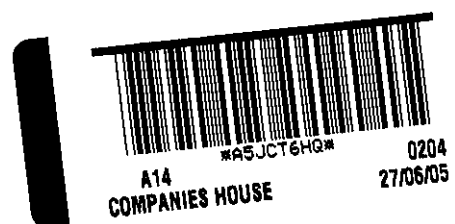


Star Tubes (Midlands) Ltd

**Directors' report and financial
statements**

Registered number 5063999

7 month period ended 30 September 2004



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Directors' report

The company was incorporated on 4 March 2004.

The directors present their report and the audited financial statements of the company for the seven months ended 30 September 2004.

Principal activities

The principal activity of the company is that of steel stockholders. Throughout the period the company acted as an agent for Barrett Steel Limited. All transactions entered into have been transferred to Barrett Steel Limited in accordance with the terms of the agency agreement.

Results and dividends

The results of the company for the period are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend for the period, and as a result of the transfer of all transactions to Barrett Steel Limited, the company made neither a profit nor a loss in the financial period.

Directors and directors' interests

The directors who served during the period are shown below:

Pinsents Directors Limited, appointed 4 March 2004, resigned 10 March 2004.

Mr J S Barrett (appointed 10 March 2004)

Mr P C Chasney (appointed 10 March 2004)

(Mr P R Harper and Mr R Robinson were appointed directors on 1 October 2004.)

None of the directors in office at the end of the period has any interest in the share capital of the company.

Mr J S Barrett and Mr P C Chasney are directors of the ultimate parent company Barrett Steel Limited and their interests in group companies are shown in the accounts of that company. The other directors in office at the period end have no interests in the shares of other group companies.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General meeting.

By order of the board



AB Durham
Secretary

Barrett House
Cutler Heights Lane
Dudley Hill
Bradford
BD4 9HU

20 May 2005

Statement of 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 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, 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of Star Tubes (Midlands) Limited

We have audited the financial statements on pages 4 to 6.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 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 of the state of the company's affairs as at 30 September 2004 and of its result for the 7 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

20 May 2005

Profit and loss account
for the 7 months ended 30 September 2004

	7 month period ended 30 September 2004 £000
Turnover	2,078
Less amounts transferred to parent	(2,078)
	<hr/>
	-
Cost of sales	1,376
Less amounts transferred to parent	(1,376)
	<hr/>
Gross profit	-
Administrative expenses	187
Other operating expenses	345
Less amounts transferred to parent	(532)
	<hr/>
Results for the financial period	-
	<hr/>

There are no recognised gains or losses other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is given.

There are no movements in shareholders' funds in the current period.

Balance sheet
at 30 September 2004

	<i>Note</i>	2004 £
Current assets		
Cash at bank and in hand		<u>1</u>
Capital and reserves		
Called up share capital	2	<u>1</u>

These financial statements were approved by the board of directors on 20 May 2005 and were signed on its behalf by:


J S Barrett
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

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

2 Called up share capital

	2004 £
<i>Authorised</i>	
1,000 ordinary shares of £1 each	1,000
	<hr/>
<i>Called up, allotted and fully paid</i>	
1 ordinary share of £1 each	1
	<hr/>

3 Contingent liabilities

The company is party to a multilateral-guarantee dated 15 January 2001 which secures all the borrowings of the group with HSBC Bank plc. At 30 September 2004, the maximum contingent liability arising under this guarantee was £5,800,000.

4 Ultimate parent company

The company is a wholly owned subsidiary of Barrett Steel Limited, incorporated in Great Britain and registered in England and Wales which is also the ultimate parent company. Copies of the group financial statements of Barrett Steel Limited may be obtained from Companies House, Crown Way, Maindy, Cardiff.