

Company Registration No. 2759083

SCANDIASTEEL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

02189-A-2003

Registered Office
60 Welbeck Street
London
W1M 8BH



SCANDIASTEEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activity

The principal activity of the company up to the 30th June 2003 was the provision of administration services. After this date the principal activity is the trading of iron and steel products.

Review of the business and future developments

The directors consider that the results of the company are satisfactory and that the company is expected to continue at its present levels in the future.

Results and dividends

The results for the year are set out on page 4

No dividends have been declared or paid during this or the comparative period.

Directors

The following directors have held office since 1 January 2003:

M Montrasio	(Appointed 1 June 2003)
M.A. Gray	(Appointed 15 September 2003 and resigned 13 October 2003)
L R Taylor	(Resigned 1 February 2005)
S L Hogan	(Resigned 15 September 2003)
B P Cocksedge	(Appointed 1 February 2005)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each,	
	31 December 2003	1 January 2003
M Montrasio	1,000	-
L R Taylor	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Matthew Edwards & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

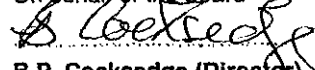
Directors' responsibilities

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 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;
- 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.

On behalf of the board


B P Cocksedge (Director)

Date: 25/1/05

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108
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SCANDIASTEEL LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED**

We have audited the financial statements of Scandiasteel Limited on pages 4 to 13 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

MATTHEW EDWARDS & CO
CHARTERED ACCOUNTANTS

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108
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SCANDIASTEEL LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED**

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. 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. However, the evidence available to us was limited because the directors have not complied with Financial Reporting Standard No. 8 as they are unable to disclose the identity of the ultimate controlling party, transactions related thereto, and any other related party transactions. There were no other satisfactory audit procedures that we could adopt to ensure compliance with Financial Reporting Standard No. 8.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified Opinion arising from limitation in audit scope

Except for any adjustments or additional disclosures that may have been found to be necessary with regard to compliance with FRS 8, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our audit work relating to the above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

In all other respects, we have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.



Matthew Edwards & Co.
Chartered Accountants
Registered Auditor



Clinch's House, Lord Street
Douglas
Isle of Man

SCANDIASTEEL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

		Year ended 31 December 2003 €	Year ended 31 December 2002 €
	Notes		
Turnover	2		
Continuing operations		-	-
Acquisitions		2,349,943	-
		<u>2,349,943</u>	<u>-</u>
Discontinued activities		19,768	19,813
		<u>2,369,711</u>	<u>19,813</u>
Cost of sales		(1,977,005)	-
Gross profit		<u>392,706</u>	<u>19,813</u>
Administrative expenses		(313,184)	(4,388)
Operating profit	4		
Continuing operations		-	-
Acquisitions		59,754	-
		<u>59,754</u>	<u>-</u>
Discontinued activities		19,768	15,425
		<u>79,522</u>	<u>15,425</u>
Other interest receivable and similar income	5	7,907	3,579
Interest payable and similar charges	6	(5,597)	-
		<u>2,300</u>	<u>3,579</u>
Profit on ordinary activities before taxation		<u>81,832</u>	<u>19,004</u>
Tax on profit on ordinary activities	7	(24,645)	(4,902)
Profit on ordinary activities after taxation	14	<u>57,187</u>	<u>14,102</u>
Profit brought forward at 1 January 2003		64,436	50,334
Profit carried forward at 31 December 2003		<u><u>121,623</u></u>	<u><u>64,436</u></u>

There are no recognised gains and losses other than those passing through the profit and loss account.

SCANDIASTEEL LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2003

	Notes	2003 €	€	2002 €	€
Fixed assets					
Tangible assets	8	78,190		-	
Investments	9	725,500		8	
		<u>803,690</u>		<u>8</u>	
Current assets					
Debtors	10	776,475		22,350	
Cash at bank and in hand		1,004,035		48,999	
		<u>1,780,510</u>		<u>71,349</u>	
Creditors: amounts falling due within one year	11	<u>(2,461,043)</u>		<u>(5,387)</u>	
Net current (liabilities)/assets		<u>(680,533)</u>		<u>65,962</u>	
Total assets less current liabilities		<u>123,157</u>		<u>65,970</u>	
Capital and reserves					
Called up share capital	13	1,534		1,534	
Profit and loss account	14	121,623		64,436	
Shareholders' funds - equity interests	15	<u>123,157</u>		<u>65,970</u>	

The financial statements were approved by the Board on 25/5/05


B P Cocksedge
Director

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

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

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	30% straight line basis
Motor vehicles	3 years on a straight line basis

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.6 Foreign currency translation

The company's accounting records are maintained in Euros.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

1.7 Comparatives

The currency the financial statements have been prepared in has been adjusted from Sterling to Euros. There has been no material effect on the profit and loss or balance sheet from this adjustment.

2 Turnover

Turnover represents the company's income derived from its principal activity.

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

3 Cost of sales and net operating expenses

	2003			2002		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	€	€	€	€	€	€
Cost of sales	1,977,005	-	1,977,005	-	-	-
Administrative expenses	313,184	-	313,184	-	4,388	4,388
	<u>2,290,189</u>	<u>-</u>	<u>2,290,189</u>	<u>-</u>	<u>4,388</u>	<u>4,388</u>
	<u>2,290,189</u>	<u>-</u>	<u>2,290,189</u>	<u>-</u>	<u>4,388</u>	<u>4,388</u>

The total figures for continuing operations in 2003 include the following amounts relating to acquisitions: cost of sales €1,977,005, administrative expenses €313,184 and other operating income €-.

4	Operating profit	2003	2002
		€	€
	Operating profit is stated after charging:		
	Depreciation of tangible assets	39,026	-
	Auditors' remuneration	500	-
	Accountancy	-	1,678
		<u>39,526</u>	<u>1,678</u>
5	Other interest receivable and similar income	2003	2002
		€	€
	Bank interest received	7,907	-
	Profit on foreign exchange	-	3,579
		<u>7,907</u>	<u>3,579</u>
6	Interest payable and similar charges	2003	2002
		€	€
	On overdue tax	346	-
	Loss on foreign exchange	5,251	-
		<u>5,597</u>	<u>-</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

7	Taxation	2003 €	2002 €
	Domestic current year tax		
	Corporation tax at 19.00% (2002 - 19.25%)	24,645	4,902
	Double Taxation Relief	(16,581)	-
		<u>8,064</u>	<u>4,902</u>
	Foreign corporation tax		
	Foreign corporation tax	16,581	-
		<u>16,581</u>	<u>-</u>
	Current tax charge	<u>24,645</u>	<u>4,902</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>81,832</u>	<u>19,004</u>
	Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 19.00% (2002: 19.25%)	<u>15,548</u>	<u>3,658</u>
	Effects of:		
	Non deductible expenses	8,347	1,244
	Imputed interest	750	-
	Double Taxation Relief	(16,581)	-
	Foreign Corporation Tax	16,581	-
		<u>9,097</u>	<u>1,244</u>
	Current tax charge	<u>24,645</u>	<u>4,902</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

8 Tangible fixed assets

	Fixtures, fittings & equipment €	Motor vehicles €	Total €
Cost			
At 1 January 2003	-	-	-
Additions	26,161	91,054	117,215
	<u>26,161</u>	<u>91,054</u>	<u>117,215</u>
At 31 December 2003	26,161	91,054	117,215
	<u>26,161</u>	<u>91,054</u>	<u>117,215</u>
Depreciation			
At 1 January 2003	-	-	-
Charge for the year	8,125	30,900	39,025
	<u>8,125</u>	<u>30,900</u>	<u>39,025</u>
At 31 December 2003	8,125	30,900	39,025
	<u>8,125</u>	<u>30,900</u>	<u>39,025</u>
Net book value			
At 31 December 2003	18,036	60,154	78,190
	<u>18,036</u>	<u>60,154</u>	<u>78,190</u>
At 31 December 2002	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

9 Fixed asset investments

	Unlisted Investments €
Cost	
At 1 January 2003	8
Additions	725,500
Disposals	(8)
	<hr/>
At 31 December 2003	725,500
	<hr/>
At 31 December 2002	8
	<hr/>

Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Euronord SPA	Italy	Ord	51

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal Activity	Capital and reserves	Profit for the year
		€	€
Euronord SPA	Trading of iron and steel products	3,998,205	613,358
		<hr/>	<hr/>

The disposal represented an investment of 5% in the Acelure Group which was disposed of during the year.

During the year the company purchased 51% of the share capital of Euronord SPA.

10 Debtors	2003 €	2002 €
Trade debtors	713,510	22,350
Corporation tax	12,230	-
Other debtors	50,735	-
	<hr/>	<hr/>
	776,475	22,350
	<hr/>	<hr/>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

11 Creditors: amounts falling due within one year	2003	2002
	€	€
Trade creditors	1,108,099	-
Corporation tax	27,323	3,486
Other creditors	1,237,317	-
Accruals and deferred income	88,304	1,901
	<u>2,461,043</u>	<u>5,387</u>
12 Pension costs		
Defined contribution		
	2003	2002
	€	€
Contributions payable by the company for the year	<u>3,919</u>	<u>-</u>
13 Share capital	2003	2002
	No.	No.
Authorised		
10,000 Ordinary Shares of £1 each,	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid	€	€
1,000 Ordinary Shares of £1 each,	<u>1,534</u>	<u>1,534</u>
14 Statement of movements on profit and loss account		Profit and loss account
		€
Balance at 1 January 2003		64,436
Retained profit for the period		<u>57,187</u>
Balance at 31 December 2003		<u>121,623</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

15 Reconciliation of movements in shareholders' funds	2003	2002
	€	€
Profit for the financial year	57,187	14,102
Opening shareholders' funds	65,970	51,868
Closing shareholders' funds	<u>123,157</u>	<u>65,970</u>

16 Contingent liabilities

There were no major contingent liabilities as at the balance sheet date.

17 Capital commitments

There were no major capital commitments as at the balance sheet date

18 Directors' emoluments	2003	2002
	€	€
Company pension contributions to money purchase schemes	<u>3,919</u>	<u>-</u>

19 Employees

Number of employees

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

	2003	2002
	Number	Number
Office and administration	<u>3</u>	<u>3</u>

Employment costs

	€	€
Wages and salaries	198,141	-
Social security costs	14,660	-
Other pension costs	3,919	-
	<u>216,720</u>	<u>-</u>

20 Ultimate Controlling Party

As disclosed in the Directors Report Mr M. Montrasio owns 100% of the share capital as at 31 December 2003. During the year the company purchased 3 % of Euronord Spa for Euro 101,500 on an arms length basis. During the year the company has loaned Euro 48,920 to Mr M Montrasio.

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

21 Related Party Transactions

The company has made sales on an arms length basis to Euronord Spa, its subsidiary, during the year of Euro 557,856 (2002 - Euronord Spa was not a subsidiary)