

## **SCANDIASTEEL LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**TUESDAY**



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COMPANIES HOUSE

## **SCANDIASTEEL LIMITED**

### **COMPANY INFORMATION**

#### **DIRECTORS**

Giancarlo Giuseppe Codoni  
Kaleigh Jennifer Rumsey (resigned 27 July 2015)  
Shane Donald Joseph Kochan (appointed 27 July 2015)

#### **COMPANY SECRETARY**

Kingsley Secretaries Limited

#### **REGISTERED NUMBER**

02759083

#### **REGISTERED OFFICE**

Office 1  
35 Princess Street  
Rochdale  
Greater Manchester  
OL12 0HA

#### **INDEPENDENT AUDITORS**

Gynch Shaw Maurice & Co  
Chartered Certified Accountants & Statutory Auditor  
SPM House, Rear of No.2 Glenthorne Road  
London  
N11 3HT

## **SCANDIASTEEL LIMITED**

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## **SCANDIASTEEL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group strategic report, 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.

#### **DIRECTORS**

The directors who served during the year were:

Giancarlo Giuseppe Codoni  
Kaleigh Jennifer Rumsey (resigned 27 July 2015)

#### **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**

The auditors, Gynch Shaw Maurice & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**SCANDIASTEEL LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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



.....  
**Giancarlo Giuseppe Codoni**  
Director

Date: 28.09.15

## **SCANDIASTEEL LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **INTRODUCTION**

The directors present their strategic report for the year ended 31 December 2014.

#### **BUSINESS REVIEW**

This business review is based on the activities of Euronord SpA, being the only trading partner of the group (Scandiastel Swiss Branch has ceased the trading activity and will be closed during 2015).

The negative result of Euronord was expected in view of the profound transformation of the Company: the commercial activity has been totally dismissed in favour of a "service provider" activity based on lego agreement (de-coiling & cut to length sheets bundles) with a primary Steel mill (Acciaierie Arvedi SpA) effective from April.

The total reorganization, carried out in just nine months, has led to:

- Transactions with redundant employees, to terminate contracts with agents
- Sold out of the unsorted inventory in short times
- The careful collection of credits
- A quick disposal of machinery no longer of interest in order to broaden the storage spaces
- Sale of company vehicles (cars) no longer required
- Closure of bank accounts no longer needed.

2014 represents an anomalous year in the life of the Company, difficult to compare with previous years, in spite of the reduced turnover, the new Company assessment will grant no financial & trading risks, a profitable monthly income based on the exclusive transformation agreement signed with the steel mill, Euronord will be integrated "de facto" in the production line of the mill.

On April 2014 a "Letter of intent" has been signed with Messrs. Acciaieria Arvedi: they will purchase 30% of the Euronord shares during 2015, an option to acquire in the coming years the majority of the shares has been included in the agreement.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Competition**

The Group provides a variety of iron and steel products to their customers and whilst there is a competitive risk from other companies and gross margins remain under pressure the directors believe that their products and the quality of their services over their competitors counteract this risk.

##### **Credit risk**

One of the Group's principal financial assets is trade debtors and the company's credit risk is primarily attributed to its trade debtors. The amounts presented in the balance sheet are net of all provisions for doubtful debts.

The company's objective is to minimise the level of doubtful debts and its policy to deal with what it considers to be credit worthy customers and rigorous credit control and insurance mechanisms are used to achieve this.

##### **Reduction in business activity**

The company, like any other business is exposed to a risk of downturn in its particular sector. The directors proactively monitor performance on an ongoing basis and implement alternative strategies if necessary. The directors consider their involvement in running the business mitigates this exposure.

Trading levels are still, however, dependent on the state of the general economy.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The gross profit margins of the group (30.7%) increased dramatically during 2014 (2013 : 11.9%) and remain an area of focus. With the decisions the directors have made by rationalising the group, they expect gross profit

**SCANDIASTEEL LIMITED**

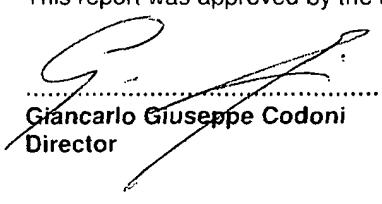
**GROUP STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

margins to continue to improve in 2015.

The Group has reported a reduced net loss position in 2014 and cost control will continue to be a key area of focus for the directors. An increase in efficiencies in the cost base remain priorities for the coming year.

This report was approved by the board on 28.09.15

and signed on its behalf.



.....  
Giancarlo Giuseppe Codoni  
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 2014, set out on pages 7 to 24. 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 Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Group strategic report and 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.



Mr Gyanchand Mungur FCCA (Senior statutory auditor)

for and on behalf of

**Gynch Shaw Maurice & Co**

Chartered Certified Accountants  
Statutory Auditor

SPM House, Rear of No.2 Glenthorne Road  
London  
N11 3HT

Date: 29 SEPTEMBER 2015

**SCANDIASTEEL LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|  | Note | 2014<br>€               | 2013<br>€                 |
|--|------|-------------------------|---------------------------|
| <b>TURNOVER</b>                                    | 1    | <b>8,535,682</b>        | <i>29,778,070</i>         |
| Cost of sales                                      |      | <u>(5,909,804)</u>      | <u>(26,225,982)</u>       |
| <b>GROSS PROFIT</b>                                |      | <b>2,625,878</b>        | <i>3,552,088</i>          |
| Administrative expenses                            |      | <b>(2,981,975)</b>      | <i>(4,532,075)</i>        |
| Other operating income                             | 2    | <u>16,480</u>           | <u>25,043</u>             |
| <b>OPERATING LOSS</b>                              | 3    | <b>(339,617)</b>        | <i>(954,944)</i>          |
| Interest receivable and similar income             |      | <b>114,026</b>          | <i>29,048</i>             |
| Interest payable and similar charges               | 5    | <u>(180,470)</u>        | <u>(300,920)</u>          |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>(406,061)</b>        | <i>(1,226,816)</i>        |
| Tax on loss on ordinary activities                 | 6    | <u>-</u>                | <u>146,859</u>            |
| <b>LOSS FOR THE FINANCIAL YEAR</b>                 | 16   | <u><b>(406,061)</b></u> | <u><i>(1,079,957)</i></u> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 12 to 24 form part of these financial statements.

**SCANDIASTEEL LIMITED**  
**REGISTERED NUMBER: 02759083**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

|  | Note | €           | 2014<br>€         | €                 | 2013<br>€         |
|--|------|-------------|-------------------|-------------------|-------------------|
| <b>FIXED ASSETS</b>  |      |             |                   |                   |                   |
| Intangible assets  | 7    |             | 582,496           |                   | 589,244           |
| Tangible assets  | 8    |             | 10,285,843        |                   | 10,994,298        |
| Investments  | 9    |             | 124               |                   | 124               |
|  |      |             | <u>10,868,463</u> |                   | <u>11,583,666</u> |
| <b>CURRENT ASSETS</b>  |      |             |                   |                   |                   |
| Stocks   | 10   | 40,555      |                   | 3,613,527         |                   |
| Debtors  | 11   | 4,432,299   |                   | 17,597,728        |                   |
| Cash at bank and in hand                                       |      | 344,279     |                   | 257,329           |                   |
|  |      |             | <u>4,817,133</u>  | <u>21,468,584</u> |                   |
| <b>CREDITORS: amounts falling due within one year</b>          | 12   | (3,805,324) |                   | (20,034,587)      |                   |
| <b>NET CURRENT ASSETS</b>                                      |      |             | <u>1,011,809</u>  |                   | <u>1,433,997</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |             | <u>11,880,272</u> |                   | <u>13,017,663</u> |
| <b>CREDITORS: amounts falling due after more than one year</b> | 13   |             | (1,272,309)       |                   | (1,653,590)       |
| <b>PROVISIONS FOR LIABILITIES</b>                              |      |             |                   |                   |                   |
| Other provisions   | 14   |             | (42,828)          |                   | (46,251)          |
| <b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>           |      |             | <u>10,565,135</u> |                   | <u>11,317,822</u> |
| Defined benefit pension scheme liability                       |      |             | (410,976)         |                   | (557,602)         |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>           |      |             | <u>10,154,159</u> |                   | <u>10,760,220</u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |             |                   |                   |                   |
| Called up share capital  | 15   |             | 1,534             |                   | 1,534             |
| Other reserves   | 16   |             | 148,845           |                   | 148,845           |
| Profit and loss account  | 16   |             | 10,003,780        |                   | 10,609,841        |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 17   |             | <u>10,154,159</u> |                   | <u>10,760,220</u> |

**SCANDIASTEEL LIMITED**

**CONSOLIDATED BALANCE SHEET (continued)  
AS AT 31 DECEMBER 2014**

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



.....  
**Giancarlo Giuseppe Codoni**  
Director

Date: 28.09.15

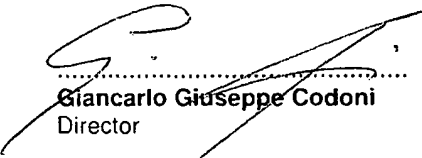
The notes on pages 12 to 24 form part of these financial statements.

**SCANDIASTEEL LIMITED**  
**REGISTERED NUMBER: 02759083**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

|   | Note | €                | 2014<br>€        | €                | 2013<br>€        |
|---|------|------------------|------------------|------------------|------------------|
| <b>FIXED ASSETS</b>                                   |      |                  |                  |                  |                  |
| Tangible assets                                       | 8    |                  | 205              |                  | 2,096            |
| Investments   | 9    |                  | 2,674,500        |                  | 2,644,617        |
|   |      |                  | <u>2,674,705</u> |                  | <u>2,646,713</u> |
| <b>CURRENT ASSETS</b>                                 |      |                  |                  |                  |                  |
| Debtors   | 11   | 1,144,579        |                  | 1,459,288        |                  |
| Cash at bank  |      | 177,059          |                  | 239,542          |                  |
|   |      | <u>1,321,638</u> |                  | <u>1,698,830</u> |                  |
| <b>CREDITORS:</b> amounts falling due within one year | 12   | (12,993)         |                  | (114,807)        |                  |
| <b>NET CURRENT ASSETS</b>                             |      |                  | <u>1,308,645</u> |                  | <u>1,584,023</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |                  | <u>3,983,350</u> |                  | <u>4,230,736</u> |
| <b>CAPITAL AND RESERVES</b>                           |      |                  |                  |                  |                  |
| Called up share capital                               | 15   |                  | 1,534            |                  | 1,534            |
| Profit and loss account                               | 16   |                  | 3,981,816        |                  | 4,229,202        |
| <b>SHAREHOLDERS' FUNDS</b>                            | 17   |                  | <u>3,983,350</u> |                  | <u>4,230,736</u> |

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

  
**Giancarlo Giuseppe Codoni**  
 Director

Date: 28.09.15

The notes on pages 12 to 24 form part of these financial statements.

**SCANDIASTEEL LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|   | Note | 2014<br>€         | 2013<br>€          |
|---|------|-------------------|--------------------|
| Net cash flow from operating activities         | 19   | 10,371,897        | (910,275)          |
| Returns on investments and servicing of finance | 20   | (66,444)          | (271,872)          |
| Taxation  |      | (7,205)           | 164,186            |
| Capital expenditure and financial investment    | 20   | 26,588            | (199,284)          |
| Equity dividends paid                           |      | (200,000)         | (300,000)          |
| <b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>   |      | <b>10,124,836</b> | <b>(1,517,245)</b> |
| Financing                                       | 20   | (362,369)         | (550,559)          |
| <b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>  |      | <b>9,762,467</b>  | <b>(2,067,804)</b> |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|  | 2014<br>€          | 2013<br>€           |
|--|--------------------|---------------------|
| Increase/(Decrease) in cash in the year                | 9,762,467          | (2,067,804)         |
| Cash outflow from decrease in debt and lease financing | 362,369            | 550,559             |
| <b>MOVEMENT IN NET DEBT IN THE YEAR</b>                | <b>10,124,836</b>  | <b>(1,517,245)</b>  |
| Net debt at 1 January 2014                             | (13,081,586)       | (11,564,341)        |
| <b>NET DEBT AT 31 DECEMBER 2014</b>                    | <b>(2,956,750)</b> | <b>(13,081,586)</b> |

The notes on pages 12 to 24 form part of these financial statements.

## SCANDIASTEEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

#### 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 2014

#### 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 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.

##### 1.11 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.

##### 1.12 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

|                        | 2014<br>€ | 2013<br>€ |
|------------------------|-----------|-----------|
| Other operating income | 16,480    | 25,043    |



# SCANDIASTEEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

|   | 2014              | 2013              |
|---|-------------------|-------------------|
|   | €                 | €                 |
| Amortisation - intangible fixed assets                        | 71,146            | 68,261            |
| Depreciation of tangible fixed assets:                        |                   |                   |
| - owned by the group  | 209,292           | 271,043           |
| - held under finance leases                                   | 397,575           | 397,575           |
| Operating lease rentals:                                      |                   |                   |
| - other operating leases                                      | 21,236            | 55,409            |
| Difference on foreign exchange                                | 23,321            | 1,513             |
| Amortisation of deferred research and development expenditure | 10,602            | 10,601            |
|   | <u>          </u> | <u>          </u> |

During the year, no director received any emoluments (2013 - €NIL).

### 4. AUDITORS' REMUNERATION

|   | 2014              | 2013              |
|---|-------------------|-------------------|
|   | €                 | €                 |
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | 5,111             | 8,201             |
|   | <u>          </u> | <u>          </u> |

### 5. INTEREST PAYABLE

|   | 2014              | 2013              |
|---|-------------------|-------------------|
|   | €                 | €                 |
| On other loans                                | -                 | 37                |
| On finance leases and hire purchase contracts | 87,492            | 95,779            |
| Other interest payable                        | 92,978            | 205,104           |
|   | <u>          </u> | <u>          </u> |
|   | <u>180,470</u>    | <u>300,920</u>    |

**SCANDIASTEEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**6. TAXATION**

|   | 2014<br>€ | 2013<br>€ |
|---|-----------|-----------|
| <b>Analysis of tax charge in the year</b> |           |           |
| <b>Current tax</b> (see note below)       |           |           |
| Adjustments in respect of prior periods   | -         | 2,147     |
|   | -         | 2,147     |
| Foreign tax on income for the year        | -         | 20,014    |
| <b>Total current tax</b>                  | -         | 22,161    |
| <b>Deferred tax</b>                       |           |           |
| Deferred tax released                     | -         | (169,020) |
| <b>Tax on loss on ordinary activities</b> | -         | (146,859) |

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2013 - *the same as*) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%) as set out below:

|   | 2014<br>€ | 2013<br>€   |
|---|-----------|-------------|
| Loss on ordinary activities before tax  | (406,061) | (1,226,816) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%) | (87,303)  | (294,436)   |
| <b>Effects of:</b>  |           |             |
| Adjustments to tax charge in respect of prior periods   | -         | 2,147       |
| Short term timing difference leading to an increase (decrease) in taxation                                    | -         | (848)       |
| Other timing differences leading to an increase (decrease) in taxation  | -         | 169,020     |
| Adjustments in respect of losses on foreign subsidiaries  | 70,690    | -           |
| Adjustments due to different tax rates  | -         | 146,278     |
| Unrelieved tax losses carried forward   | 16,613    | -           |
| <b>Current tax charge for the year</b> (see note above)   | -         | 22,161      |

**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 2014

7. INTANGIBLE FIXED ASSETS

| Group                 | Patents & licences<br>€ | Develop-<br>ment<br>€ | Goodwill<br>€ | Negative<br>goodwill<br>€ | Other<br>intangible<br>assets<br>€ |
|-----------------------|-------------------------|-----------------------|---------------|---------------------------|------------------------------------|
| <b>Cost</b>           |                         |                       |               |                           |                                    |
| At 1 January 2014     | 21,986                  | 53,006                | 9,167         | (3,743,899)               | 688,924                            |
| Additions             | -                       | -                     | -             | -                         | 75,000                             |
| At 31 December 2014   | 21,986                  | 53,006                | 9,167         | (3,743,899)               | 763,924                            |
| <b>Amortisation</b>   |                         |                       |               |                           |                                    |
| At 1 January 2014     | 21,986                  | 11,761                | 9,167         | (3,743,899)               | 140,925                            |
| Charge for the year   | -                       | 10,602                | -             | -                         | 71,146                             |
| At 31 December 2014   | 21,986                  | 22,363                | 9,167         | (3,743,899)               | 212,071                            |
| <b>Net book value</b> |                         |                       |               |                           |                                    |
| At 31 December 2014   | -                       | 30,643                | -             | -                         | 551,853                            |
| At 31 December 2013   | -                       | 41,245                | -             | -                         | 547,999                            |
|                       |                         |                       |               |                           | <b>Total</b>                       |
| <b>Group</b>          |                         |                       |               |                           | <b>€</b>                           |
| <b>Cost</b>           |                         |                       |               |                           |                                    |
| At 1 January 2014     |                         |                       |               |                           | (2,970,816)                        |
| Additions             |                         |                       |               |                           | 75,000                             |
| At 31 December 2014   |                         |                       |               |                           | (2,895,816)                        |
| <b>Amortisation</b>   |                         |                       |               |                           |                                    |
| At 1 January 2014     |                         |                       |               |                           | (3,560,060)                        |
| Charge for the year   |                         |                       |               |                           | 81,748                             |
| At 31 December 2014   |                         |                       |               |                           | (3,478,312)                        |
| <b>Net book value</b> |                         |                       |               |                           |                                    |
| At 31 December 2014   |                         |                       |               |                           | 582,496                            |
| At 31 December 2013   |                         |                       |               |                           | 589,244                            |

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

8. TANGIBLE FIXED ASSETS

| Group                 | Land & buildings<br>€ | Plant & machinery<br>€ | Computer equipment<br>€ | Other fixed assets<br>€ | Total<br>€ |
|-----------------------|-----------------------|------------------------|-------------------------|-------------------------|------------|
| <b>Cost</b>           |                       |                        |                         |                         |            |
| At 1 January 2014     | 10,016,369            | 3,836,561              | 5,000                   | 358,697                 | 14,216,627 |
| Additions             | 9,339                 | 1,850                  | -                       | 16,805                  | 27,994     |
| Disposals             | -                     | (406,382)              | (5,000)                 | (88,660)                | (500,042)  |
| At 31 December 2014   | 10,025,708            | 3,432,029              | -                       | 286,842                 | 13,744,579 |
| <b>Depreciation</b>   |                       |                        |                         |                         |            |
| At 1 January 2014     | 1,386,870             | 1,566,724              | -                       | 268,735                 | 3,222,329  |
| Charge for the year   | 145,372               | 440,180                | -                       | 21,315                  | 606,867    |
| On disposals          | -                     | (315,873)              | -                       | (54,587)                | (370,460)  |
| At 31 December 2014   | 1,532,242             | 1,691,031              | -                       | 235,463                 | 3,458,736  |
| <b>Net book value</b> |                       |                        |                         |                         |            |
| At 31 December 2014   | 8,493,466             | 1,740,998              | -                       | 51,379                  | 10,285,843 |
| At 31 December 2013   | 8,629,499             | 2,269,837              | 5,000                   | 89,962                  | 10,994,298 |

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

| Group               | 2014<br>€ | 2013<br>€ |
|---------------------|-----------|-----------|
| Plant and machinery | 1,471,669 | 1,869,244 |

**SCANDIASTEEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

| <b>Company</b>                         | <b>Plant &amp;<br/>machinery<br/>€</b> | <b>Other fixed<br/>assets<br/>€</b> | <b>Total<br/>€</b> |
|--|--|-------------------------------------|--------------------|
| <b>Cost</b>                            |  |                                     |                    |
| At 1 January 2014 and 31 December 2014 | <u>11,393</u>                          | <u>1,942</u>                        | <u>13,335</u>      |
| <b>Depreciation</b>                    |  |                                     |                    |
| At 1 January 2014                      | 9,403                                  | 1,836                               | 11,239             |
| Charge for the year                    | <u>1,785</u>                           | <u>106</u>                          | <u>1,891</u>       |
| At 31 December 2014                    | <u>11,188</u>                          | <u>1,942</u>                        | <u>13,130</u>      |
| <b>Net book value</b>                  |  |                                     |                    |
| At 31 December 2014                    | <u>205</u>                             | <u>-</u>                            | <u>205</u>         |
| <i>At 31 December 2013</i>             | <u>1,990</u>                           | <u>106</u>                          | <u>2,096</u>       |

**9. FIXED ASSET INVESTMENTS**

| <b>Group</b>                           | <b>Unlisted<br/>investments<br/>€</b> |
|--|---------------------------------------|
| <b>Cost or valuation</b>               |                                       |
| At 1 January 2014 and 31 December 2014 | <u>124</u>                            |
| <b>Net book value</b>                  |                                       |
| At 31 December 2014                    | <u>124</u>                            |
| <i>At 31 December 2013</i>             | <u>124</u>                            |

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

| <b>Name</b>   | <b>Class of shares</b> | <b>Holding</b> |
|---------------|------------------------|----------------|
| Euronord SPA  | Ordinary               | 51%            |
| Intrasteel SA | Ordinary               | 100%           |

The aggregate of the share capital and reserves as at 31 December 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| <b>Name</b>   | <b>Aggregate of<br/>share capital<br/>and reserves<br/>€</b> | <b>Profit/(loss)<br/>€</b> |
|---------------|--|----------------------------|
| Euronord SPA  | 9,069,323  | (286,410)                  |
| Intrasteel SA | <u>566,026</u>   | <u>(14,959)</u>            |

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

9. FIXED ASSET INVESTMENTS (continued)

| Company                  | Investments<br>in<br>subsidiary<br>companies<br>€ | Loans to<br>subsidiaries<br>€ | Total<br>€ |
|--------------------------|---|-------------------------------|------------|
| <b>Cost or valuation</b> |   |                               |            |
| At 1 January 2014        | 2,594,617   | 50,000                        | 2,644,617  |
| Additions                | 29,883  | -                             | 29,883     |
| At 31 December 2014      | 2,624,500   | 50,000                        | 2,674,500  |
| <b>Net book value</b>    |   |                               |            |
| At 31 December 2014      | 2,624,500   | 50,000                        | 2,674,500  |
| At 31 December 2013      | 2,594,617   | 50,000                        | 2,644,617  |

10. STOCKS

|               | Group  |           | Company |      |
|---------------|--------|-----------|---------|------|
|               | 2014   | 2013      | 2014    | 2013 |
|               | €      | €         | €       | €    |
| Raw materials | 40,555 | 3,613,527 | -       | -    |

11. DEBTORS

|                                     | Group     |            | Company   |           |
|-------------------------------------|-----------|------------|-----------|-----------|
|                                     | 2014      | 2013       | 2014      | 2013      |
|                                     | €         | €          | €         | €         |
| <b>Due after more than one year</b> |           |            |           |           |
| Other debtors                       | 892,827   | 835,318    | -         | -         |
| <b>Due within one year</b>          |           |            |           |           |
| Trade debtors                       | 2,131,175 | 15,106,085 | -         | 85,670    |
| Other debtors                       | 1,363,725 | 1,615,115  | 1,144,579 | 1,357,797 |
| Prepayments and accrued income      | 14,779    | 37,350     | -         | 15,821    |
| Tax recoverable                     | 29,793    | 3,860      | -         | -         |
|                                     | 4,432,299 | 17,597,728 | 1,144,579 | 1,459,288 |

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

12. CREDITORS:  
Amounts falling due within one year

|   | Group            |                   | Company       |                |
|---|------------------|-------------------|---------------|----------------|
|   | 2014             | 2013              | 2014          | 2013           |
|   | €                | €                 | €             | €              |
| Bank loans and overdrafts   | 1,676,028        | 11,351,545        | -             | -              |
| Net obligations under finance leases<br>and hire purchase contracts | 352,692          | 333,780           | -             | -              |
| Trade creditors   | 1,504,454        | 7,986,607         | -             | 10,326         |
| Other creditors   | 263,203          | 262,220           | 4,046         | 4,046          |
| Accruals and deferred income  | 8,947            | 100,435           | 8,947         | 100,435        |
|   | <u>3,805,324</u> | <u>20,034,587</u> | <u>12,993</u> | <u>114,807</u> |

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

|   | Group            |                  | Company  |          |
|---|------------------|------------------|----------|----------|
|   | 2014             | 2013             | 2014     | 2013     |
|   | €                | €                | €        | €        |
| Net obligations under finance leases<br>and hire purchase contracts | <u>1,272,309</u> | <u>1,653,590</u> | <u>-</u> | <u>-</u> |

Creditors include amounts not wholly repayable within 5 years as follows:

|                          | Group    |                | Company  |          |
|--------------------------|----------|----------------|----------|----------|
|                          | 2014     | 2013           | 2014     | 2013     |
|                          | €        | €              | €        | €        |
| Repayable by instalments | <u>-</u> | <u>134,942</u> | <u>-</u> | <u>-</u> |

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

|                            | Group            |                  | Company  |          |
|----------------------------|------------------|------------------|----------|----------|
|                            | 2014             | 2013             | 2014     | 2013     |
|                            | €                | €                | €        | €        |
| Between one and five years | 1,272,309        | 1,518,648        | -        | -        |
| After five years           | -                | 134,942          | -        | -        |
|                            | <u>1,272,309</u> | <u>1,653,590</u> | <u>-</u> | <u>-</u> |

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

**SCANDIASTEEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**14. PROVISIONS**

|                     | Other<br>provisions<br>€ |
|---------------------|--------------------------|
| <b>Group</b>        |                          |
| At 1 January 2014   | 46,251                   |
| Additions           | (3,423)                  |
| At 31 December 2014 | <u>42,828</u>            |

**Other provisions**

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

The Company has no provisions

**15. SHARE CAPITAL**

|   | 2014<br>€    | 2013<br>€    |
|---|--------------|--------------|
| <b>Allotted, called up and fully paid</b> |              |              |
| 1,000 Ordinary shares of £1 each          | <u>1,534</u> | <u>1,534</u> |

**16. RESERVES**

|                             | Other<br>reserves<br>€ | Profit and<br>loss account<br>€ |
|-----------------------------|------------------------|---------------------------------|
| <b>Group</b>                |                        |                                 |
| At 1 January 2014           | 148,845                | 10,609,841                      |
| Loss for the financial year |                        | (406,061)                       |
| Dividends: Equity capital   |                        | (200,000)                       |
| At 31 December 2014         | <u>148,845</u>         | <u>10,003,780</u>               |

|                             | Profit and<br>loss account<br>€ |
|-----------------------------|---------------------------------|
| <b>Company</b>              |                                 |
| At 1 January 2014           | 4,229,202                       |
| Loss for the financial year | (47,386)                        |
| Dividends: Equity capital   | (200,000)                       |
| At 31 December 2014         | <u>3,981,816</u>                |

The closing balance on the Profit and loss account includes a €NIL (2013 - €NIL) credit, stated after deferred taxation of €NIL (2013 - €NIL), in respect of pension scheme liabilities of the Group and Company pension scheme.



**SCANDIASTEEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

| <b>Group</b>                | <b>2014</b>       | <b>2013</b>       |
|-----------------------------|-------------------|-------------------|
|                             | <b>€</b>          | <b>€</b>          |
| Opening shareholders' funds | 10,760,220        | 12,140,177        |
| Loss for the financial year | (406,061)         | (1,079,957)       |
| Dividends (Note 18)         | (200,000)         | (300,000)         |
|                             | <u>10,154,159</u> | <u>10,760,220</u> |
| <br><b>Company</b>          | <br><b>2014</b>   | <br><b>2013</b>   |
|                             | <b>€</b>          | <b>€</b>          |
| Opening shareholders' funds | 4,230,736         | 4,615,326         |
| Loss for the financial year | (47,386)          | (84,590)          |
| Dividends (Note 18)         | (200,000)         | (300,000)         |
|                             | <u>3,983,350</u>  | <u>4,230,736</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 loss for the year dealt with in the accounts of the company was €47,386 (2013 - €-84,590).

**18. DIVIDENDS**

|                                  | <b>2014</b>    | <b>2013</b>    |
|----------------------------------|----------------|----------------|
|                                  | <b>€</b>       | <b>€</b>       |
| Dividends paid on equity capital | <u>200,000</u> | <u>300,000</u> |

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

|  | <b>2014</b>                  | <b>2013</b>                 |
|--|------------------------------|-----------------------------|
|  | <b>€</b>                     | <b>€</b>                    |
| Operating loss   | (339,617)                    | (954,944)                   |
| Amortisation of intangible fixed assets                        | 81,748                       | 78,862                      |
| Depreciation of tangible fixed assets                          | 606,867                      | 668,618                     |
| Profit on disposal of tangible fixed assets                    | -                            | (36,067)                    |
| Decrease in stocks   | 3,572,972                    | 2,071,460                   |
| Decrease/(increase) in debtors                                 | 13,172,634                   | (2,870,690)                 |
| (Decrease)/increase in creditors                               | (6,572,658)                  | 99,852                      |
| (Decrease)/increase in provisions                              | (3,423)                      | 2,975                       |
| (Decrease)/increase in net pension assets/liabilities          | (146,626)                    | 29,659                      |
| <br><b>Net cash inflow/(outflow) from operating activities</b> | <br><u><b>10,371,897</b></u> | <br><u><b>(910,275)</b></u> |

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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

|  | 2014<br>€        | 2013<br>€        |
|--|------------------|------------------|
| <b>Returns on investments and servicing of finance</b>                       |                  |                  |
| Interest received  | 114,026          | 29,048           |
| Interest paid  | (92,978)         | (205,141)        |
| Hire purchase interest   | (87,492)         | (95,779)         |
| <b>Net cash outflow from returns on investments and servicing of finance</b> | <b>(66,444)</b>  | <b>(271,872)</b> |
|  | 2014<br>€        | 2013<br>€        |
| <b>Capital expenditure and financial investment</b>                          |                  |                  |
| Purchase of intangible fixed assets  | (75,000)         | (164,744)        |
| Purchase of tangible fixed assets  | (27,994)         | (182,328)        |
| Sale of tangible fixed assets  | 129,582          | 147,788          |
| <b>Net cash inflow/(outflow) from capital expenditure</b>                    | <b>26,588</b>    | <b>(199,284)</b> |
|  | 2014<br>€        | 2013<br>€        |
| <b>Financing</b>   |                  |                  |
| Repayment of loans   | -                | (233,334)        |
| Repayment of finance leases  | (362,369)        | (317,225)        |
| <b>Net cash outflow from financing</b>                                       | <b>(362,369)</b> | <b>(550,559)</b> |

21. ANALYSIS OF CHANGES IN NET DEBT

|                          | 1 January<br>2014<br>€ | Cash flow<br>€    | Acquisition<br>€   | Other<br>non-cash<br>changes<br>€ | 31 December<br>2014<br>€ |
|--------------------------|------------------------|-------------------|--------------------|-----------------------------------|--------------------------|
| Cash at bank and in hand | 257,329                | 86,950            | -                  | -                                 | 344,279                  |
| Bank overdraft           | (11,351,545)           | 9,675,517         | -                  | -                                 | (1,676,028)              |
|                          | (11,094,216)           | 9,762,467         | -                  | -                                 | (1,331,749)              |
| <b>Debt:</b>             |                        |                   |                    |                                   |                          |
| Finance leases           | (1,987,370)            | 362,369           | (2,949,750)        | 2,949,750                         | (1,625,001)              |
| <b>Net debt</b>          | <b>(13,081,586)</b>    | <b>10,124,836</b> | <b>(2,949,750)</b> | <b>2,949,750</b>                  | <b>(2,956,750)</b>       |

## SCANDIASTEEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

#### 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.

#### 23. CONTROLLING PARTY

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

#### 24. PRINCIPAL SUBSIDIARIES

| Company name  | Country    | Shareholding | Description               |
|---------------|------------|--------------|---------------------------|
| Intrasteel SA | Luxembourg | 100%         | Holding company           |
|               | Italy      | 100%         | Trading of iron and steel |

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

**SCANDIASTEEL LIMITED**

**DETAILED ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**SCANDIASTEEL LIMITED**

**COMPANY DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|                          | 2014<br>€       | 2013<br>€        |
|--------------------------|-----------------|------------------|
| Other operating income   | 16,480          | 25,043           |
|                          | <u>16,480</u>   | <u>25,043</u>    |
| <b>LESS: OVERHEADS</b>   |                 |                  |
| Administration expenses  | (63,866)        | (107,449)        |
|                          | <u>(63,866)</u> | <u>(107,449)</u> |
| <b>OPERATING LOSS</b>    | (47,386)        | (82,406)         |
| Interest payable         | -               | (37)             |
|                          | <u>-</u>        | <u>(37)</u>      |
| <b>LOSS FOR THE YEAR</b> | <u>(47,386)</u> | <u>(82,443)</u>  |

**SCANDIASTEEL LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|  | 2014<br>€     | 2013<br>€      |
|--|---------------|----------------|
| <b>OTHER OPERATING INCOME</b>                |               |                |
| Other operating income                       | <u>16,480</u> | <u>25,043</u>  |
|  |               |                |
|  | 2014<br>€     | 2013<br>€      |
| <b>ADMINISTRATION EXPENSES</b>               |               |                |
| Staff salaries                               | -             | 30,244         |
| Staff national insurance                     | -             | 2,500          |
| Staff pension costs - money purchase schemes | -             | 459            |
| Entertainment                                | -             | 53             |
| Hotels, travel and subsistence               | -             | 2,646          |
| Consultancy                                  | 10,203        | 14,836         |
| Telephone and fax                            | 1,749         | 5,370          |
| Computer costs                               | 529           | 537            |
| General office expenses                      | 833           | 3,949          |
| Auditors' remuneration                       | 5,111         | 8,201          |
| Accountancy fees                             | 3,764         | 2,396          |
| Bank charges                                 | 1,029         | 3,183          |
| Difference on foreign exchange               | 23,321        | 1,513          |
| Sundry expenses                              | 44,278        | 8,195          |
| Rent   | -             | 25,375         |
| Light and heat                               | 180           | 423            |
| Insurances                                   | 410           | 1,597          |
| Depreciation tangible fixed assets           | 1,891         | 32,039         |
| Profit/loss on sale of tangible assets       | -             | (36,067)       |
| Filing penalties                             | 451           | -              |
| Reversal of investment impairment            | (29,883)      | -              |
|  | <u>63,866</u> | <u>107,449</u> |
|  |               |                |
|  | 2014<br>€     | 2013<br>€      |
| <b>INTEREST PAYABLE</b>                      |               |                |
| Other loan interest payable                  | <u>-</u>      | <u>37</u>      |