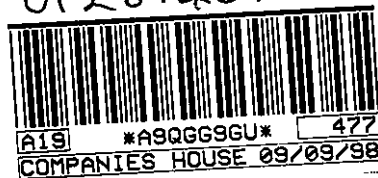


DYFED STEELS LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST JANUARY 1998

01287461



Robert A. Ure & Co.
CHARTERED CERTIFIED ACCOUNTANTS

DYFED STEELS LIMITED

DIRECTORS:

Mr.D.W.Thomas
Mr.D.R.Evans

SECRETARY:

Mr.D.R.Evans

REGISTERED OFFICE:

Tube Works,
Maescanner Road,
Dafen,Llanelli,
Carmarthenshire

REGISTERED NUMBER:

1287461

BANKERS:

Midland Bank,
1 Station Road,
Llanelli,
Carmarthenshire.

AUDITORS:

Robert A. Ure & co.
Chartered Certified Accountants
9 John Street
Llanelli
Carmarthenshire
SA15 1UH

DYFED STEELS LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 1998

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1. Report of the Directors
2. Statement of Directors Responsibilities
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7. Notes to Accounts

The following page does not form part of the Statutory Accounts

8. Trading and Profit and Loss Account

DYFED STEELS LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST JANUARY 1998

The directors present their annual report with the accounts of the company for the YEAR ended 31st January 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the YEAR under review was metals stockholders.

REVIEW OF BUSINESS

A summary of the results for the YEAR is given on page 3 of the accounts. During the first six months of the year prices followed the trend of the latter part of the 1996/97 financial year.

Steel prices were similar to those prices of 1987 thus making profit very difficult to achieve.

Demand and prices increased slightly in the second half of the year, which at least enabled the company to record a small profit.

Unfortunately, due to the problems encountered globally by the crash in the markets in the Far East, the knock on affect was felt by the company. It is expected that steel prices in 1998 will be even lower than those for 1997.

During the year the company maintained its gross profit margin due to the numerous services offered coupled with the wholesale selling of steel.

The company endeavoured to reduce wages costs in the year and will continue to monitor this cost more closely during the next financial year. Excel (Steelstock) Limited was acquired in March 1997 in order to supplement the deliveries of Dyfed Steels Limited in the Bristol and West area.

At the commencement from when Excel (Steelstock) Ltd. was acquired the results achieved were modest, but by the end of the financial year ended 31st January 1998 the company was trading profitably.

As a result, Dyfed Steels Limited plan to open further satellite depots within its delivery area.

DIVIDENDS

The directors do not recommend the payment of a dividend.

FIXED ASSETS

Acquisitions and disposals of fixed assets during the YEAR are shown in note 8.

In the opinion of the directors, the open market value of the company's Freehold Land and Buildings is not materially in excess of that shown in the accounts in relation to its use in the company's trade.

DIRECTORS

The directors in office in the YEAR and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	1998	1997
Mr.D.W.Thomas	44,999	44,999
Mr.D.R.Evans	1	1

Continued.....

DYFED STEELS LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31ST JANUARY 1998

OFFICERS' INSURANCE

The company has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the company.

POLITICAL AND CHARITABLE DONATIONS

No political or charitable donations were made during the year.

AUDITORS

The auditors, Robert A. Ure & co. are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

Signed on behalf of the
board of directors



Mr. D. R. Evans
Secretary

7th August 1998

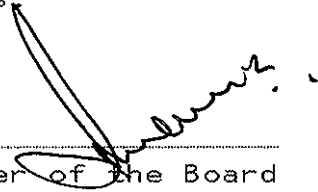
DYFED STEELS LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial 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 financial accounts we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial accounts;
- prepare the financial accounts 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 accounts comply with Companies Act 1985. 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.

7th August 1998


By Order of the Board

AUDITORS' REPORT TO THE SHAREHOLDERS OF
DYFED STEELS LIMITED

We have audited the financial accounts on pages 4 to 7 which have been prepared under the historical cost convention [as modified by the revaluation of certain fixed assets] and the accounting policies set out on page 7a.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

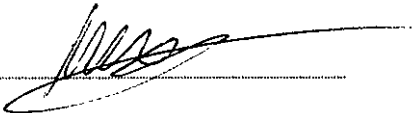
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial accounts, 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 accounts 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 accounts.

OPINION

In our opinion the financial accounts give a true and fair view of the state of the company's affairs as at 31st January 1998 and of its profit and cash flow for the YEAR then ended and have been properly prepared in accordance with the Companies Act 1985.



Robert A. Ure & Co.
Registered Auditor
Chartered Certified Accountants
9 John Street
Llanelli
Carmarthenshire
SA15 1UH

17th August 1998

DYFED STEELS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
TURNOVER	2	21,102,737	20,674,323
Cost of Sales		15,428,407	15,239,741
<u>GROSS PROFIT</u>		5,674,330	5,434,582
Net Operating Expenses			
Administrative Expenses	5,532,550		5,435,607
Other Operating Income	(32,498)		(14,369)
		5,500,052	5,421,238
<u>OPERATING PROFIT</u>	3	174,278	13,344
Income from Investments		—	—
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		174,278	13,344
Interest Payable	7	81,971	103,337
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		92,307	(89,993)
Tax on Ordinary Activities	5	18,954	(8,781)
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</u>		£ 73,353	£ (81,212)
<u>STATEMENT OF RETAINED EARNINGS</u>			
Retained Profit Brought Forward		2,220,946	2,302,158
Retained Profit/(Loss) for the Year		73,353	(81,212)
<u>RETAINED PROFIT CARRIED FORWARD</u>		£2,294,299	£2,220,946

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

There were no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7a to 7f form part of these accounts.

DYFED STEELS LIMITED
BALANCE SHEET
AS AT 31ST JANUARY 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
FIXED ASSETS			
Tangible Assets	8	2,924,162	2,827,365
Investments	16	234,341	—
		<u>3,158,503</u>	<u>2,827,365</u>
CURRENT ASSETS			
Stock and Work in Progress	9	6,743,796	5,244,889
Debtors	10	5,384,254	5,134,245
Cash at Bank and in Hand		267	565
		<u>12,128,317</u>	<u>10,379,699</u>
CREDITORS : Amounts Falling Due within One Year	11	(12,394,115)	(10,387,712)
NET CURRENT LIABILITIES		<u>(265,798)</u>	<u>(8,013)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,892,705</u>	<u>2,819,352</u>
CREDITORS : Amounts Falling Due After more than One Year	15	180,000	180,000
		<u>£2,712,705</u>	<u>£2,639,352</u>
CAPITAL AND RESERVES			
Share Capital	12	45,000	45,000
Property Revaluation Reserve	13	373,406	373,406
Profit and Loss Account	13	2,294,299	2,220,946
TOTAL SHAREHOLDERS' FUNDS		<u>£2,712,705</u>	<u>£2,639,352</u>

Signed on behalf of the
board of directors


 Mr. D.W. Thomas
 Director

Approved by the board: 7th August 1998

The notes on pages 7a to 7f form part of these accounts.

DYFED STEELS LIMITEDCASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JANUARY 1998

	£	<u>1998</u>	£	£	<u>1997</u>	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(154,903)			555,085	
Returns on Investments and Servicing of Finance						
Interest Payable		(81,971)		(103,337)		
Net Cash Outflow From Returns on Investments and Servicing of Finance		(81,971)		(103,337)		
Investing Activities						
Fixed Asset Investments		(234,341)		—		
Net Cash Outflow from Investing		(234,341)		—		
<u>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</u>		<u>(471,215)</u>			<u>451,748</u>	

See Note 17 for the notes to this statement

DYFED STEELS LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 1998**1. ACCOUNTING POLICIES****Basis of Accounting**

The accounts have been prepared under the historical cost convention as modified to incorporate the revaluation of certain fixed assets.

Turnover

Turnover represents the net invoiced sales of goods, excluding VAT.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Property	2% on revalued amount
Motor Vehicles	25% on W.D.V.
Plant and Equipment	20% on W.D.V.
Fixtures and Fittings	15% on W.D.V.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

2. TURNOVER

The Turnover and Profit (1997 - Loss) before taxation for the YEAR is attributable to the principal activity of the Company which is metals stockholders.

Turnover has not been analysed by geographical market.

3. OPERATING PROFIT/(LOSS)

The Operating Profit (1997 - Loss) is stated after charging:

	<u>1998</u> £	<u>1997</u> £
Depreciation of Tangible Fixed Assets	256,774	273,026
Staff Costs - note 4	3,062,298	2,984,429
Auditors' Remuneration	13,000	12,500
	<u>3,331,072</u>	<u>3,269,955</u>

DYFED STEELS LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 19984. STAFF COSTS

The costs incurred, including directors remuneration (note 6), were as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Wages and Salaries	3,010,358	2,936,707
Pension Costs	51,940	47,722
	<u>3,062,298</u>	<u>2,984,429</u>

The average weekly number of employees during the year was as follows:

Office and Management	46	35
Production and Sales	152	159
Others - specify	—	—
	<u>198</u>	<u>194</u>

5. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Corporation Tax	18,954	(8,781)

Corporation tax has been charged on the profit at 24% for the period 01.02.97. to 31.03.97. and at 21% for the period 01.04.97. to 31.01.98.

6. DIRECTORS' REMUNERATION

	<u>1998</u>	<u>1997</u>
	£	£
Directors' Remuneration	60,000	60,000
Emoluments, excluding Pension Contributions:		
Chairman	60,000	60,000
Highest Paid Director	—	—

7. INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
	£	£
Loan Interest	17,704	33,866
Hire Purchase Interest	35,593	40,207
Bank Interest	28,674	29,264
	<u>81,971</u>	<u>103,337</u>

DYFED STEELS LIMITED**NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 1998****8. TANGIBLE FIXED ASSETS**

	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	Property	TOTAL
COST OR VALUATION	£	£	£	£	£
At 1st February 1997	467,839	341,522	56,716	2,042,905	2,908,982
Additions in YEAR	155,732	171,606	24,005	7,735	359,078
Disposals in YEAR	(7,028)	—	—	—	(7,028)
At 31st January 1998	616,543	513,128	80,721	2,050,640	3,261,032
DEPRECIATION					
At 1st February 1997	—	—	—	81,617	81,617
Charge for YEAR	126,538	78,842	10,609	39,264	255,253
At 31st January 1998	126,538	78,842	10,609	120,881	336,870
NET BOOK VALUE					
At 31st January 1998	490,005	434,286	70,112	1,929,759	2,924,162
At 31st January 1997	467,839	341,522	56,716	1,961,288	2,827,365

The Cost or Valuation of Freehold Buildings on which depreciation is charged, amounted to £2,050,640 (1997 - £2,042,905).

9. STOCKS

	<u>1998</u> £	<u>1997</u> £
Stock	6,740,884	5,241,977
Stock - Stationery	2,912	2,912
	<u>6,743,796</u>	<u>5,244,889</u>

10. DEBTORS

	<u>1998</u> £	<u>1997</u> £
Amounts due within one year:		
Trade Debtors	5,368,670	5,062,347
Prepayments	8,243	—
Sundry Debtors & Prepayments	7,341	71,898
	<u>5,384,254</u>	<u>5,134,245</u>

The trade debtors are fully charged.

Bad debts are written off in the year they occur.

DYFED STEELS LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 199811. CREDITORS

Amounts falling due within one year:	<u>1998</u>	<u>1997</u>
	£	£
Bank Loans and Overdrafts (see below)	1,186,275	799,467
Trade Creditors	6,780,209	5,403,405
Other Creditors:		
Provision For Corporation Tax	9,954	-
Social Security and Other Taxes	171,776	-
H.P.Creditors	396,459	312,350
Due to Griffin Factors	3,725,267	3,542,182
Sundry Creditors & Accruals	124,175	330,308
	<u>12,394,115</u>	<u>10,387,712</u>
Bank Overdraft	1,186,275	689,766
Bank Loan Account	-	109,701
	<u>1,186,275</u>	<u>799,467</u>

The bank overdraft is secured as follows :

- a) A Fixed Charge over all Net Book Debts and a Floating Charge over the assets of the company.
- b) A Legal Charge over Freehold Property known as Land and Buildings at Dafen Inn Row, Dafen, Llanelli.
- c) A Legal Charge over Freehold Premises known as Gors Works, Dafen, Llanelli.
- d) A Legal Charge over Freehold Premises known as Thyssen Engineering Works, Llanelli, and any other security created in favour of the Bank from time to time as security for any such indebtedness or liability unless otherwise expressly agreed in writing.

HIRE PURCHASE CREDITORS

Hire Purchase Creditors include £183,716 which fall due after more than one year.

12. SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised	50,000	50,000
Allotted, Issued and Fully Paid	45,000	45,000

DYFED STEELS LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 199813. RESERVES

	Share			
	Premium	Revaluation	Other	Profit &
	<u>Account</u>	<u>Reserve</u>	<u>Reserves</u>	<u>Loss A/c</u>
	£	£	£	£
At 1st February 1997	-	373,406	-	2,220,946
Prior YEAR adjustment	-
Premium on Allotment in the YEAR	2,220,946
Surplus on revaluation of Land & Buildings
Transfers to/from Profit & Loss	-
Transfer of Realised Profits
Retained Profit for the YEAR				73,353
	-	373,406	-	2,294,299

No provision has been made for the additional U.K. taxation that would accrue if the Land and Buildings were disposed of at their revalued amounts.

14. FINANCIAL COMMITMENTS

The company is controlled by Mr.D.W.Thomas,a director. During the year ended 31st January 1998 the company sold goods to the value of £323,849 to Excel (Steelstock) Limited, a wholly owned subsidiary which was purchased in March 1997.

15. CREDITORS

Amounts falling due after more than one year:	<u>1998</u>	<u>1997</u>
	£	£
Loan - Allied Dunbar	60,000	60,000
Directors Loan Account	120,000	120,000
	180,000	180,000

16. FIXED ASSETS INVESTMENTS

	<u>1998</u>	<u>1997</u>
	£	£
Shares in Subsidiary Company	234,341	-

DYFED STEELS LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 199817. NOTES TO THE CASH FLOW STATEMENTRECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1998</u>	<u>1997</u>
	£	£
Operating Profit	174,278	13,344
Depreciation Charges	255,253	275,515
(Profit)/Loss on Sale of Fixed Assets	1,521	(2,489)
(Increase)/Decrease in Stocks	(1,498,907)	1,096,249
(Increase)/Decrease in Debtors	(250,009)	382,043
Increase/(Decrease) in Creditors	1,516,532	(1,000,109)
Fixed Assets Sold	5,507	23,250
Fixed Assets Purchased	(359,078)	(210,145)
Corporation Tax	-	(22,573)
	<u>(154,903)</u>	<u>555,085</u>

ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Balance at 1st February 1997	(978,902)	(1,342,179)
Net Cash (Outflow)/Inflow	(387,106)	363,277
Balance at 31st January 1998	<u>(1,366,008)</u>	<u>(978,902)</u>

ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1998</u>	<u>1997</u>	<u>Change</u> <u>in YEAR</u>
	£	£	£
Cash at Bank and in Hand	267	565	(298)
Bank Overdrafts	(1,366,275)	(979,467)	(386,808)
	<u>(1,366,008)</u>	<u>(978,902)</u>	<u>(387,106)</u>

ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Finance</u>	<u>Share</u>
	<u>Leasing</u>	<u>Capital</u>
	£	£
Balance at 1st February 1997	312,350	45,000
Cash Inflow/(Outflow) from Financing	84,109	-
Balance at 31st January 1998	<u>396,459</u>	<u>45,000</u>