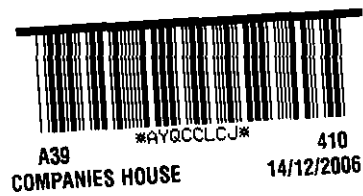


Company Registration No. 2759083 (England and Wales)

SCANDIASTEEL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



SCANDIASTEEL LIMITED

COMPANY INFORMATION

Directors John Wortley Hunt (Appointed 13 February 2006)
Simon Dowson (Appointed 13 February 2006)

Secretary Oakland Secretaries Limited

Company number 2759083

Registered office 2 Martin House
179-181 Northend Road
London
W14 9NL

Auditors SPL Associates
Atherton House
13 Lower Southend Road
Wickford
Essex SS11 8AB

SCANDIASTEEL LIMITED

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SCANDIASTEEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of the trading of iron and steel products.

Results and dividends

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

Directors

The following directors have held office since 1 January 2005:

L Taylor	(Resigned 1 February 2005)
Marco Montrasio	(Resigned 22 June 2005)
Brenda Cocksedge	(Appointed 1 February 2005 and resigned 13 February 2006)
W Hawes	(Appointed 22 June 2005 and resigned 13 February 2006)
John Wortley Hunt	(Appointed 13 February 2006)
Simon Dowson	(Appointed 13 February 2006)

Directors' interests

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

	Ordinary shares of €1 each	
	31 December 2005	1 January 2005
Brenda Cocksedge	-	-
W Hawes	-	-

SCANDIASTEEL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

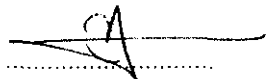
Directors' responsibilities

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;
- 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 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



Simon Dowson

Director

.....20/11/06.....

SCANDIASTEEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED

We have audited the financial statements of Scandiasteel Limited on pages 5 to 15 for the year ended 31 December 2005. 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 2 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 or 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.

Basis of audit 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.

SCANDIASTEEL LIMITED

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

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

SPL Associates

December 2006

Chartered Accountants
Registered Auditor

SPL Associates
Atherton House
13 Lower Southend Road
Wickford
Essex SS11 8AB

SCANDIASTEEL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 €	2004 €
Turnover	2	5,978,444	5,563,832
Cost of sales		(4,979,832)	(4,781,369)
Gross profit		998,612	782,463
Administrative expenses		(446,213)	(455,243)
Other operating income		-	13,496
Operating profit	3	552,399	340,716
Other interest receivable and similar income	4	7,595	11,385
Interest payable and similar charges	5	-	(53)
Profit on ordinary activities before taxation		559,994	352,048
Tax on profit on ordinary activities	6	(148,720)	(95,166)
Profit on ordinary activities after taxation	13	411,274	256,882

The profit and loss account has been prepared on the basis that all operations are continuing operations.

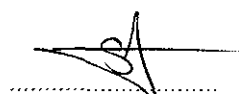
There are no recognised gains and losses other than those passing through the profit and loss account.

SCANDIASTEEL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 €	€	2004 €	€
Fixed assets					
Tangible assets	7	63,695		57,228	
Investments	8	1,394,500		725,500	
		<u>1,458,195</u>		<u>782,728</u>	
Current assets					
Debtors	9	1,256,917		982,715	
Cash at bank and in hand		753,961		1,090,456	
		<u>2,010,878</u>		<u>2,073,171</u>	
Creditors: amounts falling due within one year	10	(2,677,760)		(2,475,860)	
Net current liabilities			(666,882)		(402,689)
Total assets less current liabilities			<u>791,313</u>		<u>380,039</u>
Capital and reserves					
Called up share capital	12	1,534		1,534	
Profit and loss account	13	789,779		378,505	
Shareholders' funds - equity interests	14	<u>791,313</u>		<u>380,039</u>	

The financial statements were approved by the Board on 20.11.06



Simon Dowson
Director

SCANDIASTEEL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
€	€	€
Net cash inflow from operating activities	428,999	149,226
Returns on investments and servicing of finance		
Interest received	7,595	11,385
Interest paid	-	(53)
Net cash inflow for returns on investments and servicing of finance	7,595	11,332
Taxation	(109,926)	(78,266)
Capital expenditure		
Payments to acquire tangible assets	(60,267)	(59,217)
Receipts from sales of tangible assets	66,104	63,346
Net cash inflow for capital expenditure	5,837	4,129
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(669,000)	-
Net cash outflow for acquisitions and disposals	(669,000)	-
Net cash (outflow)/inflow before management of liquid resources and financing	(336,495)	86,421
(Decrease)/increase in cash in the year	(336,495)	86,421

SCANDIASTEEL LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2005	2004
		€	€
	Operating profit	552,399	327,723
	Depreciation of tangible assets	7,171	20,025
	Profit on disposal of tangible assets	(19,475)	(3,192)
	Increase in debtors	(274,202)	(218,470)
	Increase in creditors within one year	163,106	10,094
	Net effect of foreign exchange differences	-	13,496
	Net cash inflow/(outflow) from operating activities	428,999	149,226

2	Analysis of net funds	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		€	€	€	€
	Net cash:				
	Cash at bank and in hand	1,090,456	(336,495)	-	753,961
	Bank deposits	-	-	-	-
	Net funds	1,090,456	(336,495)	-	753,961

3	Reconciliation of net cash flow to movement in net funds	2005	2004
		€	€
	(Decrease)/increase in cash in the year	(336,495)	86,421
	Movement in net funds in the year	(336,495)	86,421
	Opening net funds	1,090,456	1,004,035
	Closing net funds	753,961	1,090,456

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 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	25% straight line
Motor vehicles	25% straight line

1.5 Investments

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

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity.

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

3	Operating profit	2005	2004
		€	€
	Operating profit is stated after charging:		
	Depreciation of tangible assets	7,171	20,026
	Loss on foreign exchange transactions	7,091	-
	Auditors' remuneration	1,743	800
	and after crediting:		
	Profit on disposal of tangible assets	(19,475)	(3,192)
	Profit on foreign exchange transactions	-	(13,496)
		<u> </u>	<u> </u>
4	Investment income	2005	2004
		€	€
	Bank interest	7,595	11,385
		<u> </u>	<u> </u>
5	Interest payable	2005	2004
		€	€
	On overdue tax	-	53
		<u> </u>	<u> </u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6	Taxation	2005 €	2004 €
	Domestic current year tax		
	U.K. corporation tax	148,720	91,143
	Adjustment for prior years	-	4,023
	Double Taxation Relief	(120,218)	(75,825)
		<u>28,502</u>	<u>19,341</u>
	Foreign corporation tax		
	Foreign corporation tax	<u>120,218</u>	<u>75,825</u>
	Current tax charge	<u>148,720</u>	<u>95,166</u>
		<u>148,720</u>	<u>95,166</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>559,994</u>	<u>352,048</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.82% (2004: 27.40%)	<u>161,390</u>	<u>96,461</u>
	Effects of:		
	Non deductible expenses	(5,005)	4,569
	Depreciation add back	2,067	-
	Capital allowances	(10,102)	-
	Other tax adjustments	-	(5,085)
	Foreign tax adjustments	-	(4,802)
	Adjustments to previous periods	-	4,023
	Directors'/participators' remuneration adjustment	370	-
		<u>(12,670)</u>	<u>(1,295)</u>
	Current tax charge	<u>148,720</u>	<u>95,166</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Tangible fixed assets

	Fixtures, fittings & equipment €	Motor vehicles €	Total €
Cost			
At 1 January 2005	30,476	54,902	85,378
Additions	2,454	57,813	60,267
Disposals	(7,425)	(54,902)	(62,327)
At 31 December 2005	25,505	57,813	83,318
Depreciation			
At 1 January 2005	16,559	11,591	28,150
On disposals	(4,107)	(11,591)	(15,698)
Charge for the year	5,364	1,807	7,171
At 31 December 2005	17,816	1,807	19,623
Net book value			
At 31 December 2005	7,689	56,006	63,695
At 31 December 2004	13,917	43,311	57,228

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Fixed asset investments

	Shares in subsidiary undertakings €
Cost	
At 1 January 2005	725,500
Additions	669,000
At 31 December 2005	1,394,500
Net book value	
At 31 December 2005	1,394,500
At 31 December 2004	725,500

Holdings of more than 20%

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

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Euronord Spa	Italy	Ordinary	51.00
Intrasteel SA	Luxembourg	Ordinary	95.57

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

		Capital and reserves 2005 €	Profit for the year 2005 €
	Principal activity		
Euronord Spa	Steel Service Centre	6,897,618	1,286,566
Intrasteel SA	Holding company	679,373	8,827

9 Debtors

	2005 €	2004 €
Trade debtors	1,241,779	941,852
Other debtors	13,332	40,615
Prepayments and accrued income	1,806	248
	1,256,917	982,715

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

10 Creditors: amounts falling due within one year	2005	2004
	€	€
Trade creditors	1,357,080	1,120,357
Corporation tax	70,787	31,993
Other creditors	1,032,119	1,239,810
Accruals and deferred income	217,774	83,700
	<u>2,677,760</u>	<u>2,475,860</u>
11 Pension costs		
Defined contribution		
	2005	2004
	€	€
Contributions payable by the company for the year	<u>7,489</u>	<u>7,366</u>
12 Share capital	2005	2004
	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>
13 Statement of movements on profit and loss account		Profit and loss account
		€
Balance at 1 January 2005		378,505
Retained profit for the year		<u>411,274</u>
Balance at 31 December 2005		<u>789,779</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

14 Reconciliation of movements in shareholders' funds	2005 €	2004 €
Profit for the financial year	411,274	256,882
Opening shareholders' funds	380,039	123,157
Closing shareholders' funds	791,313	380,039

15 Directors' emoluments	2005 €	2004 €
Emoluments for qualifying services	120,417	242,935
Company pension contributions to money purchase schemes	2,238	4,441
	122,655	247,376

16 Employees

Number of employees

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

	2005 Number	2004 Number
Office and administration	3	3

Employment costs

	2005 €	2004 €
Wages and salaries	334,984	335,725
Social security costs	23,459	23,933
Other pension costs	7,489	7,366
	365,932	367,024

17 Control

Mr M Montrasio owns 80% of the share capital as at 31 December 2005. (2004 -100%). At the year end Mr M Montrosio owed €11,511 to the company. (2004 - €38,784) This loan was made on an arms length basis and was repaid in May 2006.

18 Related party transactions

During the year, the company has made sales on an arms length basis to its subsidiary company Euronord Spa, amounting to €2,116,758. (2004-€2,450,846)