paid for by the Company. Goods supplied in this manner have been accounted for in the same way as goods supplied on standard trading terms without retention of title provisions.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated on a first in first out basis and includes direct materials only.

Deferred Taxation

No provision has been made for deferred taxation as it is not expected with reasonable probability that any liability is likely to crystallise in the foreseeable future.

Foreign Currencies

Profit and loss account transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and H.P. Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful economic lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

FBM METALS (U.K.) LIMITED

NOTES TO THE ACCOUNTS Cont'd

FOR THE YEAR ENDED 31st DECEMBER, 2002

1. ACCOUNTING POLICIES (Continued)

Turnover

Turnover represents the total amount receivable by the Company in respect of sales to customers, excluding Value Added Tax.

	<u>2002</u>	<u>2001</u>
U.K. Turnover	2,419,064	3,618,320
Exports	2,033,992	2,333,770
	<hr/>	<hr/>
	£4,453,056	£5,952,090
	=====	=====

2. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

	<u>2002</u>	<u>2001</u>
Distribution Costs	303,562	472,253
Administrative Expenses	305,893	324,051
	<hr/>	<hr/>
	£609,455	£796,304
	=====	=====

3. OPERATING PROFIT

This is stated after Charging:-

	<u>2002</u> £	<u>2001</u> £
Depreciation of Owned Fixed Assets	17,795	13,966
Directors Emoluments	104,953	125,430
Directors Pension Scheme Contributions (1 Director)	1,000	4,000
Auditors Remuneration	15,500	15,000
Operating Lease Rentals - Land and Buildings	12,840	11,999
(Profit)/Loss on Disposal of Fixed Assets	2,156	-
	<hr/>	<hr/>
	=====	=====

4. EMPLOYEES

The average number of employees during the year was made up as follows:-

	<u>2002</u>	<u>2001</u>
Directors	3	3
Other	4	5
	<hr/>	<hr/>
	7	8
	=====	=====

Employee Costs during the year amounted to:-

	<u>2002</u>	<u>2001</u>
Wages and Salaries	170,799	182,773
Social Security Costs	18,531	20,721
Other Pension Costs	1,000	4,000
	<hr/>	<hr/>
	£190,330	£207,494
	=====	=====

FBM METALS (U.K.) LIMITED

NOTES TO THE ACCOUNTS Cont'd

FOR THE YEAR ENDED 31st DECEMBER, 2002

	<u>2002</u>	<u>2001</u>
5. <u>TAXATION</u>		
Based on the Profit for the year:- Corporation Tax @ 21.73% (2001 : 27.36%)	19,978	49,939
Prior Year Adjustment	-	(1,644)
	<u>£19,978</u>	<u>£48,295</u>
	=====	=====

The effect of not providing for all potential deferred taxation has been to reduce the charge by £4,611 (2001: charge reduced by £ 809).

	<u>2002</u>	<u>2001</u>
6. <u>DIVIDENDS</u>		
Dividends on 'B' Ordinary Shares		
Paid £27,600 per share (2001 : £Nil)	£1,932,000	£Nil
	=====	===

7. TANGIBLE FIXED ASSETS

	<u>Land and Buildings Leasehold</u>	<u>Fixtures, Fittings & Equipment £</u>	<u>Plant & Machinery £</u>	<u>Computer Equipment £</u>	<u>Motor Vehicles £</u>	<u>Total £</u>
<u>COST</u>						
At 1.1.2002	6,338	46,010	118,107	-	43,820	214,275
Additions	-	95	-	18,996	11,400	30,491
Disposals	-	-	-	-	(30,000)	(30,000)
	<u>6,338</u>	<u>46,105</u>	<u>118,107</u>	<u>18,996</u>	<u>25,220</u>	<u>214,766</u>
	-----	-----	-----	-----	-----	-----
<u>DEPRECIATION</u>						
At 1.1.2002	4,807	35,924	110,107	-	23,390	174,228
Provision for year	634	2,036	4,000	6,332	4,793	17,795
Disposals	-	-	-	-	(17,344)	(17,344)
	<u>5,441</u>	<u>37,960</u>	<u>114,107</u>	<u>6,332</u>	<u>10,839</u>	<u>174,679</u>
	-----	-----	-----	-----	-----	-----
<u>NET BOOK VALUE</u>						
At 31.12.2002	£897	£8,145	£4,000	£12,664	£14,381	£40,087
	=====	=====	=====	=====	=====	=====
At 31.12.2001	£1,531	£10,086	£8,000	£Nil	£20,430	£40,047
	=====	=====	=====	=====	=====	=====

The net book value of leasehold land and buildings represents a short lease.

8. CAPITAL COMMITMENTS

The Company had no capital commitments either authorised or contracted at 31st December, 2002 (2001 : £Nil).

FBM METALS (U.K.) LIMITED
NOTES TO THE ACCOUNTS Cont'd.
FOR THE YEAR ENDED 31st DECEMBER, 2002

<u>9. STOCKS</u>	<u>2002</u>	<u>2001</u>
Goods for Resale	£308,734	£484,070
	=====	=====
<u>10. INVESTMENTS</u>	<u>2002</u>	<u>2001</u>
Stocks and Shares: listed on a recognised stock exchange and the market value at 31st December, 2002 was £Nil (2001: £1,024,364)	£Nil	£1,000,000
	=====	=====
<u>11. DEBTORS</u>	<u>2002</u>	<u>2001</u>
Trade Debtors	917,601	858,706
Prepayments and Accrued Income	54,654	45,496
Taxation and Social Security	4,406	34,615
	£976,661	£938,817
	=====	=====
<u>12. CREDITORS - DUE WITHIN ONE YEAR</u>	<u>2002</u>	<u>2001</u>
Trade Creditors (Note 1)	250,452	245,941
Current Corporation Tax	19,978	49,939
Taxation and Social Security	8,147	44,291
Accruals and Deferred Income	76,571	58,378
Director's Current Account	204	1,370
Other Creditors	1,494,896	-
	£1,850,248	£399,919
	=====	=====

13. DEFERRED TAXATION

Deferred taxation provided in the accounts and the amounts not provided are as follows:-

	<u>2002</u>		<u>2001</u>	
	<u>Provided</u>	<u>Not Provided</u>	<u>Provided</u>	<u>Not Provided</u>
Capital Allowances in Advance (Arrears) of Depreciation	-	1,832	-	(4,536)
Other Timing Differences	-	-	-	-
	£Nil	£1,832	£Nil	£(4,536)*
	=====	=====	=====	=====

* Potential Asset.

14. SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
Authorised -		
100 Ordinary Shares of £1 each	-	100
30 'A' Ordinary Shares of £1 each	30	-
70 'B' Ordinary Shares of £1 each	70	-
	£100	£100
Allotted, Called-up and Fully Paid	=====	=====
100 Ordinary Shares of £1 each	-	100
30 'A' Ordinary Shares of £1 each	30	-
	£30	£100
	=====	=====

On 27th December 2002 the share capital was converted into 30 'A' Ordinary Shares of £1 each and 70 'B' Ordinary Shares of £1 each, which rank pari passu. The company subsequently repurchased and then cancelled the 70 'B' Ordinary Shares.

FBM METALS (U.K.) LIMITED

NOTES TO THE ACCOUNTS Cont'd.

FOR THE YEAR ENDED 31st DECEMBER, 2002

	<u>2002</u>	<u>2001</u>
15. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS		
Profit for the Financial year after Taxation	85,709	130,549
Dividends Paid (Note 6)	1,932,000	-
Repurchase of own shares (Note 14)	70	-
	<hr/>	<hr/>
Opening Shareholders' Funds at 1.1.2002	(1,846,361) 2,760,137	130,549 2,629,588
	<hr/>	<hr/>
Closing Shareholders' Funds at 31.12.2002	£913,776	£2,760,137
	=====	=====

16. CONTINGENT LIABILITIES

The Company has given a guarantee, via its bankers, to H. M. Customs & Excise in connection with deferred payment of duties, taxes, levies, charges, amounts and deposits for a sum not to exceed £60,000 (2001: Not to exceed £60,000).

The Company has given a guarantee, via its bankers, to The Environment Agency for an amount of £42,000 (2001: £41,701).

17. OTHER FINANCIAL COMMITMENTS

At 31st December, 2002 the Company had commitments for the year ending 31st December, 2003 under non-cancellable operating leases as set out below:-

	<u>2002</u>		<u>2001</u>
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u> <u>Other</u>
Operating Leases which Expire:-			
Within One year	-	-	-
Within 2 to 5 years	12,840	-	12,840
After 5 years	-	-	-
	<hr/>	<hr/>	<hr/>
	£12,840	£Nil	£12,840 £ Nil
	=====	===	=====

18. PENSION FUNDS AND PENSION COMMITMENTS

Defined Contribution Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge for the period was £1,000 (2001 : £4,000). Included within other creditors is £Nil (2001 : £Nil) relating to outstanding contributions payable to the pension scheme.

FBM METALS (U.K.) LIMITED

NOTES TO THE ACCOUNTS Cont'd.

FOR THE YEAR ENDED 31st DECEMBER, 2002

19. RELATED PARTY TRANSACTIONS

1(a) R M Bender was the major shareholder in Fritz Bender Metals (UK) Limited and the sole proprietor of Fritz Bender Metalle in Germany. During the year ended 31 December 2002 there have been the following transactions:-

- sales by Fritz Bender Metals (UK) Limited to Fritz Bender Metalle of £950,021.
(2001: £546,949).
- purchases by Fritz Bender Metals (UK) Limited from Fritz Bender Metalle of £139,860
(2001: £862,131).

1(b) The amount due to Fritz Bender Metals (UK) Limited from Fritz Bender Metalle at 31 December 2002 was £141,857 (2001: due to Fritz Bender Metalle Limited £20,736). There were no provisions for doubtful debts or any amounts written off in the year in respect of these transactions with the related party.

2 R. M. Bender was the major shareholder in Fritz Bender Metals (UK) Limited and a major shareholder in Metallwerke Bender GmbH. During the year ended 31st December, 2002 Fritz Bender Metals (UK) Limited made a short term loan to Metallwerke Bender GmbH of £400,000, with interest payable at 6% per annum, which was repaid in full prior to the balance sheet date.

FBM METALS (U.K.) LIMITED

NOTES TO THE ACCOUNTS Cont'd.

FOR THE YEAR ENDED 31st DECEMBER, 2002

20. CASH FLOW STATEMENT RECONCILIATIONS/ANALYSES

(A) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	<u>2002</u>	<u>2001</u>
Operating Profit	31,378	105,243
Depreciation Charges	17,795	13,966
Loss on Disposal of Fixed Assets	2,156	-
(Increase)/Decrease in Stocks	175,336	97,545
Decrease/(Increase) in Debtors	(37,844)	954,102
(Decrease)/Increase in Creditors	1,480,290	(257,345)
<u>Net Cash (Outflow)/Inflow from Operating Activities</u>	<u>£1,669,111</u> =====	<u>£913,511</u> =====

(B) Analysis of Net Funds:

	<u>1.1.2002</u>	<u>Cash Inflow</u>	<u>31.12.2002</u>
Net Cash:			
Cash at Bank and in hand	£697,122 =====	£741,420 =====	£1,438,542 =====

(C) Reconciliation of net cash flow to movement in net funds

	<u>2002</u>	<u>2001</u>
	£	£
(Decrease)/increase in cash in the year	741,420	479,794
Cash outflow from decrease/(increase) in debt financing	-	-
 Movement in net funds in the year	 741,420	 479,794
Opening net funds	697,122	217,328
Closing net funds	<u>£1,438,542</u> =====	<u>£697,122</u> =====