

**STEMCOR TRADE FINANCE
LIMITED**

Report and Financial Statements

31 December 2002



**Deloitte & Touche
London**

REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Colin H Heritage
Karl-Jochen Knees
Ralph D Oppenheimer
David J Paul
David M Percival

SECRETARY

Roderick J A Smith

REGISTERED OFFICE

Level 27
City Point
1 Ropemaker Street
London
EC2Y 9ST

PRINCIPAL BANKERS

Fortis Bank
Camomile Court
23 Camomile Street
London EC3A 7PP

AUDITORS

Deloitte & Touche
Chartered Accountants
London

STEMCOR TRADE FINANCE

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be the provision of offset and countertrade consultancy services.

In addition, the company offers banking and structured trade finance services to the Stemcor Group of Companies.

The company is continuing to develop a service offering project finance consultancy, which it is hoped will develop into a core activity in due course.

The results for the year and the financial position at year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

The directors do not recommend payment of a dividend for the year under review.

DIRECTORS AND THEIR INTERESTS

The following directors have held office since 1 January 2002:

Colin Heritage
Karl-Jochen Knees
Ralph Oppenheimer
David Paul
David Percival

The directors held no interest in the shares of the company during the year. The directors, except for Ralph Oppenheimer, are eligible to participate in a sharesave scheme and an executive share scheme of the ultimate parent company, Stemcor Holdings Limited. The interests of the directors in the shares of the ultimate parent company are disclosed in the financial statements of that company, except for:

	Ordinary Shares		Options	
	2002	2001	2002	2001
Karl-Jochen Knees	4,000	-	8,000	8,000
David Percival	2,400	2,400	9,036	9,036

The exercise price of the share options is £2.50.

TAX STATUS


The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

30th May 2003


Roderick Smith
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEMCOR TRADE FINANCE

We have audited the financial statements of Stemcor Trade Finance Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the directors' 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
London

30 May 2003

STEMCOR TRADE FINANCE

PROFIT AND LOSS ACCOUNT Year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER	2	1,648,342	1,155,237
Cost of sales		(759,967)	(562,226)
GROSS PROFIT		888,375	593,011
Administrative expenses		(797,985)	(634,029)
Other operating income		150,000	152,000
OPERATING PROFIT	3	240,390	110,982
Other interest receivable and similar income	4	15,795	7,452
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		256,185	118,434
Tax on profit on ordinary activities	7	(81,498)	(31,938)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		174,687	86,496
Retained profit brought forward		507,019	420,523
Retained profit carried forward		681,706	507,019

The results above are derived solely from continuing operations.

The company has no recognised gains or losses for this or the prior year other than the results disclosed above.

STEMCOR TRADE FINANCE


BALANCE SHEET

As at 31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Investments	8	8,681	8,681
CURRENT ASSETS			
Debtors	9	1,089,460	249,949
Cash at bank and in hand		405,628	592,871
		<u>1,495,088</u>	<u>842,820</u>
CREDITORS: amounts falling due within one year	10	<u>(822,061)</u>	<u>(344,480)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>681,708</u>	<u>507,021</u>
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Profit and loss account		<u>681,706</u>	<u>507,019</u>
EQUITY SHAREHOLDERS' FUNDS		<u>681,708</u>	<u>507,021</u>

These financial statements were approved by the Board of Directors on 30th May, 2003.

Signed on behalf of the Board of Directors


Colin Heritage
Director

STEMCOR TRADE FINANCE

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 December 2002

	2002 £	2001 £
Profit for the financial year	174,687	86,496
Other recognised gains and losses relating to the year	-	-
Net addition to shareholders' funds	<u>174,687</u>	<u>86,496</u>
Opening shareholders' funds	<u>507,021</u>	<u>420,525</u>
Closing shareholders' funds	<u><u>681,708</u></u>	<u><u>507,021</u></u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 (Revised) from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.

Turnover

Turnover represents net amounts receivable for services provided.

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 represents contributions payable by the company to the scheme.

Foreign currencies

Transactions in foreign currencies are recorded in sterling using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in currencies other than pounds sterling are translated at the effective rate of exchange ruling at 31 December, and gains or losses on translation are included in the profit and loss account.

Investments in subsidiaries

The company values its investments in subsidiaries at cost less provisions for impairment.

Group accounts

Stemcor Trade Finance Ltd does not prepare group accounts, as it is a subsidiary of Stemcor Holdings Ltd who produces group accounts.

Deferred taxation

The company has adopted FRS 19 *Deferred tax*. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

A restatement of the prior year numbers due to the implementation of FRS 19 has not been required as there were no deferred tax assets as at 31 December 2000 or 2001.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

2. SEGMENTAL ANALYSIS

The segmental analysis of turnover by destination is as follows:

	2002 £	2001 £
United Kingdom	674,601	522,794
Rest of Europe	754,861	486,535
Rest of the World	218,880	145,908
	<u>1,648,342</u>	<u>1,155,237</u>

Full segmental information has not been disclosed above as permitted by Statement of Standard Accounting Practice No. 25: Segmental reporting. In the opinion of the directors, such disclosure would be commercially sensitive.

3. OPERATING PROFIT

	2002 £	2001 £
Operating profit is stated after charging:		
Auditors' remuneration – audit fees	6,000	5,015
– other services	-	-
	<u>-</u>	<u>-</u>

Other operating income amounting to £150,000 (2001: £152,000) relates to group management charges receivable.

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £	2001 £
Bank interest	<u>15,795</u>	<u>7,452</u>

5. EMPLOYEES

	2002 £	2001 £
Wages and salaries	579,152	524,085
Social security costs	47,037	58,901
Other pension costs (note 11)	49,644	33,306
	<u>675,833</u>	<u>616,292</u>

STEMCOR TRADE FINANCE

NOTES TO THE ACCOUNTS Year ended 31 December 2002

5. EMPLOYEES (CONTINUED)

The average monthly number of employees (including directors) during the year was:

	2002 No.	2001 No.
Directors	5	5
Sales and administration	6	6
	<u>11</u>	<u>11</u>

6. DIRECTORS' EMOLUMENTS

	2002 £	2001 £
Emoluments for qualifying services	359,443	364,981
Company pension contributions to money purchase schemes	20,156	21,616
	<u>379,599</u>	<u>386,597</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2001: 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2002 £	2001 £
Emoluments for qualifying services	213,120	217,661
Company pension contributions to money purchase schemes	14,000	14,000

Ralph Oppenheimer and David Paul received no emoluments for services to Stemcor Trade Finance Limited during 2002. Their emoluments were borne by another Stemcor Group company.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
<i>Current Taxation</i>		
UK corporation tax for the year	79,500	35,530
Prior year adjustment	1,998	(3,592)
Total current tax	<u>81,498</u>	<u>31,938</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	-	-
Other	-	-
Tax on profits on ordinary activities	<u>81,498</u>	<u>31,938</u>

STEMCOR TRADE FINANCE

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year is less than the standard rate for the reasons set out in the following reconciliation:

	2002 £	2001 £
Profit on ordinary activities before tax	256,185	118,434
Tax at 30% (2001: 30%)	76,856	35,530
Effects of:		
Expenses not deductible for tax purposes	2,644	
Adjustments to tax charge in respect of previous periods	1,998	(3,592)
Current tax charge for the year	81,498	31,938

8. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £
At 1 January 2002	8,681
Additions	-
At 31 December 2002	8,681

9. DEBTORS

	2002 £	2001 £
Trade debtors	248,257	160,690
Amounts owed by fellow subsidiary undertakings	841,203	89,259
Prepayments	-	-
	1,089,460	249,949

STEMCOR TRADE FINANCE

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	167,973	42,141
Amounts owed to fellow subsidiary undertakings	228,111	119,084
Corporation tax	4,639	110,391
Accruals	421,338	72,864
	<u>822,061</u>	<u>344,480</u>

11. PENSION COSTS

The pension cost charge represents contributions paid by the company to the defined contribution scheme and amounted to £49,644 (2001: £33,306).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

12. SHARE CAPITAL

	2002 £	2001 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8, Related Party Disclosures, not to disclose transactions with Stemcor Holdings Limited group companies.

14. ULTIMATE PARENT COMPANY RELATED PARTY TRANSACTIONS

The ultimate and immediate parent company is Stemcor Holdings Limited which is incorporated in Great Britain and registered in England and Wales. The Company is ultimately controlled by Ralph Oppenheimer, the Chairman, and his relatives, who in aggregate have an interest in 82% of the issued share capital of Stemcor Holdings Limited. The largest and smallest group which consolidates the company's accounts is Stemcor Holdings Limited.

Copies of the ultimate holding company's accounts can be obtained from:

Companies House
Crown Way
Maindy
Cardiff CF14 3UZ