

**Company Registration No. 04386308**

**Metal One UK Limited**

**Report and Financial Statements**

**31 December 2005**



# **Metal One UK Limited**

## **Report and financial statements 2005**

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# **Metal One UK Limited**

## **Report and financial statements 2005**

### **Officers and professional advisers**

#### **Directors**

S Ueno  
O Kamiya  
T Kadokura

#### **Secretary**

T Kadokura

#### **Registered office**

Mid City Place  
71 High Holborn  
London WC1V 6BA

#### **Solicitors**

Lovells  
Atlantic House  
Holborn Viaduct  
London EC1A 2FG

#### **Bankers**

The Bank of Tokyo-Mitsubishi Ltd  
Finsbury Circus House  
12-15 Finsbury Circus  
London EC2M 7BT

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# Metal One UK Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Principal activities

The company's principal activities are of the wholesale of metals and metal ores, which is primarily steel.

### Results and dividends

The profit for the year after taxation amounted to £624,615 (31 December 2004: profit of £287,740).

The directors recommend that no dividend is paid this year (31 December 2004: £nil).

### Business development and future prospects

The company is expecting to maintain the present business activities throughout 2006.

### Directors and their interests

The current directors are shown on page 1. The directors who served throughout the year and up to the date of this report (except as noted) were:

Y Kanamaru (resigned 8 March 2005)  
M Kanada (resigned 8 March 2005)  
S Ueno (appointed 8 March 2005)  
O Kamiya (appointed 8 March 2005)  
T Kadokura

During the year none of the directors had any beneficial interests, as defined by the Companies Act 1985, in the share capital of the company or any other group company incorporated in the United Kingdom, or the ultimate parent company.

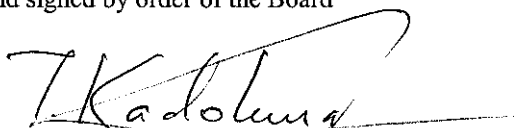
### Creditors

The company aims to make payment under agreed contract terms. During the year average payment was made in approximately 30 days (2004 – approximately 25 days).

### Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed by order of the Board



T Kadokura  
Managing Director

11<sup>th</sup> May 2006

# **Metal One UK Limited**

## **Statement of directors' responsibilities**

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METAL ONE UK LIMITED**

We have audited the financial statements of Metal One UK Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METAL ONE UK LIMITED (continued)**

fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and the financial statements have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Deloitte & Touche LLP", is written over the printed name of the firm.

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

11 May 2006

# Metal One UK Limited

## Profit and loss account Year ended 31 December 2005

	Notes	2005 £	2004 £
<b>Turnover</b>		57,378,904	27,485,564
<b>Cost of sales</b>		(54,955,344)	(25,371,859)
<b>Gross profit</b>		2,423,560	2,113,705
Administrative expenses		(1,686,461)	(2,072,419)
Other operating income	5	223,855	478,122
<b>Operating profit</b>	4	960,954	519,408
Interest receivable and similar income	6	61,635	23,731
Interest payable and similar charges	7	(134,333)	(172,334)
<b>Profit on ordinary activities before taxation</b>		888,256	370,805
Tax on profit on ordinary activities	8	(263,641)	(83,065)
<b>Profit on ordinary activities after taxation</b>		624,615	287,740
<b>Retained profit /(loss) brought forward</b>		45,956	(241,784)
<b>Retained profit carried forward</b>		670,571	45,956

All of the company's operations for both the current and the preceding financial period fall into the category of "Continuing Operations" as defined in Financial Reporting Standard 3.

There were no recognised gains or losses attributable to shareholders for the current or the preceding financial period other than as shown above.

# Metal One UK Limited

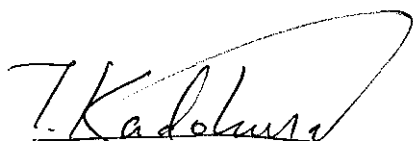
## Balance sheet

As at 31 December 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Intangible assets	9	376	750
Tangible assets	10	62,595	99,416
		<u>62,971</u>	<u>100,166</u>
<b>Current assets</b>			
Stocks	11	3,947,224	7,253,033
Debtors	12	5,367,505	8,558,243
Cash at bank and in hand		6,700,691	2,411,757
		<u>16,015,420</u>	<u>18,223,033</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(7,407,820)</u>	<u>(10,277,243)</u>
<b>Net current assets</b>		<u>8,607,600</u>	<u>7,945,790</u>
<b>Total assets less current liabilities</b>		<u>8,670,571</u>	<u>8,045,956</u>
<b>Capital and reserves</b>			
Called up share capital	14	8,000,000	8,000,000
Profit and loss account		670,571	45,956
<b>Equity shareholders' funds</b>	15	<u>8,670,571</u>	<u>8,045,956</u>

These financial statements were approved by the Board of Directors on 11<sup>th</sup> May 2006.

Signed on behalf of the Board of Directors



T Kadokura  
Managing director

# **Metal One UK Limited**

## **Notes to the accounts**

**Year ended 31 December 2005**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Cash flow statement**

The company has not prepared a cash flow statement following the revision of FRS1 on the basis that the ultimate parent company produces consolidated accounts, which include a cash flow statement, into which the company's accounts are fully consolidated and are publicly available.

#### **Intangible fixed assets**

Intangible assets are valued at cost on acquisition and are amortised in equal annual amounts over their useful economic lives. All intangible assets have an estimated useful life of thirty nine months.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the asset. All fixed assets have an estimated useful life of four years.

#### **Stocks**

Stocks consist of goods for resale stated at the lower of cost and net realisable value. Cost includes all the expenditure incurred in bringing stocks to their present location and condition.

#### **Turnover**

Turnover represents amounts receivable when the company has entered into any transaction at its own risk as principal.

#### **Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates prevailing on the dates of the transactions. Resulting differences on translation are charged or credited to the profit and loss account.

#### **Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases. Further details are given in note 16 to the accounts.

#### **Pension costs**

Pension costs are accounted for as incurred in respect of the company's defined contribution pension scheme.

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

# Metal One UK Limited

## Notes to the accounts

Year ended 31 December 2005

### Deferred taxation (continued)

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### 2. Turnover

In the opinion of the directors it is seriously prejudicial to the interest of the company and not meaningful to give an analysis of turnover, profit or net assets by geographical area. The directors are also of the opinion that the company's trading business constitutes one class of activity.

### 3. Information regarding directors and employees

	2005 No.	2004 No.
<b>Average number of persons employed (excluding directors)</b>		
Trading and administration	13	12
	<b>2005</b>	<b>2004</b>
	£	£
<b>Employee costs (including directors' emoluments)</b>		
Wages and salaries	696,933	583,700
Social security costs	111,779	95,685
Other pension costs (see note 17)	32,860	36,158
	841,572	715,543

### 4. Operating profit

Operating profit is stated after charging the following amounts:

	2005 £	2004 £
Depreciation of tangible fixed assets – owned assets	35,581	34,369
Amortisation of intangible fixed assets	374	377
Rentals under operating leases - other operating leases	160,737	160,162
Auditors' remuneration – audit fees	16,000	15,000
– other fees	12,500	12,500

### 5. Other operating income

Other operating income includes management recharges to other group companies for services provided.

# Metal One UK Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 6. Interest receivable and similar income

	2005 £	2004 £
Bank interest	60,179	23,731
Other interest receivable and similar income	1,456	-
	<u>61,635</u>	<u>23,731</u>

#### 7. Interest payable and similar charges

	2005 £	2004 £
Interest on bank loans	<u>134,333</u>	<u>172,334</u>

#### 8. Tax on profit on ordinary activities

##### (i) Analysis of tax charge on ordinary activities

	2005 £	2004 £
United Kingdom corporation tax at 30% (2004:30%)	(273,000)	(83,065)
Adjustment in respect of prior years	9,359	-
	<u>(263,641)</u>	<u>(83,065)</u>
Deferred tax		
Timing differences, origination and reversal	(18)	(43,573)
Deferred tax assets arising in previous periods	18	34,391
Adjustment in respect of prior years	-	9,182
	<u>(263,641)</u>	<u>(83,065)</u>

##### (ii) Factors affecting tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 30% (2004: 30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>888,256</u>	<u>370,805</u>
Tax at 30% (2004: 30%) thereon:	(266,477)	(111,242)
Effects of:		
Expenses not deductible for tax purposes	(8,034)	(13,955)
Non taxable income	5,477	-
Capital allowances in excess of depreciation	(3,966)	(281)
Utilisation of tax losses	-	42,413
Adjustment in respect of prior years	9,359	-
Current tax charge for the period	<u>(263,641)</u>	<u>(83,065)</u>

# Metal One UK Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 8 Tax on profit on ordinary activities (continued)

##### (iii) Factors that may affect the future tax charge

A deferred tax asset of £14,072 (2004: £1,424) has not been recognised in respect of short term timing differences as there is insufficient evidence that the asset will be recoverable.

#### 9. Intangible assets

	£
<b>Cost</b>	
At 1 January 2005 and 31 December 2005	1,221
<b>Accumulated amortisation</b>	
At 1 January 2005	471
Charge for the year	374
	<hr/>
At 31 December 2005	845
	<hr/>
<b>Net book value</b>	
At 31 December 2005	376
	<hr/>
At 31 December 2004	750
	<hr/>

Intangible asset represents the amortised value of a website asset acquired during 2003.

#### 10. Tangible fixed assets

	Plant and machinery £	Furniture, fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2005	103,730	38,523	142,253
Additions	1,967	-	1,967
Disposals	(6,995)	-	(6,995)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	98,702	38,523	137,225
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 January 2005	30,798	12,039	42,837
Charge for the year	25,950	9,631	35,581
Disposals	(3,788)	-	(3,788)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	52,960	21,670	74,630
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2005	45,742	16,853	62,595
	<hr/>	<hr/>	<hr/>
At 31 December 2004	72,932	26,484	99,416
	<hr/>	<hr/>	<hr/>

# Metal One UK Limited

## Notes to the accounts

Year ended 31 December 2005

### 11. Stocks

	2005 £	2004 £
Finished goods and goods for resale	<u>3,947,224</u>	<u>7,253,033</u>

There is no material difference between the balance sheet value of stock and their replacement cost.

### 12. Debtors

	2005 £	2004 £
Amounts due within one year:		
Trade debtors	953,613	4,449,960
Amounts owed by group undertakings	4,013,248	3,321,821
Prepayments and accrued income	336,942	266,931
VAT	13,166	92,866
Other debtors	50,536	426,665
	<u>5,367,505</u>	<u>8,558,243</u>

### 13. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	2,350,683	7,718,548
Trade creditors	4,547,259	1,740,572
Amounts owed to group undertakings	199,972	437,010
Other creditors including taxation and social security	150,520	320,524
Accruals and deferred income	159,386	60,589
	<u>7,407,820</u>	<u>10,277,243</u>

### 14. Called up share capital

	2005 £	2004 £
<b>Authorised:</b>		
800,000,000 ordinary shares of £0.01 each	<u>8,000,000</u>	<u>8,000,000</u>
<b>Allotted and fully paid:</b>		
800,000,000 ordinary shares of £0.01 each	<u>8,000,000</u>	<u>8,000,000</u>

# Metal One UK Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 15. Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
Opening equity shareholders' funds	8,045,956	7,758,216
Profit for the financial year	624,615	287,740
Closing equity shareholders' funds	<u>8,670,571</u>	<u>8,045,956</u>

#### 16. Operating lease commitments

At 31 December 2005, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £
Leases which expire: After five years	<u>160,737</u>

#### 17. Pension schemes

The company operates a defined contribution scheme. The cost for the year was £32,860 (31 December 2004 £36,158). There was no outstanding contributions (31 December 2004 £3,806) for the month of December 2005 as at the balance sheet date.

#### 18. Immediate and ultimate parent company

In the opinion of the directors, the company's ultimate parent company and controlling entity is Mitsubishi Corporation, a company incorporated in Japan. This is the largest group in which the company is consolidated. The immediate parent company is Metal One Corporation, a company incorporated in Japan. This is the smallest group in which the company is consolidated.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, Department AA-F, 6-3 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan.

Copies of the consolidated financial statements to the immediate parent company can be obtained from Metal One Corporation, Celestine Shiba Mitsui Building, 3-23-1 Shiba, Mitano-ku, Tokyo 105-0014 Japan.

#### 19. Related party transactions

The company has taken advantage of the exemption from related party disclosures available in Financial Reporting Standard No.8 - Related Party Disclosures, as the consolidated financial statements of the immediate parent company are publicly available as noted above.