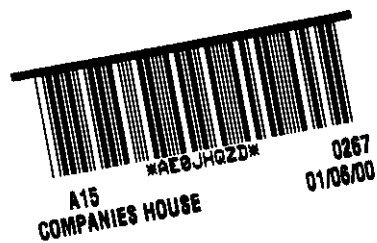


Company Registration No. 2759083

SCANDIASTEEL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

2189-BP-1998

Registered Office
60 Welbeck Street
London
W1M 8BH



SCANDIASTEEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of the provision of administrative services.

Results and dividends

The results for the year are set out on page 3.

Fixed assets

The significant changes in fixed assets during the year are explained in note 7 to the financial statements.

Directors

The following directors have held office since 1 January 1998:

A.J Weir	(Resigned 31 July 1998)
J Butterfield	(Resigned 1 June 1998)
F M Forrai	(Resigned 1 June 1998)
A.M Taylor	(Appointed 1 June 1998)
L.R Taylor	(Appointed 1 June 1998)
C Lewin	(Appointed 31 July 1998)

The directors have no interest in the issued share capital of the company.

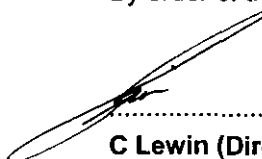
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board


.....
C Lewin (Director)

Date : **18 MAY 2000**

MATTHEW EDWARDS & CO

CHARTERED ACCOUNTANTS

P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ

Telephone: +44 (0) 1624 663166 Facsimile: +44 (0) 1624 677108

+44 (0) 171 950 9800

+44 (0) 171 437 9509

E-mail audit@matthew-edwards.com

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE ACCOUNTS OF SCANDIASTEEL LIMITED

We report on the accounts for the year ended 31 December 1998.

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 1998, set out on pages 3 to 7 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these accounts in order to assist you to fulfil your statutory responsibilities.

Our procedures consisted of comparing the accounts with the accounting records kept by the company and making such enquiries of the officers and other officials of the company as we considered necessary for the purposes of this report.

In our opinion the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.



Matthew Edwards & Co.

18/05/00

Chartered Accountants

Clinch's House, Lord Street
Douglas
Isle Of Man
IM99 1RZ

SCANDIASTEEL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Turnover	2	11,578	10,295
Administrative expenses		(1,875)	(4,086)
Operating profit	3	9,703	6,209
Other interest receivable and similar income	4	-	32
Interest payable and similar charges	5	(4,794)	(4,385)
Profit on ordinary activities before taxation		4,909	1,856
Tax on profit on ordinary activities	6	(1,031)	(574)
Profit on ordinary activities after taxation	11	3,878	1,282
Profit brought forward at 1 January 1998		26,709	25,427
Profit carried forward at 31 December 1998		30,587	26,709

All of the company's activities are derived from continuing operations.

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

SCANDIASTEEL LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1998**

	Notes	1998 £	£	1997 £	£
Fixed assets					
Investments	7		5		5
Current assets					
Debtors	8	9,228		24,204	
Cash at bank and in hand		37,253		20,591	
		<u>46,481</u>		<u>44,795</u>	
Creditors: amounts falling due within one year	9	<u>(14,899)</u>		<u>(17,091)</u>	
Net current assets			31,582		27,704
Total assets less current liabilities			<u>31,587</u>		<u>27,709</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account	11		30,587		26,709
Shareholders' funds - equity interests	12		<u>31,587</u>		<u>27,709</u>

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 18 MAY 2000


C Lewin (Director)

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

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

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Investments

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

1.3 Foreign currency translation

The company's accounting records are maintained in Pounds Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. Any material gains or losses resulting from the conversion are taken to the profit and loss account.

2 Turnover

Turnover represents the company's share of income derived from its principal activity.

3 Operating profit	1998	1997
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	1,175	-
Audit and accountancy fees	-	1,000
	<u> </u>	<u> </u>
4 Other interest receivable and similar income	1998	1997
	£	£
Bank interest	-	32
	<u> </u>	<u> </u>
	-	32
	<u> </u>	<u> </u>
5 Interest payable and similar expenses	1998	1997
	£	£
Loss on foreign exchange	4,794	4,385
	<u> </u>	<u> </u>
	4,794	4,385
	<u> </u>	<u> </u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

6 Taxation	1998	1997
	£	£
Current year taxation		
U.K. corporation tax at 21.00% (1997- 21.75%)	1,031	574
	<u>1,031</u>	<u>574</u>

7 Fixed asset investments

	Unlisted investments
	£
Cost	
At 1 January 1998 & at 31 December 1998	5
Net book value	
At 31 December 1998	5
At 31 December 1997	5

The investment represents a 5% interest in Intrasteel Group and is stated at cost.

8 Debtors	1998	1997
	£	£
Trade debtors	9,228	24,204

9 Creditors: amounts falling due within one year	1998	1997
	£	£
Corporation tax	1,031	1,916
Other creditors	11,511	11,511
Accruals and deferred income	2,357	3,664
	<u>14,899</u>	<u>17,091</u>

10 Share Capital

The authorised share capital of the Company comprises 10000 Ordinary Shares of £1 each, of which 1000 have been issued and are fully paid up (1997 - 1000).

SCANDIASTEEL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998****11 Statement of movements on profit and loss account**

	Profit and loss account £
Balance at 1 January 1998	26,709
Retained profit for the year	3,878
	<hr/>
Balance at 31 December 1998	30,587
	<hr/>

12 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	3,878	1,282
Opening shareholders' funds	27,709	26,427
	<hr/>	<hr/>
Closing shareholders' funds	31,587	27,709
	<hr/>	<hr/>

13 Contingent liabilities

There were no major contingent liabilities as at the balance sheet date.

14 Capital commitments

There were no major capital commitments at the balance sheet date.

15 Employees**Number of employees, wages and salaries**

There were no employees during the year apart from the directors. The directors received no remuneration during the year.

16 Ultimate Controlling Party and Related party transactions

The directors are not aware of the ultimate controlling party, transactions related thereto and any other related party transactions.