

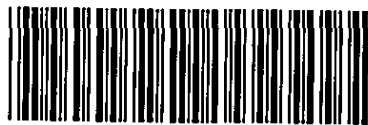
Metalloyd Limited

Report and Financial Statements

Year Ended

31 December 2008

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BDO

BDO Stoy Hayward
Chartered Accountants

Metalloyd Limited

**Annual report and financial statements
for the year ended 31 December 2008**

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Directors

M Wilde
N Dickson
N Fitzpatrick
P O'Driscoll

Secretary and registered office

E L Services Ltd, 25 Harley Street, London W1G 9BR

Company number

1683631

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

Metalloyd Limited

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividends

The results for the year are set out on page 6. Turnover for the year was \$1,033,926,391 and profit before tax was \$7,670,000 (2007 - \$1,514,000). The Directors do not recommend the payment of a dividend (2007 - £Nil).

Principal activities, trading review and future developments

The principle activity of Metalloyd is that of a steel and raw material international trader. There was a major change in the company's ownership completed in September 2008. The new shareholder is Metalloyd Holdings Limited. We are very excited about this new development and are confident that our principal activities of international trading of steel and steel related raw materials will be enhanced due to this change.

Turnover increased by approximately 54% to \$1,033,926 million from \$672,984 million in 2007. This growth in turnover was due to an unprecedented increase in commodity prices in which followed an increase in price for steel and steel making raw material including freight. Profit before tax increased by more than 400%; this was partly due to a EUR/USD position being worked out (described in my report for 2007 year end). Tonnage shipped, was similar to 2007 at 3,288,467 metric tonnes. The company was on course to significantly increase its tonnage over 2007 but strategically held back from the market during the third quarter as we were concerned about the potential for a massive price correction which in fact proved to be the correct strategy. The percentage of steel against raw materials was also similar to 2007.

Principal risks and uncertainties

Metalloyd has strict rules regarding credit and price exposure; all business is conducted on a back-to-back basis. Open credit is only given if backed by an insurance policy otherwise all business is against letters of credit therefore there is no price exposure. We have a new software program for financial control monitoring and trading (Foundry) which shows liquidity and cashflow on a continuous basis. This will greatly improve our ability to lodge management accounts in a quick and efficient manner.

Financial performance

The key financial performance indicators with pro forma comparatives for the year are as follows:

	2008 \$'000	2007 \$'000
Turnover	1,033,926	672,984
Operating profit (EBIT)	10,826	11,100
Profit before taxation	7,670	1,514
Total net assets	25,994	20,601

The Company's decision in the second half of 2008 to significantly hold back from the market in order not to risk shareholder value has placed Metalloyd in a strong position to go forward as soon as a recovery in world markets occurs. We have expanded our coal business and have significant supplies from Russia/Ukraine, Indonesia and Canada. This is for coking coal and energy/steam coal. We are also continuing to develop our ferro alloys business; all of our trading is devoted to steel and steel making raw materials, the only addition is energy coal.

Metalloyd Limited

Report of the directors for the year ended 31 December 2008(Continued)

Financial performance (Continued)

Together with our new shareholders we can see the opportunity for tolling operations in steel mills and mines that are under utilising their capacity due to the market downturn. We have expertise in this field and systems that protect title from delivery of raw material to finished product delivery. In this regard we have opportunities offered to us in Russia/Ukraine, South America and the Far East. We see this as a potential way to significantly expand our business during 2009.

Our partnerships with our traditional steel suppliers in Russia, Far East, India and Europe have been maintained and we are moving material steadily but cautiously during the uncertain trading conditions that we are faced with at present. We also have a very strong shipping division for time and voyage chartering vessels which has proven invaluable due to the extremely volatile nature of the shipping market.

Mel Wilde was made chairman on the International Steel Traders Association this year and also became a steel committee member of the LME. This has helped cement Metalloyd's standing within the steel trading community.

We are also developing a non ferrous division and once again our new owners experience, expertise and knowledge in this field is proving invaluable.

We are satisfied with Metalloyd's performance and continuing progress and look forward to another year of further expansion but at the same time will remain cautious and prudent until there are clear signs of upturn in the world economy.

Directors

The directors of the company during the year were:

S Soukholinski	(resigned 8 September 2008)
N Gavrielides	(resigned 8 September 2008)
D Pilakoutas	(resigned 8 September 2008)
M Wilde	
N Dickson	
N Fitzpatrick	
A Zykov	(resigned 8 August 2009)
P O'Driscoll	(appointed 8 September 2008)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Metalloyd Limited

Report of the directors for the year ended 31 December 2008(Continued)

Directors' responsibilities *(Continued)*

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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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.

On behalf of the Board

N Dickson

Director



2 July 2009

Metalloyd Limited

Report of the independent auditors

To the shareholders of Metalloyd Limited

We have audited the financial statements of Metalloyd Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Metalloyd Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
London*

2 July 2009

Metalloyd Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 \$'000	2007 \$'000
Turnover	2	1,033,926	672,984
Cost of sales		1,015,890	660,514
Gross profit		18,036	12,470
Other Income	7	-	5,125
Administrative expenses		7,210	6,495
Operating profit	5	10,826	11,100
Interest receivable		1,270	1,283
Interest payable and similar charges	6	(4,426)	(10,869)
Profit on ordinary activities before taxation		7,670	1,514
Taxation on profit from ordinary activities	8	2,277	531
Profit on ordinary activities after taxation		5,393	983

All amounts relate to continuing activities.

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

There are no movements in shareholders' funds other than the profit for the year.

The notes on pages 9 to 16 form part of these financial statements.

Metalloyd Limited

Balance sheet at 31 December 2008

	Note	2008 \$'000	2008 \$'000	2007 \$'000	2007 \$'000
Fixed assets					
Tangible assets	9		66		71
Current assets					
Stocks	10	26,259		35,852	
Debtors	11	76,177		210,004	
Cash at bank and in hand		10,348		44,427	
		<u>112,784</u>		<u>290,283</u>	
Creditors: amounts falling due within one year	12	<u>86,856</u>		<u>269,753</u>	
Net current assets			<u>25,928</u>		<u>20,530</u>
Total assets less current liabilities			<u>25,994</u>		<u>20,601</u>
Capital and reserves					
Called up share capital	13		10,001		10,001
Profit and loss account	14		15,993		10,600
Shareholders' funds	15		<u>25,994</u>		<u>20,601</u>

The financial statements were approved by the board of directors and authorised for issue on 2 July 2009

N Dickson
Director



The notes on pages 9 to 16 form part of these financial statements.

Metalloyd Limited

Cash flow statement for the year ended 31 December 2008

	Note	2008 \$'000	2008 \$'000	2007 \$'000	2007 \$'000
Net cash inflow/(outflow) from operating activities	18		66,380		(50,958)
Returns on investments and servicing of finance					
Interest received		1,270		1,283	
Interest paid		(8,985)		(7,171)	
Net cash outflow from returns on investments and servicing of finance			(7,715)		(5,888)
Taxation					
Corporation tax paid			(1,733)		(1,236)
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(24)		(21)
Cash inflow/(outflow) before use of liquid resources and financing			56,908		(58,103)
Financing					
Inception of new loans		-		5,000	
Repayment of loans		(5,000)		-	
Net cash (outflow)/inflow from financing			(5,000)		5,000
Increase/(decrease) in cash	19,20		51,908		(53,103)

The notes on pages 9 to 16 form part of these financial statements.

Metalloyd Limited

Notes forming part of the financial statements for the year ended 31 December 2008

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 outside customers at invoiced amounts less value added tax.

Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery or in accordance with contract terms.

Depreciation

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

Fixtures, fittings and equipment	- 20% per annum
Computer equipment	- 33 $\frac{1}{3}$ % per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes direct costs such as freight and tolling. Net realisable value is based on estimated selling price less applicable selling costs.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Metalloyd Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

1 Accounting policies (Continued)

Leased assets (Continued)

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

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. The assets of the scheme are held separately from those of the company in an independently administered fund.

Foreign currency

Non-monetary assets acquired in foreign currencies are translated into dollars at the exchange rate ruling at the date of acquisition or the contracted rate, as appropriate. Monetary assets and liabilities denominated in foreign currencies are translated into dollars at the balance sheet date. All differences are written off to the profit and loss account.

Realised and unrealised gains and losses on foreign currency forward contracts designated as specific hedges of anticipated purchases and sales in foreign currency are recognised in the same period that the foreign currency cash flows are recognised.

The principal US Dollar exchange rates used were as follows:

Closing exchange rates

	2008	2007
Pounds Sterling	1.4479	1.9973
Euro	0.7095	0.6794
Canadian Dollars	0.8183	1.0194

2 Turnover

Turnover is wholly attributable to the principal activity of the company. The directors consider that analysis of turnover by different geographical markets would be prejudicial to the interests of the company.

Metalloyd Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

3 Employees

	2008 \$'000	2007 \$'000
Staff costs (including directors) consist of:		
Wages and salaries	3,231	3,280
Social security costs	385	392
Other pension costs	192	198
	<u>3,808</u>	<u>3,870</u>

The average number of employees, including directors, during the year was 24 (2007 - 24).

4 Directors' emoluments

	2008 \$'000	2007 \$'000
Directors' emoluments consist of:		
Fees and remuneration for management services	1,180	1,350
Pensions	87	84
	<u>1,267</u>	<u>1,434</u>

There were 3 (2007 - 3) directors in the company's defined contribution pension scheme during the year.

The highest paid director in the year received £ 290,000 (2007 - £254,221) and had £24,000 (2007 - £19,707) paid to his pension scheme.

5 Operating profit

	2008 \$'000	2007 \$'000
This has been arrived at after charging:		
Depreciation	29	32
Auditors' remuneration - audit services	68	76
- taxation	63	8
Operating lease payments - land and buildings	<u>370</u>	<u>370</u>

Metalloyd Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*Continued*)

6 Interest payable and similar charges

	2008 \$'000	2007 \$'000
Bank and letter of credit charges	4,774	2,458
Other loans	190	58
Bank interest	3,375	4,331
Other interest	646	332
Foreign exchange (gain)/loss	(4,559)	3,690
	<u>4,426</u>	<u>10,869</u>

7 Other Income

	2008 \$'000	2007 \$'000
Insurance claim	-	5,125
	<u>-</u>	<u>5,125</u>

8 Taxation on profit from ordinary activities

	2008 \$'000	2007 \$'000
<i>UK Corporation tax</i>		
Current tax on profits for the year	2,260	531
Adjustment in respect of previous periods	17	-
	<u>2,277</u>	<u>531</u>
Total current tax and taxation on profit on ordinary activities.		

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

	2008 \$'000	2007 \$'000
Profit on ordinary activities before tax	7,670	1,514
	<u>7,670</u>	<u>1,514</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 –30%)	2,186	454
Effects of:		
Expenses not deductible for tax purposes	73	77
Depreciation in excess of capital allowances for year	1	-
Adjustment to tax charge in respect of previous periods	17	-
	<u>2,277</u>	<u>531</u>
Current tax charge for year		

Metalloyd Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

9 Tangible assets

	Fixtures, fittings and equipment \$'000
<i>Cost</i>	
At 1 January 2008	228
Additions	24
	<hr/>
At 31 December 2008	252
	<hr/>
<i>Depreciation</i>	
At 1 January 2008	157
Provided for the year	29
	<hr/>
At 31 December 2008	186
	<hr/>
<i>Net book value</i>	
At 31 December 2008	66
	<hr/>
At 31 December 2007	71
	<hr/>

10 Stocks

	2008 \$'000	2007 \$'000
Goods held for resale	26,259	35,852
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

11 Debtors

	2008 \$'000	2007 \$'000
Trade debtors	72,939	156,803
Other debtors	1,465	6,090
Prepayments and accrued income	1,773	47,111
	<hr/>	<hr/>
	76,177	210,004
	<hr/>	<hr/>

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

Metalloyd Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

12 Creditors: amounts falling due within one year

	2008 \$'000	2007 \$'000
Bank loans and overdrafts	33,887	124,433
Trade creditors	48,233	134,962
Taxation and social security	228	337
Corporation tax	803	259
Accruals & deferred income	3,705	4,337
Other loans	-	5,000
Other creditors	-	425
	<u>86,856</u>	<u>269,753</u>

13 Share capital

	Authorised, allotted, called up and fully paid			
	2008 Number	2007 Number	2008 \$'000	2007 \$'000
Ordinary shares of \$1 each	10,001,000	10,001,000	10,001	10,001
	<u>10,001,000</u>	<u>10,001,000</u>	<u>10,001</u>	<u>10,001</u>

14 Reserves

	Profit and loss account \$'000
At 1 January 2008	10,600
Profit for year	5,393
	<u>15,993</u>
At 31 December 2008	<u>15,993</u>

15 Reconciliation of movements shareholders' funds

	2008 \$'000	2007 \$'000
Profit for the year	5,393	983
	<u>5,393</u>	<u>983</u>
Net additions to shareholders' funds	5,393	983
Opening shareholders' funds	20,601	19,618
	<u>25,994</u>	<u>20,601</u>
Closing shareholders' funds	<u>25,994</u>	<u>20,601</u>

Metalloyd Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

16 Commitments under operating leases

As at 31 December 2008, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 \$'000	Land and buildings 2007 \$'000
Operating leases which expire:		
In two to five years	287	370

17 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Metalloyd Holdings Ltd on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

During the year the company had the following transactions with companies under common control:

	Interest Paid 2008 \$'000	Year end loan balance 2008 \$'000
Continental Alliance Fund Limited	190	-
	Interest paid 2007 \$'000	Year end loan balance 2007 \$'000
Continental Alliance Fund Limited	58	5,000

The loans provide funding for trading operations. All amounts were repayable within one year. Interest is charged on all balances at 2.5% above LIBOR.

Metalloyd Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

18 Reconciliation of operating profit to net cash outflow from operating activities

	2008 \$'000	2007 \$'000
Operating profit	10,826	11,100
Depreciation	29	32
Decrease/(Increase) in stocks	9,593	(21,245)
Decrease/(Increase) in debtors	133,827	(113,343)
(Decrease)/Increase in creditors	(87,895)	72,498
Net cash inflow/(outflow) from operating activities	66,380	(50,958)

19 Reconciliation of net cash outflow to movement in net debt

	2008 \$'000	2007 \$'000
Increase/(decrease) in cash	51,908	(53,103)
Net cash flow from debt financing	5,000	(5,000)
Exchange translation	4,559	(3,690)
Increase/(decrease) in net debt in year	61,467	(61,793)
Opening net debt	(85,006)	(23,213)
Closing net debt	(23,539)	(85,006)

20 Analysis of net debt

	At 1 January 2008 \$'000	Cash flow \$'000	Exchange adjustments \$'000	At 31 December 2008 \$'000
Cash at bank and in hand	44,427	(34,079)	-	10,348
Bank loans and overdrafts	(124,433)	85,987	4,559	(33,887)
Other loans	(80,006)	51,908	4,559	(23,539)
	(5,000)	5,000	-	-
	(85,006)	56,908	4,559	(23,539)

21 Ultimate parent company

At 31 December 2008 the company's immediate and parent company was Metalloyd Holdings Limited, a company registered in UK. The ultimate controlling party is Landal Worldwide Corp.