

Limited Liability Partnership Registration No OC314070 (England and Wales)

Ales Steel International LLP

**Members' report and financial
statements**

For the year ended 31 December 2008

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ALES STEEL INTERNATIONAL LLP

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ALES STEEL INTERNATIONAL LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The members present their report and financial statements for the year ended 31 December 2008

Principal activities and review of the business

The principal activity of the limited liability partnership is that of the trade of Iron and steel products in Europe, Turkey and CIS countries

The results for the year and the financial position at the year end were considered satisfactory by the members who expect continued growth in the foreseeable future

The unpredictability of financial markets as a result of global economic uncertainties including the global banking crises and economic downturn have created a tough global business environment for the LLP. The members expect 2009/10 continue with the same economic challenges, but consider that the LLP is well positioned to manage these challenges in the future

The LLP does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to a price risk or liquidity risk.

Designated Members

The following designated members have held office since 1 January 2008

Ars Commodities Ltd
Irpex International Ltd

Policy on members' drawings

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

ALES STEEL INTERNATIONAL LLP

MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

Statement of members' responsibilities

The members are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that year. In preparing those financial statements, the members are required to

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

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

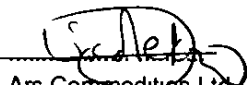
Statement of disclosure to auditor

So far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

Auditors

In accordance with section 385 of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001), a resolution proposing that Garbutt & Elliott Limited be reappointed as auditors of the limited liability partnership will be put to the Annual General Meeting.

On behalf of the members



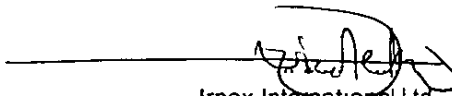
Ars Commodities Ltd

Designated Member

By Casal Management Ltd

Director of Ars Commodities Ltd

Authorised signatory



Irpex International Ltd

Designated Member

By Casal Management Ltd

Director of Irpex International Ltd

Authorised signatory

July 2nd 2010

ALES STEEL INTERNATIONAL LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALES STEEL INTERNATIONAL LLP

We have audited the financial statements of Ales Steel International LLP for the year ended 31 December 2008 set out on pages 5 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the limited liability partnership's members, as a body, in accordance with section 235 of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001). Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001).

In addition we report to you if, in our opinion, the limited liability partnership has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the members' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ALES STEEL INTERNATIONAL LLP

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ALES STEEL INTERNATIONAL LLP

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the limited liability partnership's affairs as at 31 December 2008 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001)

Garbutt & Elliott LLP

Garbutt & Elliott LLP

Chartered Accountants
Registered Auditor

5 July 2010

Arabesque House
Monks Cross Drive
Huntington
York
YO32 9GW

ALES STEEL INTERNATIONAL LLP

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
Turnover	2	101,348,293	61,854,591
Cost of sales		(98,232,692)	(60,271,248)
Gross profit		3,115,601	1,583,343
Administrative expenses		(488,069)	(241,669)
Operating profit	3	2,627,532	1,341,674
Interest payable and similar charges	4	(335,026)	(82,503)
Profit on ordinary activities before taxation		2,292,506	1,259,171
Tax on profit on ordinary activities		-	-
Profit for the financial year before members' remuneration and profit shares		2,292,506	1,259,171

The profit and loss account has been prepared on the basis that all operations are continuing operations

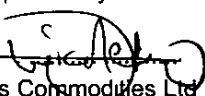
There are no recognised gains and losses other than those passing through the profit and loss account

ALES STEEL INTERNATIONAL LLP

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 \$	\$	2007 \$	\$
Current assets					
Debtors	5	7,493,873		1,595,508	
Cash at bank and in hand		653,450		2,327,063	
		<u>8,147,323</u>		<u>3,922,571</u>	
Creditors, amounts falling due within one year	6	<u>(1,764,212)</u>		<u>(1,464,864)</u>	
Total assets less current liabilities		<u>6,383,111</u>		<u>2,457,707</u>	
REPRESENTED BY:					
Loans and other debts due to members within one year					
Other amounts	7	6,381,663		2,455,713	
		<u>6,381,663</u>		<u>2,455,713</u>	
Equity - Members' other interests.					
Members capital	7	1,448		1,994	
		<u>6,383,111</u>		<u>2,457,707</u>	
TOTAL MEMBERS' INTERESTS					
Loans and other debts due to members	7	6,381,663		2,455,713	
Members' other interests	7	1,448		1,994	
		<u>6,383,111</u>		<u>2,457,707</u>	

Approved by the Members and authorised for issue on 02/07/10


Ars Commodities Ltd

Designated Member
By Casal Management Ltd
Director of Ars Commodities Ltd
Authorised signatory


Irpex International Ltd

Designated Member
By Casal Management Ltd
Director of Irpex International Ltd
Authorised signatory

ALES STEEL INTERNATIONAL LLP

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	\$	\$
Net cash (outflow)/inflow from operating activities	(2,971,186)	1,199,126
Returns on investments and servicing of finance		
Interest paid	(335,026)	(82,503)
Net cash outflow for returns on investments and servicing of finance	(335,026)	(82,503)
Transactions with members and former members		
Payments to members	(4,307,052)	(2,151,205)
Contributions by members	5,939,950	3,360,134
	1,632,898	1,208,929
Net cash (outflow)/inflow before management of liquid resources and financing	(1,673,314)	2,325,552
Other new short term loans	33,508,979	16,996,381
Repayment of other short term loans	(33,508,979)	(16,996,381)
(Decrease)/increase in cash in the year	(1,673,314)	2,325,552

ALES STEEL INTERNATIONAL LLP

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		2008	2007
			\$	\$
	Operating profit		2,627,532	1,341,674
	Increase in debtors		(5,898,365)	(1,593,648)
	Increase in creditors within one year		299,647	1,451,100
	Net cash (outflow)/inflow from operating activities		(2,971,186)	1,199,126

2	Analysis of net funds	1 January 2008	Cash flow	Other non-cash changes	31 December 2008
		\$	\$	\$	\$
	Net cash				
	Cash at bank and in hand	2,327,063	(1,673,613)	-	653,450
	Bank overdrafts	(299)	299	-	-
		2,326,764	(1,673,314)	-	653,450
	Net funds	2,326,764	(1,673,314)	-	653,450

3	Reconciliation of net cash flow to movement in net funds	2008	2007
		\$	\$
	(Decrease)/increase in cash in the year	(1,673,314)	2,325,552
	Movement in net funds in the year	(1,673,314)	2,325,552
	Opening net funds	2,326,764	1,212
	Closing net funds	653,450	2,326,764

ALES STEEL INTERNATIONAL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Limited Liability Partnership Statement of Recommended Practice, which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

1.5 Exchange rates

Balances denominated in foreign currencies as at 31 December 2008 have been translated at the following rates

1 British Pound = 1.45 US Dollars

1.6 Taxation

The taxation payable on profits is the sole liability of the members during the period. Consequently, these financial statements do not include any calculation of taxes payable by the members

None of the LLP's activities during the period under review take place in the United Kingdom. The LLP is owned and controlled by parties outside of the United Kingdom, therefore no UK tax liability arises on the profits generated

1.7 Foreign currency translation

The Limited Liability Partnership's accounting records are maintained in US Dollars. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

2 Turnover

Geographical market

	Turnover	
	2008	2007
	\$	\$
Outside United Kingdom	100,994,403	61,854,591
	<u>100,994,403</u>	<u>61,854,591</u>

ALES STEEL INTERNATIONAL LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

3	Operating profit	2008	2007
		\$	\$
	Operating profit is stated after charging		
	Loss on foreign exchange transactions	-	6,057
	Auditors' remuneration	9,412	12,982
	and after crediting		
	Profit on foreign exchange transactions	(98,923)	-
4	Interest payable	2008	2007
		\$	\$
	On bank loans and overdrafts	335,026	82,503
5	Debtors	2008	2007
		\$	\$
	Trade debtors	6,948,925	13,342
	Amounts due from members	1,448	1,994
	Other debtors	543,500	645,925
	Prepayments and accrued income	-	934,247
		7,493,873	1,595,508
6	Creditors: amounts falling due within one year	2008	2007
		\$	\$
	Bank loans and overdrafts	-	299
	Trade creditors	1,743,216	1,440,442
	Other creditors	-	8,201
	Accruals and deferred income	20,996	15,922
		1,764,212	1,464,864

ALES STEEL INTERNATIONAL LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

7 Members' interests

	Members' other interests			Loans and other debts due to/(from) members	Total	2007
	Members' capital (classified as equity)	Other reserves	Total			
	\$	\$	\$	\$	\$	\$
Amount due to members				2,455,713		
Members' interests at 1 January 2008	1,994	-	1,994	2,455,713	2,457,707	(10,393)
Profit for the financial year available for discretionary division among members	-	2,292,506	2,292,506	-	2,292,506	1,259,171
Members' interests after profit for the year	1,994	2,292,506	2,294,500	2,455,713	4,750,213	1,248,778
Other divisions of profits	-	(2,292,506)	(2,292,506)	2,292,506	-	-
Drawings	-	-	-	(4,306,506)	(4,306,506)	(2,151,205)
Other movements	(546)	-	(546)	5,939,950	5,939,404	3,360,134
Members' interests at 31 December 2008	1,448	-	1,448	6,381,663	6,383,111	2,457,707
Amounts due to members				6,381,663		

8 Loans and other debts due to members

	2008 \$	2007 \$
Amounts owed to members in respect of profits	441,713	(904,287)
Other	5,939,950	3,360,000
	6,381,663	2,455,713

9 Information in relation to members

	2008 Number	2007 Number
The average number of members during the year was	2	2

ALES STEEL INTERNATIONAL LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2008**

10 Employees

Number of employees

There were no employees during the year apart from the members

11 Related party transactions

The members' are aware of the identity of the ultimate controlling party. However they are under a duty of confidentiality that prevents them from disclosing certain information otherwise required by Financial Reporting Standard 8. Therefore they have taken the exemption offered by the standard in respect of confidentiality.