

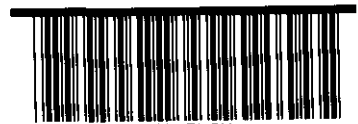
1287461

DYFED STEELS LIMITED & SUBSIDIARIES

AMENDING ACCOUNTS ON
COMPANY AND GROUP.

CONSOLIDATED FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST JANUARY 1999

Robert A. Ure & Co.
CHARTERED CERTIFIED ACCOUNTANTS



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27/11/99

DYFED STEELS LIMITED & SUBSIDIARIES

DIRECTORS:

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

SECRETARY:

Mr. D. R. Evans

REGISTERED OFFICE:

Tube Works
Maescanner Road
Dafen
Llanelli

REGISTERED NUMBER:

1287461

BANKERS:

Midland Bank Plc
Station Road
Llanelli
Carmar

AUDITORS:

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

DYFED STEELS LIMITED & SUBSIDIARIES
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 1999

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1. Report of the Directors
2. Statement of Directors Responsibilities
3. Report of the Auditors
4. Profit and Loss Account
5. Balance Sheet
6. Cash Flow Statement
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 & SUBSIDIARIES
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST JANUARY 1999

The directors present their annual report with the accounts of the group for the YEAR ended 31st January 1999.

PRINCIPAL ACTIVITY

The principal activity of the group in the YEAR under review was steel stockholders.

REVIEW OF BUSINESS

A summary of the results for the YEAR is given on page 3 of the accounts. It has been a difficult year for the group of companies with the continued fall in steel prices contributing to the level of turnover being restricted.

Turnover would have diminished further were it not for the group's endeavours to expand its market share which resulted in the volume of steel sold increasing.

The group anticipate that for the forthcoming year there will be an increase in steel prices which coupled with the group's expanding customer base and overhead costs being closely monitored the group will curtail the losses sustained and strive to achieve a level of profitability.

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
1999

Mr.D.W.Thomas	44,999
Mr.D.R.Evans	1

Continued.....

DYFED STEELS LIMITED & SUBSIDIARIES
REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31ST JANUARY 1999

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 reappointed in accordance with Section 386 of the Companies Act 1985.

Signed on behalf of the
board of directors



Mr. D. R. Evans
Secretary

3rd September 1999

DYFED STEELS LIMITED & SUBSIDIARIESSTATEMENT 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 group and of the profit or loss of the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

3rd September 1999


By Order of the Board

AUDITORS' REPORT TO THE SHAREHOLDERS OF
DYFED STEELS LIMITED & SUBSIDIARIES

We have audited the financial accounts on pages 4 to 7 of Dyfed Steels Ltd and the group as a whole 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 group'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 affairs of the company and the group as a whole as at 31st January 1999 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

15th September 1999

DYFED STEELS LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
TURNOVER	2	18,720,092	21,102,737
Cost of Sales		13,459,932	15,428,407
<u>GROSS PROFIT</u>		<u>5,260,160</u>	<u>5,674,330</u>
Net Operating Expenses			
Administrative Expenses	5,486,835	5,532,550	
Other Operating Income	(33,285)	(32,498)	
		<u>5,453,550</u>	<u>5,500,052</u>
<u>OPERATING (LOSS)/PROFIT</u>	3	<u>(193,390)</u>	<u>174,278</u>
Income from Investments		-	-
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		<u>(193,390)</u>	<u>174,278</u>
Interest Payable	7	111,851	81,971
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<u>(305,241)</u>	<u>92,307</u>
Tax on Ordinary Activities	5	(16,472)	18,954
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		<u>£ (288,769)</u>	<u>£ 73,353</u>

STATEMENT OF RETAINED EARNINGS

Retained Profit Brought Forward	2,294,300	2,220,946
Retained (Loss)/Profit for the Year	(288,769)	73,353
<u>RETAINED PROFIT CARRIED FORWARD</u>	<u>£2,005,531</u>	<u>£2,294,299</u>

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 7g form part of these accounts.

DYFED STEELS LIMITED & SUBSIDIARIESCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1999

	<u>Notes</u>	<u>1999</u>
		£ £
TURNOVER	2	20,025,516
Cost of Sales		14,188,938
GROSS PROFIT		5,836,578
Net Operating Expenses		
Administrative Expenses		6,020,923
Other Operating Income		(33,285)
		5,987,638
OPERATING LOSS	3	(151,060)
Income from Investments		-
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(151,060)
Interest Payable	7	113,789
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(264,849)
Tax on Ordinary Activities	5	(7,394)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		£ (257,455)
STATEMENT OF RETAINED EARNINGS		
Retained Profit Brought Forward		2,232,634
Loss for the Year		(257,455)
RETAINED PROFIT CARRIED FORWARD		£1,975,179

None of the group's activities were acquired or discontinued during the above financial year.

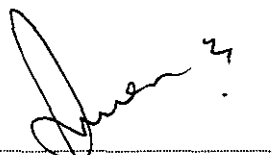
There were no recognised gains or losses other than the profit or loss for the above financial year.

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

DYFED STEELS LIMITEDBALANCE SHEET
AS AT 31ST JANUARY 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
FIXED ASSETS			
Tangible Assets	8	2,928,667	2,924,162
Investments	16	234,341	234,341
		<u>3,163,008</u>	<u>3,158,503</u>
CURRENT ASSETS			
Stock and Work in Progress	9	4,169,421	6,743,796
Debtors	10	4,656,167	5,384,254
Cash at Bank and in Hand		210	267
		<u>8,825,798</u>	<u>12,128,317</u>
CREDITORS : Amounts Falling Due within One Year	11	(9,384,869)	(12,394,115)
NET CURRENT LIABILITIES		<u>(559,071)</u>	<u>(265,798)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,603,937</u>	<u>2,892,705</u>
CREDITORS : Amounts Falling Due After more than One Year	15	180,000	180,000
		<u>£2,423,937</u>	<u>£2,712,705</u>
CAPITAL AND RESERVES			
Share Capital	12	45,000	45,000
Property Revaluation Reserve	13	373,406	373,406
Profit and Loss Account	13	2,005,531	2,294,299
TOTAL SHAREHOLDERS' FUNDS		<u>£2,423,937</u>	<u>£2,712,705</u>

Signed on behalf of the
board of directors



Mr. D.W. Thomas
Director

Approved by the board: 31st August 1999

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

DYFED STEELS LIMITED & SUBSIDIARIESCONSOLIDATED BALANCE SHEET
AS AT 31ST JANUARY 1999Notes1999

£

£

FIXED ASSETS

Tangible Assets	8	3,051,262
-----------------	---	-----------

CURRENT ASSETS

Stock and Work in Progress	9	4,334,761
Debtors	10	4,878,171
Cash at Bank and in Hand		321

 9,213,253

CREDITORS : Amounts Falling		
Due within One Year	11	(9,685,919)

 (9,685,919)
NET CURRENT LIABILITIES

 (472,666)
TOTAL ASSETS LESS CURRENT LIABILITIES

 2,578,596

CREDITORS : Amounts Falling		
Due After more than One Year	14	180,000

 180,000
**PROVISION FOR LIABILITIES
AND CHARGES**

15

 5,011

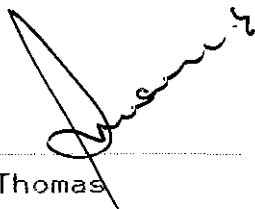
 £2,393,585
CAPITAL AND RESERVES

Share Capital	12	45,000
Revaluation Reserve	13	378,406
Profit and Loss Account	13	1,975,179

 1,975,179
TOTAL SHAREHOLDERS' FUNDS

 £2,393,585

Signed on behalf of the
board of directors



Mr. D.W. Thomas
Director

Approved by the board: 3rd September 1999

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

DYFED STEELS LIMITED & SUBSIDIARIESCASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JANUARY 1999

	<u>1999</u>
	£ £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(4,316,219)
Returns on Investments and Servicing of Finance	
Interest Payable	(113,789)

Net Cash Outflow From Returns on Investments and Servicing of Finance	(113,789)

<u>NET CASH OUTFLOW BEFORE FINANCING</u>	(4,430,008)
Financing	
Capital and Reserves	2,651,040

Net Cash Inflow from Financing	2,651,040

<u>DECREASE IN CASH AND CASH EQUIVALENTS</u>	(1,778,968)
	=====

See Note 17 for the notes to this statement

DYFED STEELS LIMITED & SUBSIDIARIESNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 1999**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:

Dyfed Steels Ltd &
Dyfed Steels Southern) Excel

Freehold Property	2%	-	on revalued amount
Leasehold Property	-	4%	Straight Line
Motor Vehicles	25%	20%	on W.D.V.
Plant and Equipment	20%	10%	on W.D.V.
Fixtures and Fittings	15%	10%	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.

Deferred Taxation

Deferred Taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

The group of companies operate a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

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

Turnover and (Loss)/Profit before taxation for the YEAR, are attributable to the following companies :

	Turnover <u>1999</u> £	Profit/(Loss) before taxation <u>1999</u> £
Dyfed Steels Limited	18,059,632	(305,241)
Excel (Steelstock) Limited	1,391,944	49,947
Dyfed Steels (Southern) Ltd.	573,939	(9,555)
	<u>20,025,515</u>	<u>(264,849)</u>

DYFED STEELS LIMITED & SUBSIDIARIESNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 19993. OPERATING LOSS

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

	<u>1999</u>
	£
Depreciation of Tangible Fixed Assets	299,616
Staff Costs - note 4	3,300,085
Auditors' Remuneration	24,400
	<u> </u>

4. STAFF COSTS

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

	<u>1999</u>
	£
Wages and Salaries	3,233,057
Pension Costs	67,028
	<u> </u>
	3,300,085
	<u> </u>

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

Office and Management	(
Production and Sales	(188
Others - specify	
	<u> </u>
	188
	<u> </u>

5. TAXATION

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

	<u>1999</u>
	£
Corporation Tax	(7,394)
	<u> </u>

Corporation tax has been charged on the loss at 21%.

DYFED STEELS LIMITED & SUBSIDIARIESNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 19996. DIRECTORS' REMUNERATION

	<u>1999</u>
	£
Directors' Remuneration	60,000
Emoluments, excluding Pension Contributions:	
Chairman	60,000
Highest Paid Director	—
Number of Other Directors whose total emoluments, excluding Pension Contributions, were within the ranges:	
£nil — £5,000	..
£5,001 — £10,000	..
£10,001 — £15,000	..
£15,001 — £20,000	..
£20,001 — £25,000	..
£25,001 — £30,000	..
£30,001 — £45,000	..

7. INTEREST PAYABLE

	<u>1999</u>
	£
Loan Interest	21,544
Hire Purchase Interest	33,918
Bank Interest	58,327
	113,789

8. TANGIBLE FIXED ASSETS

	Motor	Plant &	Fixtures &	Freehold &	
	Vehicles	Equipment	Fittings	Leasehold	TOTAL
W.D.V.	£	£	£	£	£
At 1st February 1998	507,172	440,360	84,168	1,931,144	2,962,844
Additions in YEAR	252,537	89,325	15,788	50,763	408,413
Disposals in YEAR	(22,588)	—	—	—	(22,588)
At 31st January 1999	737,121	529,685	99,956	1,981,907	3,348,669
DEPRECIATION					
Charge for YEAR	(150,873)	(94,099)	(12,651)	(39,784)	(297,407)
At 31st January 1999	(150,873)	(94,099)	(12,651)	(39,784)	(297,407)
NET BOOK VALUE					
At 31st January 1999	586,248	435,586	87,305	1,942,123	3,051,262

The Cost or Valuation of Freehold Buildings on which depreciation is charged, amounted to £2,101,403.

DYFED STEELS LIMITED & SUBSIDIARIESNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 19999. STOCKS

	<u>1999</u> £
Stock	4,320,872
Stock - Diesel	10,017
Stock - Stationery	3,872
	<u>4,334,761</u>

10. DEBTORS

	<u>1999</u> £
Amounts due within one year:	
Trade Debtors	4,801,493
Prepayments	50,228
Sundry Debtors	20,940
Provision For Corporation Tax	5,510
	<u>4,878,171</u>

11. CREDITORS

Amounts falling due within one year:	<u>1999</u> £
Bank Loans and Overdrafts (see below)	1,140,733
Trade Creditors	4,415,967
Other Creditors:	
Social Security and Other Taxes	395,668
Due To Griffin Factors	3,219,772
H.P.Creditors	458,556
Sundry Creditors & Accruals	55,223
	<u>9,685,919</u>
Bank Overdraft	1,140,733
	<u>1,140,733</u>

The bank overdraft is secured by a fixed and floating charge over the over the assets and related undertakings of the company.

HIRE PURCHASE CREDITORS

Hire purchase creditors include £214,648 which fall due after more than one year.

DYFED STEELS LIMITED & SUBSIDIARIESNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 199912. SHARE CAPITAL

	<u>1999</u> £
Authorised	50,000
Allotted, Issued and Fully Paid	45,000

13. RESERVES

	Share			
	Premium	Revaluation	Other	Profit &
	<u>Account</u>	<u>Reserve</u>	<u>Reserves</u>	<u>Loss A/c</u>
	£	£	£	£
At 1st February 1998	—	—	—	2,232,634
Prior YEAR adjustment	—
Premium on Allotment in the YEAR	2,232,634
Surplus on revaluation of Land & Buildings	...	373,406
Transfers to/from Profit & Loss	—
Transfer of Realised Profits
Retained Loss for the YEAR				(257,455)
	—	373,406	—	1,975,179

14. CREDITORS

Amounts falling due after more than one year:	<u>1999</u> £
Loan - Allied Dunbar	60,000
Directors Loan Account	120,000
	180,000

15. PROVISION FOR LIABILITIES AND CHARGES

	At Start	Movement	At End
Provisions:	of Year	in Year	of Year
	£	£	£
Deferred Taxation	(4,175)	(836)	(5,011)
	(4,175)	(836)	(5,011)

DYFED STEELS LIMITED & SUBSIDIARIESNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST JANUARY 199916. INVESTMENTS

Dyfed Steels Limited as a group consists of Dyfed Steels Limited and its wholly owned subsidiaries, Excel (Steelstock) Limited and Dyfed Steels (Southern) Limited.

17. NOTES TO THE CASH FLOW STATEMENTRECONCILIATION OF OPERATING LOSS TO
NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	<u>1999</u>
	£
Operating Loss	(151,060)
Depreciation Charges	297,407
Profit on Sale of Fixed Assets	2,209
Increase in Stocks	(4,334,761)
(Increase) in Debtors	(4,878,171)
Increase in Creditors	8,091,641
Corporation Tax	7,394
Sale of Fixed Assets	20,379
Fixed Assets Purchased	(3,371,257)
	<u>(4,316,219)</u>

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

Net Cash Outflow	1,320,412
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ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>Change</u> <u>in YEAR</u>
	£
Cash at Bank and in Hand	(321)
Bank Overdrafts	1,320,733
	<u>1,320,412</u>

ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Finance</u>	<u>Share</u>
	<u>Leasing</u>	<u>Capital</u>
	£	£
Cash Inflow/(Outflow) from Financing	458,556	45,000
Balance at 31st January 1999	<u>458,556</u>	<u>45,000</u>