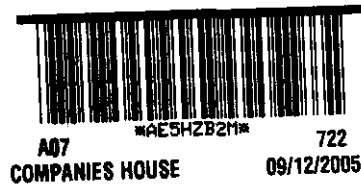


Company Registration No. 2759083

SCANDIASTEEL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



02189-A-2004

Registered Office
6th Floor, 94 Wigmore Street
London

SCANDIASTEEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activity

The principal activity of the company 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 2004:

W R Hawes	(Appointed 22 June 2005)
M Montrasio	(Resigned 22 June 2005)
L R Taylor	(Resigned 1 February 2005)
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 2004	1 January 2004
M Montrasio	1,000	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.

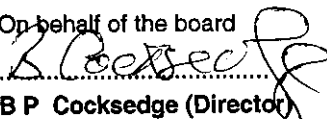
Directors' responsibilities

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: 28/11/05

MATTHEW EDWARDS & CO
C H A R T E R E D A C C O U N T A N T S

Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ
Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108
E-mail: audit@matthew-edwards.com

SCANDIASTEEL LIMITED

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

We have audited the financial statements of Scandiateel Limited on pages 4 to 15 for the year ended 31 December 2004. 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.

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 2004 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.

Matthew Edwards & Co.
Chartered Accountants
Registered Auditor

28/1/05
.....

Clinch's House, Lord Street
Douglas
Isle of Man

SCANDIASTEEL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

			Year ended 31 December 2004 €	Year ended 31 December 2003 €
	Notes			
Turnover	2			
Continuing operations		5,563,832	-	
Acquisitions		-	2,349,943	
Discontinued activities		-	19,768	
			<hr/>	
			5,563,832	2,369,711
 Cost of sales			<hr/> (4,781,369)	<hr/> (1,977,005)
 Gross profit			<hr/> 782,463	<hr/> 392,706
 Administrative expenses			<hr/> (455,243)	<hr/> (313,184)
Operating profit	4			
Continuing operations		327,220	59,754	
Discontinued activities		-	19,768	
		<hr/>	<hr/>	
			327,220	79,522
 Other interest receivable and similar income	5		24,881	7,907
Interest payable and similar charges	6		<hr/> (53)	<hr/> (5,597)
 Profit on ordinary activities before taxation			<hr/> 352,048	<hr/> 81,832
 Tax on profit on ordinary activities	7		<hr/> (95,166)	<hr/> (24,645)
 Profit on ordinary activities after taxation	14		<hr/> 256,882	<hr/> 57,187
 Profit brought forward at 1 January 2004			<hr/> 121,623	<hr/> 64,436
 Profit carried forward at 31 December 2004			<hr/> <hr/> 378,505	<hr/> <hr/> 121,623

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 2004

	Notes	2004 €	2003 €
Fixed assets			
Tangible assets	8	57,228	78,190
Investments	9	725,500	725,500
		<u>782,728</u>	<u>803,690</u>
Current assets			
Debtors	10	982,715	776,475
Cash at bank and in hand		1,090,456	1,004,035
		<u>2,073,171</u>	<u>1,780,510</u>
Creditors: amounts falling due within one year	11	(2,475,860)	(2,461,043)
Net current liabilities		<u>(402,689)</u>	<u>(680,533)</u>
Total assets less current liabilities		<u>380,039</u>	<u>123,157</u>
Capital and reserves			
Called up share capital	13	1,534	1,534
Profit and loss account	14	378,505	121,623
Shareholders' funds - equity interests	15	<u>380,039</u>	<u>123,157</u>

The financial statements were approved by the Board on 28/1/05


B P Cocksedge
Director

SCANDIASTEEL LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Year ended 31 December 2004 €	Year ended 31 December 2003 €
Net cash inflow from operating activities	149,173	1,802,874
Returns on investments and servicing of finance		
Interest received	11,385	7,907
Net cash inflow for returns on investments and servicing of finance	11,385	7,907
Taxation	(78,266)	(13,038)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(59,217)	(117,215)
Payments to acquire investments	-	(725,500)
Receipts from sales of tangible assets	63,346	-
Receipts from sales of investments	-	8
Net cash inflow/(outflow) for capital expenditure	4,129	(842,707)
Net cash inflow before management of liquid resources and financing	86,421	955,036
Increase in cash in the year	86,421	955,036

SCANDIASTEEL LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

1	Reconciliation of operating profit to net cash inflow from operating activities	2004	2003		
		€	€		
	Operating profit	327,220	79,522		
	Foreign exchange	13,496	(5,251)		
	Depreciation of tangible assets	20,025	39,025		
	Profit on disposal of tangible assets	(3,192)	-		
	Increase in debtors	(218,470)	(741,895)		
	(Decrease)/Increase in creditors within one year	10,094	2,431,473		
		<u>149,173</u>	<u>1,802,874</u>		
2	Analysis of net funds	1 January 2004	Cash flow	Other non-cash changes	31 December 2004
		€	€	€	€
	Net cash:				
	Cash at bank and in hand	1,004,035	86,421	-	1,090,456
	Net funds	<u>1,004,035</u>	<u>86,421</u>	<u>-</u>	<u>1,090,456</u>
3	Reconciliation of net cash flow to movement in net funds	2004	2003		
		€	€		
	Increase in cash in the year	86,421	955,036		
	Cash inflow from increase in debt	-	-		
	Movement in net funds in the year	<u>86,421</u>	<u>955,036</u>		
	Opening net funds	1,004,035	48,999		
	Closing net funds	<u>1,090,456</u>	<u>1,004,035</u>		

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

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

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.

2 Turnover

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

3 Cost of sales and net operating expenses

	2004			2003		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	€	€	€	€	€	€
Cost of sales	4,781,369	-	4,781,369	1,977,005	-	1,977,005
Administrative expenses	455,243	-	455,243	313,184	-	313,184
	<u>5,236,612</u>	<u>-</u>	<u>5,236,612</u>	<u>2,290,189</u>	<u>-</u>	<u>2,290,189</u>
	<u>5,236,612</u>	<u>-</u>	<u>5,236,612</u>	<u>2,290,189</u>	<u>-</u>	<u>2,290,189</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

4	Operating profit	2004	2003
		€	€
	Operating profit is stated after charging:		
	Depreciation of tangible assets	20,026	39,026
	Auditors' remuneration	800	500
	and after crediting:		
	Profit on disposal of tangible assets	(3,192)	-
		<u> </u>	<u> </u>
5	Other interest receivable and similar income	2004	2003
		€	€
	Bank interest received	11,385	7,907
	Profit on foreign exchange	13,496	-
		<u> </u>	<u> </u>
		24,881	7,907
		<u> </u>	<u> </u>
6	Interest payable and similar charges	2004	2003
		€	€
	On overdue tax	53	346
	Loss on foreign exchange	-	5,251
		<u> </u>	<u> </u>
		53	5,597
		<u> </u>	<u> </u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

7 Taxation	2004	2003
	€	€
Domestic current year tax		
Corporation tax at 27.40% (2003 - 19.00%)	91,143	24,645
Adjustment for prior years	4,023	-
Double Taxation Relief	(75,825)	(16,581)
	<u>19,341</u>	<u>8,064</u>
Foreign corporation tax		
Foreign corporation tax	75,825	16,581
	<u>75,825</u>	<u>16,581</u>
Current tax charge	<u>95,166</u>	<u>24,645</u>
 Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>352,048</u>	<u>81,832</u>
 Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 27.40% (2003: 19.00%)	<u>96,461</u>	<u>15,548</u>
Effects of:		
Non deductible expenses	4,016	8,347
Imputed interest	553	750
Double Taxation Relief	(75,825)	(16,581)
Adjustments to previous periods	4,023	-
Foreign Corporation Tax	75,825	16,581
Double Taxation Relief brought forward	(4,802)	-
Other tax adjustments	(5,085)	-
	<u>(1,295)</u>	<u>9,097</u>
Current tax charge	<u>95,166</u>	<u>24,645</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

8 Tangible fixed assets

	Fixtures, fittings & equipment €	Motor vehicles €	Total €
Cost			
At 1 January 2004	26,161	91,054	117,215
Additions	4,315	54,902	59,217
Disposals	-	(91,054)	(91,054)
At 31 December 2004	30,476	54,902	85,378
Depreciation			
At 1 January 2004	8,125	30,900	39,025
On disposals	-	(30,900)	(30,900)
Charge for the year	8,434	11,591	20,025
At 31 December 2004	16,559	11,591	28,150
Net book value			
At 31 December 2004	13,917	43,311	57,228
At 31 December 2003	18,036	60,154	78,190

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

9 Fixed asset investments

	Shares in subsidiary undertakings €
Cost	
At 1 January 2004 & at 31 December 2004	725,500
At 31 December 2003	725,500

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	5,611,048	1,612,842

10 Debtors

	2004 €	2003 €
Trade debtors	941,852	713,510
Corporation tax	-	12,230
Other debtors	40,615	50,735
Prepayments and accrued income	248	-
	982,715	776,475

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

11 Creditors: amounts falling due within one year	2004	2003
	€	€
Trade creditors	1,120,357	1,108,099
Corporation tax	31,993	27,323
Other creditors	1,239,810	1,237,317
Accruals and deferred income	83,700	88,304
	<u>2,475,860</u>	<u>2,461,043</u>
12 Pension costs		
Defined contribution		
	2004	2003
	€	€
Contributions payable by the company for the year	<u>7,366</u>	<u>3,919</u>
13 Share capital	2004	2003
	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 2004		121,623
Retained profit for the period		<u>256,882</u>
Balance at 31 December 2004		<u>378,505</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

15 Reconciliation of movements in shareholders' funds	2004	2003
	€	€
Profit for the financial year	256,882	57,187
Opening shareholders' funds	123,157	65,970
	<u>380,039</u>	<u>123,157</u>
Closing shareholders' funds		
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	2004	2003
	€	€
Remuneration	242,935	139,728
Company pension contributions to money purchase schemes	4,441	3,919
	<u>247,376</u>	<u>143,647</u>
19 Employees		
Number of employees		
The average monthly number of employees (including directors) during the year was:		
	2004	2003
	Number	Number
Office and administration	<u>3</u>	<u>3</u>
Employment costs		
	€	€
Wages and salaries	335,725	198,141
Social security costs	23,933	14,660
Other pension costs	7,366	3,919
	<u>367,024</u>	<u>216,720</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

15 Reconciliation of movements in shareholders' funds	2004	2003
	€	€
Profit for the financial year	256,882	57,187
Opening shareholders' funds	123,157	65,970
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>380,039</u>	<u>123,157</u>
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	€	€
Remuneration	242,935	139,728
Company pension contributions to money purchase schemes	4,441	3,919
	<u> </u>	<u> </u>
	<u>247,376</u>	<u>143,647</u>
 19 Employees		
Number of employees		
The average monthly number of employees (including directors) during the year was:		
	2004	2003
	Number	Number
Office and administration	<u>3</u>	<u>3</u>
 Employment costs		
	€	€
Wages and salaries	335,725	198,141
Social security costs	23,933	14,660
Other pension costs	7,366	3,919
	<u> </u>	<u> </u>
	<u>367,024</u>	<u>216,720</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004**

20 Ultimate Controlling Party

As disclosed in the Directors Report Mr M. Montrasio owns 100% of the share capital as at 31 December 2004 (2003 - 100%). At 31st December 2004 Mr M. Montrasio owed Euro 38,784 to the company. (2003 - Euro 48,920). This loan has been made on an arms length basis and is interest free with no fixed repayment date.

21 Related Party Transactions

The company has made sales on an arms length basis to Euronord Spa, its subsidiary, during the year of Euro 2,450,846 (2003 - Euronord Spa 557,856).