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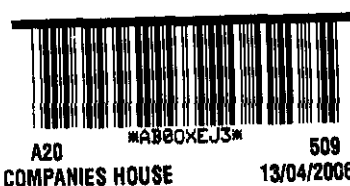
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A J Marshall (Special Steels) Limited

Abbreviated Financial Statements

Year Ended

31 January 2006



BDO
BDO Stoy Hayward
Chartered Accountants

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A J Marshall (Special Steels) Limited

Abbreviated financial statements for the year ended 31 January 2006

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Directors

P A Marshall
A V Marshall

Secretary and registered office

S P Dobbins, Unit 89 Marston Moor Business Park, Rudgate, Tockwith, York, YO26 7QF

Company number

1513555

Auditors

BDO Stoy Hayward LLP, 1 City Square, Leeds, LS1 2DP

Solicitors

C.W. Harwood & Co, Kimberley House, 11 Woodhouse Square, Leeds, LS3 1AD

Bankers

National Westminster Bank Plc, PO Box No. 154, 8 Park Row, Leeds, LS1 1QS

Report of the directors for the year ended 31 January 2006

The directors present their report together with the audited financial statements for the year ended 31 January 2006.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity is that of steel stockholders.

The directors are satisfied with the results for the year and look forward to the future with confidence.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	31 January 2006	1 February 2005
P A Marshall	22	11
A V Marshall	99,978	99,978

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 of the company for that year. 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; and
- 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 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.

A J Marshall (Special Steels) Limited

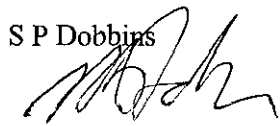
Report of the directors for the year ended 31 January 2006 *(Continued)*

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

S P Dobbins

A handwritten signature in black ink, appearing to be 'S P Dobbins', written over the printed name.

Secretary

Date: 11 April 2006

Report of the independent auditors

Independent auditors' report to A J Marshall (Special Steels) Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes together with the financial statements of the company for the year ended 31 January 2006 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes are properly prepared in accordance with that provision.

RDO Stoy Hayward LLP
BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Leeds

11 April 2006

A J Marshall (Special Steels) Limited**Profit and loss account for the year ended 31 January 2006**

	Note	2006 £	2005 £
Gross profit		3,114,017	2,650,583
Distribution costs		219,812	274,271
Administrative expenses		2,299,267	2,040,404
		<hr/>	<hr/>
Operating profit	2	594,938	335,908
Interest receivable and similar income		34,678	9,031
Interest payable and similar charges	5	(101,982)	(55,105)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		527,634	289,834
Taxation on profit on ordinary activities	6	134,786	63,672
		<hr/>	<hr/>
Profit on ordinary activities after taxation		392,848	226,162
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 15 form part of these financial statements.

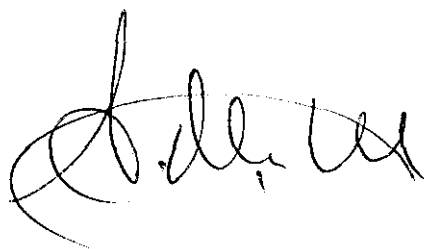
A J Marshall (Special Steels) Limited**Balance sheet at 31 January 2006**

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	7		105,790		97,687
Current assets					
Stocks	8	2,722,110		928,151	
Debtors	9	1,487,439		1,566,989	
Cash at bank and in hand		12,521		454,654	
		<u>4,222,070</u>		<u>2,949,794</u>	
Creditors: amounts falling due within one year	10	<u>2,625,585</u>		<u>1,738,054</u>	
Net current assets			<u>1,596,485</u>		<u>1,211,740</u>
Total assets less current liabilities			<u>1,702,275</u>		<u>1,309,427</u>
Creditors: amounts falling due after more than one year	11		<u>200,000</u>		<u>200,000</u>
			<u>1,502,275</u>		<u>1,109,427</u>
Capital and reserves					
Called up share capital	12		100,000		100,000
Profit and loss account	13		1,402,275		1,009,427
Equity shareholders' funds	14		<u>1,502,275</u>		<u>1,109,427</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 11 April 2006.

A V Marshall
Director



The notes on pages 7 to 15 form part of these financial statements.

A J Marshall (Special Steels) Limited

Cash flow statement for the year ended 31 January 2006

	Note	2006 £	2006 £	2005 £	2005 £
Net cash (outflow)/inflow from operating activities	18		(254,345)		831,166
Returns on investments and servicing of finance					
Interest received		34,678		9,031	
Interest paid: other		(101,982)		(55,105)	
Net cash outflow from returns on investments and servicing of finance			(67,304)		(46,074)
Taxation					
Corporation tax paid			(63,652)		(16,306)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(98,138)		(59,043)	
Receipts from sale of tangible fixed assets		36,845		7,250	
Net cash outflow from capital expenditure and financial investment			(61,293)		(51,793)
(Decrease)/increase in cash	19		(446,594)		716,993

The notes on pages 7 to 15 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of owning the goods are passed to the customers, which is generally on delivery.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property improvements	-	Straight line over lease period (10 years)
Plant and machinery	-	12.5% - 25% Straight line
Motor vehicles	-	25% Straight line
Fixtures, fittings and equipment	-	20% - 25% Straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Annual rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

1 Accounting policies (continued)

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Operating profit

	2006 £	2005 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	51,598	40,652
Loss/(profit) on disposal of tangible fixed assets	1,592	(7,250)
Hire of other assets - operating leases	53,250	52,000
Audit services	5,436	3,200
	<hr/>	<hr/>

3 Employees

Staff costs (including directors) consist of:

	2006 £	2005 £
Wages and salaries	1,953,720	1,539,942
Social security costs	58,375	189,002
Other pension costs	1,000	28,092
	<u>2,013,095</u>	<u>1,757,036</u>

The average number of employees (including directors) during the year was 12 (2005 - 13).

4 Directors' remuneration

	2006 £	2005 £
Directors' emoluments	1,613,945	1,180,083
Company contributions to money purchase pension schemes	-	25,372
	<u>1,613,945</u>	<u>1,205,455</u>

There was 1 director in the company's defined contribution pension scheme during the year (2005 - 1).

The total amount payable to the highest paid director in respect of emoluments was £1,575,449 (2005 - £1,033,213). Company pension contributions of £nil (2005 - £25,732) were made to a money purchase scheme on his behalf.

5 Interest payable and similar charges

	2006 £	2005 £
Bank interest	8	2,276
Interest on directors' loans	101,974	52,676
Interest on overdue taxation	-	153
	<u>101,982</u>	<u>55,105</u>

6 Taxation on profit on ordinary activities

	2006 £	2005 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	135,000	63,866
Adjustment in respect of previous periods	(214)	(194)
	<u> </u>	<u> </u>
Total current tax	<u>134,786</u>	<u>63,672</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2006 £	2005 £
Profit on ordinary activities before tax	527,634	289,834
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	158,290	86,950
Effect of:		
Expenses not deductible for tax purposes	1,701	6,447
Capital allowances for period in excess of depreciation	2,433	4,962
Adjustment to tax charge in respect of previous periods	(214)	(194)
Other tax adjustments	7,254	(2,060)
Marginal relief	(34,678)	(32,433)
	<u> </u>	<u> </u>
Current tax charge for period	<u>134,786</u>	<u>63,672</u>

7 Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>					
At 1 February 2005	21,567	57,494	115,191	26,251	220,503
Additions	3,880	20,129	49,064	25,065	98,138
Disposals	-	(300)	(51,970)	(7,408)	(59,678)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2006	25,447	77,323	112,285	43,908	258,963
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 February 2005	4,313	37,446	61,041	20,016	122,816
Provided for the year	3,127	11,834	28,411	8,226	51,598
Disposals	-	(300)	(14,657)	(6,284)	(21,241)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2006	7,440	48,980	74,795	21,958	153,173
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 January 2006	18,007	28,343	37,490	21,950	105,790
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2005	17,254	20,048	54,150	6,235	97,687
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

8 Stocks

	2006 £	2005 £
Finished goods and goods for resale	2,722,110	928,151
	<hr/>	<hr/>

9 Debtors

	2006 £	2005 £
Trade debtors	1,455,429	1,550,536
Prepayments and accrued income	32,010	16,453
	<u>1,487,439</u>	<u>1,566,989</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdraft (secured)	4,461	-
Trade creditors	771,066	860,108
Corporation tax	135,000	63,866
Other taxation and social security	116,640	158,820
Directors' loans	34,883	395,000
Other creditors and accruals	1,563,535	260,260
	<u>2,625,585</u>	<u>1,738,054</u>

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

11 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Directors' loans	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

Directors' loans have no formal date for repayment.

12 Share capital

	2006	Authorised 2005	Allotted, called up and fully paid	
	£	£	2006	2005
			£	£
<i>Equity share capital</i>				
100,000 Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 Reserves

	Profit and loss account £
At 1 February 2005	1,009,427
Profit for the year	392,848
	<u> </u>
At 31 January 2006	1,402,275
	<u> </u>

14 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Profit for the year	392,848	226,162
Opening shareholders' funds	1,109,427	883,265
	<u> </u>	<u> </u>
Closing shareholders' funds	1,502,275	1,109,427
	<u> </u>	<u> </u>

15 Pensions

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 charge amounted to £1,000 (2005 - £28,092). There were no outstanding or prepaid contributions at either the beginning or end of the financial year

16 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2006 Land and buildings £	2005 Land and buildings £
Operating leases which expire:		
In two to five years	55,750	54,500

17 Related party disclosures*Controlling parties*

The company is controlled by A V Marshall.

At 31 January 2006 A.J. Marshall (Special Steels) Limited owed the following amounts to directors:

	Amounts owed to directors £	Interest paid in the year £
2006		
A V Marshall	3,753	59,703
J S Marshall (deceased)	-	21,901
P A Marshall	231,130	20,370
2005		
A V Marshall	350,000	11,021
J S Marshall (deceased)	123,000	20,915
P A Marshall	122,000	20,740

18 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2006 £	2005 £
Operating profit	594,938	335,908
Depreciation of tangible fixed assets	51,598	40,652
Loss/(profit) on sale of tangible fixed assets	1,592	(7,250)
(Increase)/decrease in stocks	(1,793,959)	168,021
Decrease/(increase) in debtors	79,550	(629,446)
Increase in creditors	811,936	923,281
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(254,345)	831,166
	<hr/>	<hr/>

19 Reconciliation of net cash flow to movement in net funds

	2006 £	2005 £
(Decrease)/increase in cash	(446,594)	716,993
	<hr/>	<hr/>
Movement in net funds	(446,594)	716,993
Opening net funds/(debt)	454,654	(262,339)
	<hr/>	<hr/>
Closing net funds	8,060	454,654
	<hr/>	<hr/>

20 Analysis of net funds

	At 1 February 2005 £	Cash flow £	At 31 January 2006 £
Cash at bank and in hand	454,654	(442,133)	12,521
Bank overdrafts	-	(4,461)	(4,461)
		<hr/>	
		(446,594)	
	<hr/>	<hr/>	<hr/>
Total	454,654	(446,594)	8,060
	<hr/>	<hr/>	<hr/>