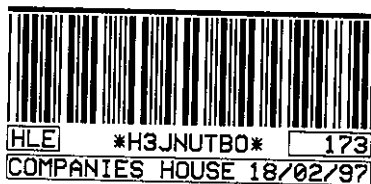




J. H. GRANT STEEL SERVICES LIMITED

Report and Financial Statements

31 October 1996



**Deloitte & Touche
10-12 East Parade
Leeds
LS1 2AJ**

**REPORT AND FINANCIAL STATEMENTS 1996****CONTENTS****Page**

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7



REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J S Barrett
R B Barrett
P C Chasney
R R McBean
M C O'Mara

SECRETARY

A B Durham

REGISTERED OFFICE

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

BANKERS

Midland Bank plc
47 Market Street
Bradford
BD1 1LW

SOLICITORS

Pinsent Curtis
41 Park Square
Leeds
LS1 2NS

AUDITORS

Deloitte & Touche
Chartered Accountants
10-12 East Parade
Leeds
LS1 2AJ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the thirteen month period ended 31 October 1996.

ACTIVITIES

The principal activity of the company is steel stockholding. Throughout the period the company acted as an agent for Barrett Steel Limited. All transactions entered into have been transferred to Barrett Steel Limited in accordance with the terms of the agency agreement.

DIVIDENDS AND TRANSFERS TO RESERVES

The results of the company for the period are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend for the period (1995 : £Nil) and, as a result of the transfer of all transactions to Barrett Steel Limited, the company made neither a profit nor a loss in the financial period (1995 : £Nil).

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the period are noted on page 1.

None of the directors have any interest in the share capital of the company. The interests of the directors in the share capital of the ultimate parent company, Barrett Steel Limited are as follows:

	Ordinary shares of 10p each 31 October 1996 No	Deferred shares of 10p each 31 October 1996 No	Ordinary shares of 10p each 30 September 1995 No	'Y' ordinary shares of 10p each 30 September 1995 No
R R McBean	86,090	20,959	81,818	20,000
M C O'Mara	1,818	-	1,818	-


The 'Y' ordinary shares were redesignated deferred shares on 9 October 1996.

Mr J S Barrett, Mr R B Barrett and Mr P C Chasney are directors of the ultimate parent company, Barrett Steel Limited, and their interests in group companies are shown in the accounts of that company. None of the other directors in office at the end of the period had interests in the shares of any other group company.

AUDITORS

Deloitte & Touche have expressed a willingness to continue in office as auditors. 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

 7/2/97.

A B Durham
 Secretary



STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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;
- ♦ 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.



Chartered Accountants

Deloitte & Touche
10-12 East Parade
Leeds LS1 2AJ

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DX 26423

J. H. GRANT STEEL SERVICES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 7 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 circumstances of the company, 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 October 1996 and of the result for the thirteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche 12/2/97

Deloitte & Touche

Chartered Accountants and
Registered Auditors


PROFIT AND LOSS ACCOUNT
Period ended 31 October 1996

	13 months ended 31 October 1996 £'000	Year ended 30 September 1995 £'000
TURNOVER - continuing operations	1,157	941
Less amounts transferred to parent	(1,157)	(941)
	<u>-</u>	<u>-</u>
Cost of sales	799	641
Less amounts transferred to parent	(799)	(641)
	<u>-</u>	<u>-</u>
Gross profit	-	-
Administration expenses	149	116
Less amounts transferred to parent	(149)	(116)
	<u>-</u>	<u>-</u>
Other operating expenses	98	84
Less amounts transferred to parent	(98)	(84)
	<u>-</u>	<u>-</u>
RESULT FOR THE FINANCIAL PERIOD		
- continuing operations	<u>-</u>	<u>-</u>

There are no recognised gains or losses other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is given.

There are no movements in shareholders' funds in both the current and prior financial periods.

BALANCE SHEET
31 October 1996

	Note	31 October 1996 £	30 September 1995 £
CURRENT ASSETS			
Cash at bank and in hand		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Equity shareholders funds:			
Called up share capital	2	<u>1</u>	<u>1</u>

These financial statements were approved by the Board of Directors on
 Signed on behalf of the Board of Directors

J S Barrett 7/2/97.

J S Barrett
 Director

NOTES TO THE ACCOUNTS
Period ended 31 October 1996

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

2. CALLED UP SHARE CAPITAL

	31 October 1996 £	30 September 1995 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Called up, allotted and fully paid		
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

3. CONTINGENT LIABILITIES

The company is party to a cross-guarantee dated 19 November 1992 which secures all the borrowings of the group with Midland Bank plc. At 31 October 1996, the maximum contingent liability arising under this guarantee was £8,586,000 (30 September 1995 : £1,439,000).

4. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Barrett Steel Limited, incorporated in Great Britain and registered in England and Wales, which is also the ultimate parent company. Copies of the group financial statements of Barrett Steel Limited may be obtained from Companies House, Crown Way, Maindy, Cardiff.