

Company Registration No. 02759083

Scandiastel Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

THURSDAY



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COMPANIES HOUSE

Scandiasteeel Limited

DIRECTORS AND OFFICERS

DIRECTORS

G Codoni
Whale Rock Directors Limited

SECRETARY

Whale Rock Secretaries Limited

REGISTERED OFFICE

4th Floor
15 Basinghall Street
London
EC2V 5BR

AUDITOR

BSG Valentine
Lynton House
7-12 Tavistock Square
London
WC1H 9BQ

Scandiasteel Limited

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of Scandiasteel Limited ('the Group') for the year ended 31 December 2010 and the company only financial statements of Scandiasteel Limited ('the Company')

PRINCIPAL ACTIVITIES

The principal activity of the Group is the trading of iron and steel products

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

RESULTS

The results for the Group show a pre-tax profit of €3,854,000 (2009 €331,000) for the year and sales of €44,748,000 (2009 €27,314,000)

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy are subject to a number of risks

The principal risks and uncertainties facing the Group are reviewed on a regular basis by the Board and actions put in place to mitigate identified risks

Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business

Interest rate risk

The Group's interest rate risk arises from long term borrowings. These borrowings are issued at fixed rates and therefore expose the Group to fair value interest rate risk

Foreign currency risk

The Group's principal foreign currency exposure arises from trading with overseas companies. The Group does not use any derivative instruments to manage foreign currency risk and the Directors believe that such risk is at an acceptable level

Credit risk

The Group's principal financial assets are cash balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made when there is an identified loss event, which, based on previous experience is evidence of a reduction in availability of the cash flows

Investment of cash surpluses and borrowings are made through banks and companies who must be approved by the Board. The credit risk on cash balances is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies

The Board have implemented appropriate internal processes in order to mitigate these key risks to business performance

Scandiasteel Limited

DIRECTORS' REPORT continued

GOING CONCERN

The directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and there they continue to adopt the going concern basis in preparing the financial statements

DIRECTORS

The following directors have held office since 1 January 2010 unless otherwise stated

G Codoni	appointed 22 December 2010
Whale Rock Directors Limited	appointed 22 December 2010
S Bell-Scott	resigned 22 December 2010
W Hawes	resigned 22 December 2010
T Lane	resigned 22 December 2010

There are no qualifying indemnities in place in respect of the directors

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITOR

During the period the directors resolved to appoint BSG Valentine as the Group and Company auditors

Approved by the Board and signed on its behalf on 14 February 2012



Whale Rock Directors Limited
Director

Scandiasteel Limited

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Scandiasteel Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCANDIASTEEL LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Scandiasteel Limited for the year ended 31 December 2010 on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

Included in the debtors shown on the parent company balance sheet is a bad debt provision amounting to €157,000. The bad debt provision has been included by the directors to reduce the carrying value of the account receivable to its realisable value. In our opinion, the existing account receivable at the year-end does not present collection risks and therefore the above mentioned provision is entirely overstated. Accordingly, debtors on the parent company balance sheet should be increased by €157,000 and profit for the year and retained earnings should be increased by €118,000, which is net of the tax impact.

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

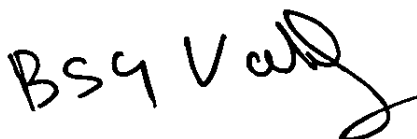
Scandiasteel Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCANDIASTEEL LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



MELVYN GANDZ (Senior Statutory Auditor)

For and on behalf of
BSG VALENTINE
Chartered Accountants
& Statutory Auditor

Lynton House
7-12 Tavistock Square
London WC1H 9BQ

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Scandiasteel Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2010

	Notes	Year ended 31 December 2010 €'000	Year ended 31 December 2009 €'000
Turnover		44,748	27,314
Cost of sales		(34,818)	(19,507)
Gross profit		<u>9,930</u>	<u>7,807</u>
Administrative expenses		(6,020)	(7,079)
Other operating income		66	11
Operating profit	3	<u>3,976</u>	<u>739</u>
Other interest receivable and similar income	4	80	29
Interest payable and similar charges	5	(202)	(301)
Profit on ordinary activities before taxation		<u>3,854</u>	<u>467</u>
Tax on profit on ordinary activities	7	(912)	(131)
Profit for the financial year	18, 20	<u><u>2,942</u></u>	<u><u>336</u></u>

All operations are continuing

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account

The notes on pages 11 to 21 form part of these financial statements

Scandiasteel Limited
CONSOLIDATED BALANCE SHEET
At 31 December 2010

Company Registration Number 02759083

	Notes	2010 €'000	2009 €'000
FIXED ASSETS			
Intangible assets	8	14	(511)
Tangible assets	9	8,865	9,055
		<u>8,879</u>	<u>8,544</u>
CURRENT ASSETS			
Stock	11	4,361	3,355
Debtors - due within one year	12	18,435	11,594
Cash at bank and in hand		3,005	2,737
TOTAL CURRENT ASSETS		<u>25,801</u>	<u>17,686</u>
CREDITORS Amounts falling due within one year	13	(19,370)	(12,947)
NET CURRENT ASSETS		<u>6,431</u>	<u>4,739</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,310</u>	<u>13,283</u>
CREDITORS Amounts falling due in more than one year	14	(467)	(1,381)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(77)	(78)
NET ASSETS		<u>14,766</u>	<u>11,824</u>
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Legal reserve	19	149	149
Profit and loss account	18	14,615	11,673
SHAREHOLDERS' FUNDS	20	<u>14,766</u>	<u>11,824</u>

The financial statements on pages 7 to 21 were approved by the board of directors and authorised for issue on 14 February 2012 and are signed on its behalf by



Whale Rock Directors Limited
 Director

The notes on pages 11 to 21 form part of these financial statements

Scandiasteel Limited

BALANCE SHEET

At 31 December 2010

Company Registration No 02759083

	Notes	2010 €'000	2009 €'000 restated
FIXED ASSETS			
Tangible assets	7	70	58
Investments	9	1,595	1,595
		1,665	1,653
CURRENT ASSETS			
Debtors			
- due within one year	9	986	661
Cash at bank and in hand		2,996	2,727
TOTAL CURRENT ASSETS		3,982	3,388
CREDITORS Amounts falling due within one year	10	(873)	(901)
NET CURRENT ASSETS		3,109	2,487
TOTAL ASSETS LESS CURRENT LIABILITIES		4,774	4,140
NET ASSETS		4,774	4,140
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Profit and loss account	16	4,772	4,138
SHAREHOLDERS' FUNDS	17	4,774	4,140

The financial statements on pages 7 to 21 were approved by the board of directors and authorised for issue on 14 February 2012 and are signed on its behalf by



Whale Rock Directors Limited
Director

The notes on pages 11 to 21 form part of these financial statements

Scandiasteel Limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2010

	Notes	2010 €	2009 €
Cash flow from operating activities	17 (a)	(118)	11,205
Returns on investments and servicing of finance	17 (b)	(122)	(272)
Taxation		(42)	729
Capital expenditure and financial investment	17 (b)	(208)	(389)
Financing	17 (b)	758	(10,949)
INCREASE IN CASH IN THE YEAR		<u>268</u>	<u>324</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 €	2009 €
Increase in cash in the year	268	324
(Increase)/ decrease in debt	(758)	10,949
MOVEMENT IN NET FUNDS IN YEAR	<u>(490)</u>	<u>11,273</u>
NET DEBT AT 1 JANUARY	(5,846)	(17,119)
NET DEBT AT 31 DECEMBER	<u>(6,336)</u>	<u>(5,846)</u>

The notes on pages 11 to 21 form part of these financial statements

Scandiasteeel Limited

ACCOUNTING POLICIES

1 Significant account policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements of Scandiasteeel Limited have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and the Companies Act 2006. The financial statements have been prepared under the historical cost convention and on a going concern basis.

1.2 Going Concern

The directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements.

1.3 Consolidation

The consolidated financial statements consist of the financial statements of the Company and entities controlled by the Company (the subsidiaries) made up to 31 December 2010. Control is achieved where the Company has the power to govern the financial and operational policies of an entity so as to gain benefit from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

As at 31 December 2010, the Company's subsidiary undertakings included in the consolidated Group financial information were:

- Euronord SPA
- Intrasteel SA

There are no minority interests in the net assets or liabilities of consolidated subsidiaries as the Group holds 100% shareholding in both subsidiaries. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

The Company has taken advantage of the exemption under section 408 (3) of the Companies Act 2006 and has not presented its profit and loss account. The Company's profit and loss for the year ended 31 December 2010 includes a profit after tax of €707,044 (2009: €465,526).

1.4 Tangible fixed assets

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly 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.

Scandiasteel Limited

ACCOUNTING POLICIES

1 Significant account policies (continued)

1.6 Intangible assets - Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, being 5 years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

1.7 Intangible Assets – Patents and Trademarks

Patents and trademarks are included at cost and depreciated in equal annual instalments over their estimated useful economic life. Provision is made for any impairment.

1.8 Turnover

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

1.9 Taxation and Deferred taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.10 Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at date of invoice. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

1.11 Leases

Operating lease rentals are charged to the profit and loss account in equal monthly amounts over the lease term.

1.12 Pensions

The Group 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. There were no amounts outstanding at 31 December 2010 (2009: nil).

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

2 TURNOVER

The Group's turnover and loss before taxation were derived from the sale of iron and steel products

3 OPERATING PROFIT

	Year ended 31 December 2010 €'000	Year ended 31 December 2009 €'000
Operating profit is stated after charging (crediting)		
Depreciation of tangible assets - owned	380	229
Amortisation of other intangibles	9	3
Amortisation of negative goodwill	(517)	(517)
Goodwill written off	-	9
Fees payable to the Group's auditor for the audit of the Group's annual accounts	13	10

4 INTEREST RECEIVABLE

	Year ended 31 December 2010 €'000	Year ended 31 December 2009 €'000
Bank interest	80	29

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2010 €'000	Year ended 31 December 2009 €'000
On bank loans and overdrafts	202	301

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

6	EMPLOYEES	Year ended 31 December 2010 No	Year ended 31 December 2009 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Office and administration	25	24
	Manufacturing	8	11
	Total	33	35

	Year ended 31 December 2010 €'000	Year ended 31 December 2009 €'000
Staff costs for above persons		
Wages and salaries	1,620	1,504
Social security costs	354	325
Pension contributions	10	11
	1,984	1,840

Of the above amount, directors' emoluments totalled €nil (2009: €nil). No directors are accruing benefits under defined contribution pension schemes.

7	TAXATION	Year ended 31 December 2010 €'000	Year ended 31 December 2009 €'000
	Current tax		
	Corporation tax at 28% (2009: 28%)	912	131
	Double taxation relief	(177)	(128)
	Total current tax	735	3
	Foreign corporation tax		
	Foreign corporation tax	177	128
	Current tax charge	912	131

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

7 TAXATION (Continued)

The tax credit arising in the period is lower than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	Year ended 31 December 2010 €'000	Year ended 31 December 2009 €'000
Profit on ordinary activities before tax	3,854	467
Profit on ordinary activities multiplied by standard rate of corporation tax of 28% (2009 28%)	1,079	131
Effects of		
Expenses not deductible for tax purposes	98	108
Depreciation in excess of capital allowances	(143)	(144)
Foreign tax	(177)	(128)
Expenses not previously deducted	(162)	-
Adjustments due to different tax rates used	33	-
Other tax adjustments	7	36
Current tax charge	735	3

8 GOODWILL AND OTHER INTANGIBLE FIXED ASSETS - GROUP

	Goodwill €'000	Negative Goodwill €'000	Other intangibles €'000	Total €
Cost				
1 January 2010	9	(3,744)	6	(3,729)
Additions	-	-	18	18
31 December 2010	9	(3,744)	24	(3,711)
Depreciation				
1 January 2010	9	(3,227)	-	(3,218)
Charge in year	-	(517)	10	(507)
31 December 2010	9	(3,744)	10	(3,725)
Net book value				
31 December 2010	-	-	14	14
31 December 2009	-	(517)	6	511

The other intangible assets represent licences and trademarks

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

9 TANGIBLE FIXED ASSETS - GROUP

	Land & Buildings €'000	Plant & machinery €'000	Industrial & Commercial Equipment €'000	Other assets €'000	Total € 000
Cost					
1 January 2010	9,067	889	130	665	10,751
Additions	70	50	5	111	236
Disposals	-	(3)	(1)	(92)	(96)
31 December 2010	9,137	936	134	685	10,891
Depreciation					
1 January 2010	620	570	40	466	1,696
Charge in year	219	44	25	90	378
Disposals	-	(1)	-	(47)	(48)
31 December 2010	839	613	65	509	2,026
Net book value					
31 December 2010	8,298	323	69	175	8,865
31 December 2009	8,447	319	90	199	9,055

TANGIBLE FIXED ASSETS - COMPANY

	Fixtures, fittings & equipment €'000	Motor vehicles €'000	Total €'000
Cost			
1 January 2010	15	146	161
Additions	9	80	89
Disposals	(4)	(55)	(59)
31 December 2010	20	171	191
Depreciation			
1 January 2010	13	90	103
Charge in year	1	42	43
Disposals	(2)	(23)	(25)
31 December 2010	12	109	121
Net book value			
31 December 2010	8	62	70
31 December 2009	2	56	58

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

10 INVESTMENTS - COMPANY

	Subsidiary undertakings €'000 Restated
Cost:	
1 January 2010	230
Prior period adjustment	1,365
1 January 2010 revised	1,595
Additions	-
31 December 2010	1,595
Net book value	
31 December 2010	1,595
31 December 2009 revised	1,595
31 December 2009	230

A list of investments in subsidiaries, including the name, proportion of ownership interest, country of operation and country of registration, is given below at 31 December 2010

Name	Country of operation	Principal activity	%	Country of registration
Euronord SPA	Italy	Trading of iron and steel	100%	Italy
Intrasteel SA	Luxembourg	Holding Company	100%	Luxembourg

Scandiasteel Limited owns 51% of Euronord SPA directly, the remaining 49% being owned by Intrasteel SA, a wholly owned subsidiary of Scandiasteel limited. Scandiasteel Limited thereby owns 100% of the share capital of Euronord SPA.

Note 22 gives details on the prior period adjustment

11 STOCK

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Raw materials and consumables	2,361	2,114	-	-
Finished goods and products	2,000	1,241	-	-
	4,361	3,355	-	-

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

12	DEBTORS	Group		Company	
		2010 €'000	2009 €'000	2010 €'000	2009 €'000
	Due within one year				
	Trade debtors	18,301	11,170	945	646
	Deferred tax asset	24	353	-	-
	Other debtors	63	8	23	5
	Prepayments and accrued income	47	63	18	10
		18,435	11,594	986	661

13	CREDITORS Amounts falling due within one year	Group		Company	
		2010 €'000	2009 €'000	2010 €'000	2009 €'000
	Loans due in less than one year	8,874	7,217	-	-
	Trade creditors	9,391	5,246	779	695
	Corporation tax	417	(139)	-	100
	Social security costs	75	56	-	-
	Other creditors	144	166	94	107
	Accruals and deferred income	469	401	-	-
		19,370	12,947	873	902

The interest charged for the year is calculated by applying a fixed interest rate of 4.97% to the liability

14	CREDITORS Amounts falling after more than one year	Group		Company	
		2010 €'000	2009 €'000	2010 €'000	2009 €'000
	Loans due in more than one year	467	1,366	-	-
	Tax due in more than one year	-	14	-	-
		467	1,380	-	-

The interest charged for the year is calculated by applying a fixed interest rate of 4.97% to the liability

15	PROVISIONS FOR LIABILITIES AND CHARGES	Group		Company	
		2010 €'000	2009 €'000	2010 €'000	2009 €'000
	Deferred tax	38	39	-	-
	Other provisions	40	39	-	-
		78	78	-	-

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

16	SHARE CAPITAL – GROUP AND COMPANY	2010	2009
	Authorised 10,000 ordinary shares of £1 each	10,000	10,000
		<hr/>	<hr/>
		€'000	€'000
	Called up, allotted and fully paid 1,000 ordinary shares of £1 each	2	2
		<hr/>	<hr/>
<p>The Company has one class of ordinary shares which carry no right to fixed income however have full voting rights, a preferential right to dividend and priority in distribution of assets</p>			
17	CASH FLOWS	2010	2009
		€'000	€'000
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	3,976	611
	Depreciation and amortisation	(129)	(276)
	Loss on sale of fixed assets	2	-
	(Increase) / decrease in debtors	(7,170)	11,070
	(Increase) / decrease in stock	(1,006)	4,134
	Increase in creditors	4,209	(4,334)
	Net cash inflow from operating activities	<hr/> (118) <hr/>	<hr/> 11,205 <hr/>
b	Analysis of cash flows for headings netted in the cash flow statement	2010	2009
		€'000	€'000
	Returns on investments and servicing of finance		
	Interest paid	(202)	(301)
	Interest received	80	29
	Net cash inflow from returns on investments and servicing of finance	<hr/> (122) <hr/>	<hr/> (272) <hr/>
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(236)	(159)
	Increase stake in subsidiary operations	-	(230)
	Purchase of intangible assets	(22)	-
	Proceed on disposals of fixed assets	50	-
	Net cash outflow from capital expenditure and financial investment	<hr/> (208) <hr/>	<hr/> (389) <hr/>
	Financing		
	Increase/ (repayment) of borrowings	758	(10,949)
	Net cash inflow from financing	<hr/> 758 <hr/>	<hr/> (10,949) <hr/>

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

c	Analysis of net funds	At		At
		1 January 2010 €'000	Cash flow €'000	31 December 2010 €'000
	Cash in hand, at bank	2,737	268	3,005
	Debt due after one year	(1,366)	899	(467)
	Debt due within one year	(7,217)	(1,657)	(8,874)
	Net debt	<u>(5,846)</u>	<u>(490)</u>	<u>(6,336)</u>

18	PROFIT AND LOSS ACCOUNT	Group €'000	Company €'000
	1 January 2010 as originally stated	-	2,773
	Prior period adjustment (see note 22)	-	1,365
	1 January 2010 revised	11,673	4,138
	Profit for the financial year	2,942	634
	31 December 2010	<u>14,15</u>	<u>4,772</u>

19	OTHER RESERVES – GROUP	Legal €'000
	At 1 January 2010 and 31 December 2010	<u>122</u>

These reserves are not applicable to the parent company

Scandiasteel Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

20	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group		Company	
		2010 €'000	2009 €'000	2010 €'000	2009 €'000
	Profit for the financial year	2,942	336	634	466
	Net addition to shareholders' funds	2,942	336	634	466
	Opening shareholders' funds as originally stated	11,824	11,488	4,140	2,309
	Prior period adjustment (see note 22)	-	-	-	1,365
	Opening shareholders' funds revised	11,824	11,488	4,140	3,674
	Closing shareholders' funds	14,766	11,824	4,774	4,140

21 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 neither the Group nor the Company had any commitments under non-cancellable operating leases, (2009 nil)

22 PRIOR YEAR ADJUSTMENT

During 2008 investments in subsidiary operations with a net book value of €1,364,617 were disposed and written off against distributable profits. The Company's interests in these assets were never actually transferred to a third party hence a prior year adjustment has been made to re-instate these assets to the balance sheet of the company at the prevailing book value. The prior year adjustment has brought about the following changes to the Parent Company's financial statements

Increase in fixed asset investments	<u>€1,364,617</u>
Increase in profit and loss reserve	<u>€1,364,617</u>

With the reinstatement of the fixed asset investments, the Directors recognise the need to prepare consolidated group accounts, to which this note is a part

23 ULTIMATE CONTROLLING PARTY

Mr M Montrasio owned 80% of the share capital and Mr F Montrasio owned 20% of the share capital as at 31 December 2010 (2009 80% / 20%). The directors consider Mr M Montrasio as being the ultimate controlling party by virtue of his shareholding

24 RELATED PARTY TRANSACTIONS

There are no related party transactions during the year