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Registered number 02759083 (England and Wales)

SCANDIASTEEL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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SCANDIASTEEL LIMITED

COMPANY INFORMATION

DIRECTORS

Steven Michael Owens (appointed 18 April 2012)
Giancarlo Giuseppe Codoni (appointed 22 December 2010)
Whale Rock Directors Limited (resigned 11 April 2012)
Kaleigh Jennifer Rumsey (appointed 27 September 2012)

COMPANY SECRETARY

Kingsley Secretaries Limited

COMPANY NUMBER

02759083

REGISTERED OFFICE

Office 1
35 Princess Street
Rochdale
Greater Manchester
OL12 0HA

AUDITORS

SPL Associates
Chartered Accountants & Statutory Auditor
2nd Floor De Burgh House
Market Road
Wickford
Essex
SS12 0FD

SCANDIASTEEL LIMITED

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SCANDIASTEEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 the 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activities of the group continued to be the trading of iron and steel products.

BUSINESS REVIEW

The directors have reviewed and assessed the results of the group for the year and consider that this review should focus on the activities of Euronord SPA, being the major trading party of the group.

In 2011, the Euronord SPA reported a leveling trend in comparison to 2010 in the quantities purchased and sold (purchases +5.61% -6.23% sales). However, there has been a sharp increase in the value of purchases (+34.79%) and only a small increase in the value of sales (+7.73%). In the second half of the year, the company reported a decline in margins as a result of the downturn in the economy.

World production of steel from January to April 2012 is weak, but growing according to the World Steel Association with a production of 504 billion tonnes, an increase of 0.7% compared to the first quarter 2011.

The company signed a contract in January with a leading national provider for the purchase of a flattening and cross cutting line, whose construction was completed in December 2011 and the mounting in March 2012. This investment was financed with a lease for a period of 7 years and was accompanied by other necessary investments to foundations and electrical equipment, financed with unsecured loan for a period of 3 years and expires in 2014.

The availability of the new plant of flattening, combined with the facilities of shearing and laser cutting, the company is able to realise its role as a service centre. This will minimize the costs of production and logistics with great positive impact on the income statement.

SCANDIASTEEL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

RESULTS

The loss for the year, after taxation, amounted to €1,538,881 (2010 - profit €2,942,234)

DIRECTORS

The directors who served during the year were

Giancarlo Giuseppe Codoni (appointed 22 December 2010)
Whale Rock Directors Limited (resigned 11 April 2012)

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

Delinquencies occurring during the year amounted to approximately 5% of turnover and these have been recovered 95% without recourse as a result of enforcement actions

Market risk

The experience gained during the current and previous periods have given rise to an increasing attention from the point of view of elasticity and economy in the supply of materials. As a result, Euronord places the greatest attention in the search for new sources of supply

In this regard it should be noted that at the moment the only suppliers offering the required materials are within Europe, and the price in Italy is among the lowest in the world. While steel mills outside Europe do not have the intention to export, we are limited to our current suppliers

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

AUDITORS

The auditors, SPL Associates, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 27 September 2012 and signed on its behalf


Kalergh Jennifer Rumsey
Director

SCANDIASTEEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED

We have audited the financial statements of Scandiasteel Limited for the year ended 31 December 2011, set out on pages 5 to 22. 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 members, 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 members those matters we are required to state to them in an Auditors' 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 DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, 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 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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss 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 MATTER 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 AUDITORS' REPORT TO THE SHAREHOLDERS 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Vicki Logan (Senior statutory auditor)

for and on behalf of
SPL Associates

Chartered Accountants
Statutory Auditor

2nd Floor De Burgh House
Market Road
Wickford
Essex
SS12 0FD

28 September 2012

SCANDIASTEEL LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 €	2010 €
TURNOVER	1	45,736,484	44,968,716
Cost of sales		<u>(42,844,067)</u>	<u>(34,878,735)</u>
GROSS PROFIT		2,892,417	10,089,981
Administrative expenses		<u>(4,726,871)</u>	<u>(6,186,847)</u>
Other operating income	2	<u>151,138</u>	<u>141,173</u>
OPERATING (LOSS)/PROFIT	3	(1,683,316)	4,044,307
Interest receivable and similar income		5,527	11,389
Interest payable and similar charges	5	<u>(296,886)</u>	<u>(201,598)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,974,675)	3,854,098
Tax on (loss)/profit on ordinary activities	6	<u>435,794</u>	<u>(911,864)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	<u>(1,538,881)</u>	<u>2,942,234</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 10 to 22 form part of these financial statements

SCANDIASTEEL LIMITED
REGISTERED NUMBER 02759083

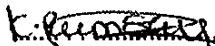
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	€	2011 €	€	2010 €
FIXED ASSETS					
Intangible assets	7		10,006		15,163
Tangible assets	8		9,328,384		8,891,148
Investments	9		124		124
			<u>9,338,514</u>		<u>8,906,435</u>
CURRENT ASSETS					
Stocks	10	9,144,044		4,361,155	
Debtors	11	18,112,904		20,191,544	
Cash at bank and in hand		804,350		1,295,652	
		<u>28,061,298</u>		<u>25,848,351</u>	
CREDITORS: amounts falling due within one year	12	<u>(23,183,351)</u>		<u>(19,053,772)</u>	
NET CURRENT ASSETS			<u>4,877,947</u>		<u>6,794,579</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,216,461</u>		<u>15,701,014</u>
CREDITORS: amounts falling due after more than one year	13		(466,666)		(466,784)
PROVISIONS FOR LIABILITIES					
Deferred tax	14	-		(14,995)	
Other provisions	15	<u>(42,146)</u>		<u>(40,345)</u>	
			<u>(42,146)</u>		<u>(55,340)</u>
NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u>13,707,649</u>		<u>15,178,890</u>
Defined benefit pension scheme liability			<u>(480,339)</u>		<u>(412,699)</u>
NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u><u>13,227,310</u></u>		<u><u>14,766,191</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		1,534		1,534
Other reserves	17		148,844		148,844
Profit and loss account	17		<u>13,076,932</u>		<u>14,615,813</u>
SHAREHOLDERS' FUNDS	18		<u><u>13,227,310</u></u>		<u><u>14,766,191</u></u>

SCANDIASTEEL LIMITED

**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2011**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2012


Kaleigh Jennifer Rumsey
Director

The notes on pages 10 to 22 form part of these financial statements

SCANDIASTEEL LIMITED
REGISTERED NUMBER. 02759083

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	€	2011 €	€	2010 €
FIXED ASSETS					
Tangible assets	8		89,247		70,164
Investments	9		2,614,617		1,594,617
			<u>2,703,864</u>		<u>1,664,781</u>
CURRENT ASSETS					
Debtors	11	1,907,055		2,814,779	
Cash at bank		788,521		1,286,638	
		<u>2,695,576</u>		<u>4,101,417</u>	
CREDITORS. amounts falling due within one year	12	<u>(482,585)</u>		<u>(919,716)</u>	
NET CURRENT ASSETS			<u>2,212,991</u>		<u>3,181,701</u>
NET ASSETS			<u><u>4,916,855</u></u>		<u><u>4,846,482</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		1,534		1,534
Profit and loss account	17		4,915,321		4,844,948
SHAREHOLDERS' FUNDS	18		<u><u>4,916,855</u></u>		<u><u>4,846,482</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


Kaleigh Jennifer Rumsey
Director

Date 27 September 2012

The notes on pages 10 to 22 form part of these financial statements.

SCANDIASTEEL LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 €	2010 €
Net cash flow from operating activities	19	(5,110,465)	(9,963,330)
Returns on investments and servicing of finance	20	(291,359)	(190,209)
Taxation		234,679	(563,877)
Capital expenditure and financial investment	20	(1,802,628)	(54,064)
CASH OUTFLOW BEFORE FINANCING		(6,969,773)	(10,771,480)
Financing	20	(118)	466,784
DECREASE IN CASH IN THE YEAR		(6,969,891)	(10,304,696)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 €	2010 €
Decrease in cash in the year	(6,969,891)	(10,304,696)
Cash outflow from decrease in debt and lease financing	118	(466,784)
MOVEMENT IN NET DEBT IN THE YEAR	(6,969,773)	(10,771,480)
Net (debt)/funds at 1 January 2011	(8,044,672)	2,726,808
NET DEBT AT 31 DECEMBER 2011	(15,014,445)	(8,044,672)

The notes on pages 10 to 22 form part of these financial statements

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Basis of consolidation

The financial statements consolidate the accounts of Scandiasteel Limited and all of its subsidiary undertakings ('subsidiaries')

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Goodwill and intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Intangible fixed assets are valued at cost.

Goodwill and intangible fixed assets are amortised over their expected useful lives. Amortisation is charged to the profit and loss account. Impairment reviews are carried out where events occur which suggest the carrying values may not be recoverable.

1.5 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	3% straight line
Plant & machinery	-	Varying rates between 7.5% and 30% straight line
Motor vehicles	-	25% straight line
Other fixed assets	-	15% and 25% straight line

1.6 Investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) Other investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint venture only to the extent that there is a commitment to remit the earnings.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into euros at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. OTHER OPERATING INCOME

	2011 €	2010 €
Other operating income	51,138	80,351
Sundry income	100,000	60,822
	<u>151,138</u>	<u>141,173</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2011	2010
	€	€
Amortisation - intangible fixed assets	8,752	(517,345)
Depreciation of tangible fixed assets		
- owned by the group	352,640	42,147
Operating lease rentals		
- other operating leases	95,320	75,919
Difference on foreign exchange	2,675	245
Amortisation of deferred research and development expenditure	580	-
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2010 - €NIL)

4. AUDITORS' REMUNERATION

	2011	2010
	€	€
Fees payable to the company's auditor for the audit of the company's annual accounts	10,026	13,979
	<u> </u>	<u> </u>

5. INTEREST PAYABLE

	2011	2010
	€	€
On other loans	9	69,397
On loans from group undertakings	8,125	-
Other interest payable	288,752	132,201
	<u> </u>	<u> </u>
	<u>296,886</u>	<u>201,598</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

6. TAXATION

	2011 €	2010 €
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	8,461	3,076
	<u>8,461</u>	<u>3,076</u>
Double taxation relief	-	176,893
	<u>8,461</u>	<u>179,969</u>
Foreign tax on income for the year	(443,407)	732,743
Total current tax	<u>(434,946)</u>	<u>912,712</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	(848)	(848)
Tax on (loss)/profit on ordinary activities	<u>(435,794)</u>	<u>911,864</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2010 - the same as) the standard rate of corporation tax in the UK of 28% (2010 - 28%) as set out below

	2011 €	2010 €
(Loss)/profit on ordinary activities before tax	<u>(1,974,675)</u>	<u>3,854,098</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	(552,909)	1,079,147
Effects of:		
Expenses not deductible for tax purposes	-	98,000
Capital allowances for year in excess of depreciation	-	(143,000)
Adjustments due to different tax rates	117,963	33,000
Expenses not previously deducted	-	(162,000)
Other differences leading to an increase (decrease) in the tax charge	-	7,565
Current tax (credit)/charge for the year (see note above)	<u>(434,946)</u>	<u>912,712</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

7. INTANGIBLE FIXED ASSETS

Group	Patents & licences €	Develop- ment €	Goodwill €	Negative goodwill €	Other intangible assets €
Cost					
At 1 January 2011	20,711	-	9,167	(3,743,899)	11,865
Additions	1,275	2,900	-	-	-
At 31 December 2011	21,986	2,900	9,167	(3,743,899)	11,865
Amortisation					
At 1 January 2011	8,801	-	9,167	(3,743,899)	8,612
Charge for the year	6,379	580	-	-	2,373
At 31 December 2011	15,180	580	9,167	(3,743,899)	10,985
Net book value					
At 31 December 2011	6,806	2,320	-	-	880
At 31 December 2010	11,910	-	-	-	3,253
Group					Total €
Cost					
At 1 January 2011					(3,702,156)
Additions					4,175
At 31 December 2011					(3,697,981)
Amortisation					
At 1 January 2011					(3,717,319)
Charge for the year					9,332
At 31 December 2011					(3,707,987)
Net book value					
At 31 December 2011					10,006
At 31 December 2010					15,163

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

8. TANGIBLE FIXED ASSETS

	Land & buildings €	Plant & machinery €	Motor vehicles €	Fixtures & fittings €
Group				
Cost				
At 1 January 2011	9,136,988	1,106,914	170,416	-
Additions	10,110	746,983	106,555	-
Disposals	-	-	(79,227)	(1,374)
At 31 December 2011	9,147,098	1,853,897	197,744	(1,374)
Depreciation				
At 1 January 2011	838,808	616,449	108,678	64,805
Charge for the year	220,225	50,610	26,937	31,714
On disposals	-	-	(20,082)	(1,373)
At 31 December 2011	1,059,033	667,059	115,533	95,146
Net book value				
At 31 December 2011	8,088,065	1,186,838	82,211	(96,520)
At 31 December 2010	8,298,180	490,465	61,738	(64,805)
			Other fixed assets €	Total €
Group				
Cost				
At 1 January 2011			468,451	10,882,769
Additions			17,340	880,988
Disposals			(161,800)	(242,401)
At 31 December 2011			323,991	11,521,356
Depreciation				
At 1 January 2011			362,881	1,991,621
Charge for the year			23,154	352,640
On disposals			(129,834)	(151,289)
At 31 December 2011			256,201	2,192,972
Net book value				
At 31 December 2011			67,790	9,328,384
At 31 December 2010			105,570	8,891,148

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Company	Plant & machinery €	Motor vehicles €	Other fixed assets €	Total €
Cost				
At 1 January 2011	11,088	170,416	1,942	183,446
Additions	953	106,555	-	107,508
Disposals	-	(79,227)	-	(79,227)
At 31 December 2011	12,041	197,744	1,942	211,727
Depreciation				
At 1 January 2011	3,327	108,678	1,277	113,282
Charge for the year	2,162	26,937	181	29,280
On disposals	-	(20,082)	-	(20,082)
At 31 December 2011	5,489	115,533	1,458	122,480
Net book value				
At 31 December 2011	6,552	82,211	484	89,247
At 31 December 2010	7,761	61,738	665	70,164

9. FIXED ASSET INVESTMENTS

Group	Unlisted investments €
Cost or valuation	
At 1 January 2011 and 31 December 2011	124
Net book value	
At 31 December 2011	124
At 31 December 2010	124

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

9. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies €	Loans to subsidiaries €	Total €
Cost or valuation			
At 1 January 2011	1,594,617	-	1,594,617
Additions	-	1,020,000	1,020,000
At 31 December 2011	1,594,617	1,020,000	2,614,617
Net book value			
At 31 December 2011	1,594,617	1,020,000	2,614,617
At 31 December 2010	1,594,617	-	1,594,617

10. STOCKS

	Group		Company	
	2011	2010	2011	2010
	€	€	€	€
Raw materials	9,144,044	4,361,155	-	-

11. DEBTORS

	Group		Company	
	2011	2010	2011	2010
	€	€	€	€
Due after more than one year				
Other debtors	280	280	-	-
Deferred tax asset (see note 14)	492,544	-	-	-
Due within one year				
Trade debtors	14,919,050	18,300,933	189,204	945,301
Other debtors	2,152,732	1,810,992	1,700,110	1,851,588
Prepayments and accrued income	429,124	47,343	17,741	17,890
Tax recoverable	156,783	31,996	-	-
Deferred tax asset (see note 14)	(37,609)	-	-	-
	18,112,904	20,191,544	1,907,055	2,814,779

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

12. CREDITORS:
Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	€	€	€	€
Bank loans and overdrafts	15,352,129	8,873,540	-	-
Trade creditors	6,752,415	9,391,375	236,209	779,213
Corporation tax	248,452	448,719	129,753	-
Social security and other taxes	57,738	75,442	621	-
Other creditors	562,947	67,956	-	1
Accruals and deferred income	209,670	196,740	116,002	140,502
	<u>23,183,351</u>	<u>19,053,772</u>	<u>482,585</u>	<u>919,716</u>

13. CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	€	€	€	€
Bank loans	466,666	466,784	-	-

14. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	€	€	€	€
At beginning of year	(14,995)	313,721	-	-
Released during/(charge for) the year	469,930	(328,716)	-	-
At end of year	<u>454,935</u>	<u>(14,995)</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	€	€	€	€
Accelerated capital allowances	(37,609)	(38,457)	-	-
Tax losses brought forward	492,544	23,462	-	-
	<u>454,935</u>	<u>(14,995)</u>	<u>-</u>	<u>-</u>

SCANDIASTEEL LIMITED

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15 PROVISIONS

	Other provisions €
Group	
At 1 January 2011	40,345
Additions	1,801
At 31 December 2011	<u>42,146</u>

Other provisions

No particulars are disclosed of the other provisions as the amounts are deemed to be immaterial

The Company has no provisions

16. SHARE CAPITAL

	2011 €	2010 €
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,534</u>	<u>1,534</u>

17. RESERVES

	Other reserves €	Profit and loss account €
Group		
At 1 January 2011	148,844	14,615,813
Loss for the year		(1,538,881)
At 31 December 2011	<u>148,844</u>	<u>13,076,932</u>
Company		
At 1 January 2011		4,844,948
Profit for the year		70,373
At 31 December 2011		<u>4,915,321</u>

The closing balance on the Profit and loss account includes a €NIL (2010 - €NIL) credit, stated after deferred taxation of €NIL (2010 - €NIL), in respect of pension scheme liabilities of the Group and Company pension scheme

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18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 €	2010 €
Group		
Opening shareholders' funds	14,766,191	11,823,957
(Loss)/profit for the year	(1,538,881)	2,942,234
Closing shareholders' funds	<u>13,227,310</u>	<u>14,766,191</u>
 Company	 2011 €	 2010 €
Opening shareholders' funds	4,846,482	4,139,438
Profit for the year	70,373	707,044
Closing shareholders' funds	<u>4,916,855</u>	<u>4,846,482</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the company was €70,373 (2010 - €707,044)

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 €	2010 €
Operating (loss)/profit	(1,683,316)	4,044,307
Amortisation of intangible fixed assets	9,332	(506,022)
Depreciation of tangible fixed assets	352,640	378,408
Profit on disposal of tangible fixed assets	(11,423)	-
Increase in stocks	(4,782,889)	(4,361,155)
Decrease/(increase) in debtors	2,622,133	(18,489,286)
(Decrease)/increase in creditors	(1,618,743)	8,930,073
Increase in provisions	1,801	40,345
Net cash outflow from operating activities	<u>(5,110,465)</u>	<u>(9,963,330)</u>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 €	2010 €
Returns on investments and servicing of finance		
Interest received	5,527	11,389
Interest paid	(296,886)	(201,598)
Net cash outflow from returns on investments and servicing of finance	<u>(291,359)</u>	<u>(190,209)</u>

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20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2011 €	2010 €
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(4,175)	-
Purchase of tangible fixed assets	(880,988)	(88,064)
Sale of tangible fixed assets	102,535	34,000
New loans to group undertakings	(1,020,000)	-
Net cash outflow from capital expenditure	(1,802,628)	(54,064)
	2011 €	2010 €
Financing		
New secured loans	-	466,784
Repayment of loans	(118)	-
Net cash (outflow)/inflow from financing	(118)	466,784

21. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2011 €	Cash flow €	Other non-cash changes €	31 December 2011 €
Cash at bank and in hand	1,295,652	(491,302)	-	804,350
Bank overdraft	(8,873,540)	(6,478,589)	-	(15,352,129)
	(7,577,888)	(6,969,891)	-	(14,547,779)
Debt:				
Debts due within one year	-	118	(118)	-
Debts falling due after more than one year	(466,784)	-	118	(466,666)
Net debt	(8,044,672)	(6,969,773)	-	(15,014,445)

22 RELATED PARTY TRANSACTIONS

The company has taken exemption from FRS8, not to disclose related party transactions on the basis that they are transacted between wholly owned members of the group

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. CONTROLLING PARTY

Scandiastel Limited is the ultimate parent company of the group. The ultimate controlling party is Mr M Montrasio.

24. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Intrasteel SA	Luxembourg	100	Holding company
Euronord SPA	Italy	100	Trading of iron and steel

Scandiastel Limited owns 100% of the share capital in Intrasteel SA. Scandiastel owns 51% of the share capital in Euronord SPA, the remaining 49% is owned by Intrasteel SA.