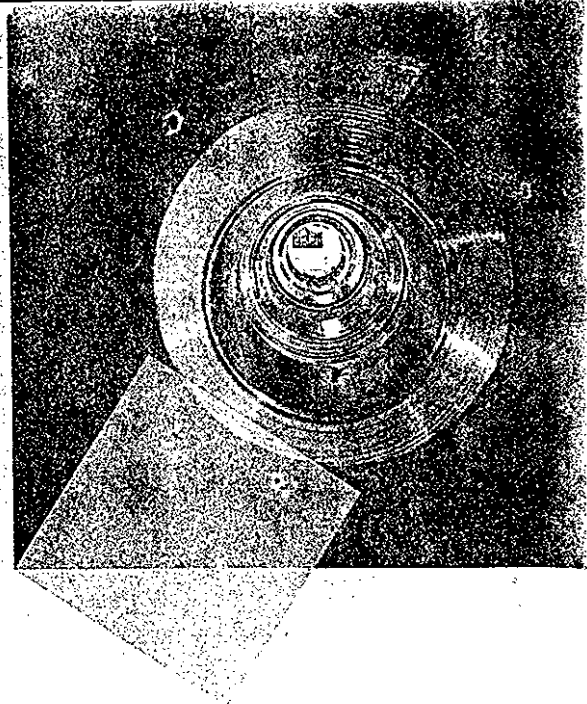


FC 18528



## Annual Report 1995

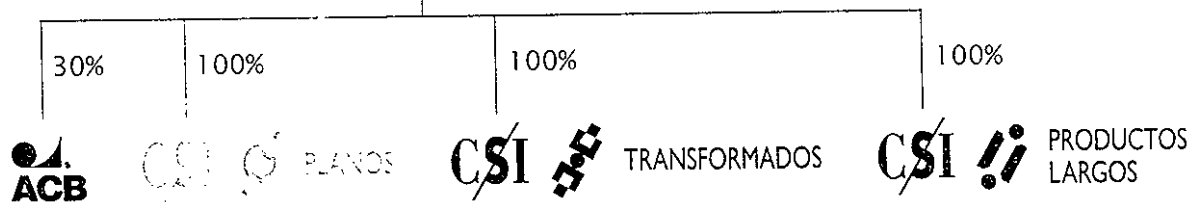


FC 18528

# Annual Report 1995

0,81 3/4 1/2 1/4 1/8 1/16 1/32 1/64 1/128 1/256 1/512 1/1024 1/2048 1/4096 1/8192 1/16384 1/32768 1/65536 1/131072 1/262144 1/524288 1/1048576 1/2097152 1/4194304 1/8388608 1/16777216 1/33554432 1/67108864 1/134217728 1/268435456 1/536870912 1/1073741824 1/2147483648 1/4294967296 1/8589934592 1/17179869184 1/34359738368 1/68719476736 1/137438953472 1/274877906944 1/549755813888 1/1099511627776 1/2199023255552 1/4398046511104 1/8796093022208 1/17592186044416 1/35184372088832 1/70368744177664 1/140737488355328 1/281474976710656 1/562949953421312 1/1125899906842624 1/2251799813685248 1/4503599627370496 1/9007199254740992 1/18014398509481984 1/36028797018963968 1/72057594037927936 1/144115188075855872 1/288230376151711744 1/576460752303423488 1/1152921504606846976 1/2305843009213693952 1/4611686018427387904 1/9223372036854775808 1/18446744073709551616 1/36893488147419103232 1/73786976294838206464 1/147573952589676412928 1/295147905179352825856 1/590295810358705651712 1/1180591620717411303424 1/2361183241434822606848 1/4722366482869645213696 1/9444732965739290427392 1/18889465931478580854784 1/37778931862957161709568 1/75557863725914323419136 1/151115727451828646838272 1/302231454903657293676544 1/604462909807314587353088 1/1208925819614629174706176 1/2417851639229258349412352 1/4835703278458516698824704 1/9671406556917033397649408 1/19342813113834066795298816 1/38685626227668133590597632 1/77371252455336267181195264 1/154742504910672534362390528 1/309485009821345068724781056 1/618970019642690137449562112 1/1237940039285380274899124224 1/2475880078570760549798248448 1/4951760157141521099596496896 1/9903520314283042199192993792 1/19807040628566084398385987584 1/39614081257132168796771975168 1/79228162514264337593543950336 1/158456325028528675187087900672 1/316912650057057350374175801344 1/633825300114114700748351602688 1/1267650600228229401496703205376 1/2535301200456458802993406410752 1/5070602400912917605986812821504 1/10141204801825835211973625643008 1/20282409603651670423947251286016 1/40564819207303340847894502572032 1/81129638414606681695789005144064 1/162259276829213363391578010288128 1/324518553658426726783156020576256 1/649037107316853453566312041152512 1/1298074214633706907132624082305024 1/2596148429267413814265248164610048 1/5192296858534827628530496329220096 1/10384593717069655257060992658440192 1/20769187434139310514121985316880384 1/41538374868278621028243970633760768 1/83076749736557242056487941267521536 1/166153499473114484112975882535043072 1/332306998946228968225951765070086144 1/664613997892457936451903530140172288 1/1329227995784915872903807060280344576 1/2658455991569831745807614120560689152 1/5316911983139663491615228241121378304 1/10633823966279326983230456482242756608 1/21267647932558653966460912964485513216 1/42535295865117307932921825928971026432 1/85070591730234615865843651857942052864 1/170141183460469231731687303715884105728 1/340282366920938463463374607431768211456 1/680564733841876926926749214863536422912 1/1361129467683753853853498429727072845824 1/2722258935367507707706996859454145691648 1/5444517870735015415413993718908291383296 1/10889035741470030830827987437816582766592 1/21778071482940061661655974875633165533184 1/43556142965880123323311949751266331066368 1/87112285931760246646623899502532662132736 1/174224571863520493293247799005065324265472 1/348449143727040986586495598010130648530944 1/696898287454081973172991196020261297061888 1/1393796574908163946345982392040522594123776 1/2787593149816327892691964784081045188247552 1/5575186299632655785383929568162090376495104 1/11150372599265311570767859136324180752990208 1/22300745198530623141535718272648361505980416 1/44601490397061246283071436545296723011960832 1/89202980794122492566142873090593446023921664 1/178405961588244985132285746181186892047843328 1/356811923176489970264571492362373784095686656 1/713623846352979940529142984724747568191373312 1/1427247692705959881058285969449495136382746624 1/2854495385411919762116571938898990272765493248 1/5708990770823839524233143877797980545530986496 1/11417981541647679048466287755595961091061972992 1/22835963083295358096932575511191922182123945984 1/45671926166590716193865151022383844364247891968 1/91343852333181432387730302044767688728495783936 1/182687704666362864775460604089535377456991567872 1/365375409332725729550921208179070754913983135744 1/730750818665451459101842416358141509827966271488 1/1461501637330902918203684832716283019655932542976 1/2923003274661805836407369665432566039311865085952 1/5846006549323611672814739330865132078623730171904 1/11692013098647223345629478661730264157247460343808 1/23384026197294446691258957323460528314494920687616 1/46768052394588893382517914646921056628989841375232 1/93536104789177786765035829293842113257979682750464 1/187072209578355573530071658587684226515959365500928 1/374144419156711147060143317175368453031918731001856 1/748288838313422294120286634350736906063837462003712 1/1496577676626844588240573268701473812127674924007424 1/2993155353253689176481146537402947624255349848014848 1/5986310706507378352962293074805895248510699696029696 1/11972621413014756705924586149611790497021399392059392 1/23945242826029513411849172299223580994042798784118784 1/47890485652059026823698344598447161988085597568237568 1/95780971304118053647396689196894323976171195136475136 1/191561942608236107294793378393788647952342390272950272 1/383123885216472214589586756787577295904684780545900544 1/766247770432944429179173513575154591809369561091801088 1/1532495540865888858358347027150309183618739122183602176 1/3064991081731777716716694054300618367237478244367204352 1/6129982163463555433433388108601236734474956488734408704 1/12259964326927110866866776217202473468949912977468817408 1/24519928653854221733733552434404946937899825954937634816 1/49039857307708443467467104868809893875799651909875269632 1/98079714615416886934934209737619787751599303819750539264 1/196159429230833773869868419475239575503198607639501078528 1/392318858461667547739736838950479151006397215279002157056 1/784637716923335095479473677900958302012794430558004314112 1/1569275433846670190958947355801916604025588861116008628224 1/3138550867693340381917894711603833208051177722232017256448 1/6277101735386680763835789423207666416102355444464034512896 1/12554203470773361527671578846415332832204710888928069025792 1/25108406941546723055343157692830665664409421777856138051584 1/50216813883093446110686315385661331328818843555712276103168 1/100433627766186892221372630771322662657637687111424552206336 1/200867255532373784442745261542645325315275374222849104412672 1/401734511064747568885490523085290650630550748445698208825344 1/803469022129495137770981046170581301261101496891396417650688 1/1606938044258990275541962092341162602522202993782792835301376 1/3213876088517980551083924184682325205044405987565585670602752 1/6427752177035961102167848369364650410088811975131171341205504 1/12855504354071922204335696738729300820177623950262342682411008 1/25711008708143844408671393477458601640355247900524685364822016 1/51422017416287688817342786954917203280710495801049370729644032 1/102844034832575377634685573909834406561420991602098741459288064 1/205688069665150755269371147819668813122841983204197482918576128 1/411376139330301510538742295639337626245683966408394965837152256 1/822752278660603021077484591278675252491367932816789931674304512 1/1645504557321206042154969182557350504982735865633579863348609024 1/3291009114642412084309938365114701009965471731267159726697218048 1/6582018229284824168619876730229402019930943462534319453394436096 1/13164036458569648337239753460458804039861886925068638906788872192 1/26328072917139296674479506920917608079723773850137277813577744384 1/52656145834278593348959013841835216159447547700274555627155488768 1/105312291668557186697918027683670432318895095400549111254310977536 1/210624583337114373395836055367340864637790190801098222508621955072 1/421249166674228746791672110734681729275580381602196445017243910144 1/842498333348457493583344221469363458551160763204392890034487820288 1/1684996666896914987166688442938726917102321526408785780068975640576 1/3369993333793829974333376885877453834204643052817571560137951281152 1/6739986667587659948666753771754907668409286105635143120275902562304 1/13479973335175319897333507543509815336818572211270286240551805124608 1/26959946670350639794667015087019630673637144422540572481103610249216 1/53919893340701279589334030174039261347274288845081144962207220498432 1/107839786681402559178668060348078522694548577690162289924414440996864 1/215679573362805118357336120696157045389097155380324579848828881993728 1/431359146725610236714672241392314090778194310760649159697657763987456 1/862718293451220473429344482784628181556388621521298319395315527974912 1/1725436586902440946858688965569256363112777243042596638790631055949824 1/3450873173804881893717377931138512726225554486085193277581262111899648 1/6901746347609763787434755862277025452451108972170386555162524223799296 1/13803492695219527574869511724554050904902217944340773110325048447598592 1/27606985390439055149739023449108101809804435888681546220650096895197184 1/55213970780878110299478046898216203619608871777363092441300193790394368 1/110427941561756220598956093796432407239217743554726184882600387580788736 1/220855883123512441197912187592864814478435487109452369765200775161577472 1/441711766247024882395824375185729628956870974218904739530401550323154944 1/883423532494049764791648750371459257913741948437809479060803100646309888 1/1766847064988099529583297500742918515827483896875618958121606201292619776 1/3533694129976199059166595001485837031654967793751237916243212402585239552 1/7067388259952398118333190002971674063309935587502475832486424805170479104 1/14134776519904796236666380005943348126619871175004951664972849610340958208 1/28269553039809592473332760011886696253239742350009903329945699220681916416 1/56539106079619184946665520023773392506479484700019806659891398441363832832 1/113078212159238369893331040047546785012958969400039613319782796882727665664 1/226156424318476739786662080095093570025917938800079226639565593765455331328 1/452312848636953479573324160190187140051835877600158453279131187530910662656 1/904625697273906959146648320380374280103671755200316906558262375061821325312 1/1809251394547813918293296640760748560207343510400633813116524750123642650624 1/3618502789095627836586593281521497120414687020801267626233049500247285301248 1/7237005578191255673173186563042994240829374041602535252466099000494570602496 1/14474011156382511346346373126085988481658748083205070504932198000989141204992 1/28948022312765022692692746252171976963317496166410141009864396001978282409984 1/57896044625530045385385492504343953926634992332820282019728792003956564819968 1/115792089251060090770770985008687907853269984665640564039457584007913129639936 1/231584178502120181541541970017375815706539969331281128078915168015826259279872 1/463168357004240363083083940034751631413079938662562256157830336031652518559744 1/926336714008480726166167880069503262826159877325124512315660672063305037119488 1/1852673428016961452332335760139006525652319754650249024631321344126610074238976 1/3705346856033922904664671520278013051304639509300498049262642688253220148477952 1/7410693712067845809329343040556026102609279018600996098525285376506440296955904 1/14821387424135691618658686081112052205218558037201992197050570753012880593911808 1/29642774848271383237317372162224104410437116074403984394101141506025761187823616 1/59285549696542766474634744324448208820874232148807968788202283012051522375647232 1/118571099393085532949269488648896417641748464297615937576404566024103044751294464 1/237142198786171065898538977297792835283496928595231875152809132048206089502588928 1/474284397572342131797077954595585670566993857190463750305618264096412179005177856 1/948568795144684263594155909191171341133987714380927500611236528192824358010355712 1/1897137590289368527188311818382342682267975428761855001222473056385648716020711424 1/3794275180578737054376623636764685364535950857523710002444946112771297432041422848 1/7588550361157474108753247273529370729071901715047420004889892225542594864082845696 1/15177100722314948217506494547058741458143803430094840009779784451085189728165691392 1/3035420144462989643501298909411748291628760686

# CSI CORPORATION SIDERÚRGICA



# Contents

HIGHLIGHTS 1995	4
LETTER FROM THE CHAIRMAN	6
ABOUT THE CSI PLANOS GROUP	9
CHALLENGES FOR THE FUTURE	12
ECONOMIC BACKGROUND	16
FOREIGN AND DOMESTIC	16
THE IRON AND STEEL SECTOR	18
MANAGEMENT REPORT	23
COMMERCIAL ACTIVITY	25
QUALITY AND SERVICE	26
RESEARCH AND DEVELOPMENT	28
INDUSTRIAL ACTIVITY	30
INDUSTRIAL RENOVATION	32
SUPPLIES	34
ENVIRONMENT	35
HUMAN RESOURCES	37
EARNINGS REVIEW	39
AUDITORS' REPORT	
AND CONSOLIDATED ANNUAL ACCOUNTS 1995	41
AUDITORS' REPORT	42
CONSOLIDATED BALANCE SHEET	44
CONSOLIDATED PROFIT AND LOSS ACCOUNT	46
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS	48
PROPOSED RESOLUTIONS SUBMITTED	
TO THE SHAREHOLDERS' MEETING	75
BOARD OF DIRECTORS	76
MANAGEMENT COMMITTEE	77
MAIN INVESTEE COMPANIES	78
ADDRESSES	83

---

## HIGHLIGHTS OF 1995<sup>(1)</sup>

---

TURNOVER	300,603 MPts.
FUNDS GENERATED FROM OPERATIONS <sup>(1)</sup>	57,291 MPts.
CONSOLIDATED PROFIT BEFORE TAX	21,665 MPts.
NET PROFIT ALLOCABLE TO THE CONTROLLING COMPANY	17,275 MPts.

---

---

OPERATING INCOME/TURNOVER	13.6%
NET PROFIT/SHARE CAPITAL	21.6%
NET PROFIT/SHAREHOLDERS' EQUITY <sup>(2)</sup>	9.6%

---

---

STAFF AT DECEMBER 31, 1995 (Number of persons)	7,702
PERSONNEL EXPENSES	37,958 MPts.
PERSONNEL EXPENSES/TURNOVER	12.6%

---

<sup>(1)</sup> See Introductory Note to the Management Report.

<sup>(1)</sup> Funds Generated from operations = Net Profit after tax + Depreciation and Amortisation + Provisions.

<sup>(2)</sup> Shareholders' equity at the beginning of the year (Share Capital + Issue Premium).

---

## HIGHLIGHTS OF 1995 <sup>(\*)</sup><sup>(\*\*)</sup>

---

FIXED ASSETS	143,621 MPts.
OPERATING WORKING CAPITAL <sup>(3)</sup>	44,569 MPts.
SHAREHOLDERS' EQUITY	198,021 MPts.
NET INDEBTEDNESS <sup>(4)</sup>	(42,541) MPts.
REMAINING LIABILITIES	32,710 MPts.

---

---

INVESTMENT IN TANGIBLE FIXED ASSETS	14,947 MPts.
-------------------------------------	--------------

---

---

SHAREHOLDERS' EQUITY/FIXED ASSETS	1.38
SHAREHOLDERS' EQUITY/TOTAL LIABILITIES	58.5%
CURRENT ASSETS/CURRENT LIABILITIES	2.0

---

<sup>(\*)</sup> Information taken from the Balance Sheet at 31.12.95 before allocation of Profit.

<sup>(3)</sup> Operating working capital = Working Capital – Short-term financial investments  
– Trade Creditors – Group Creditors – Provisions for Operating Expenses  
– Accruals and Prepayments.

<sup>(4)</sup> Net indebtedness = Long- and short-term debt payable to credit institutions  
+ Long-term liabilities – Short-term financial investments.



*The incorporation and commencement of business of the CSI Corporación Siderúrgica Group, and specifically CSI Planos, took place precisely in the 1995 financial year and is an important milestone in the recent history of Spanish iron and steel companies. Not only does it constitute a major legal and corporate event, but entails the consolidation of a project that was begun approximately five years ago, with the goal of enhancing the value of the useful assets of two companies, Altos Hornos de Vizcaya and ENSIDESA, through a radical restructuring process, since the economic unfeasibility and unhealthy balance sheet structure of these two companies was evident, particularly in the context of an open, global market such as the iron and steel industry.*

*The moderation that is required when preparing any company document should not prevent us from emphasising and expressing our gratitude for all the support received and the unquestionable efforts devoted by many to this project. I have no doubt whatsoever that we could not have achieved all this without the support of the shareholders of the parent company of the CSI Group, currently the State Industry Agency and formerly the Directorate General for Patrimony and the National Industry Institute, the Ministries and other related Institutions, as well as our customers and suppliers whom I believe to have understood the project. Certainly, it would have been impossible without the efforts of the workforce of CSI Planos at all levels, particularly the management team which has shown the necessary courage to successfully overcome any difficulties and obstacles standing in its path.*

*The profit before tax recorded by the CSI Planos Group for 1995, 21,665 million pesetas, with the aid of favourable market conditions, confirm the logic of the Project and the strategy implemented; nonetheless, we should not fall into the trap of complacency, since the path towards the achievement of full competitiveness is a difficult one.*

*CSI Planos is the largest and most important Business Area of the CSI Corporación Siderúrgica Group: it holds 82% of the group's tangible fixed assets and produces 72% of consolidable gross value added. It should further be pointed out that CSI Planos not only caters for the sectors that consume flat-rolled iron and steel products but, as part of a coordinated Group strategy, supplies liquid pig iron to CSI Productos Largos and hot-rolled coils to CSI Transformados.*

*The aforementioned circumstances determine the strategic nature of what is termed the "Gijón-Avilés axis", where the head plant facilities are located. The goal of boosting and optimising the head plant in order to achieve the required competitiveness levels has been set. For this purpose, renovation of one of the Gijón blast furnaces is due to be completed in the second half of the year, to be followed by the remodelling of the second, conclusion of which is scheduled for 1997. The remaining investment programmes relating to this "axis", which centre on the modernisation of the semi-continuous mill at Avilés and a number of improvements to the LD III steelworks are also expected to be completed in 1997.*

*The coming into service of Acería Compacta de Bizkaia, S.A., a private majority-owned undertaking integrated into the industrial and commercial structure of the Group, in which the latter holds a strategic interest, is a key factor for the future of the CSI Group, and especially CSI Planos, which will acquire under a long-term contract all steel production from ACB, S.A.*

*All in all, 1996 and 1997 are going to be crucial years and will largely determine the future of both the CSI Group and this subsidiary. The success of these measures, and the boosting and satisfactory implementation of highly stringent cost reduction programmes, will determine whether CSI Planos and its manufacturing*

*subsidiaries are able to compete with the top European producers in costs and quality, a sine qua non for future survival in a sector affected by overcapacity.*

*The continuous improvements in customer service, reduction of delivery time and constant adaptation to customer needs, with joint development of new products and applications, are likewise a key factor in the future of CSI Planos and there is still much ground to be covered in this regard. In line with this strategy of approaching the end customer, mention should be made of the acquisition of holdings in distributors of iron and steel products carried out under the Competitiveness Plan, which has enhanced considerably our relative position in the market.*

*Moreover, the philosophy behind the corporate structuring of the CSI Group into Business Areas was further reflected in CSI Planos in the setting-up of Management Divisions or Business Units, spurred by a clearly market- and product-oriented policy. Each Unit is accountable for its own results and management within the corporate strategy established for CSI Planos.*

*If we are to develop a successful approach to the future and secure a prominent position in the sector, we must continue to enhance the executive nature of the management teams responsible for the processes and operational areas of the group.*

*CSI Planos, as a subsidiary of CSI Corporación Siderúrgica, is a European group and it is on this geographical area that its future strategy should mainly be centred, without losing sight of the fact that the European iron and steel industry belongs within a broader world market that is becoming increasingly globalised and competitive.*

*In this regard, throughout the world but especially in Europe, strategic alliances and business concentration are becoming more and more frequent. These measures, as well as ensuring unquestionable competitive advantages with respect to sales and technology, entail a greater specialisation in production. The CSI Corporación Siderúrgica Group cannot remain unaware of such trends.*

*One of the strategic lines of action addressed in the Competitiveness Plan consists of boosting all measures that enable us to make headway in the above-mentioned direction, including encouraging the presence of private partners in our Group's equity, as is the case of practically all the European iron and steel companies.*

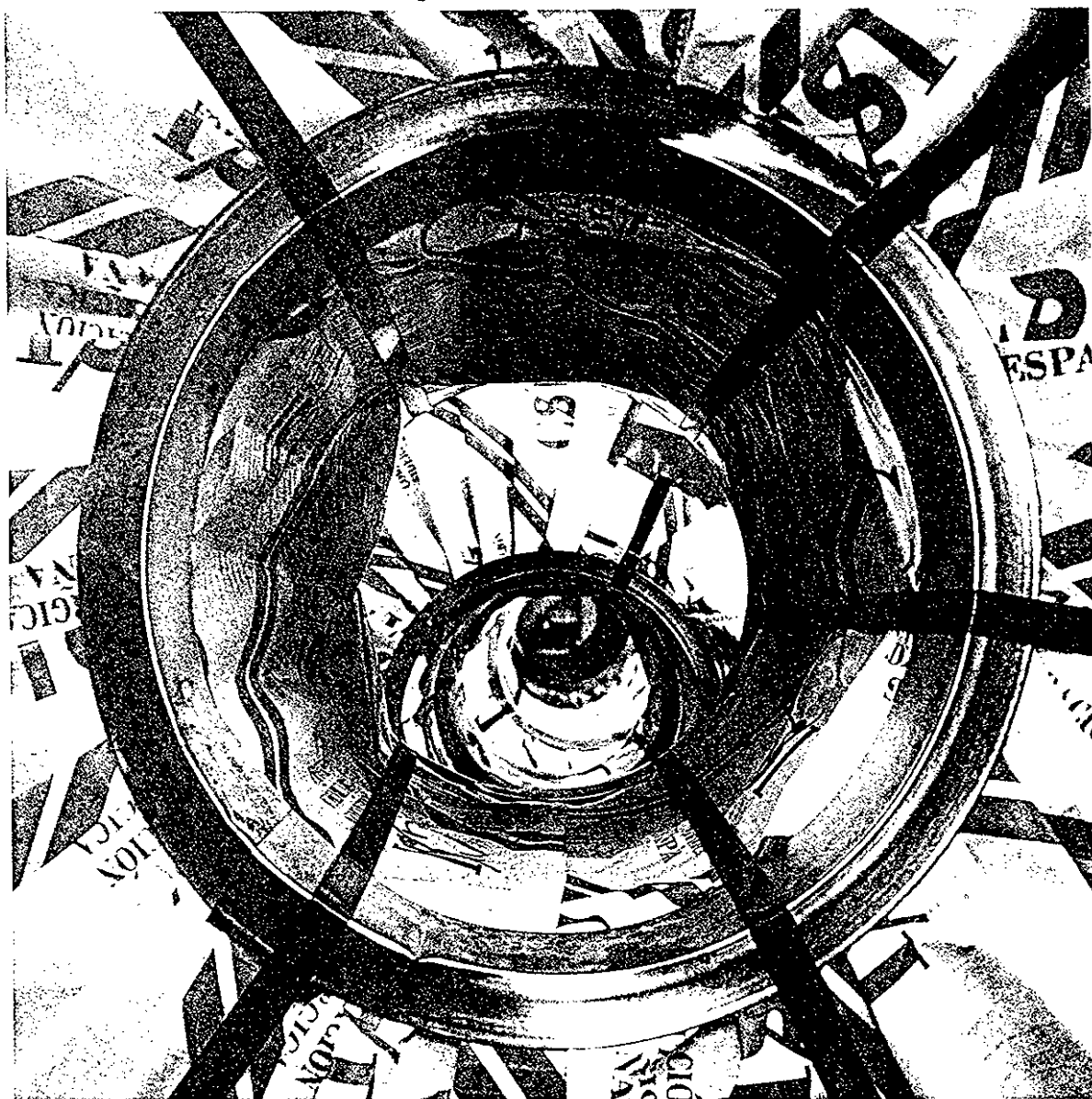
*All in all, I am optimistic about the future of our industrial group, of which CSI Planos is the core business, although considerable effort is needed if this vision is to become a reality. In addition to appropriate strategies, this challenge will unavoidably require a positive attitude based on leadership and commitment, support and hard work on the part of all members of the workforce. But this also applies to those involved in the future of the company, shareholders, institutions and suppliers, together with a considerable degree of cooperation, mutually beneficial, from the group that is the main raison d'être of the CSI Group and CSI Planos: our customers.*



José Manuel García Hermoso

Executive Chairman of CSI Corporación Siderúrgica, S.A.





# About the CSI Planos Group

- The CSI Group was incorporated in December 1994, under the AHV - ENSIDESA Joint Competitiveness Plan, whereby the latter companies ceased iron and steel business. The CSI Group comprises CSI Corporación Siderúrgica, S.A. (the parent company that controls and coordinates Group strategies and policies) and three operational companies, CSI Planos, S.A., CSI Productos Largos, S.A. and CSI Transformados, S.A. Each of the latter specialises in a particular area of business and all are 100 percent owned by CSI Corporación, which also holds a strategic 30 percent stake in Acería Compacta de Bizkaia, S.A. (ACB).

CSI Planos, S.A. acquired from Altos Hornos de Vizcaya and ENSIDESA the most competitive industrial assets and subsidiaries related to the basic manufacture and marketing of steel and flat-rolled products.

- The CSI Planos Group is the only Spanish manufacturer of flat-rolled iron and steel products that encompasses all stages of the production process. At its head plant facilities that constitute the centre of industrial production for the CSI Group, CSI Planos produces the necessary pig iron to cover both its own requirements and those of CSI Productos Largos. It likewise manufactures hot-rolled coils, both for processing at its finishing facilities and subsequent marketing, as well as supplying this material to CSI Transformados.

**CSI Planos basically operates  
in the competitive climate  
of the European market.**

The CSI Planos group, which recorded an income of 300,603 million' pesetas in 1995, operates in the competitive climate of the European market, which is totally integrated in a globalised iron and steel market.

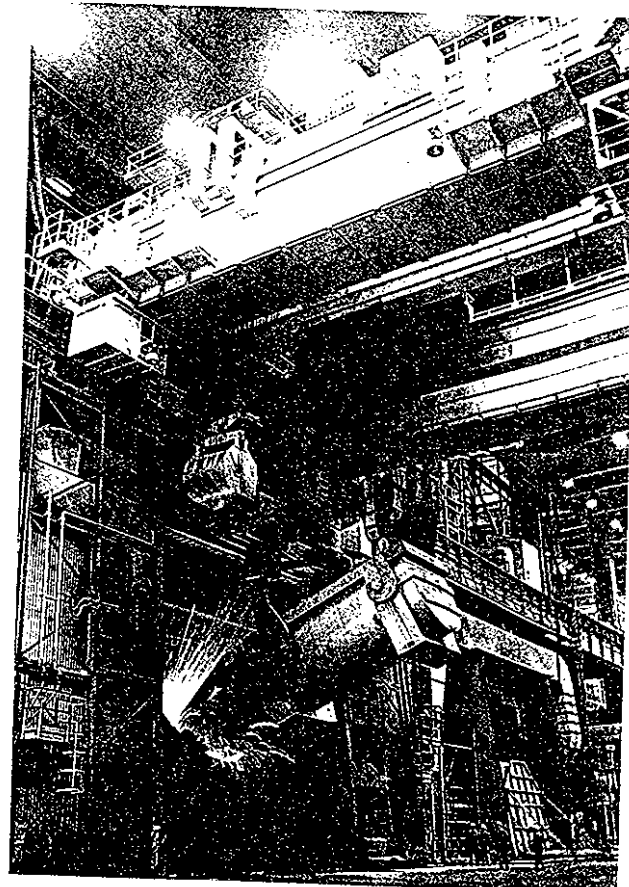
*224,713 million pesetas from April 1 to December 31.  
See the Introductory Note to the Management Report.*

• The goal of CSI Planos, one of Spain's major emerging industrial companies, and of the CSI Group as a whole, is twofold:

- To cater for the main industrial sectors that consume flat-rolled iron and steel products, in particular the domestic market, with a view to becoming a leader in this field.
- To implement a coordinated group strategy to supply CSI Productos Largos with liquid pig iron and slabs and CSI Transformados with hot-rolled coils, in accordance with ongoing contractual agreements based on market prices.

Therefore, in addition to offering its customers a product that is competitive with respect to cost, quality and service, CSI Planos is fundamentally bound by its role as an essential link in the competitiveness chain formed by CSI Productos Largos and CSI Transformados to manufacture quality products at a low cost for the rest of the CSI Corporación Siderúrgica Group.

In this regard, a plan to incorporate Acería Compacta de Bizkaia into the industrial structure of CSI Corporación Siderúrgica was conceived and implemented through a purchase contract whereby CSI Planos undertakes to purchase the hot-rolled coils manufactured by ACB. This arrangement provides the group with an operational scheme that allows maximum flexibility and is at the same time compatible with optimisation of the group's sustained profitability.

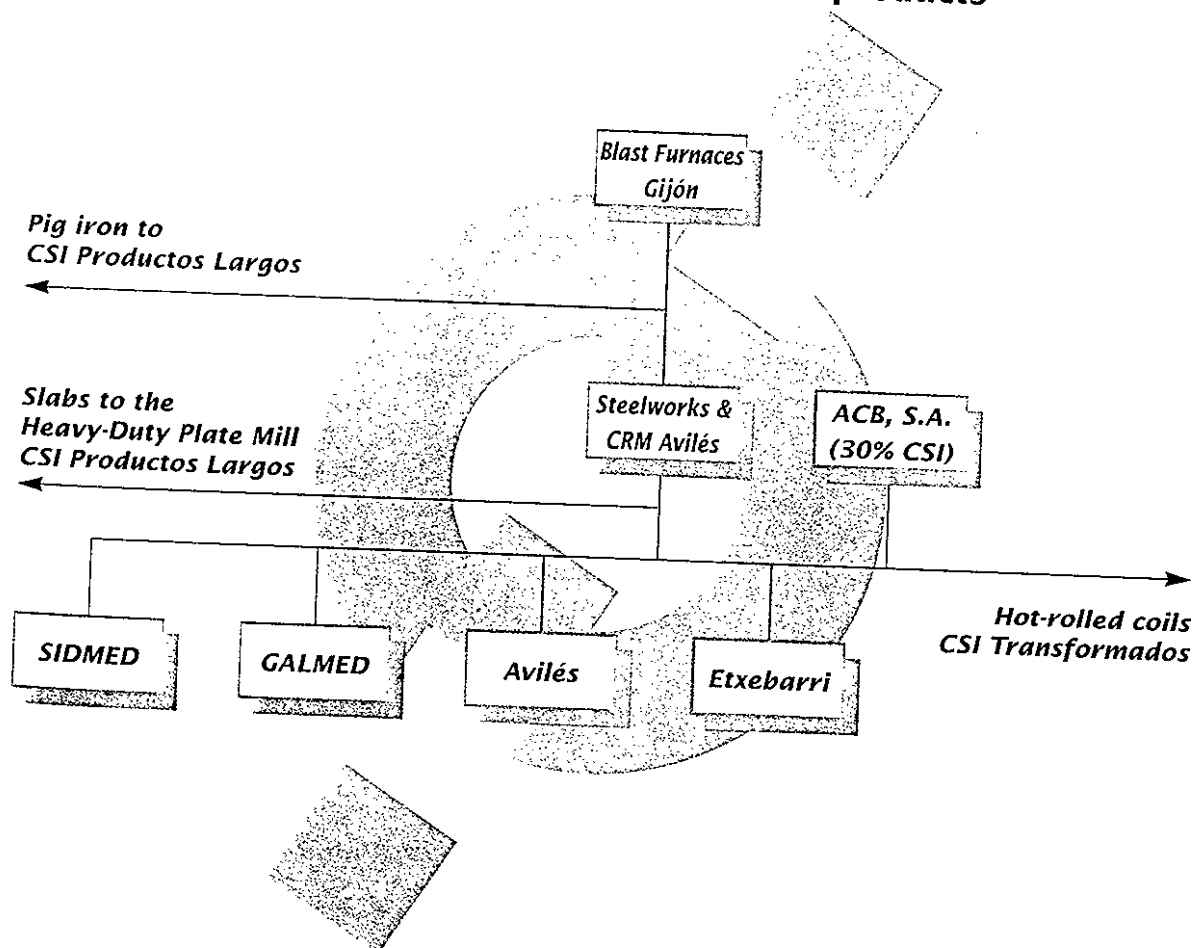


- The main industrial facilities of the CSI Planos group are located in Asturias (head plant in Gijón, steelworks, rolling and coating mill in Avilés), Vizcaya (rolling and coating mill in Etxebarri) and Valencia (rolling and coating facilities of Sidmed and Galmed in Sagunto).

The current range of products offered includes hot and cold-rolled coils, tinplate, galvanised sheet, zinc plate, chrome plate and aluminium-zinc coated sheet.

The group's main customers are companies belonging to the car, packaging, electrical appliances and construction sectors, as well as wholesalers and service centres.

### CSI Planos' factories and flow of products



---

## CHALLENGES FOR THE FUTURE

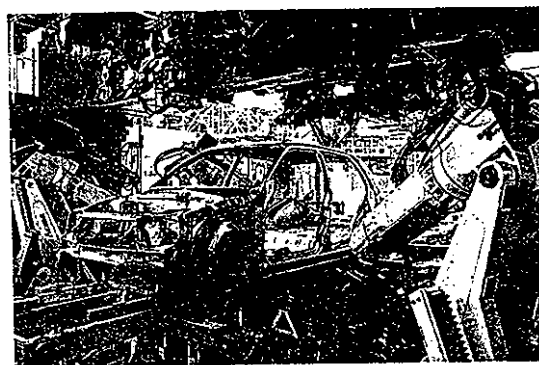
When analysing the challenges that lie before CSI Planos, it is essential to bear in mind the European iron and steel scene in which it competes and the prospects of the sector.

Following the restructuring carried out in the eighties, the European iron and steel industry in the nineties has embarked on a period marked by the increasingly intense competition that stems from a number of factors which are giving rise to changes in the rules of the game and in the structure of the sector:

- The globalisation of markets, including significant growth in the flow of international steel trade; this is particularly the case in Europe, where the number of imports from Eastern European countries has risen.
- The increasing similarity of the costs faced by European manufacturers of flat-rolled iron and steel products, together with the accelerated concentration of business activities and the privatisation of practically all our competitors.
- Finally, we should consider the greater pressure of environmental regulations and the boom in substitute materials, especially in the motor industry and the packaging and construction sectors.

The greater vertical integration towards distribution, and increased emphasis on customer services as a form of differentiation should be added to the above factors.

**CSI Planos must face increasing competitiveness and significant changes in the structure of the sector.**



In this context, while cost containment continues to be one of the necessary areas where improvement is constantly sought, it is no longer practically the only priority: there is currently greater emphasis on technological innovation, which provides a competitive response to market globalisation, the large numbers of low-cost producers and the boom of substitute materials.

- In the light of the above factors, the main challenge and basic objective of CSI Planos, as regards its contribution to the CSI Group, lies in achieving sustained profitability. This requires constant improvement in its competitive positioning in the European market.

The challenges that lie ahead of CSI Planos and the strategic lines of action contemplated are centred on:

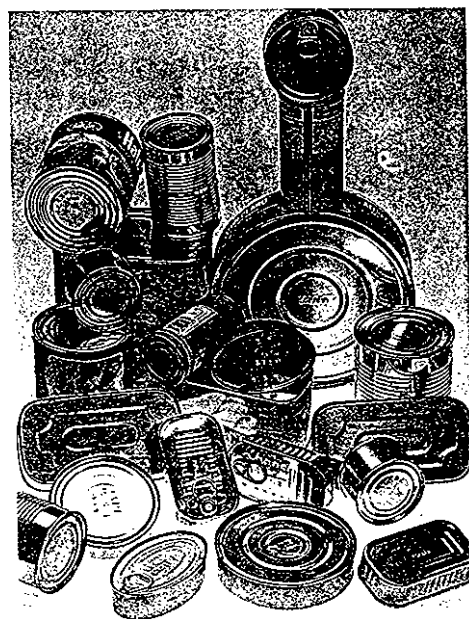
- *Improving customer services*, regarding quality and range of services.

This will require making further progress in reducing delivery time and increasing the rate of order compliance, key factors that determine the customer's perception of standard of service.

Likewise, priority should be given to assigning more resources to the field of Technology and Quality, and to recognising its fundamental role in the new competitive climate.

- *Strengthening the Gijón-Avilés axis*, in order to forge a position for CSI as one of the most cost-efficient producers of pig iron and hot-rolled coils.

This axis, of strategic importance to CSI Planos and the rest of the group, comprises the blast furnaces of Gijón - which, when their current renovation is completed in 1997, will be among the most



cost-efficient in Europe - and the modern Avilés steelworks. The improvements scheduled for the latter will enable it to compete, with competitive advantage, as regards efficiency, productivity and quality on account of its technologically advanced facilities.



- *Boosting programmes to reduce operating costs*, by stepping up the programmes already under way in areas such as purchases, logistics or maintenance, as well as improving labour and technical productivity rates.

CSI Planos has set itself the objective of attaining the level of operating costs of the best European producers in 1988, a year characterised by the maturing of the investment and industrial restructuring process defined in the Competitiveness Plan. The investments under way in finishing facilities should likewise play a decisive role in cutting costs.

- *Fostering a profitability- and market-orientated management philosophy*. The setting-up and implementation of new Business Units that will allow, inter alia, a sharpening of the product/market focus, should lead to a greater level of efficiency and responsibility in management.

- *Development of the company's human capital at all levels*  
The achievement of full competitiveness requires a considerable degree of commitment on the part of the workforce as a whole and at all levels of the organisation. In this regard, CSI Planos should continue in its ongoing efforts to bring about a change in company philosophy, whereby training, not only of a technical nature, will become one of the keys to strengthening the company's competitive positioning and capacity to adapt to the ever-changing market and demand.

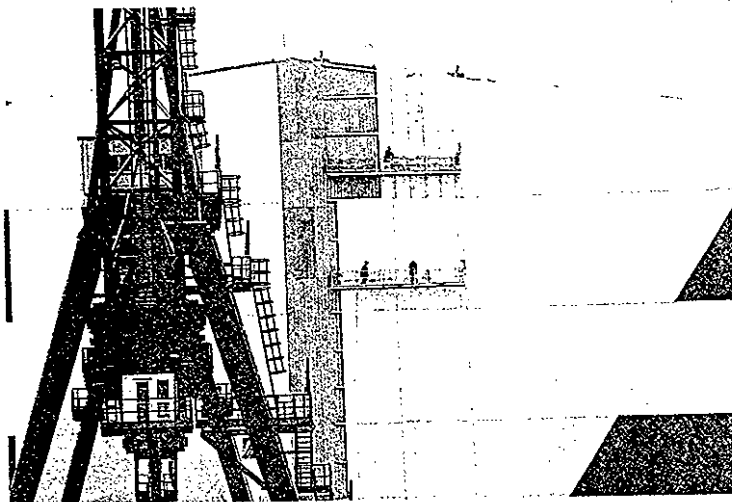
- *Helping to ensure that ACB gets off to a good start in terms of timing and investment cost.* ACB must subsequently focus its efforts on improving the operating costs of coil production.

The introduction of new production technology at ACB should enable the group as a whole to achieve an overall improvement in its capacity to adapt to the future cycles of demand and price of both end-products and raw materials, to broaden its range of products and to incorporate new production and technological capacities into the organisation.

At the same time, if the ACB project is to be successful, both companies must centre their efforts on optimising the running of the group as a whole. Only in this way will the industrial and contractual structure that has given rise to ACB obtain the profits envisaged, and all those involved in this new business project maximise sustained profitability.

- *strengthening collaboration and alliance policies, where appropriate, in areas such as production, supply of materials, distribution and product development.*

- *Placing greater emphasis on environmental aspects.* This should be a priority issue for management and is already addressed in ongoing investments designed to prevent spillage/emission of pollutant elements and in encouraging the recycling of non-biodegradable materials.





---

## FOREIGN AND DOMESTIC

In 1995, most of the economies of the industrialised countries experienced a slowdown in growth rate relative to 1994, which was a year of recovery following the 1993 crisis.

The GDP of the main industrialised countries rose on average by 2.5 percent. The United States achieved growth of 3.3 percent on account of the reactivating of its economy in the second half of the year, spurred by the drop in interest rates. Average growth for the European Union was 2.7 percent; the German and other EU economies experienced a slowdown in the second half of the year as a result of the appreciation of their currencies against the dollar, the drop in construction and sluggish consumption.

The Japanese economy remained at a standstill, growing by just 0.3 percent. This was due to the strength of the Japanese currency, the problems of the country's banking system, the effects of the Kobe earthquake and the failure of the successive reactivating programmes implemented by the Japanese authorities.

The Far East and Southeast Asian countries continued to experience considerable growth, with rates that almost reached double figures in many cases. This is particularly the case of China, which recorded a growth rate of 9.5 percent.

Furthermore, the countries of East Europe, including Russia, are now undergoing a period of recovery after five years of imbalance on account of their transition to a market economy.

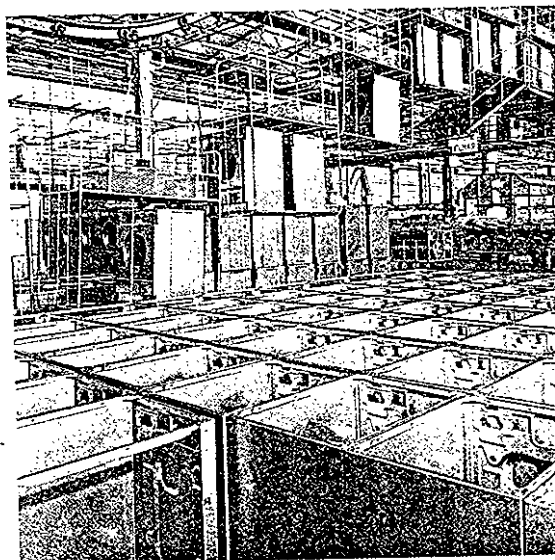
As regards the financial scene, which exercises enormous influence on a globalised market such as that of iron and steel, the start of the year was characterised by clear monetary instability, which

affected the exchange rate of the dollar. The strengthening of the mark against the dollar led to a steep rise in the parity of the German currency relative to the peseta and other European currencies.

These circumstances brought about a rise in interest rates in the US and the European Union, although these were gradually reduced towards the end of the year, as the markets began to stabilise, growth prospects decreased and inflation remained under control. By December, the value of the dollar against the mark had reached 1.44 DM/\$, which signified a partial recovery from the depreciation it underwent at the beginning of the year, and from the April figure of just 1.35 DM/\$.

With respect to the Spanish economy, GDP growth for 1995 was 3 percent, an improvement on the previous year's 2 percent. This growth was largely due to exports and, partly, to higher domestic demand, which rose by 3.2 percent as a result of increased investment, in contrast with the marked sluggishness of private and public consumption.

In the first half of the year, monetary and inflationary tension caused interest rates to rise to 9.25 percent. On the other hand, the drop in European interest rates and the checking of inflation during the last quarter favoured the appreciation of the peseta, which reached 85 pesetas against the mark, and caused interest rates to drop slightly to 9 percent. Year-end exchange rates for the peseta against the dollar stood at around 123 pesetas, while the average rate for the year was 125 pesetas per dollar.



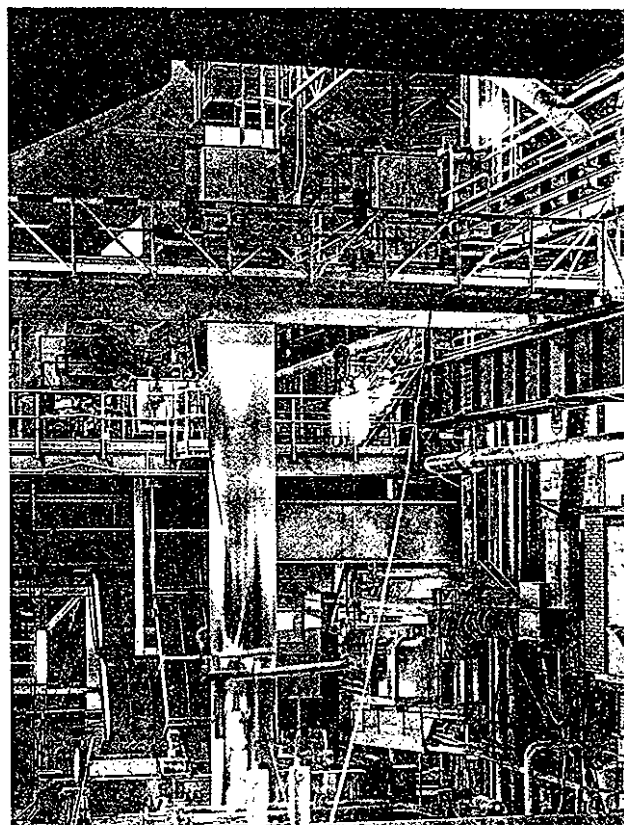
The performance of the steel sector at world level in 1995 was unstable. The year got off to an excellent start, with year-on-year consumption and production into two-figures. However, this gave way to a phase of weakening as a result of an overall drop in apparent consumption in the latter half of the year.

This drop stemmed from the need to reduce the high level of existing stocks on the market, following the accumulation carried out by wholesalers in a climate of fierce price rises, and from a certain fall in end-user consumption in the motor, construction and electrical appliances industries.

In any case, it does not seem that the sector has entered a recession, at least according to the world macroeconomic indicators. Rather we are witnessing a halt in the growth rate of steel consumption recorded in 1994 and the first half of 1995.

Forecasts predict that world consumption of flat-rolled steel products will increase as of mid-1996 and eventually attain an annual growth rate of around 2 percent.

In this connection, prices fell towards the end of the year. It is expected that this trend will take an upward turn during the second quarter of 1996, in keeping with the cutbacks in supply that have been carried out since the last quarter of 1995 and have already yielded results in certain markets.



---

## US

In 1995, apparent consumption dropped by 3.9 percent, after reaching a peak in the last quarter of 1994. The need to reduce levels of stocks and sluggish demand on the part of the motor industry were the main causes for this weakened consumption which, however, began to show signs of recovery at the end of the year.

The fall in prices in the second quarter of 1995 boosted supply—already on the increase due to the installation of new electric steelworks—channelling it towards exports, mainly to Europe where prices were considerably higher. The end of the year saw a recovery in prices; this trend has strengthened significantly since February 1996.



---

## FAR EAST AND SOUTH EAST ASIA

In 1995, consumption rose by 10 percent, except in China, after the 2 percent drop recorded in the previous year as a result of Japan's partial recovery and, above all, the considerable growth of other countries in the region.

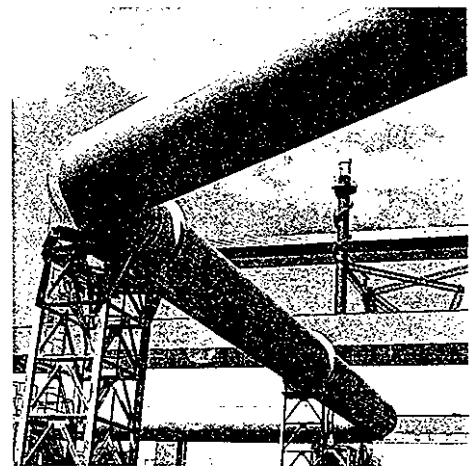
## EUROPEAN UNION

Following the strong recovery recorded in 1994 (15 percent), demand continued to increase at a fast rate before slowing down during the second half of the year as a result of the accumulation of stocks on the market. Apparent consumption of flat-rolled products in the EU rose to 49.6 million tonnes, 10 percent more than in 1994, although it is estimated that the growth in real consumption was around 6 percent, as stocks increased considerably.

As regards supply, the most important feature was the pressure exerted by imports, mainly from countries with surplus supply, such as the US and Eastern European countries, which were attracted by the still relatively high prices of the European Union markets.

These imports rose by almost 80 percent. This influenced prices, particularly those of hot- and cold-rolled coils, which began to fall during the second half of the year.

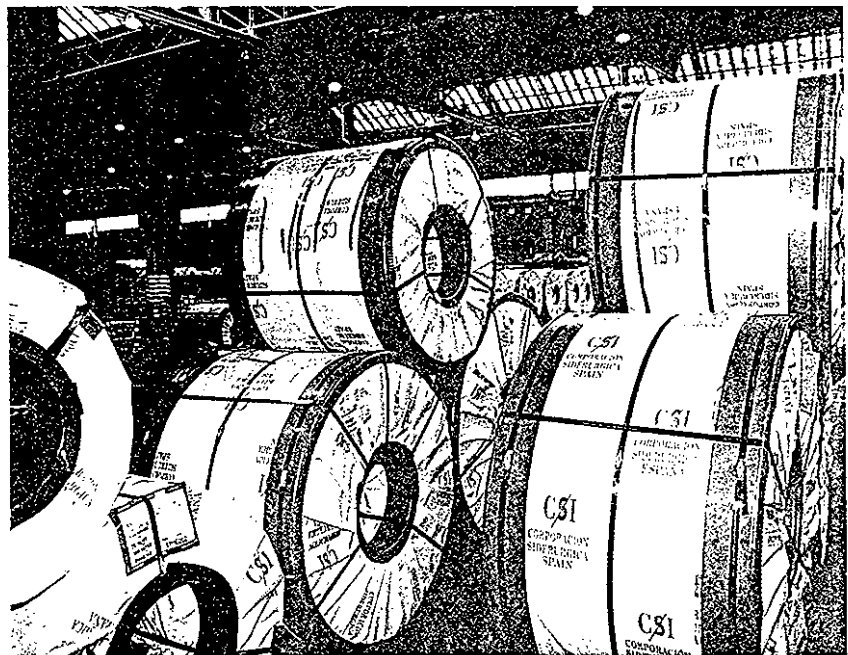
The European companies responded to the above changes in the market by adopting a policy of defending their profit margin, as opposed to the traditional strategy of giving priority to volume (the new situation arising from the privatisation of practically all the European iron and steel producers may have influenced this change of strategy considerably). Towards the end of 1995, most proceeded to reduce output, adapting production levels to those of consumption.

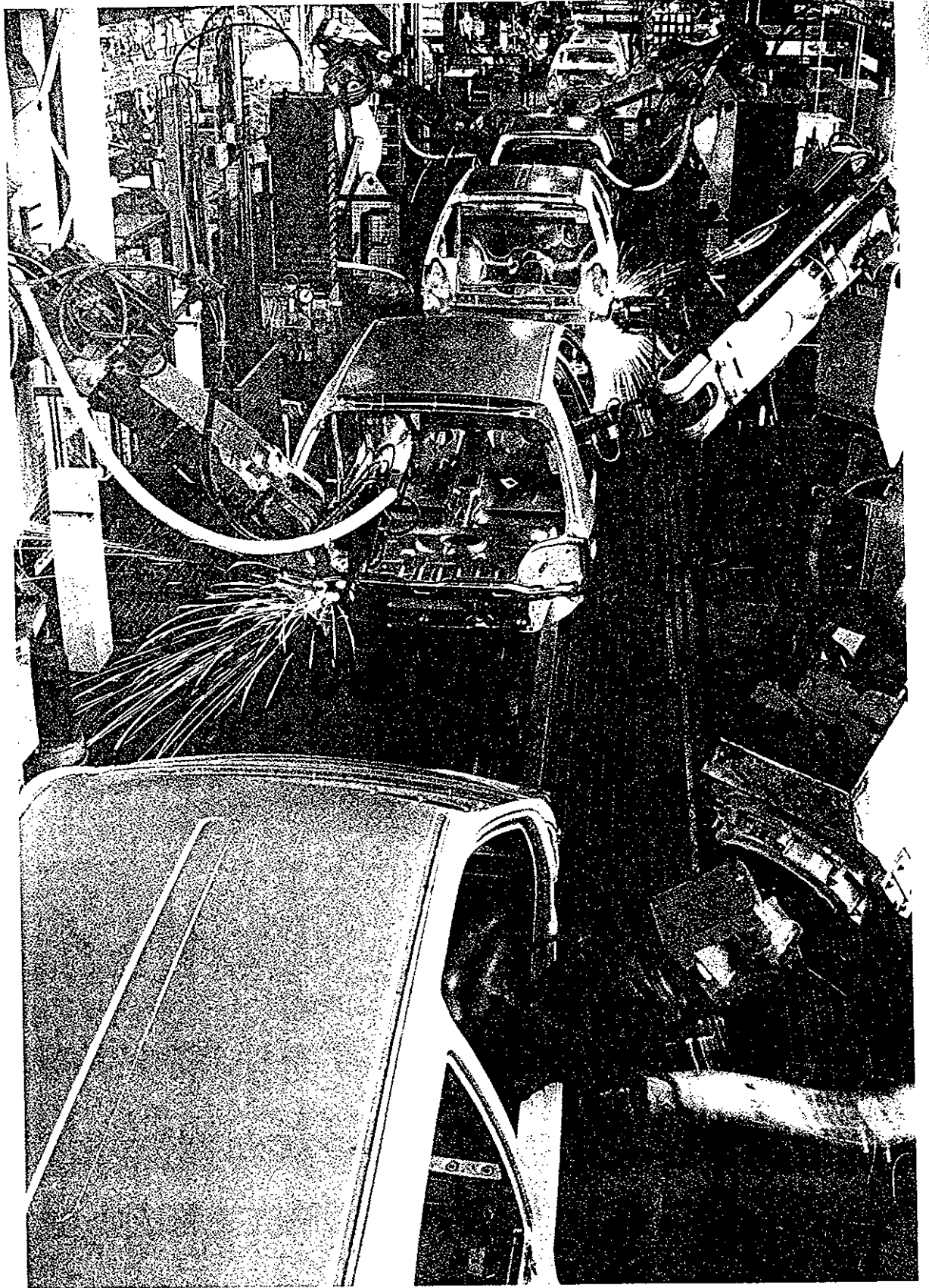


## SPAIN

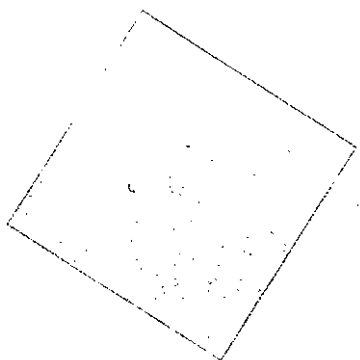
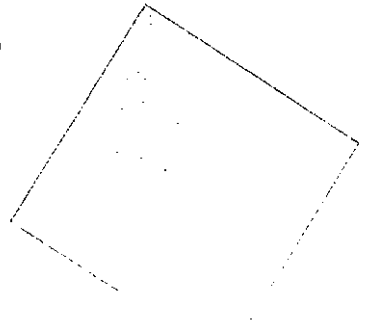
The performance of the Spanish market for flat-rolled iron and steel products was similar to that of the European market, although it should be pointed out that the pressure of imports from outside the EU was even more intense. These imports grew by more than 300 percent relative to 1994, and came to account for almost 15 percent of total consumption of flat-rolled products, compared to the previous year's 4 percent. Hot-rolled coil imports, specifically, achieved a market share of almost 25 percent.

In 1995, apparent consumption of flat-rolled products rose to 5.26 million tonnes, 19 percent more than the previous year. As in the rest of Europe, the growth in real consumption was less, on account of the high levels of accumulated stocks.





# Management Report





## **Introductory Note**

*As is explained in greater detail in the Notes to the Consolidated Annual Accounts, the CSI Planos Group commenced business in 1995, following the contribution of the different production assets and investee companies defined in the AHV - ENSIDESA Joint Competitiveness Plan.*

*Owing to the need to comply with the legal formalities established for processes of this kind, the contribution of assets to CSI Planos, S.A. took place, for operational purposes, as of April 1, while the economic effect was backdated to January 1, 1995, in accordance with the Resolution of the Council of Ministers which authorised the aforementioned contribution of branches of activity.*

*As a result of the above, the Annual Accounts for the year were prepared bearing in mind the legal contribution date and therefore reflect the companies' individual transactions in the period from April to December and the gross profit of CSI Planos, S. A. accumulated at the contribution date relating to January-March.*

*Nevertheless, from both an operational and internal management point of view, by the beginning of 1995, the Group's management information systems had already been developed and prepared so as to enable them to furnish information adapted to the new operational and corporate structure of the CSI Planos Group.*

*This internal management information system has been used to draw up this Management Report and has enabled information to be included on operations for the twelve months of 1995, from January 1, in keeping with the structure envisaged in the contribution operation.*

*Additionally, the most significant data for 1994 have been obtained using the same information systems and consistently uniform criteria. This information is equivalent and comparable to that of 1995, although the activities in question were carried out by Altos Hornos de Vizcaya and ENSIDESA.*

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

1995 saw the consolidation of the organisational structure of the CSI Planos Group's commercial operations initiated under the Competitiveness Plan. Likewise, the policy of acquiring shareholdings in distribution companies and service centres was strengthened.

The favourable price situation (in terms of the year's average) in the domestic and European market in 1995 enabled the CSI Planos Group to implement a commercial strategy aimed at margin and customer services rather than volume of sales.

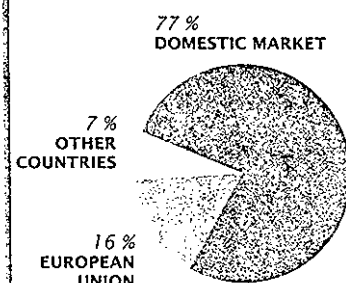
Total income was 300,603 million<sup>2</sup> pesetas, of which 228,715 million represent turnover from finished iron and steel products and the rest relates to sales of intermediate manufactures and by-products and services rendered. Total product sales, including sales to CSI Transformados, amounted to 3.47 million tonnes.

Turnover of iron and steel products increased by 5 percent with respect to 1994, while volume decreased by 11 percent. Sales of coated, higher-value added products rose.

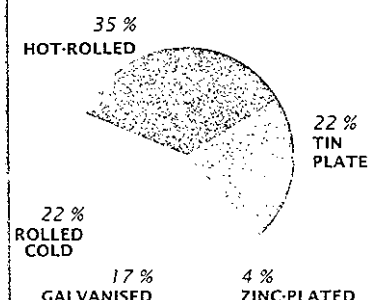
In this respect, the commercial strategies of the CSI Planos group in 1996 will be aimed at maintaining its existing market share in its natural market, Spain and the European Union. Likewise, the Group will continue to concentrate sales on products with a greater value added, which have better market prospects, and will strengthen its presence in the distribution sector, placing particular emphasis on improving customer services, as part of a margin-oriented commercial policy.

<sup>2</sup> 224,713 million pesetas from April 1 to December 31.  
See the Introductory Note to this Report.

**Breakdown of sales by markets**



**Breakdown of sales by products**



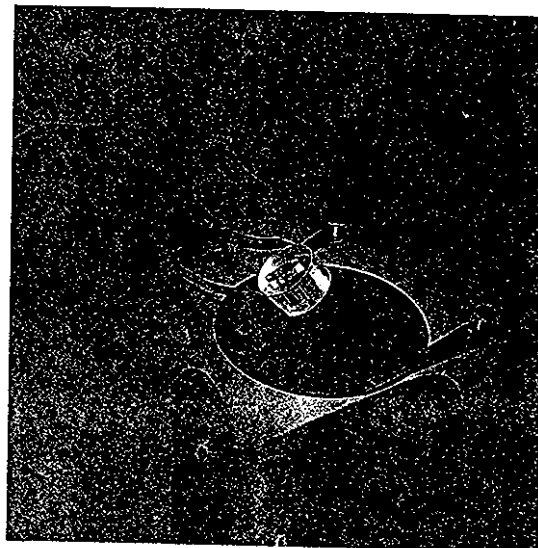
The concepts of quality and customer service are closely linked. In an increasingly demanding competitive environment, the ability to supply customers with quality products, matching the standards and delivery time of its strongest competitors, is a key factor for CSI Planos.

With this aim in mind, a number of Quality Committees have been set up in order to improve communications between the different business areas and step up training, promoting a philosophy of total quality and customer orientation.

Likewise, information systems that allow a greater level of automation in process control have been introduced and a number of investments have been made in modernising facilities. Mention should be made of the investment in the modernisation of the Semi-continuous Mill in Avilés and the investments to improve the quality of the finishing facilities at the Sagunto, Etxebarri and Avilés factories, carried out in accordance with a plan of action that is due to last until 1997.

As regards improving customer services, steps are being taken to reduce the time taken to confirm orders, to cut delivery time and to increase the compliance rate to 90 percent. We are also working to provide better information to customers and to improve communications, as well as to step up technical assistance.

**Q**uality and customer service,  
key factors as regards  
competitiveness.

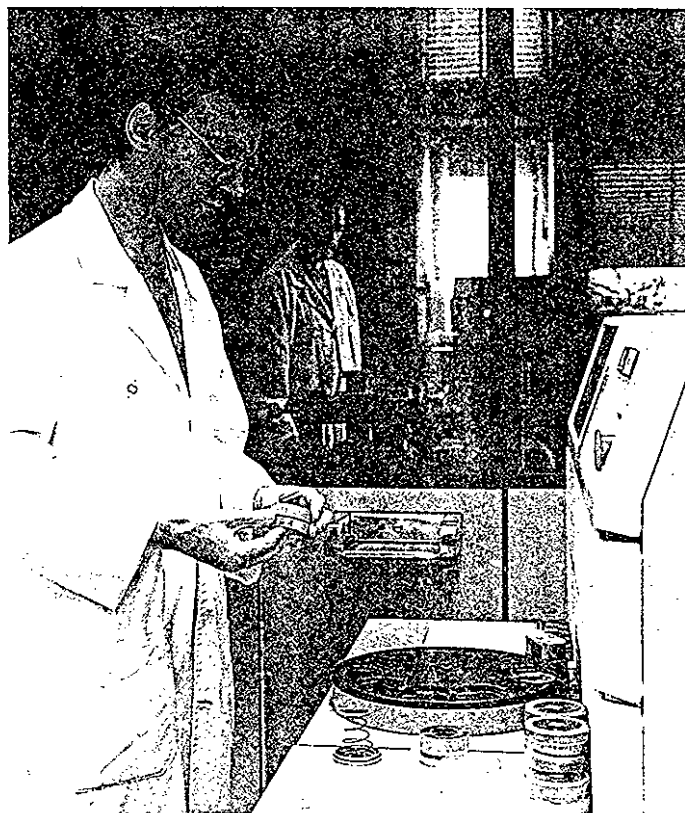


In 1995, action aimed specifically at the motor industry was taken at the Sagunto plant. These measures, which involve specialising in car supplies, will be implemented at the Avilés factory at a later date. The goals set for the improvement process were achieved.

Other significant steps taken to reduce delivery time are:

- The hot-loading of slabs into the furnace of the semi-continuous mill at the Avilés plant.
- Improvements in the control and planning system for the rolling process at the Avilés plant.
- Development of systems and methods to optimise interplant transfer of raw materials, mainly hot-rolled coils, among the different factories of the CSI Group.

Following the establishment of CSI Planos, the quality certificate governed by Spanish Standard UNE-EN ISO 9002 was again obtained, and the company Certificate of Registration was granted by AENOR after the relevant audit had been carried out.



# Research and Development

Research and Development activities are basically in line with the Product Plan that was put into practice in 1995, and cover areas such as Systems, Services, Development and Production. The basic objective of the plan is to develop new products and qualities, working in close collaboration with customers in order to meet any new requirements they may have.

CSI Planos has ongoing collaboration agreements with a number of Technical Institutes, Universities and Research Centres.

Likewise, CSI Planos participates in multinational projects with other iron and steel companies.

With regard to products, activity has been particularly intense in tinplate. CSI holds a significant share in this expanding, dynamic market at European level. New developments include different qualities and types of light-gauge plate for two-part cans, qualities for easy-opening lids and qualities for compact pressing destined for different uses.

Likewise, quality certifications of galvanised sheet have been developed for the car industry, a market with excellent future prospects.

The main areas of hot-rolled coil R&D were high-yield steel and improvements in API quality.



CSI Planos is part of a consortium of 30 steel manufacturers from all over the world which conducts research on the development of ultra light steel bodies for cars (ULSAB: Ultra Light Steel Autobody). This project was launched in mid 1994 and consists of several stages. The conceptual design stage was completed in 1995.

Other notable projects over the past year include:

- Preselection of coal to be injected into blast furnaces, in collaboration with CENIM and INCAR.
- Development of blast furnace coal injection technology as part of a multinational ECSC project.
- EUREKA project to build a coking reactor, in conjunction with the leading European coal and steel companies.
- Thermomechanical rolling of high strength steel for optimisation and model-building in collaboration with the Guipúzcoa Centre for Technical Studies and Research (CEIT) and the University of Oviedo. This project is subsidised by the European Union.
- Improvement of rolled products by model-building. This programme, undertaken jointly with CEIT, British Steel, Hoogovens, ILVA, and Cambridge University, is included in the ECSC grants.
- Improving corrosion resistance of profile panels of galvanised prepainted plate, in collaboration with CEIT. Project subsidised by ECSC.

**CSI Planos, together with  
30 other iron and steel companies  
from all over the world,  
is developing a new ultra light  
steel car body.**

We should begin by stressing the organisational restructuring carried out in the second half of the year, as a result of which the Operations Division was set up to gather together the management of all aspects of product cost. Its mission is to optimise operations by cutting costs while improving quality and service.

From an operational perspective, the performance of the facilities has been satisfactory, both regarding production level and operating efficiency, and activity levels improved considerably compared to the previous year. In addition, a number of important cost-reduction measures defined in the Competitiveness Plan were implemented.

CSI Planos produced 3.86 million tonnes of pig iron, of which 1.4 million were supplied under contract to CSI Productos Largos for use in its production processes.

Liquid steel production was 2.75 million tonnes. CSI Planos also supplied 0.24 million tonnes of slabs to CSI Productos Largos for use in heavy-duty plate manufacture.

The semi-continuous mill at the Avilés factory produced a total of 2.2 million tonnes of hot-rolled coils. A further 1.6 million tonnes were received from AHV, which is being administered under a management contract while its facilities are closed down in accordance with the agreements already established.

**Achievement of cost-reduction goals and operational efficiency consolidate the path to full competitiveness.**

Production at the coated products finishing facilities in Avilés, Sagunto and Etxebarri increased by an average of 6 percent, thus satisfying increased demand. In contrast, the production of cold finished products at both Avilés and Sagunto fell by 5 percent in response to lower demand.

At all the above plants average productivity levels rose slightly and a more efficient mix of consumables was achieved, as well as a significant improvement in production quality.

In 1995, efforts in the manufacturing area were largely centred on defining and launching the production equipment restructuring projects envisaged in the Competitiveness Plan, and on implementing measures designed to improve quality and customer service.





The major basic investments envisaged for CSI Planos in the Competitiveness Plan were defined and commenced in 1995.

These are:

- Renovation of the Gijón blast furnaces
- Modernisation of the semi-continuous mill in Avilés
- Improvements to the LD-III steelworks in Avilés

The total amount envisaged for these three investment programmes, which are due to be completed in 1997, is 60,000 million pesetas. Almost 90 percent of the total amount has already been committed.

Work on the first of the two Gijón blast furnaces began in 1995. The first of the three modernisation phases planned for the semi-continuous mill has already been completed and almost half the work to improve the LD-III steelworks has been carried out. The value of the investment made to date in these three projects amounts to almost 13,000 million pesetas.

A further 1,900 million pesetas was assigned in 1995 to other industrial investments. These include a number of improvements to the cold-rolling facilities in Sagunto, a project due to be concluded in 1997. Mention should be made of the investment in changing the pickling agent used in the cold-rolling process in Avilés, which will enable discharges to be considerably reduced. Completion is due in 1996.

It should be stressed that next year will be crucial for the industrial and business restructuring established in the Competitiveness Plan. The main investments envisaged in the Plan, on which the competitiveness of CSI Planos depends, will be in full progress.

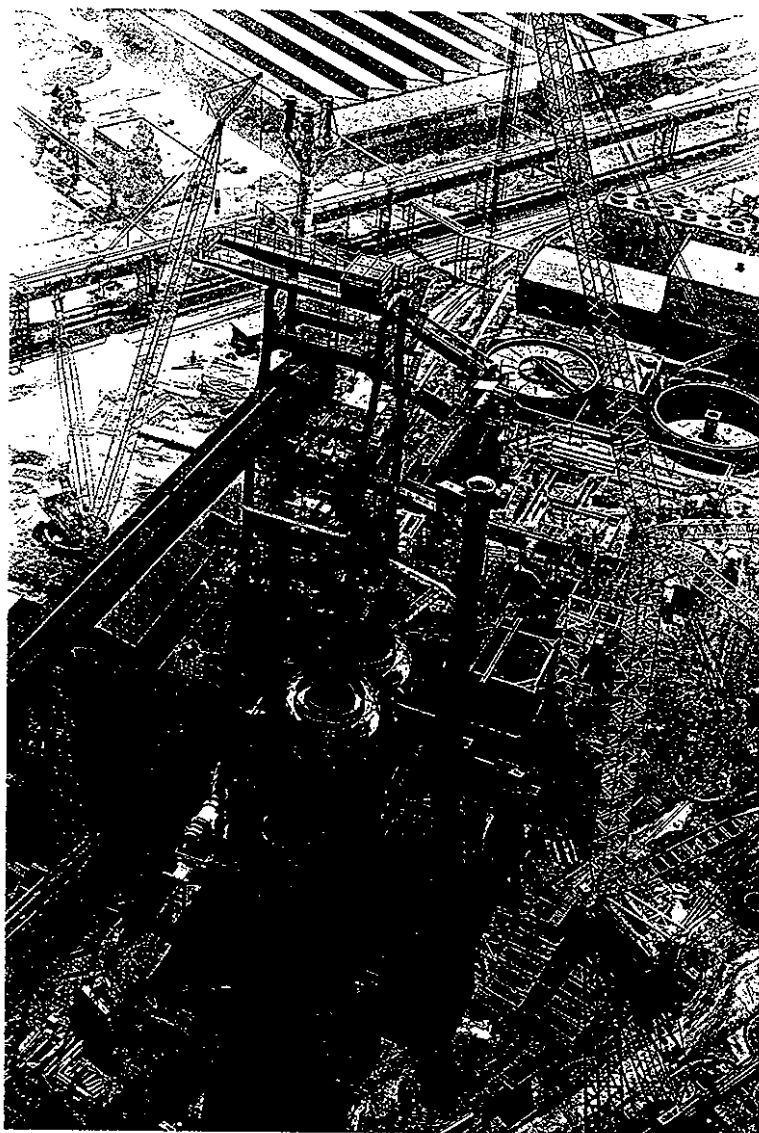
**The investment programme aims to optimise industrial flow, speed up processes, increase productivity and quality and improve costs.**

Investments scheduled for 1996 amount to over 30,000 million pesetas. Completion of the programme and of the work it entails is due in 1997.

Some of the outstanding investment projects will still be under way in 1996, and are due to reach completion. In the second half of the year, the first of the two new blast furnaces at the Gijón plant will become operational and renovation of the second will commence. The second phase of modernisation of the semi-continuous rolling mill and improvements to the LD-III steelworks will be concluded.

Completion of the renovation of the cold-rolling facilities at the Sagunto plant is also scheduled for this year, and work will be carried out on the Avilés and Etxebarri plants.

Implementation of the above projects will require complex planning and scheduling in order to ensure they are adapted to the different stages of basic production over the course of 1996. This is especially true if we bear in mind that the ACB steel and rolling facilities will become operational during the second half of the year, and the company will accordingly begin to purchase hot-rolled coils from Acería Compacta de Bizkaia, S.A.

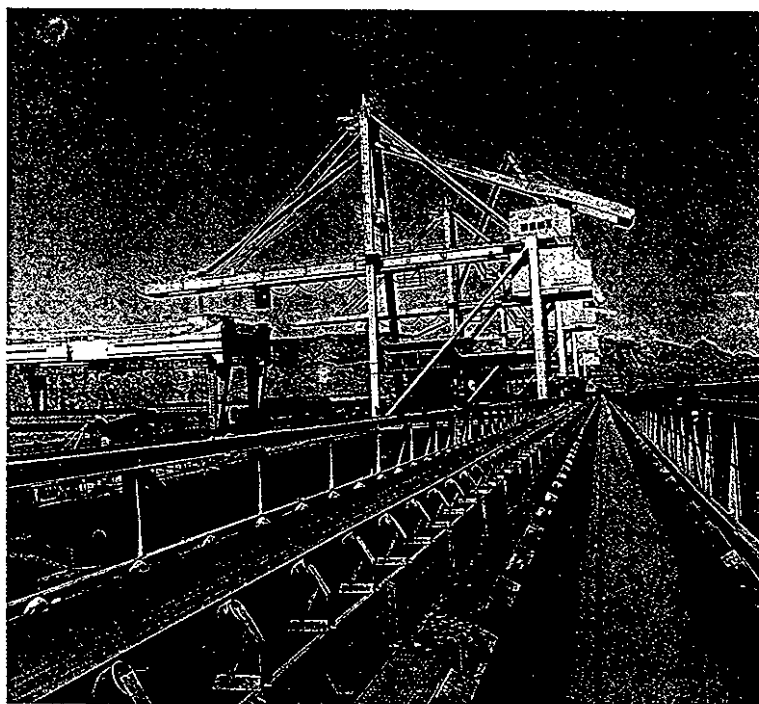


In 1995 the prices of basic raw materials, i.e. coal and minerals, rose by 12 and 8 percent respectively, in dollar terms, a significant increase compared to the previous year. The impact of this increase was partially offset by the appreciation of the peseta against the dollar.

Furthermore, scrap metal prices rose by almost 7 percent.

Reference prices for zinc and tin also rose considerably, and the increases in the price of aluminium and ferro-alloys were particularly marked.

Savings were achieved in energy costs thanks to the application of new electricity rates such as the THP (hourly power rate) system.

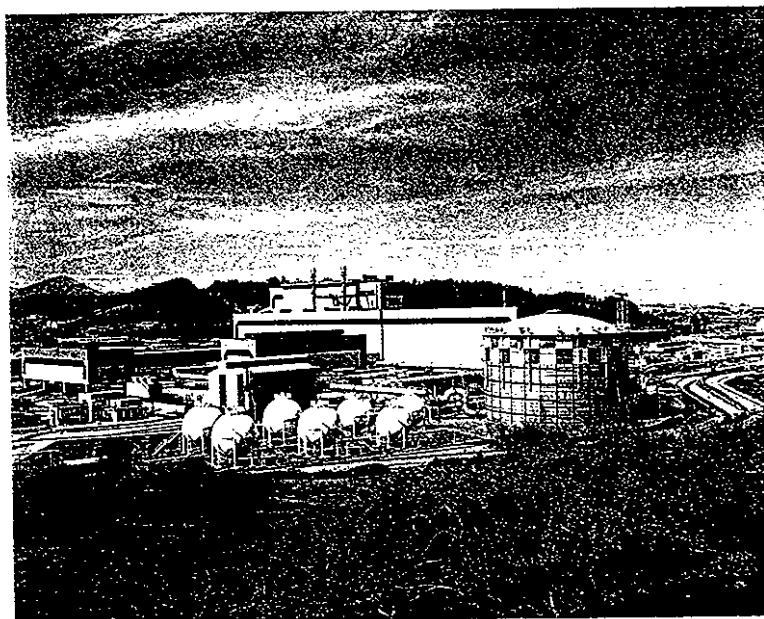


Growing social awareness of the true impact of economic and industrial development on the environment and natural resources is giving rise to the promulgation of increasingly strict regional, national and EU regulations on this issue, which have important implications for the development of companies' business activities.

CSI Planos is particularly affected by regulations on discharges into rivers, emissions into the atmosphere and waste disposal and, accordingly, a programme of measures to be implemented over a number of years has been drawn up, covering all production plants.

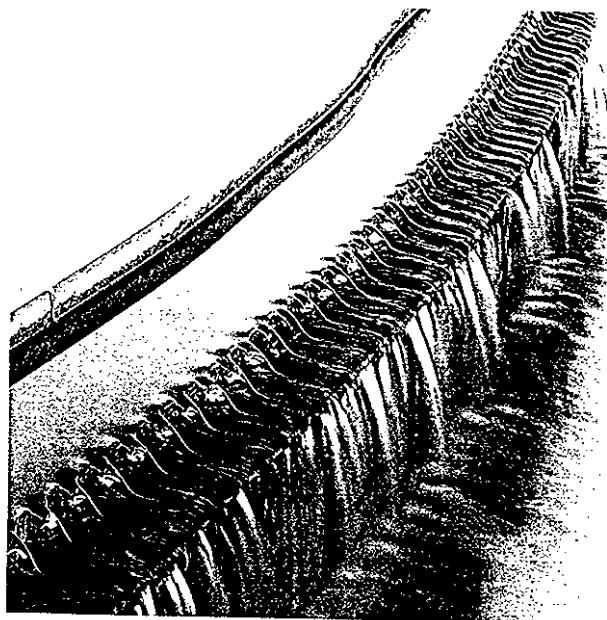
In 1995 an investment was made to change the pickling agent used at the cold-rolling facilities in Avilés. Investments are likewise planned to be carried out in 1996 to improve water treatment at Avilés and Etxebarri. Further investments are envisaged to eliminate the use of highly toxic agents and in the upgrading and reclaiming of landfills. Each of these programmes has a budget of around 1,000 million pesetas.

**CSI Planos has drawn up  
a programme of measures  
in accordance with new  
environmental regulations.**



Mention should also be made of the environmental improvement features included in the conceptual design of all new facilities. The environmental equipment envisaged in the Gijón Head Plant Renovation project amounts to 4,500 million pesetas and will enable emissions and discharges to be minimised.

New applications are being developed jointly with other companies and institutions for the recovery and recycling of steel, and for the reduction and use of waste, such as the slag from blast furnaces and steelworks which can be transformed into a raw material for the manufacture of cement or road surface conglomerate, and can be used to improve farm soils.



The Competitiveness Plan includes a number of measures aimed at achieving sustained improvement in productivity to bring it into line with that of the company's strongest European competitors.

The achievement of this objective requires, on the one hand, a decisive move to redeploy the workforce to adjust to production requirements and measures to improve the overall efficiency of the company and, on the other, intensive personnel training and technological adaptation programmes.

A large number of surplus employees were made redundant during 1993 and 1994, before the CSI Group commenced business, in keeping with the cutbacks in the workforce established in the Competitiveness Plan. In 1995, 343 employees left under pre-retirement schemes. This figure is considerably lower than that of the previous year, since the basic goal in 1995 consisted of the redistribution of the workforce among the different factories as a result of the setting-up of the new Group.

At December 31, 1995, the total workforce of the CSI Planos group amounted to 7,702 workers. Of these, 1,000 belonged to Sidmed, S.A. and 49 to Galmed, S.A., subsidiaries which engage in outside processing, basically for CSI Planos.

Throughout 1995, intensive training programmes were organized to encourage continuous improvement, to pursue overall quality and prepare employees for their new future tasks, so as to cover

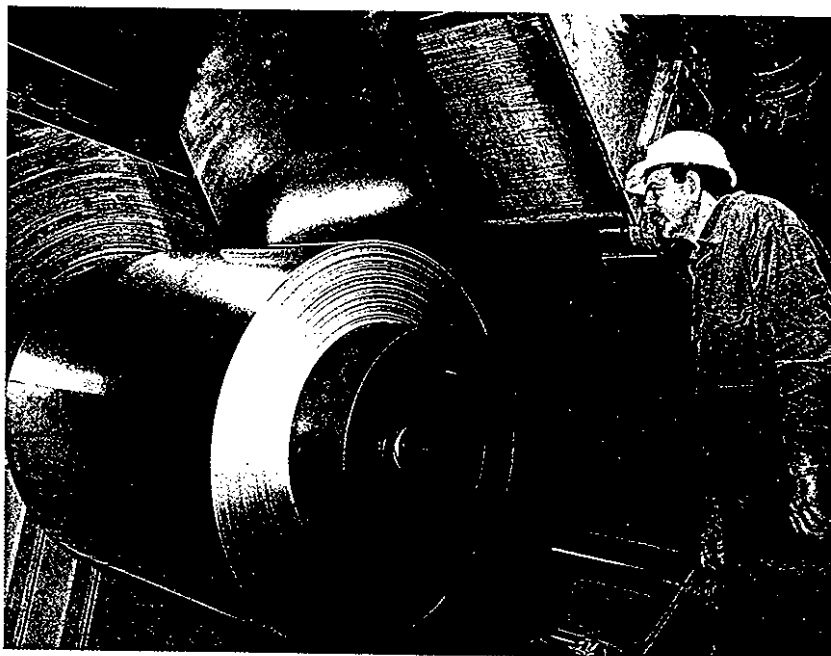


*Intensive training programmes have been organized to encourage continuous improvement, to attain overall quality and prepare employees.*

vacant posts. All in all, 970 courses were taught to 7,128 employees, lasting a total of 188,083 hours.

All the safety indices showed improvements in 1995. Furthermore, absenteeism fell considerably, as envisaged in the Competitiveness Plan.

The Collective Bargaining Agreement signed in 1994 forms the basis for labour relations for the 1994/1996 period. The moderate wage increases established in the aforementioned agreement are in keeping with the obligation of all members of the Group to assume responsibility for achieving the indisputable goal of attaining sustained competitiveness.



The CSI Planos Group obtained consolidated profit before tax of 21,665 million pesetas in 1995. Operating profit for the year amounted to 40,991 million pesetas, of which 10,820 million, as is explained in the Introductory Note to this Management Report, represent profits generated between January and March.

The turnover of the CSI Planos Group amounted to 300,603 million<sup>3</sup> pesetas, of which 228,715 million pesetas represent sales of finished iron and steel products and the remaining 71,888 million pesetas relate to sales of intermediate products (pig iron and slabs), by-products and services rendered.

The CSI Planos Group generated a gross value added of 100,600 million pesetas, representing 34 percent of turnover. This figure was achieved on account of the favourable trend in selling prices and the improvements in the different operating areas, despite the upward trend of raw material prices, although the effects of the latter were partially offset by the performance of the peseta against the dollar.

Personnel expenses amounted to 37,958 million<sup>4</sup> pesetas, accounting for 13 percent of turnover.

As may be seen in the Notes to the Annual Accounts, the depreciation and amortisation methods used by the CSI Planos Group are in line with those of the leading companies in the industry.

<sup>3</sup> 224,713 million pesetas for the period April 1-December 31.  
See the Introductory Note to this report.

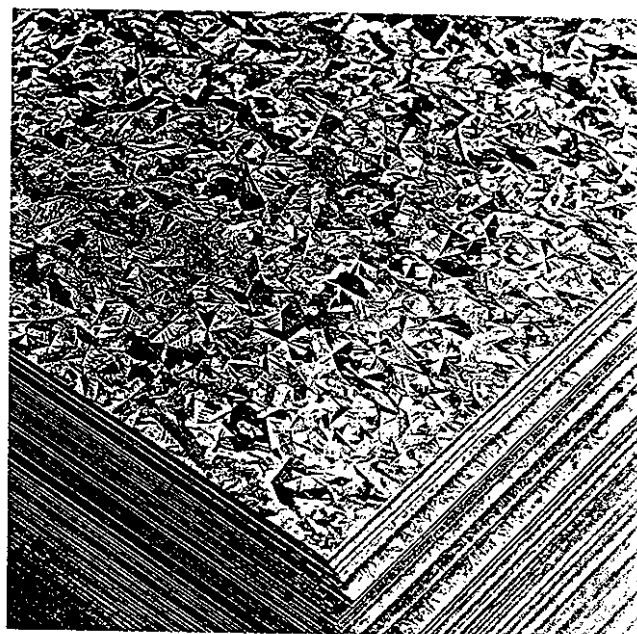
<sup>4</sup> 29,965 million pesetas for the period April 1-December 31.  
See the Introductory Note to this report.



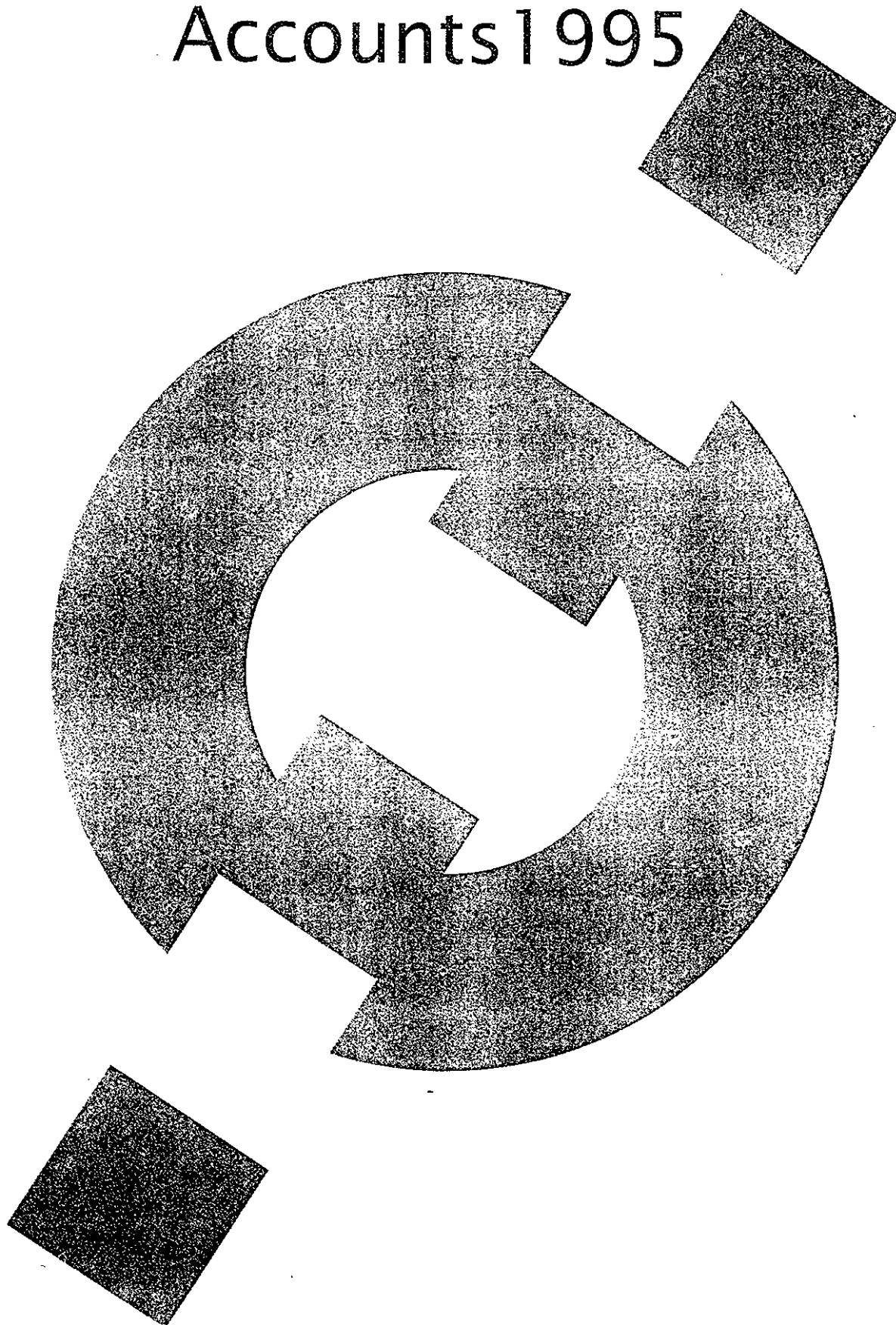
In 1995, a total of 11,300 million pesetas of provisions were recorded with a charge to extraordinary profit or loss. These provisions are designed to cover the basic costs of technological adaptation and innovation, research and product diversification, environmental requirements and quality improvement, all of which are necessary to ensure that competitive productivity levels are maintained over the next few years.

The financial profitability of the company (profit after tax/initial shareholders' equity) was 9.6 percent.

All the main financial ratios point to the company's sound financial and net worth position. For example, the liquidity ratio (current assets/current liabilities) stands at 2.0 and the shareholders' equity/fixed assets ratio is 1.38.



# Auditors' Report & Consolidated Annual Accounts 1995



CSI PLANOS, S.A.  
AND SUBSIDIARIES

Consolidated Balance Sheet at  
December 31, 1995 (Notes 1 to 5)  
(Millions of pesetas)

ASSETS

	1995
<b>FIXED ASSETS:</b>	
<b>Intangible assets</b>	<b>18</b>
<b>Tangible fixed assets (Note 7)</b>	<b>127,145</b>
Land and buildings	94,102
Technical installations and machinery	261,749
Other fixed assets	16,297
Advances and fixed assets in progress	12,964
Depreciation	(257,967)
<b>Financial investments (Note 8)</b>	<b>16,458</b>
Holdings accounted for under the equity method	15,351
Other financial investments	1,118
Provisions	(11)
<b>Total fixed assets</b>	<b>143,621</b>
<b>CURRENT ASSETS:</b>	
<b>Stocks</b>	<b>69,107</b>
Raw materials and other supplies	13,718
Work in progress and semi-finished products	34,606
Finished products	15,694
Replacements	10,476
Provisions	(5,387)
<b>Accounts receivable</b>	<b>60,543</b>
Trade debtors for goods and services provided	23,280
Receivable from associated and related companies (Note 8)	31,462
Other debtors	1,195
Public bodies (Note 15)	4,641
Provisions	(35)
<b>Short-term financial investments</b>	<b>63,482</b>
Short-term securities portfolio (Note 9)	62,768
Loans to group and associated companies	41
Other loans	673
<b>Cash and bank balances</b>	<b>1,644</b>
<b>Accruals and prepayments</b>	<b>271</b>
<b>Total current assets</b>	<b>195,047</b>
<b>TOTAL ASSETS</b>	<b>338,668</b>

*Translation of report and consolidated financial statements originally issued in Spanish.  
In the event of discrepancy, the Spanish language version prevails.*

## SHAREHOLDERS' EQUITY AND LIABILITIES

	1995
<b>SHAREHOLDERS' EQUITY (Note 10):</b>	
Subscribed capital	80,000
Issue premium	99,995
Translation differences	751
Profit allocable to the controlling company	17,275
<b>Total shareholders' equity</b>	<b>198,021</b>
<b>MINORITY INTERESTS (Note 11)</b>	<b>6,527</b>
<b>NEGATIVE CONSOLIDATION DIFFERENCES (Note 6):</b>	
Companies consolidated by the full consolidation method	3,850
<b>Total negative consolidation difference</b>	<b>3,850</b>
<b>DEFERRED INCOME:</b>	<b>247</b>
<b>PROVISIONS FOR RISKS AND EXPENSES (Note 12)</b>	
Provisions for pensions and similar obligations	6,539
Other provisions	15,547
<b>Total provisions</b>	<b>22,086</b>
<b>LONG-TERM DEBT</b>	
Payable to credit institutions (Note 13)	6,358
Public bodies (Note 15)	260
Payable to associated and related companies (Note 8)	53
Other creditors (Note 14)	4,646
<b>Total long-term debt</b>	<b>11,317</b>
<b>CURRENT LIABILITIES:</b>	
Payable to credit institutions (Note 13)	9,624
Payable to associated and related companies (Note 8)	35,585
Trade creditors	34,051
Other non-trade debts (Note 14)	3,699
Public bodies (Note 15)	9,567
Provisions for operating expenses	4,018
Accruals and prepayments	76
<b>Total current liabilities</b>	<b>96,620</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>338,668</b>

The accompanying notes 1 to 22 are an integral report form an integral part of this consolidated balance sheet.

Translation of the report and consolidated balance sheet into Spanish is for information only and does not constitute a translation of the original report.



CSI PLANOS, S.A.  
AND SUBSIDIARIES

Consolidated profit and loss account  
for the year ended December 31,  
1995 (Notes 1 to 5)  
(Millions of pesetas)

DEBIT

	1995
<b>EXPENSES:</b>	
Supplies (Note 18)	124,991
Personnel expenses (Note 19)	29,965
Period depreciation and amortisation (Note 7)	17,766
Other operating expenses (Note 18)	43,850
<b>Operating profits</b>	<b>40,991</b>
	<b>257,563</b>
Financial and similar expenses	5,356
Exchange losses	347
	<b>5,703</b>
<b>Profit from ordinary activities</b>	<b>41,050</b>
Extraordinary expenses	
Extraordinary amortization and provisions (Note 20)	19,663
	<b>19,663</b>
<b>Consolidated profit before tax</b>	<b>21,665</b>
Corporation tax (Note 16)	4,945
<b>Net consolidated profit for the year</b>	<b>16,720</b>
<b>Net profit for the year allocable to the controlling company</b>	<b>17,275</b>

*Translation of a report and consolidated annual accounts originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

## CREDIT

	1995
<b>INCOME:</b>	
Net turnover (Notes 8 and 17)	224,713
Increase in stocks of finished products and work in progress	20,012
Work done by the Company on its fixed assets	1
Other operating income	2,017
Profit generated in the first quarter of 1995	10,820
	<b>257,563</b>
Income from shareholdings	51
Other financial income	4,503
<b>Financial loss</b>	<b>1,149</b>
	<b>5,703</b>
Share in profits of companies accounted for by the equity method	1,208
<b>Loss from ordinary activities</b>	<b>—</b>
Profit from fixed assets	69
Extraordinary profit and income	209
<b>Extraordinary loss</b>	<b>19,385</b>
	<b>19,663</b>
<b>Profit or loss allocable to minority interests (Note 11)</b>	<b>555</b>

*The accompanying notes 1 to 22 are an integral part of this consolidated profit and loss account.*

*Translation of a report and consolidated annual accounts originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

## CSI PLANOS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR  
ENDED DECEMBER 31, 1995

### **(1) INCORPORATION OF CSI PLANOS, S.A. AND ITS GROUP AND ACTIVITY**

CSI Planos, S.A. was incorporated on December 15, 1994, in the framework of the AHV - ENSIDESA Joint Competitiveness Plan.

The corporate purpose of CSI Productos Largos, S.A. is as follows:

1. The manufacture of basic iron and steel production and flat-rolled iron and steel products, in the broadest sense, and the acquisition and marketing of such materials, research and development in the iron and steel sector, and engineering and construction work with iron and steel products.
2. The provision of corporate consultancy and advisory services to its subsidiaries and investees and to the iron and steel industry in general.

The Group engages in the usual activities of an iron and steel corporation. These are carried out by CSI Planos, S.A. at its factories in Gijón, Avilés and Etxebarri (Vizcaya). Also, through its subsidiary companies it broadens its range of activities and increases the added value of its products by operating in the fields of cold-reducing and galvanised and zinc-plated products. These production activities are further backed up by a number of domestic and foreign subsidiaries that serve to broaden the Group's sales network.

#### **Incorporation and structuring of the companies**

In the framework of the AHV-ENSIDESA Joint Competitiveness Plan, on October 28, 1994, the Council of Ministers approved the establishment of a new group of companies centred on iron and steel activities. The group comprises the following companies:

- CSI Corporación Siderúrgica, S.A. (Holding company).
- CSI Planos, S.A.
- CSI Productos Largos, S.A.
- CSI Transformados, S.A.
- Acería Compacta de Bizkaia, S.A.

The Group began to operate in 1995, following the contribution and/or transfer to the aforementioned companies by the then Corporación de la Siderurgia Integral, S.A. (now AHV-ENSIDESA Capital, S.A.), Empresa Nacional Siderúrgica, S.A.-ENSIDESA and Altos Hornos de Vizcaya, S.A.- AHV of part of their industrial operating assets, financial assets and certain debts and liabilities related to the assets transferred.

CSI Planos, S.A. was incorporated with an initial share capital of 10 million pesetas, which was subscribed and paid up by the current CSI Corporación Siderúrgica, S.A.

The Resolution of the Council of Ministers of October 28, 1994, establishes that, in order to comply with the schedule and the commitments required by the European Union, as of January 1, 1995, the operations relating to the branches of activity of the AHV and ENSIDESA groups that are contributed to the new companies will, for accounting purposes, be considered to be for the account of the latter, even if these transfers take place after January 1, 1995. The inventories of assets and liabilities on which these operations are based must first be valued by a legally appointed expert or experts.

In compliance with the aforementioned Resolution, ENSIDESA and AHV transferred part of their assets relating to the manufacture of basic and flat-rolled products to CSI Planos, S.A., through the contribution of industrial operating assets, financial assets and certain related liabilities, the valuation at December 31, 1994 of which was checked by independent experts, in accordance with current legislation. The net value of the assets and liabilities contributed to CSI Planos, S.A. amounted to 179,986 million pesetas.

Although, for operating purposes, the above contribution was carried out on April 1, 1995, the reference date for the valuation of the assets and liabilities contributed was December 31, 1994. For this reason, the deed of contribution dated March 31, 1995 specifies, inter alia, the restatement of any variations that the assets and liabilities contributed may undergo during the period between the valuation reference date (December 31, 1994) and the agreed date of contribution for operating purposes (April 1, 1995). The deed also establishes that the recipient shall receive any income generated between January 1 and March 31, 1995 by the branches of activity transferred, while the contributor shall receive compensation for any losses (Note 5-j).

Bearing in mind the foregoing aspects, the balance sheet at March 31, 1995 for the activities contributed, basic iron and steel production and the manufacture of flat-rolled products, was as follows:



	Millions of pesetas
<b>FIXED ASSETS:</b>	
Net intangible assets .....	20
Net tangible fixed assets .....	103,030
Net financial investments .....	24,615
<b>Subtotal</b> .....	<b>127,665</b>
<b>CURRENT ASSETS:</b>	
Stocks .....	45,464
Accounts receivable .....	40,731
Short-term financial investments .....	85
Cash and bank balances .....	5
Other assets .....	133
<b>Subtotal</b> .....	<b>86,418</b>
Accounts receivable arising from attribution of profit and loss .....	10,820
Accounts receivable arising from assets and liabilities contributed .....	5,980
<b>TOTAL ASSETS</b> .....	<b>230,883</b>
<b>NET VALUE OF CONTRIBUTION</b> .....	<b>179,986</b>
<b>PROFIT GENERATED IN THE BRANCH OF ACTIVITY IN THE FIRST QUARTER OF 1995</b> .....	<b>10,820</b>
<b>PROVISIONS</b> .....	<b>5,136</b>
<b>LONG-TERM DEBT</b>	
Payments pending on shares .....	220
Payable to related companies .....	12,281
Long-term loans .....	4,771
<b>Subtotal</b> .....	<b>17,272</b>
<b>CURRENT LIABILITIES</b>	
Short-term loans .....	7,193
Other liabilities .....	2,581
Provisions for operating expenses .....	4,769
<b>Subtotal</b> .....	<b>14,543</b>
Accounts payable arising from assets and liabilities contributed .....	3,126
<b>TOTAL LIABILITIES</b> .....	<b>230,883</b>

## (2) GROUP COMPANIES

The Group companies included in the consolidation process and related information at December 31, 1995 are shown below:

Millions of pesetas							
Activity	Percentage direct and indirect holding	Total assets	Liabilities	Profit (Loss) for the year	Capital	Reserves	
<b>CONTROLLING COMPANY</b>							
CSI Planos, S.A.	Basic iron and steel production and flat-rolled products	-	312,640	115,800	16,845	80,000	99,995
<b>FULL CONSOLIDATION METHOD</b>							
Siderúrgica del Mediterráneo, S.A. (SIDMED)	Cold-reduced strips and zinc-plated products	67.5%	26,562	11,614	(2,725)	17,500	173
Galvanizaciones del Mediterráneo, S.A. (GALMED)	Treatment and galvanisation of steel plate	51%	15,031	7,002	43	8,010	(24)
Agruminsa, S.A.	Dormant	100%	547	453	(77)	315	(144)
Cortes y Aplanados Siderúrgicos, S.A. (CASISA)	Processing and marketing of tinplate	100%	862	735	72	50	5
<b>EQUITY METHOD</b>							
Bishopsgate Steel Int. Ltd. (d)	Processing and marketing of iron and steel products	76%	4,762	4,572	89	94	7
Companhia Hispano-Brasileira de Pelotização, S.A. COSIMET (c)	Manufacture of iron pellets	49.11%	9,961	3,232	136	4,224	2,369
	Marketing and distribution of iron and steel products	60%	22,570	16,457	353	2,031	3,729
Convarri Group (b)	Flat-rolling of iron and steel	30%	61,409	35,927	2,703	4,973	17,806
HIASA (a)	Plate-shearing and pickling	30%	9,999	5,282	622	500	3,595
Alfonso Gallardo, S.A. (a)	Processing and marketing of iron and steel products	30%	4,631	2,389	807	200	1,235
Ensisteel, Inc. (a)	Market surveys	100%	133	103	3	7	20
Infisa Internacional, S.A. (a)	Portfolio company	100%	11	—	—	1	10
Infisa, GmbH. (a)	Marketing	100%	129	111	1	9	8
Tradensa, S.A. (a)	Marketing of iron and steel products	100%	15	5	—	10	—
Ensitalia, S.L.R. (a)	Marketing of iron and steel products	100%	16	12	1	2	1
Reclori, S.A.	Acid treatment	25%	637	—	—	850	(213)
Megaço (a)	Processing and marketing of iron and steel products	14%	2,825	2,124	110	487	104
Ferralca (b)	Processing and marketing of iron and steel products	10%	4,039	3,123	250	15	651
Emilsider	Marketing of iron and steel products	30%	4,965	2,884	498	1,006	577
<b>COMPANIES NOT CONSOLIDATED</b>							
Arturo Soria/La Ría, S.A.	Real-estate development	100%	74	—	—	80	(6)
EBHI (a)	Handling of bulk mineral	11.2%	1,189	908	17	200	64
Ensilectric, S.A.	Design of information systems	34%	344	223	10	100	11

(a) Information obtained from individual annual accounts for 1994.

(b) Information obtained from consolidated accounts for 1994.

(c) A portfolio company with a 50% holding in Laminados Velasco, S.A. Information obtained from annual group accounts for 1994.

(d) Information obtained from the consolidated accounts for 1995.

All holdings included in the consolidation process were incorporated into the Group through non-cash contributions (see Note 1), except those corresponding to Alfonso Gallardo, S.A., Megaço y Ferralca, S.A. which were acquired from AHV-Ensidesa Capital, S.A. (formerly Corporación de la Siderurgia Integral, S.A.) in 1995.

### **(3) BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS**

#### **a) True and fair view**

The accompanying consolidated annual accounts at December 31, 1995 were prepared from the account books of CSI Planos, S.A. and its subsidiaries (Note 2) and are shown in keeping with the Spanish National Chart of Accounts and, accordingly present a true and fair view of the Group's net worth, financial situation and results of operations. The consolidated annual accounts of CSI Planos, S.A. and the individual accounts of the subsidiary Companies, which were prepared by the respective Company directors, will be submitted to the General Meetings of Shareholders for approval and are expected to be approved by the latter without any changes.

#### **b) Consolidation principles**

The consolidated accounts at December 31, 1995 include the individual annual accounts of CSI Planos, S.A. and of the subsidiary companies in which the Company holds a direct or indirect interest and which it effectively controls and manages. The companies included in the consolidation process at December 31, 1995, and the consolidation method used are listed in Note 2, together with other relevant information on the subsidiary companies that make up the Group.

The full consolidation method was used for companies in which CSI Planos, S.A. exercises effective control through holding a majority of voting rights in their representative and decision-making bodies. The equity method was used when appropriate, that is, for the subsidiaries in which CSI Planos, S.A. has significant influence but does not hold a majority of voting rights or manage them jointly with third parties. This method was also used for other subsidiaries which, although majority owned by the Group, would not have had a significant effect on Group profit or loss had the full consolidation method been used. Dormant dependent and associated companies in which the Group has indirect ownership of over 20% were not consolidated. These companies were valued at acquisition cost, less, as the case may be, the necessary provisions for decline in value when cost exceeds their reasonable value at the year end, as (basically) determined on the basis of underlying book value (see Note 2).

The basic criteria followed in the consolidation process are:

1. All significant accounts and transactions between the companies consolidated under the full consolidation method were eliminated in consolidation. The most significant accounting principles and criteria used in the preparation of the accompanying consolidated annual accounts were applied uniformly.

2. The accompanying profit and loss account includes the amounts of the transactions carried out at CSI Planos, S.A. April 1 and December 31, 1995. Company profit or loss for the first quarter of 1995 is shown under "Profit or loss generated in the first quarter of 1995" (Notes 1 and 5.j).
3. Minority shareholders' equity amounted to 6,527 million pesetas at December 31, 1995. This is recorded under the heading "Minority interests" in the accompanying consolidated balance sheet. Minority shareholders' share in profits for the year is shown under "Profit or loss allocable to minority interests" in the accompanying 1995 consolidated profit and loss account.
4. The negative differences arising in the first consolidation between the recorded investment value of some of the consolidated companies and their respective underlying book value, which amounted to 9,939 million pesetas, were allocated as follows:
  - An addition of 4,531 million pesetas to the accumulated depreciation at SIDMED and GALMED included in the contribution process. This amount will be taken to the profit and loss account as the effective decline in value of the related fixed assets occurs.
  - In covering the estimated costs (1,558 million pesetas) arising from workforce restructuring at subsidiary companies. The relevant amounts are taken to consolidated profit or loss as these costs are incurred.
  - Negative consolidation differences, amounting to 3,850 million pesetas (see Note 6).
5. The positive differences, arising in the first consolidation or on acquisition, between the book value and underlying book value, of the shareholdings in the capital of the Gonvarri Group, HIASA, COSIMET and the Alfonso Gallardo Group are recorded as goodwill in consolidation and have been fully amortised by the Group and taken to consolidated profit or loss. The 8,334 million pesetas amortised are included under the "Extraordinary expenses" caption in the consolidated profit and loss account (Note 20).
6. The balances of the assets, rights and obligations of the foreign subsidiaries included in the consolidation process were translated into pesetas at the year-end exchange rates, the equity balances were translated at the historical rates of exchange and the statements of profit and loss at the average rate of exchange for the year. The differences arising from the application of these exchange rates are recorded in shareholders' equity under the heading "Translation differences" (Note 10).

### **c) Accounting principles**

The accompanying consolidated annual accounts were prepared in accordance with the generally-accepted accounting principles and valuation standards described in Note 5. All accounting principles significantly affecting the annual accounts were applied.

### **d) Commencement of operations**

As pointed out in Note 1, although CSI Planos, S.A. was incorporated in December 1994, it did not begin to operate until 1995, which is the first year that the Group has presented consolidated annual accounts. Therefore, the consolidated balance sheet and profit and loss account are presented only for the year ended December 31, 1995. Furthermore, the different captions in the accompanying profit and loss account show amounts corresponding to the period April 1 to December 31, 1995, although the profit for the year relates to the period between January 1 and December 31, 1995 (see Note 5-j).

## **(4) DISTRIBUTION OF PROFIT OF THE CONTROLLING COMPANY**

The proposal for the distribution of profits prepared by the controlling Company directors is shown below:

	Millions of pesetas
Dividends .....	7,200
Legal Reserve .....	1,684
Voluntary reserves .....	7,961
	<b>16,845</b>

## **(5) VALUATION STANDARDS**

The main valuation methods followed by the Company when preparing the 1995 consolidated annual accounts, in keeping with those established in the Spanish National Chart of Accounts, are:

### **a) Start-up expenses**

These mainly comprise expenses incurred in increasing share capital (Notes 1 and 8) and are charged directly to the profit and loss account in the year they are incurred. 99 million pesetas were charged to the 1995 profit and loss account in this respect.

### **b) Tangible fixed assets**

Tangible fixed assets acquired through the contribution described in Note 1 are valued at their contribution value. Later additions are valued at acquisition cost.

Tangible fixed assets acquired by the rest of the subsidiaries prior to December 31, 1983 are valued at updated cost price. Later acquisitions are valued at acquisition cost.

Costs deriving from enlargement, modernisation or improvements that lead to increased productivity, capacity or efficiency, or extend the useful life of the goods, are capitalised.

Work carried out by the Group on its own fixed assets is shown at the cumulative cost resulting from adding to external costs the internal costs determined according to in-house consumption of warehouse materials and manufacturing costs applied at absorption rates similar to those used to value stocks.

Upkeep and maintenance expenses incurred during the financial year are expensed currently.

The Company depreciates its tangible fixed assets using the straight-line method, distributing the cost of the assets over the estimated years of useful life, based on an internal technical study that determines the useful life of the main facilities contributed to the Company, as shown in the following table.

	Total estimated useful life
Buildings .....	20-50
Technical installations .....	8-12
Machinery .....	8-12
Tools .....	10
Furniture .....	10
Data-processing equipment .....	4
Transport equipment .....	6-15

Tangible fixed assets are depreciated from the time they become operational. In 1995, a total of 17,664 million pesetas of depreciation was charged to the consolidated profit and loss account (Note 7).

### **c) Financial investments and short-term financial investments**

Financial investments and short and long-term fixed-rate and equity securities are shown individually at the lower of acquisition cost and/or contribution value (see Note 1) or market value. Where cost exceeds year-end market value, the differences are recorded under the heading "Financial investments - Provisions" in the accompanying consolidated balance sheet.

Holdings in associated companies are valued using the equity method (Note 2).

As to holdings in foreign companies, their underlying book value is calculated by translating their net worth from the main currency in which the company operates into pesetas at the year-end exchange rates.

#### **d) Stocks**

Raw and ancillary materials, consumables and spares and replacements are valued at the lower of average acquisition cost or market price.

Finished and semi-finished products and work in progress are valued at the average manufacturing cost for the year; this includes the cost of raw and other materials used, labour and direct and indirect manufacturing expenses. The cost of these stocks is reduced to net realisable value when this is lower than manufacturing cost.

In order to value replacements at the lower of cost and realisable value, the Company analyses stock rotation by calculating the amount of the provision that would have to be recorded to value stocks at the lower of realisable value or acquisition cost. This is done by applying certain percentages according to the age of each item of stocks.

The value of obsolete and faulty products is adjusted by estimating their possible realisable value.

#### **e) Accounts receivable**

Accounts receivable are stated at their nominal value in the accompanying balance sheet. Nevertheless, any necessary adjustments to their value have been made, by recording the relevant provisions based on the risk of possible bad debts. Also, an estimate of the discounts, allowances and other items applicable to customer accounts receivable is included under the "Provisions for operating expenses" caption on the liability side of the accompanying balance sheet, in keeping with the accounting principle of prudence.

#### **f) Provisions for pensions and similar obligations**

The AHV-ENSIDESA Joint Competitiveness Plan approved by the Council of Ministers (Note 1) includes a system of aid that was authorised by the European Union on April 12, 1994. In accordance with the Plan, AHV and ENSIDESA expressly state their decision to continue to assume liability for the labour plan in relation to supplementary retirement payments, pre-retirement payments and other similar benefits contained in the aforementioned Competitiveness Plan. This concerns both existing obligations to retired personnel and those which may arise to serving personnel, provided that the latter obligations do not exceed the amounts initially envisaged in the Plan.

Under certain conditions, the subsidiaries SIDMED and GALMED are obliged to supplement the Social Security benefits received by employees that leave through retirement or disability. This supplementary payment is also applicable in the case of death of spouse or parent. Furthermore, the Group companies are generally obliged to pay certain bonuses to employees after 25 and 35 years of service. Also, SIDMED has a number of commitments to groups of workers made redundant through the restructuring of the workforce carried out during 1987/1990 and 1991/1993.

At December 31, 1995 the "Provisions for risks and expenses - Provisions for pensions and similar obligations" caption (Note 12) in the accompanying consolidated balance sheet includes amounts accrued at that date which have generally been calculated on the basis of actuarial studies using an individual capitalisation system.

**g) Other provisions for risks and expenses**

At December 31, 1995, the balance of this caption in the accompanying consolidated balance sheet includes amounts to cover the basic costs of technological adaptation and innovation, research and product diversification, and environmental and improved quality requirements, all of which are necessary to ensure that competitive production levels are maintained over the coming years.

The net period provision, which was charged to consolidated profit or loss for the year, amounted to 10,411 million pesetas. This is basically recorded under the heading "Extraordinary expenses" in the accompanying consolidated profit and loss account (Notes 12 and 20).

**h) Corporation tax**

Corporation tax expense for the year is calculated on the basis of book profit before tax, increased or decreased, as the case may be, by the permanent differences from the profit for tax purposes, net of any applicable tax relief and tax credits, excluding tax withholdings and prepayments.

**i) Transactions in foreign currency**

Transactions in foreign currency are valued in pesetas by applying the average exchange rates prevailing during the month in which the transaction took place. Exchange differences arising during the year as a result of cash collections and payments are recorded directly as financial expenses (loss) or income (profit). Also, at December 31 of each year, the balances receivable and payable in foreign currencies are valued at the exchange rates ruling at that date. Unrealised exchange losses are taken to consolidated loss for the year and unrealised exchange gains are deferred, being recorded on the liabilities side of the accompanying consolidated balance sheet under "Deferred income".

**j) Income and expenses**

Income and expenses are recorded according to the accrual method, that is, when the actual flow of goods and services takes place, regardless of when the related monetary or financial flow takes place.



However, in accordance with the accounting principle of prudence, the Group CSI only records profits realised at the end of the year, while foreseeable risks and losses, even only possible ones, are recorded as soon as they are known.

Furthermore, as Note 1 indicates, as of January 1, 1995, the operations of the branch of activity contributed by AHV and ENSIDESA to CSI Planos, S.A. are, for accounting purposes, deemed to be carried out by the latter. Therefore, as established in the deed of contribution, the profits generated by these activities during the first quarter of 1995 correspond to CSI Planos, S.A. These results were calculated as though the contribution date had been January 1, 1995, with the labour, production and financial structure envisaged for the new company during that period.

#### **k) Classification of debt as short- or long-term**

In compliance with the Spanish National Chart of Accounts, debt is classified on the basis of the term to maturity at the end of the year, that is, debts maturing in under twelve months are classified as current liabilities and those maturing at over twelve months as long-term debt.

#### **(6) NEGATIVE CONSOLIDATION DIFFERENCES**

The balance of this caption in on the liabilities side of the accompanying consolidated balance sheet, after the allocations as described in Note 3-b, basically arose from the investment in SIDMED.

#### **(7) TANGIBLE FIXED ASSETS**

The variations in 1995 in the different accounts of tangible fixed assets and in the respective accumulated depreciation for the year 1995 were as follows:

Millions of pesetas

	Balances at January 1, 1995	Inclusions arising from contribution of branches of activity (Note 1)	Additions	Transfers	Retirements	Balances at December 31, 1995
<b>Cost:</b>						
Land and structures						
Land and natural resources .....	—	4,616	—	—	(44)	4,572
Buildings and other structures .....	—	89,767	70	242	(549)	89,530
Technical installations and machinery .....	—	266,594	17	1,718	(6,580)	261,749
Other installations, tools and furniture .....	—	1,257	1	12	(49)	1,221
Advances and fixed assets in progress .....	—	730	14,253	(2,019)	—	12,964
Other fixed assets						
Transport equipment .....	—	4,246	—	4	(72)	4,178
Data-processing equipment .....	—	3,947	—	9	(4)	3,952
Replacements .....	—	7,289	—	34	(377)	6,946
	—	378,446	14,341	—	(7,675)	385,112
<b>Accumulated depreciation:</b>						
Buildings and other structures .....	—	(56,053)	(2,773)	—	157	(58,669)
Technical installations and machinery .....	—	(177,933)	(14,560)	—	6,524	(185,969)
Other installations, tools and furniture .....	—	(955)	(52)	—	48	(959)
Other fixed assets						
Transport equipment .....	—	(3,433)	(97)	—	72	(3,458)
Data-processing equipment .....	—	(3,470)	(154)	—	4	(3,620)
Other tangible fixed assets .....	—	(5,265)	(28)	—	1	(5,292)
	—	(247,109)	(17,664)	—	6,806	(257,967)
	—	131,337				127,145

During the year the Group began to invest in refurbishing the head production plant in Veriña (Gijón), the LDIII Steelworks and the semi-continuous mill in Avilés, all of which are owned by CSI Planos, S.A. The investments approved amounted to a total of approximately 57,335 million pesetas, of which approximately 47,000 million went to the head plant in Veriña. Most of the amounts included in the column headed "Retirements" of the above table refer to facilities that have been dismantled as part of the aforementioned refurbishing process.

#### Mortgages on tangible fixed assets

The loan granted by the European Coal and Steel Community is secured by a mortgage on the Etxebarri plant, owned by CSI Planos, S.A., with a net book value of approximately 15,268 million pesetas at December 31, 1995 (see Note 13).

A further loan granted by the Banco de Crédito Industrial, S.A. is secured by a mortgage on a considerable part of the 16,899 million pesetas of net tangible fixed assets of SIDMED. At December 31, 1995 the outstanding balance was 987 million pesetas (see Note 13).

### **Other aspects**

At December 31, 1995, the Group had ongoing commitments to its fixed asset suppliers of in respect of investments under way amounting to a total of 38,562 million pesetas.

Also, at December 31, 1995, fixed assets totally depreciated amounted to approximately 114,000 million pesetas.

### **(8) FINANCIAL INVESTMENTS AND GROUP, ASSOCIATED AND RELATED COMPANIES**

#### **a) Financial investments**

The breakdown of "Financial investments" in the accompanying consolidated balance sheet at December 31, 1995 is as follows:

	Millions of pesetas
Holdings in associated companies consolidated under the equity method (Note 2) .....	15,351
Long-term securities portfolio .....	313
Other long-term loans .....	791
Long-term deposits and guarantees .....	14
Less - provisions .....	(11)
	<b>16,458</b>

**b) Balances and transactions with Group, associated and related companies**

The following table lists the transactions carried out from April 1, 1995 by the Group with investees consolidated under the equity method, and Group and other related companies:

	Investees	Millions of pesetas Other related companies
<b>Net turnover and other operating income</b>		
CSI Productos Largos, S.A. ....	—	31,530
CSI Transformados, S.A. ....	—	31,106
Altos Hornos de Vizcaya, S.A. ....	—	4,611
Sollac .....	—	6,611
Thyssen.....	—	1,383
Emilsider .....	3,104	—
Gonvarri Group.....	19,721	—
Alfonso Gallardo Group .....	8,017	—
ENSIDESA.....	—	3,175
COSIMET Group .....	5,387	—
Bishopsgate Group .....	3,694	—
HIASA.....	3,983	—
Other.....	415	—
	<b>44,321</b>	<b>78,416</b>
<b>Profits generated in the branch of activity during the first quarter (Note 1)</b>		
ENSIDESA.....	—	7,971
Altos Hornos de Vizcaya, S.A. ....	—	2,849
	—	<b>10,820</b>
<b>Other income</b>		
ENSIDESA.....	—	593
Other.....	86	—
	<b>86</b>	<b>593</b>
<b>Supplies</b>		
CSI Productos Largos, S.A. ....	—	2,117
Companhia Hispano-Brasileira de Pelotização, S.A. ....	5,205	—
Altos Hornos de Vizcaya, S.A. ....	—	51,802
Other.....	167	377
	<b>5,372</b>	<b>54,296</b>
<b>Other operating expenses</b>		
CSI Corporación Siderúrgica, S.A. ....	—	785
CSI Productos Largos, S.A. ....	—	511
ENSIDESA.....	—	3,409
Other.....	322	123
	<b>322</b>	<b>4,828</b>
	<b>599</b>	<b>77</b>
<b>Financial expenses .....</b>		

Furthermore, CSI Planos, S.A. signed an agreement with Acería Compacta de Bizkaia, S.A. (see Note 1), a company whose plant is currently under construction. According to this agreement, Acería Compacta de Bizkaia, S.A. undertakes to supply, and CSI Planos, S.A. to acquire, all its hot-rolled coil production for a period of 10 years from commencement of activity.

During 1995, CSI Planos, S.A. sold 1,058,713 tonnes of pig iron and 142,453 tonnes of slabs and other by-products to CSI Productos Largos, S.A. It has also charged expenses incurred in relation to overheads, supplies, commercial costs and other expenses to CSI Productos Largos, S.A.

As a result of the above transactions, the situation of Group accounts payable to and receivable from investees and Group and other related companies at December 31, 1995 was as follows.

	Millions of pesetas		
	Investees	Other related companies	Total
<b>Accounts receivable:</b>			
CSI Productos Largos, S.A. ....	—	7,915	7,915
CSI Transformados, S.A. ....	—	11,964	11,964
Altos Hornos de Vizcaya, S.A. ....	—	1,044	1,044
Sollac .....	—	2,240	2,240
Gonvarri Group .....	2,400	—	2,400
Bishopsgate Group .....	2,129	—	2,129
Emilsider .....	1,304	—	1,304
ENSIDESA .....	—	748	748
Other .....	1,156	562	1,718
	<b>6,989</b>	<b>24,473</b>	<b>31,462</b>
<b>Long-term creditors:</b>			
CSI Transformados, S.A. ....	—	53	53
	<b>—</b>	<b>53</b>	<b>53</b>
<b>Current liabilities:</b>			
Companhia Hispano-Brasileira			
Pelotização, S.A. ....	1,963	—	1,963
Altos Hornos de Vizcaya, S.A. ....	—	29,627	29,627
ENSIDESA .....	—	1,657	1,657
Other .....	294	2,044	2,338
	<b>2,257</b>	<b>33,328</b>	<b>35,585</b>

## (9) SHORT-TERM FINANCIAL INVESTMENTS

At December 31, 1995, the "Short-term securities portfolio" caption in the accompanying balance sheet basically included the cost of investments in fixed-term deposits and Treasury bills and bonds, and the related accrued interest receivable. The annual interest rates of these investments at year end varied between 8.1 and 9.65% and all investments will mature in 1996.

## (10) SHAREHOLDERS' EQUITY

The variations in the Shareholders' Equity accounts in 1995 were as follows:

	Subscribed capital	Issue premium	Translation differences	Millions of pesetas Profit or loss for the year
Opening balance.....	10	—	—	—
Capital increase through of non-cash contribution (Note 1) .....	79,990	99,995	—	—
Entry of companies into the Group.....	—	—	751	—
Profit for the year.....	—	—	—	17,275
Balance at December 31, 1995.....	80,000	99,995	751	17,275

### Share capital

Once the value of the contribution had been determined (Note 1), CSI Planos, S.A. increased its share capital by issuing 7,999,000 shares with a face value of 10,000 pesetas, with an issue premium of 12,501 pesetas per share. 6,949,000 shares were subscribed by ENSIDESA and the remaining 1,050,000 by AHV.

In this context, on April 24, 1995 the INI and DGPE acquired part of the shares of CSI Planos, S.A., which were subsequently contributed to CSI Corporación Siderúrgica, S.A.

Furthermore, CSI Corporación Siderúrgica, S.A. acquired the remaining shares of CSI Planos, S.A. from ENSIDESA and AHV, thus becoming the sole shareholder of CSI Planos, S.A.

At December 31, 1995, the share capital of CSI Planos, S.A. consisted of 8,000,000 totally subscribed and paid-up shares with a face value of 10,000 pesetas each. Since the sole shareholder is CSI Corporación Siderúrgica, S.A., CSI Planos is a sole-shareholder company and is registered as such in the Mercantile Register. CSI Planos, S.A. does not hold any contracts with its sole shareholder.

### Legal reserve

In accordance with the Corporations Act, as amended, companies are obliged to transfer 10% of their profits for the year to a legal reserve until such reserve reaches at least 20% of the share capital. The legal reserve may be used to increase share capital, providing that its remaining balance does not fall below 10% of the increased capital amount.

Apart from the aforementioned purpose, unless this reserve exceeds 20% of the share capital, it may only be used to offset losses, provided that no other reserves of sufficient quantity are available.

### Issue premium

The Corporations Act, as amended, expressly allows the balance of the issue premium to be used to increase capital and does not establish any specific restrictions regarding the availability of this balance.

### Translation differences

The amount recorded under this caption relates in full to the differences generated by the Group's investment in Hispanobrás (Note 2).

## (11) MINORITY INTERESTS

The balance included under this heading in the accompanying consolidated balance sheet records the value of the minority shareholders' interests in the consolidated companies SIDMED and GALMED (Note 2). The balance of the "Profit or loss allocable to minority interests" caption represents the minority shareholders' share in the year's results.

The breakdown of this caption in the accompanying consolidated balance sheet at December 31, 1995 is as follows:

Millions of pesetas						
Company	Capital	Reserves	Losses from previous years	Adjustment to the value of certain assets (Notes 1 and 3-b)	Profit or loss for the year	Total
Siderúrgica del Mediterráneo, S.A.....	5,687	1,339	(1,283)	(1,788)	(743)	3,212
Galvanizaciones del Mediterráneo, S.A.....	3,925	—	(12)	(786)	188	3,315
	9,612	1,339	(1,295)	(2,574)	(555)	6,527

The above amounts recorded as adjustments to the value of certain assets correspond to the adaptation of the following items to the Group valuation methods (Notes 5-a and 5-b):

	Millions of pesetas
Start-up expenses .....	642
Tangible fixed assets .....	1,932
	<b>2,574</b>

## (12) PROVISIONS FOR RISKS AND EXPENSES

The variations in this caption in the accompanying consolidated balance sheet during the year were as follows:

	Provisions for pensions and similar obligations	Others provisions
Balances at January 1, 1995.....	—	—
Inclusion through contributions received (Note 1).....	5,871	5,136
Net provisions charged to profit and loss for the year .....		
Personnel expenses (Note 19).....	472	—
Financial expenses .....	—	411
Extraordinary expenses (Note 20).....	1,311	10,000
Use for payments and other items .....	(1,115)	—
<b>Closing balances at December 31, 1995 .....</b>	<b>6,539</b>	<b>15,547</b>

At December 31, 1995, the amounts of these provisions were estimated to be sufficient to cover the items stated in Notes 5-f and 5-g.



### (13) PAYABLE TO CREDIT INSTITUTIONS

At December 31, 1995, the amounts of the unmatured bank credits or loans drawn down by the Group and the prevailing annual interest rates were as follows:

	Interest rate	Millions of pesetas
European Coal and Steel Community (ECSC)		
In Swiss francs.....	1.875%	4,525
		<b>4,525</b>
Banco de Crédito Industrial (Note 7) .....	5.5%	1,132
Loans and credits from financial institutions		
In pesetas.....	Mibor + 0.375%	3,231
Loans to finance fixed assets		
In pesetas.....	Mibor + 0.75%	641
In foreign currency (DM) .....	Fibor + 0.5%	378
Trade bills discounted.....		5,684
Accrued interest payable .....		391
		<b>15,982</b>
Less - short-term maturities .....		<b>9,624</b>
		<b>6,358</b>

The balance of "European Coal and Steel Community (ECSC)" relates to an outstanding loan that was received through the contribution of branches of activity (see Note 1). The loan balance as of December 31, 1995 is repayable in equal annual instalments of 10,714,286 Swiss francs, the last of which is due to be paid in June 1999. The loan is secured by a full mortgage on the Etxebarri plant (Note 7) and is guaranteed by an insurance company.

At December 31, 1995, there were 14,479 million pesetas of unused loans and credit lines.

The long-term debt matures as follows:

Maturity	Millions of pesetas
1997.....	2,422
1998.....	2,376
1999.....	1,560
	<b>6,358</b>

Loan contracts generally require a number of conditions to be met with regard to the structure of the balance sheet and other economic data. At December 31, 1995, all the stipulated conditions and clauses had been fulfilled.

#### (14) OTHER CREDITORS

The breakdown of this caption in the accompanying balance sheet at December 31, 1995 is as follows:

	Millions of pesetas
Creditors for acquisition of fixed assets:	
In pesetas .....	3,465
In foreign currency .....	36
	<b>3,501</b>
Payments pending on shares (Note 2) .....	185
Accrued wages and salaries payable .....	1,220
Non-trade creditors .....	3,439
	<b>8,345</b>
Less - short-term maturities .....	<b>3,699</b>
Long-term maturities .....	<b>4,646</b>

The long-term debt matures as follows:

Maturity	Millions of pesetas
1997.....	2,397
1998.....	917
1999.....	861
2000 and subsequent years .....	471
	<b>4,646</b>

## (15) PUBLIC BODIES

The breakdown of the balances with Public bodies at December 31, 1995 is shown below:

	Millions of pesetas
<b>Receivable from public bodies:</b>	
Tax Administration	
VAT .....	3,539
Withholdings on income from movable capital .....	12
Prepaid taxes (Note 16) .....	1,073
Other .....	17
	<b>4,641</b>
<b>Payable to Public bodies:</b>	
Long-term debt	
Social Security Contributions .....	260
	<b>260</b>
Current liabilities	
Tax Administration	
Withholdings on income from movable capital .....	3
Personal income tax withholdings .....	1,245
VAT .....	414
Corporation tax (Note 16) .....	6,018
Other .....	290
Social Security contributions	
Current payables .....	919
Deferred payables .....	178
Other .....	500
	<b>9,567</b>

## (16) TAXATION

Corporation tax is calculated from the book profit determined by applying generally accepted accounting principles, which does not necessarily coincide with profit for tax purposes. CSI Planos, S.A. and its subsidiary companies file individual tax returns.

The reconciliation of accounting profit per books to the taxable income for corporation tax purposes is as follows:

	Increase	Decrease	Millions of pesetas Amount
Grouping of book profits for the year before corporation tax .....	—	—	19,180
Permanent differences .....	19,458	(25,809)	(6,351)
Timing differences			
Current year .....	3,066	—	3,066
Other timing differences .....	3,308	(570)	2,738
<b>Taxable income (profit for tax purposes)</b>			<b>18,633</b>

The main items taken as permanent differences are increases in taxable income through the recording of other provisions for risks and expenses (Note 5-g) and the amortisation of the positive differences on the holding in different associated companies (Note 3-b). The main decreases in taxable income generally relate to the results for the first quarter of 1995 (Note 1) and to tax depreciation of fixed assets and provisions incorporated through the contribution, amounting to 7,834 million pesetas.

The expense and amount payable in relation to corporation tax for the year are calculated as follows:

	Millions of pesetas
Tax at 35% .....	6,522
Tax credits for investment and other .....	(504)
Net tax payable (Note 15) .....	6,018
Tax effect of timing differences (Note 15) .....	(1,073)
Consolidated corporation tax expense for the year .....	4,945

Most of the Group Companies have open to inspection by the tax authorities all the main taxes applicable to them since incorporation (Note 1) or the last five years. The directors of the different companies and of the Group do not expect that, in the event of inspection, significant additional liabilities would arise and accordingly have not made any provisions for this in the accompanying annual accounts.

### (17) NET TURNOVER

The detail of the net turnover of the Company for the last 9 months of 1995 is as follows:

	Millions of pesetas
Iron and steel products:	
Domestic market .....	163,571
Foreign market	
EU .....	25,475
Other countries .....	11,466
Services rendered .....	24,201
	<b>224,713</b>

The sales of iron and steel products for the last 9 months of 1995 were as follows:

	Tonnes
Hot-rolled products .....	933,594
Cold-reduced and coated products .....	1,305,808
Semi-finished products .....	1,201,166
Other products .....	371,466
	<b>3,812,034</b>

**(18) CONSUMPTION OF RAW MATERIALS AND OTHER CONSUMABLES AND  
OTHER OPERATING EXPENSES**

The breakdown of purchases, after deducting returns and volume discounts obtained, and the changes in stock during the last 9 months of 1995 are as follows:

	Millions of pesetas
<b>Purchases:</b>	
Raw materials .....	72,806
Finished products .....	284
Other supplies .....	
Ancillary materials .....	5,501
Consumables and spares .....	12,433
Transport of purchases .....	9,574
Other outside expenses .....	25,841
	<b>126,439</b>
<b>Change in stock:</b>	
Raw materials .....	(1,082)
Other supplies .....	(366)
	<b>124,991</b>

The "Other operating expenses" caption in the accompanying consolidated profit and loss account at December 31, 1995 comprises the following:

	Millions of pesetas
Outside services .....	19,556
Supplies .....	11,658
Transport and freight .....	10,653
Taxes .....	1,062
Other operating expenses .....	921
	<b>43,850</b>

## (19) PERSONNEL EXPENSES

The detail, by item, of personnel expenses for the last 9 months of 1995 is as follows:

	Millions of pesetas
Salaries and wages .....	22,215
Employer's Social Security contribution .....	6,816
Period provision for pensions and similar obligations (Note 12) .....	472
Other employee welfare expenses .....	462
	<b>29,965</b>

The following table shows the average number of persons employed during the last 9 months of 1995, according to professional status.

	Number of employees
Managers .....	24
Technical staff .....	2,724
Clerks .....	560
Workers and auxiliaries .....	4,424
	<b>7,732</b>

## (20) EXTRAORDINARY EXPENSES

The extraordinary expenses at December 31, 1995 were as follows:

	Millions of pesetas
Amortisation of positive differences in shareholdings (Note 3-b) .....	8,334
Period provisions for risks and expenses (Note 12) .....	11,311
Other .....	18
	<b>19,663</b>

## (21) COMPANIES' RESULTS

The contribution of each of the companies consolidated to the year's results is shown below:

Company	Consolidated profit or loss	Millions of pesetas	
		Profit or loss allocated to minority interests (Note 11)	Total
CSI Planos, S.A.....	17,091	—	17,091
SIDMED .....	(808)	743	(65)
GALMED .....	385	(188)	197
Cortes y Aplanados Siderúrgicos, S.A.....	52	—	52
	<b>16,720</b>	<b>555</b>	<b>17,275</b>

## (22) DIRECTORS' REMUNERATION AND OTHER BENEFITS

In 1995, the Group Companies did not record any remuneration earned by the board of directors. Furthermore, no loans have been granted and no commitments in respect of pension funds, life insurance or other similar policies have been entered into by the Group Companies to their respective Boards of Directors.





# Proposed resolutions submitted to the Shareholders' Meeting

At the meeting of March 28, 1996, the Board of Directors agreed to hold a Shareholders' Meeting on May 9, 1996. The proposed resolutions, which were approved by the shareholder, were as follows, in keeping with article 95 of the Corporations Act:

## **ANNUAL ACCOUNTS**

To approve the 1995 Annual Accounts and Management Report of both CSI Planos, S.A. and its consolidated group as drawn up by the company directors.

## **CONDUCT OF BUSINESS BY THE BOARD OF DIRECTORS**

To approve the Directors' conduct of the business in 1995.

## **ALLOCATION OF PROFIT**

To approve the allocation of the year's profit of CSI Planos, S.A., which amounts to 16,845,244,420 pesetas, after payment of Corporation Tax and the transfer (1,684,524,442 pesetas) to the legal reserve, as follows:

- **Dividend:** to distribute a dividend of 7,200,000,000 pesetas (900 pesetas per share) to the shareholder, representing 43% of profit.
- **Voluntary reserves:** to set up voluntary reserves for a total of 7,960,719,978 pesetas, corresponding to 47% of profit.

## Board of Directors

<b>Chairman</b>	D. José Manuel García Hermoso	<i>Executive Chairman of CSI Corporación Siderúrgica, S.A.</i>
<b>Managing Director</b>	D. Acacio Rodríguez García	<i>Managing Director of CSI Corporación Siderúrgica, S.A.</i>
<b>Director</b>	D. Juan Estarellas Balle	<i>Corporate Control Manager of CSI Corporación Siderúrgica, S.A.</i>
<b>Secretary</b>	D. Enrique de la Torre Martínez	<i>Board Secretary and Legal Affairs Manager of CSI Corporación Siderúrgica, S.A.</i>

# Management Committee

<b>Executive Chairman</b>	D. José Manuel García Hermoso
<b>Managing Director</b>	D. Acacio Rodríguez García
<b>Operations Manager</b>	D. Guillermo Ulacia Arnaiz
<b>Technology and Quality Manager</b>	D. Carlos Avello Pérez
<b>Marketing Manager</b>	D. Ángel Préstamo Díaz
<b>Finance Manager</b>	D. Juan Estarellas Balle
<b>Human Resources Manager</b>	D. Emilio San Miguel Menéndez

# Main investee companies

## *SALES AND MARKETING DIVISION*

### **INFISA, GmbH**

Kaiser Friedrich Ring, 46

Düsseldorf (Alemania)

Share capital: 100,000 DM

CSI Planos, S.A. holding: 100%

Import, acquisition and marketing of iron and steel products

### **ENSITALIA, S.R.L.**

Piazza VI Febbraio, 16 - 2.º piano

Milan (Italy)

Share capital: 20 million liras

CSI Planos, S.A. holding: 100%

Marketing of iron and steel products, market surveys, technical assistance and representation

### **ENSISTEEL, INC.**

745, Fifth Avenue New York 10.151 (USA)

Share capital: 50,000 \$

CSI Planos, S.A. holding: 100%

Market surveys, representation, provision of services and technical assistance in the US and Canada

### **TRADEN, S.A. (TRADENSA)**

Apartado 168

33600 - Mieres (Asturias)

Share capital: 10 million pesetas

CSI Planos, S.A. holding: 100%

Import, export and marketing of iron steel products and raw materials

## **CORTES Y APLANADOS SIDERÚRGICAS, S.A. (CASISA)**

Zona Franca, calle Motores, 2-8

08004 - Barcelona

Share capital: 50 million pesetas

CSI Planos, S.A. holding: 100%

Purchase, sale and processing of tinplate

## **CONSIDER, S.L.**

Share capital: 1,983 million pesetas

CSI Planos, S.A. holding: 35.56%

The company holds 62.08% of Gonvarri Industrial, S.A.

## **GONVARRI INDUSTRIAL, S.A.**

Share capital: 4,973 million pesetas

CSI Planos, S.A. holding: 7.93%

Storage, shearing and processing of iron and steel products

## **COMERCIAL SIDEROMETALÚRGICA, S.A. (COSIMET)**

Share capital: 438 million pesetas

CSI Planos, S.A. holding: 60%

The company holds 50% of the capital of "Laminaciones Velasco, S.A."

It is a services company which markets and distributes iron and steel products

## **ALFONSO GALLARDO, S.A.**

Share capital: 200 million pesetas

CSI Planos, S.A. holding: 30%

Marketing of iron and steel products

## **GONVHIASA, S.L.**

Share capital: 750 million pesetas

CSI Planos, S.A. holding: 17.87%

This company has a 55.96% stake in HIASA

## **HIERROS Y APLANACIONES, S.A. (HIASA)**

Share capital: 500 million pesetas

CSI Planos, S.A. holding: 5%

Metal processing and marketing of processed products

## **FERRALCA, S.A.**

Share capital: 11.57 million pesetas

CSI Planos, S.A. holding: 10%

Marketing of iron and steel products

## **BISHOPSGATE STEELS INTERNATIONAL LIMITED**

South Way, Walworth Industrial Estate

Andover - Hampshire SP10 5NY

Share capital: 500,000 £GB

CSI Planos, S.A. holding: 76%

Marketing and processing of iron and steel products

## **EMILSIDER, S p A**

Parma (Italy)

Share capital: 13,130 million liras

CSI Planos, S.A. holding: 30%

Marketing of iron and steel products

## **MEGAÇO / JMA COMERCIO SIDERURGICO, LDA.**

Palmela (Portugal)

Share capital: 600 million escudos

CSI Planos, S.A. holding: 14%

Marketing of iron and steel products in Portugal

## *OPERATIONS DIVISION*

### **SIDERÚRGICA DEL MEDITERRÁNEO, S.A. (SIDMED)**

Carretera de Acceso IV Planta, P.K. 3,9

46520 - Sagunto (Valencia)

Share capital: 17,500 million pesetas

CSI Planos, S.A. holding: 67.5%

The company's main activity is the manufacture of cold-reduced strips and zinc-plated products

### **GALVANIZACIONES DEL MEDITERRÁNEO, S.A. (GALMED)**

Carretera de Acceso IV Planta, P.K. 3,9

46520 - Sagunto (Valencia)

Share capital: 8,010 million pesetas

CSI Planos, S.A. holding: 51%

Treatment and galvanisation of strip steel

### **COMPANHIA HISPANO BRASILEIRA DE PELOTIZAÇÃO, S.A. (HISPANOBRAS)**

Vitoria, Estado de Espirito Santo (Brazil)

Plant in Tubarao (Brazil)

Share capital: 44,680,000 reais

CSI Planos, S.A. holding: 49.11%

The company was incorporated in 1974 with Companhia Vale Do Rio Doce —CVRD— which owns 50.89%.

It manufactures pellets and is CSI Planos' main supplier of this product



## **OTHER INVESTEEES**

### **ENSILECTRIC, S.A.**

Share capital: 100 million pesetas

CSI Planos, S.A. holding: 34%

Development and sale of integral control systems for industrial processes

### **ASTURIANA DE RECARGUES SIDERÚRGICOS, S.A**

Share capital: 99.5 million pesetas

CSI Planos, S.A. holding: 5%

Welding of rolling cylinders and equipment

### **EUROPEAN BULK HANDLING INST. S.A. (EBHI)**

Share capital: 200 million pesetas

CSI Planos, S.A. holding: 11.2%

Management of the public operating service of the bulk mineral handling dock in the Port of Gijón

### **ESCORIAS Y DERIVADOS, S.A. (EDERSA)**

Share capital: 100 million pesetas

CSI Planos, S.A. holding: 2.02%

Removal and use of blast furnace slag

### **EUROPAISCHES ENTW.**

Share capital: 2,500,000 DM

CSI Planos, S.A. holding: 2%

Coke research

# Addresses

## Head Office

Paseo de la Castellana, 91  
28046 - Madrid - Spain  
Telephone: 91 - 596 94 00  
Fax: 91 - 596 95 10

## Sales Division

Paseo de la Castellana, 91 - 3.<sup>a</sup> planta  
28046 - Madrid - Spain  
Telephone: 91 - 596 94 34  
Fax: 91 - 596 94 10

P. O. Box 90  
33480 - Avilés (Asturias) - Spain  
Telephone: 98 - 512 60 92  
Fax: 98 - 512 60 48

Carmen, 2  
48901 - Baracaldo (Vizcaya) - Spain  
Telephone: 94 - 489 42 12  
Fax: 94 - 489 41 20

## Factories:

Avilés:  
P. O. Box 90  
33480 - Avilés (Asturias) - Spain  
Telephone: 98 - 512 60 00

Gijón:  
P. O. Box 570  
33280 - Gijón (Asturias) - Spain  
Telephone: 98 - 518 70 00

Vizcaya:  
Equeteaga-Urívarri, 34  
48004 - Etxebarri (Vizcaya) - Spain  
Telephone: 94 - 489 40 00

Published by the Communications department of CSI Corporación Siderúrgica, S.A.

Design and Production: SPAINFO, S.A.

Printed on ecological paper