

SCANDIASTEEL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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COMPANIES HOUSE

SCANDIASTEEL LIMITED

COMPANY INFORMATION

DIRECTORS	Steven Michael Owens (appointed 18 April 2012 & resigned 31 December 2012) Giancarlo Giuseppe Codoni Whale Rock Directors Limited (resigned 11 April 2012) Kaleigh Jennifer Rumsey (appointed 27 September 2012)
COMPANY SECRETARY	Kingsley Secretaries Limited
REGISTERED NUMBER	02759083
REGISTERED OFFICE	Office 1 35 Princess Street Rochdale Greater Manchester OL12 0HA
INDEPENDENT AUDITORS	SPL Associates Chartered Certified Accountants & Registered Auditors 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 2012

The directors present their report and the financial statements for the year ended 31 December 2012

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 2012 the downturn in the economy and more specifically in the industrial segments have heavily affected the European and Italian steel markets.

The Company has changed the products range aiming to offer a higher quality to their clients, the investment made in 2011 on a new cutting line has helped the tightening of the delivery time and a granted "just in time" service.

An important agreement has been signed with an Italian steel mill for de-coiling operations on a long-term basis, this has allowed the covering of the full productivity of the cutting line, (nowadays working on 2 shifts) and the consolidation of a purchasing trend towards this mill which has become, during 2012, the reference supplier.

The sales force has been increased with new agents (totally 12 units) covering the full Italian territory and all the personnel have been instructed to manage the new Company's selling policy and market strategy.

A substantial and drastic cost reduction has been applied during the year even cutting fringe benefits and salaries to managers and employees.

All these actions have allowed a substantial reduction of the losses of the period compared to the 2011 exercise (-110.07%), in spite of a turnover reduction (-35.73%) and relevant value of purchases (-73.43%).

SCANDIASTEEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

RESULTS

The loss for the year, after taxation, amounted to €837,135 (2011 - loss €1,538,881)

DIRECTORS

The directors who served during the year were

Steven Michael Owens (appointed 18 April 2012 & resigned 31 December 2012)

Giancarlo Giuseppe Codoni

Whale Rock Directors Limited (resigned 11 April 2012)

Kaleigh Jennifer Rumsey (appointed 27 September 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.

DISCLOSURE OF INFORMATION TO AUDITORS

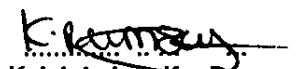
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- 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 relevant audit information and to establish that the company and the group's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, SPL Associates will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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


Kaleigh Jennifer Rumsey
Director

Date 12 December 2013

SCANDIASTEEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED

We have audited the financial statements of Scandiateel Limited for the year ended 31 December 2012, 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 2012 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.

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.



SCANDIASTEEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED



Vicki Logan FCCA (Senior statutory auditor)

for and on behalf of
SPL Associates

Chartered Certified Accountants & Registered Auditors

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

17 December 2013

SCANDIASTEEL LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 €	2011 €
TURNOVER	1	32,482,169	45,736,484
Cost of sales		<u>(28,386,243)</u>	<u>(42,844,067)</u>
GROSS PROFIT		4,095,926	2,892,417
Administrative expenses		<u>(5,497,793)</u>	<u>(4,726,871)</u>
Other operating income	2	<u>730,327</u>	<u>151,138</u>
OPERATING LOSS	3	(671,540)	(1,683,316)
Interest receivable and similar income		13,336	5,527
Interest payable and similar charges	5	<u>(284,632)</u>	<u>(296,886)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(942,836)	(1,974,675)
Tax on loss on ordinary activities	6	<u>105,701</u>	<u>435,794</u>
LOSS FOR THE FINANCIAL YEAR	17	<u>(837,135)</u>	<u>(1,538,881)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 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 2012

	Note	€	2012 €	€	2011 €
FIXED ASSETS					
Intangible assets	7		503,362		10,006
Tangible assets	8		11,592,309		9,328,384
Investments	9		124		124
			12,095,795		9,338,514
CURRENT ASSETS					
Stocks	10	5,684,987		9,144,044	
Debtors	11	14,766,657		18,112,905	
Cash at bank and in hand		323,536		804,350	
		20,775,180		28,061,299	
CREDITORS amounts falling due within one year	12	(17,938,874)		(23,183,350)	
NET CURRENT ASSETS			2,836,306		4,877,949
TOTAL ASSETS LESS CURRENT LIABILITIES			14,932,101		14,216,463
CREDITORS amounts falling due after more than one year	13		(2,220,705)		(466,666)
PROVISIONS FOR LIABILITIES					
Other provisions	15		(43,276)		(42,146)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			12,668,120		13,707,651
Defined benefit pension scheme liability			(527,943)		(480,339)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			12,140,177		13,227,312
CAPITAL AND RESERVES					
Called up share capital	16		1,534		1,534
Other reserves	17		148,845		148,845
Profit and loss account	17		11,989,798		13,076,933
SHAREHOLDERS' FUNDS	18		12,140,177		13,227,312

SCANDIASTEEL LIMITED

**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2012**

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


Kaleigh Jennifer Rumsey
Director

Date 12 December 2013

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 2012

	Note	€	2012 €	€	2011 €
FIXED ASSETS					
Tangible assets	8		61,572		89,247
Investments	9		2,644,617		2,614,617
			<u>2,706,189</u>		<u>2,703,864</u>
CURRENT ASSETS					
Debtors	11	1,702,325		1,907,055	
Cash at bank		280,508		788,521	
		<u>1,982,833</u>		<u>2,695,576</u>	
CREDITORS amounts falling due within one year	12	(73,696)		(482,585)	
NET CURRENT ASSETS			<u>1,909,137</u>		<u>2,212,991</u>
NET ASSETS			<u><u>4,615,326</u></u>		<u><u>4,916,855</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		1,534		1,534
Profit and loss account	17		4,613,792		4,915,321
SHAREHOLDERS' FUNDS	18		<u><u>4,615,326</u></u>		<u><u>4,916,855</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 12 December 2013

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 2012**

	Note	2012 €	2011 €
Net cash flow from operating activities	20	7,514,661	(6,130,467)
Returns on investments and servicing of finance	21	(271,296)	(291,359)
Taxation		(155,791)	234,679
Capital expenditure and financial investment	21	(437,720)	(782,628)
Equity dividends paid		(250,000)	-
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		6,399,854	(6,969,775)
Financing	21	(878,487)	(118)
INCREASE/(DECREASE) IN CASH IN THE YEAR		5,521,367	(6,969,893)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 €	2011 €
Increase/(Decrease) in cash in the year	5,521,367	(6,969,893)
Cash outflow from decrease in debt and lease financing	878,487	118
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	6,399,854	(6,969,775)
New finance lease	(2,949,750)	-
MOVEMENT IN NET DEBT IN THE YEAR	3,450,104	(6,969,775)
Net debt at 1 January 2012	(15,014,445)	(8,044,670)
NET DEBT AT 31 DECEMBER 2012	(11,564,341)	(15,014,445)

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 2012

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 Scandiasteeel Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

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. It is amortised to the Profit and loss account over its estimated economic life

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	-	2% 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 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

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

1.9 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

1.10 Changes to accounting policies

In the current year the group has changed the useful life of its land and buildings to support an expert's opinion. The useful life has increased from 33 years to 50 years

In the current year the group has changed the method of valuing stock. In the previous year, stock was valued using the first in first out (FIFO) method. Starting from 2012, the group values stock on an average cost (AVCO) basis to reflect market trends

1.11 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

1.12 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

1.13 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

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012	2011
	€	€
Other operating income	102,819	51,138
Sundry income	627,508	100,000
	<u>730,327</u>	<u>151,138</u>

3. OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2012	2011
	€	€
Amortisation - intangible fixed assets	68,485	8,752
Depreciation of tangible fixed assets		
- owned by the group	274,313	352,640
- held under finance leases	298,181	-
Operating lease rentals		
- other operating leases	59,729	95,320
Difference on foreign exchange	7,830	2,675
Amortisation of deferred research and development expenditure	580	580
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2011 - €NIL)

4. AUDITORS' REMUNERATION

	2012	2011
	€	€
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	7,237	10,026
	<u> </u>	<u> </u>

5 INTEREST PAYABLE

	2012	2011
	€	€
On other loans	177	9
On finance leases and hire purchase contracts	71,497	-
On loans from group undertakings	-	8,125
Other interest payable	212,958	288,752
	<u>284,632</u>	<u>296,886</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6. TAXATION

	2012 €	2011 €
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax (credit)/charge on loss for the year	(5,536)	8,461
Adjustments in respect of prior periods	4,949	-
	<u>(587)</u>	<u>8,461</u>
Foreign tax on income for the year	(104,266)	(443,407)
	<u>(104,853)</u>	<u>(434,946)</u>
Total current tax	<u>(104,853)</u>	<u>(434,946)</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	(848)	(848)
	<u>(848)</u>	<u>(848)</u>
Tax on loss on ordinary activities	<u>(105,701)</u>	<u>(435,794)</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2011 - the same as) the standard rate of corporation tax in the UK of 26% (2011 - 28%) as set out below

	2012 €	2011 €
Loss on ordinary activities before tax	(942,836)	(1,974,675)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(245,137)	(552,909)
Effects of:		
Adjustments to tax charge in respect of prior periods	(4,949)	-
Foreign tax	104,266	-
Adjustments due to different tax rates	40,967	117,963
	<u>(104,853)</u>	<u>(434,946)</u>
Current tax credit for the year (see note above)	<u>(104,853)</u>	<u>(434,946)</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 2012

7 INTANGIBLE FIXED ASSETS

Group	Patents & licences €	Develop- ment €	Goodwill €	Negative goodwill €	Other intangible assets €
Cost					
At 1 January 2012	21,986	2,900	9,167	(3,743,899)	11,865
Additions	-	-	-	-	562,421
At 31 December 2012	21,986	2,900	9,167	(3,743,899)	574,286
Amortisation					
At 1 January 2012	15,180	580	9,167	(3,743,899)	10,985
Charge for the year	6,381	580	-	-	62,104
At 31 December 2012	21,561	1,160	9,167	(3,743,899)	73,089
Net book value					
At 31 December 2012	425	1,740	-	-	501,197
At 31 December 2011	6,806	2,320	-	-	880

Group	Total €
Cost	
At 1 January 2012	(3,697,981)
Additions	562,421
At 31 December 2012	(3,135,560)
Amortisation	
At 1 January 2012	(3,707,987)
Charge for the year	69,065
At 31 December 2012	(3,638,922)
Net book value	
At 31 December 2012	503,362
At 31 December 2011	10,006

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

8 TANGIBLE FIXED ASSETS

	Land & buildings €	Plant & machinery €	Motor vehicles €	Other fixed assets €
Group				
Cost				
At 1 January 2012	9,147,098	1,852,523	197,744	323,991
Additions	830,731	2,601,371	-	57,188
Disposals	-	(638,793)	-	(36,215)
At 31 December 2012	<u>9,977,829</u>	<u>3,815,101</u>	<u>197,744</u>	<u>344,964</u>
Depreciation				
At 1 January 2012	1,059,033	762,205	115,533	256,201
Charge for the year	163,533	355,324	26,639	15,628
On disposals	-	-	-	(10,767)
At 31 December 2012	<u>1,222,566</u>	<u>1,117,529</u>	<u>142,172</u>	<u>261,062</u>
Net book value				
At 31 December 2012	<u>8,755,263</u>	<u>2,697,572</u>	<u>55,572</u>	<u>83,902</u>
At 31 December 2011	<u>8,088,065</u>	<u>1,090,318</u>	<u>82,211</u>	<u>67,790</u>
				Total €
Group				
Cost				
At 1 January 2012				11,521,356
Additions				3,489,290
Disposals				(675,008)
At 31 December 2012				<u>14,335,638</u>
Depreciation				
At 1 January 2012				2,192,972
Charge for the year				561,124
On disposals				(10,767)
At 31 December 2012				<u>2,743,329</u>
Net book value				
At 31 December 2012				<u>11,592,309</u>
At 31 December 2011				<u>9,328,384</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 €	2011 €
Group		
Plant and machinery	<u>2,266,819</u>	<u>-</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Company	Plant & machinery €	Motor vehicles €	Other fixed assets €	Total €
Cost				
At 1 January 2012	12,041	197,744	1,942	211,727
Additions	1,991	-	-	1,991
At 31 December 2012	14,032	197,744	1,942	213,718
Depreciation				
At 1 January 2012	5,489	115,533	1,458	122,480
Charge for the year	2,846	26,639	181	29,666
At 31 December 2012	8,335	142,172	1,639	152,146
Net book value				
At 31 December 2012	5,697	55,572	303	61,572
At 31 December 2011	6,552	82,211	484	89,247

9. FIXED ASSET INVESTMENTS

Group	Unlisted investments €		
Cost or valuation			
At 1 January 2012 and 31 December 2012			124
Net book value			
At 31 December 2012			124
At 31 December 2011			124

Company	Investments in subsidiary companies €	Loans to subsidiaries €	Total €
Cost or valuation			
At 1 January 2012	1,594,617	1,020,000	2,614,617
Additions	1,000,000	30,000	1,030,000
Disposals	-	(1,000,000)	(1,000,000)
At 31 December 2012	2,594,617	50,000	2,644,617
Net book value			
At 31 December 2012	2,594,617	50,000	2,644,617
At 31 December 2011	1,594,617	1,020,000	2,614,617

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10 STOCKS

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	€	€	€	€
Raw materials	5,684,987	9,144,044	-	-

11. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	€	€	€	€
Due after more than one year				
Other debtors	280	280	-	-
Deferred tax asset (see note 14)	666,867	492,544	-	-
Due within one year				
Trade debtors	11,859,719	14,919,050	-	189,204
Other debtors	1,965,589	2,152,733	1,679,506	1,700,110
Prepayments and accrued income	45,934	429,124	22,819	17,741
Tax recoverable	265,029	156,783	-	-
Deferred tax asset (see note 14)	(36,761)	(37,609)	-	-
	<u>14,766,657</u>	<u>18,112,905</u>	<u>1,702,325</u>	<u>1,907,055</u>

12. CREDITORS

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	€	€	€	€
Bank loans and overdrafts	9,349,948	15,352,129	-	-
Net obligations under finance leases and hire purchase contracts	317,224	-	-	-
Trade creditors	7,973,274	6,752,415	1,080	236,209
Corporation tax	59,901	248,452	4,243	129,753
Other taxation and social security	-	57,738	-	621
Other creditors	174,200	562,946	4,046	-
Accruals and deferred income	64,327	209,670	64,327	116,002
	<u>17,938,874</u>	<u>23,183,350</u>	<u>73,696</u>	<u>482,585</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

13 CREDITORS:
Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
Bank loans	233,334	466,666	-	-
Net obligations under finance leases and hire purchase contracts	1,987,371	-	-	-
	2,220,705	466,666	-	-

Creditors include amounts not wholly repayable within 5 years as follows

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
Repayable by instalments	544,048	-	-	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
Between one and five years	1,443,322	-	-	-
After five years	544,048	-	-	-
	1,987,370	-	-	-

The finance lease is secured on the asset to which it relates

14. DEFERRED TAXATION

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
At beginning of year	454,935	(14,995)	-	-
Released during the year (P&L)	175,171	469,930	-	-
	630,106	454,935	-	-

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. DEFERRED TAXATION (continued)

The deferred taxation balance is made up as follows

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
Accelerated capital allowances	(36,761)	(37,609)	-	-
Tax losses brought forward	666,867	492,544	-	-
	630,106	454,935	-	-

15. PROVISIONS

Group	Other provisions
	€
At 1 January 2012	42,146
Additions	1,130
At 31 December 2012	43,276

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

	2012	2011
	€	€
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,534	1,534

17. RESERVES

Group	Other reserves	Profit and loss account
	€	€
At 1 January 2012	148,845	13,076,933
Loss for the financial year		(837,135)
Dividends Equity capital		(250,000)
At 31 December 2012	148,845	11,989,798

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

17. RESERVES (continued)

	Profit and loss account €
Company	
At 1 January 2012	4,915,321
Loss for the financial year	(51,529)
Dividends Equity capital	(250,000)
	<hr/>
At 31 December 2012	4,613,792
	<hr/>

The closing balance on the Profit and loss account includes a €NIL (2011 - €NIL) credit, stated after deferred taxation of €NIL (2011 - €NIL), in respect of pension scheme liabilities of the Group and Company pension scheme

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 €	2011 €
Group		
Opening shareholders' funds	13,227,312	14,766,193
Loss for the financial year	(837,135)	(1,538,881)
Dividends (Note 19)	(250,000)	-
	<hr/>	<hr/>
Closing shareholders' funds	12,140,177	13,227,312
	<hr/>	<hr/>
 Company	 2012 €	 2011 €
Opening shareholders' funds	4,916,855	4,846,482
(Loss)/profit for the financial year	(51,529)	70,373
Dividends (Note 19)	(250,000)	-
	<hr/>	<hr/>
Closing shareholders' funds	4,615,326	4,916,855
	<hr/>	<hr/>

The (loss)/profit for the year dealt with in the accounts of the company was (€51,529) (2011 - profit €70,373)

19. DIVIDENDS

	2012 €	2011 €
Dividends paid on equity capital	250,000	-
	<hr/>	<hr/>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012	2011
	€	€
Operating loss	(671,540)	(1,683,316)
Amortisation of intangible fixed assets	69,065	9,332
Depreciation of tangible fixed assets	572,494	352,640
Profit on disposal of tangible fixed assets	-	(11,423)
Decrease/(increase) in stocks	3,459,057	(4,782,889)
Decrease in debtors	3,455,340	2,132,132
Increase/(decrease) in creditors	629,115	(2,148,744)
Increase in provisions	1,130	1,801
Net cash inflow/(outflow) from operating activities	<u>7,514,661</u>	<u>(6,130,467)</u>

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

	2012	2011
	€	€
Returns on investments and servicing of finance		
Interest received	13,336	5,527
Interest paid	(213,135)	(296,886)
Hire purchase interest	(71,497)	-
Net cash outflow from returns on investments and servicing of finance	<u>(271,296)</u>	<u>(291,359)</u>
	2012	2011
	€	€
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(562,421)	(4,175)
Purchase of tangible fixed assets	(539,540)	(880,988)
Sale of tangible fixed assets	664,241	102,535
Net cash outflow from capital expenditure	<u>(437,720)</u>	<u>(782,628)</u>
	2012	2011
	€	€
Financing		
Repayment of loans	(233,332)	(118)
Repayment of finance leases	(645,155)	-
Net cash outflow from financing	<u>(878,487)</u>	<u>(118)</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 €	Cash flow €	Acquisition €	Other non-cash changes €	31 December 2012 €
Cash at bank and in hand	804,350	(480,814)	-	-	323,536
Bank overdraft	(15,352,129)	6,002,181	-	-	(9,349,948)
	<u>(14,547,779)</u>	<u>5,521,367</u>	<u>-</u>	<u>-</u>	<u>(9,026,412)</u>
Debt					
Finance leases	-	645,155	(2,949,750)	-	(2,304,595)
Debts due within one year	-	233,332	-	(233,332)	-
Debts falling due after more than one year	(466,666)	-	-	233,332	(233,334)
	<u>(15,014,445)</u>	<u>6,399,854</u>	<u>(2,949,750)</u>	<u>-</u>	<u>(11,564,341)</u>
Net debt	<u>(15,014,445)</u>	<u>6,399,854</u>	<u>(2,949,750)</u>	<u>-</u>	<u>(11,564,341)</u>

23. 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

24. CONTROLLING PARTY

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

25. PRINCIPAL SUBSIDIARIES

Company name	Country	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.