

Roba Metals Limited

**Directors' report and financial
statements**

Registered number 2090606

For the year ended 31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company continues to be the marketing of non-ferrous metal scrap.

Business review

Conditions in the UK aluminium trading market continued to be difficult. However, significant investment has been made into the premises during the year and the directors are optimistic about the future.

The results for the year are shown in the profit and loss account on page 4 of the financial statements.

The directors do not recommend payment of a dividend (2001: £Nil).

Directors

The directors during the year were as follows:

	Nationality
RGM Van Geerteruy	Belgian
B Richheimer	Dutch
PS Cohn	Dutch
T Sandford	British

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company. According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

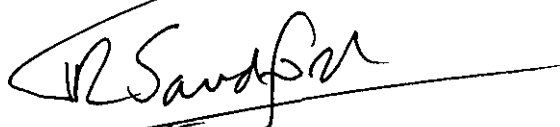
Shareholders

The company is a wholly owned subsidiary of Roba Holding BV, a company incorporated in the Netherlands.

Auditors

KPMG were re-appointed auditors of the company at the last annual general meeting.. However, since that date their business has been transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



T Sandford
Director

Kinwarton Farm Road
Arden Forest Industrial Estate
Alcester
Warwickshire
B49 6EH

12 September 2003

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Roba Metals Limited

We have audited the financial statements on pages 4 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

19 September 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £	Restated 2001 £
Turnover	<i>2</i>	10,588,425	10,464,838
Cost of sales		(10,046,453)	(9,923,938)
Gross profit		541,972	540,900
Distribution costs		(38,940)	(37,271)
Administrative expenses		(442,381)	(412,761)
Operating profit		60,651	90,868
Other interest receivable and similar income	<i>5a</i>	9,979	14,852
Interest payable and similar charges	<i>5b</i>	(91,139)	(81,242)
(Loss)/profit on ordinary activities before taxation	<i>6</i>	(20,509)	24,478
Tax on (loss)/profit on ordinary activities	<i>7</i>	-	(10)
(Loss)/profit on ordinary activities after taxation		(20,509)	24,468
Deficit brought forward		(403,391)	(427,859)
Deficit carried forward		(423,900)	(403,391)

There are no recognised gains and losses in the current or preceding years other than those disclosed in the profit and loss account.

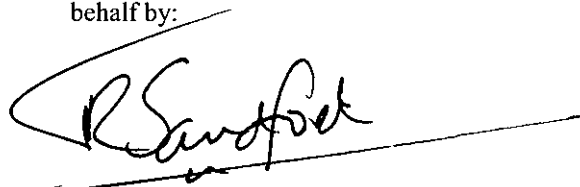
In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

In both the current and preceding years, there is no difference between the result reported above and the result reporting on the historical cost basis.

Balance sheet
at 31 December 2002

	<i>Note</i>	2002	2001
		£	£
Fixed assets			
Tangible assets	8	829,199	412,161
Current assets			
Stocks	9	823,723	691,037
Debtors	10	1,596,432	1,552,269
Cash at bank and in hand		364	279
		<u>2,420,519</u>	<u>2,243,585</u>
Creditors: Amounts falling due within one year	11	<u>(2,118,515)</u>	<u>(1,504,034)</u>
Net current assets		<u>302,004</u>	<u>739,551</u>
Total assets less current liabilities		<u>1,131,203</u>	<u>1,151,712</u>
Capital and reserves			
Called up share capital	12	1,555,103	1,555,103
Profit and loss account		(423,900)	(403,391)
Equity shareholders' funds	13	<u>1,131,203</u>	<u>1,151,712</u>

These financial statements were approved by the board of directors on 12 September 2003 and were signed on its behalf by:


T Sandford
Director

Cash flow statement
for the year ended 31 December 2002

	<i>Note</i>	2002	2001
		£	£
Net cash inflow from operating Activities	<i>16</i>	34,866	123,920
Return on investments and servicing of finance			
Interest received		9,979	14,852
Interest paid		(90,830)	(81,242)
Net cash outflow from returns on investment and servicing of finance		(80,851)	(66,390)
Taxation paid		(10)	(375)
Capital expenditure			
Purchase of tangible fixed assets		(465,505)	(56,819)
Sale of tangible fixed assets		4,250	5,800
Net cash outflow from capital expenditure and financial investment		(461,255)	(51,019)
Net cash (outflow)/inflow before management of liquid resources and financing	<i>17</i>	(507,250)	6,136
Financing			
Receipt of short term loan		400,000	-
(Decrease)/increase in cash	<i>18</i>	(107,250)	6,136

Notes

(forming part of the financial statements)

1 Principal accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules. The company has adopted FRS 19 "Deferred tax" in these financial statements. The comparative figures have been restated accordingly.

Related party transactions

The company is partially exempt from the requirements of Financial Reporting Standard No 8 (Related Party Disclosures) to disclose transactions with other group undertakings or transactions with investees of the group qualifying as related parties as it is a wholly owned subsidiary and its financial statements are included in the consolidated financial statements of the ultimate parent company and those financial statements are publicly available.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	25 years
Plant and machinery	-	3-7 years
Motor vehicles	-	3-4 years
Office equipment	-	3-5 years
Furniture and fittings	-	10 years

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and goods purchased for resale, the weighted average purchase price is used.

Pension costs

The company operates individual defined contribution schemes for certain employees. The assets of the schemes are held separately from those of the company in independently administered funds.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Principal accounting policies (continued)

Turnover represents the amounts (excluding valued added tax) derived from the provision of goods and services to customers. During the year, the company changed its policy for accounting for metal hedging transactions. In the past, any metal hedging sales were reported within turnover and the cost of any metal hedging purchases was reported within cost of sales. However, group policy now requires that the net of these two amounts is reported within cost of sales.

An amount of £1,454,667 has, therefore, been re-analysed in relation to the year ended 31 December 2001 from turnover to cost of sales (see note 2).

2 Turnover

There is only one class of business. The analysis of turnover by geographical location is as follows:

	2002	Restated 2001
	£	£
United Kingdom	8,811,431	8,329,880
Europe (restated – see note 1)	1,529,606	1,768,518
Rest of world	247,388	366,440
	10,588,425	10,464,838

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2002	2001
Sales	3	1
Management	4	4
Administrative	3	3
Warehouse	4	4
	14	12

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	339,178	331,265
Social security costs	31,085	34,296
Other pension costs	19,453	17,600
	389,716	383,161

Notes (continued)

3 Staff numbers and costs (continued)

Of these amounts, a proportion as detailed below was re-charged to KBM Affilips Limited:

	2002 £	2001 £
Wages and salaries	85,791	91,225
Social security costs	6,936	9,908
	92,727	101,133

4 Directors' emoluments

Total directors' emoluments for the year were £55,463 (2001: £59,102). In addition, contributions of £4,800 (2001: £4,160) were paid into a personal pension plan in respect of one director.

5 Interest

(a) Interest receivable and similar income

	2002 £	2001 £
Bank interest	45	90
Interest from group companies	9,649	14,762
Other	285	-
	9,979	14,852

(b) Interest payable and similar charges

	2002 £	2001 £
On bank loans and overdrafts	11,026	6,222
On short term loan from Roba Metals BV wholly repayable within one year	52,077	46,998
On current account with KBM Affilips Ltd, wholly repayable within one year	28,036	28,022
	91,139	81,242

Notes (continued)

6 (Loss)/profit on ordinary activities before taxation

	2002 £	2001 £
<i>(Loss)/profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation	48,467	31,632
Auditors' remuneration:		
Audit	6,220	7,150
Other services	1,940	850
<i>after crediting</i>		
Profit on sale of fixed asset	4,250	5,800

7 Tax on profit on ordinary activities

(i) Analysis of charge for the year

	£	2002	£	£	2001	£
<i>UK corporation tax:</i>						
Current tax on income for the year	-			10		
Adjustment in respect of prior year	-			-		
Total current taxation			-			10
<i>Deferred tax:</i>						
Deferred tax release			-			-
Tax charge on profit on ordinary activities			-			10

Notes (continued)

7 Tax on profit on ordinary activities (continued)

(ii) Factors affecting the tax charge for the year

The tax assessed in the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £	2001 £
(Loss)/profit on ordinary activities before taxation	(20,509)	24,478
Result on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	(6,153)	7,344
Expenses not deductible for tax purposes	3,984	3,666
Capital allowances for the year in excess of depreciation	-	(1,725)
Depreciation in excess of capital allowances	1,737	-
Brought forward losses utilised	-	(9,255)
Losses generated in the year used for group relief	432	-
Effect of 10% tax rate	-	(20)
Adjustment in respect of prior year	-	-
	-	10

(iii) Factors that may affect future tax charges

There are unutilised tax losses within the company of £318,750 (2001: £318,750). The company also has a liability in respect of differences between accumulated depreciation and capital allowances and other short term timing differences of £55,000 (2001: £2,600 - asset). The total deferred tax asset of £8,750 (2001: £66,350), calculated at 20% has not been recognised in the financial statements.

Notes (continued)

8 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Fixtures, fittings and office equipment	Total
	£	£	£	£	£
Cost					
At beginning of year	398,022	101,389	60,331	102,865	662,607
Additions	400,393	11,713	37,958	15,441	465,505
Disposals	-	-	(22,350)	-	(22,350)
At end of year	798,415	113,102	75,939	118,306	1,105,762
Depreciation					
At beginning of year	66,582	66,843	36,035	80,986	250,446
Charged in year	15,022	8,248	16,335	8,862	48,467
Disposals	-	-	(22,350)	-	(22,350)
At end of year	81,604	75,091	30,020	89,848	276,563
Net book value					
At 31 December 2002	716,811	38,011	45,919	28,458	829,199
At 31 December 2001	331,440	34,546	24,296	21,879	412,161

Included in freehold land and buildings are items depreciated as follows:

	£
Buildings:	
Cost	380,085
Depreciation	(81,604)
Net book value at 31 December 2002	298,481

Freehold land and buildings includes £418,330 (2001: £234,330) of land which is not depreciated.

9 Stocks

	2002 £	2001 £
Goods for resale	823,723	691,037

Notes (continued)

10 Debtors

	Due within one year	
	2002	2001
	£	£
Trade debtors	1,512,679	1,387,365
Other debtors	65,436	154,865
Prepayments and accrued income	18,317	10,039
	<u>1,596,432</u>	<u>1,552,269</u>

11 Creditors: Amounts falling due within one year

	2002	2001
	£	£
Bank overdraft	238,899	131,564
Trade creditors	230,073	215,218
Amounts owed to group undertakings:		
Current accounts	377,148	282,096
Short term loan	1,200,000	800,000
Corporation tax	-	10
Other taxes and social security	12,136	29,040
Accruals and deferred income	60,259	46,106
	<u>2,118,515</u>	<u>1,504,034</u>

There are no fixed repayment terms for the short term loan. Interest is charged on the outstanding balance on a quarterly basis. The rate of interest is variable.

12 Share capital

	2002	2001
	£	£
<i>Authorised:</i>		
1,600,000 ordinary shares of £1 each	<u>1,600,000</u>	<u>1,600,000</u>
<i>Allotted, called up and fully paid:</i>		
1,555,103 ordinary shares of £1 each	<u>1,555,103</u>	<u>1,555,103</u>

Notes (continued)

13 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
At beginning of year	1,151,712	1,127,244
(Loss)/profit for financial year	(20,509)	24,468
At end of year	1,131,203	1,151,712

14 Commitments

The company had no capital commitments at 31 December 2002 (2001: £384,600).

15 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £19,453 (2001: £17,600).

Contributions outstanding at the end of the financial year amounted to £1,116 (2001: £500).

16 Reconciliation of operating profit to net cash inflow from operating activities

	2002 £	2001 £
Operating profit	60,651	90,868
Depreciation charge	48,467	31,632
Profit on sale of tangible fixed assets	(4,250)	(5,800)
Increase in stocks	(132,686)	(260,170)
(Increase)/decrease in debtors	(44,163)	700,201
Increase/(decrease) in creditors	106,847	(432,811)
Net cash inflow from operating activities	34,866	123,920

17 Analysis of changes in net debt during the year

	Cash £	Bank overdraft £	Short term loans £	Total £
At 1 January 2002	279	(131,564)	(800,000)	(931,285)
Cash flow	85	(107,335)	(400,000)	(507,250)
At 31 December 2002	364	(238,899)	(1,200,000)	(1,438,535)

Notes (continued)

18 Reconciliation of net cash flow to movement in net debt

	£
Increase in cash in the year	85
Increase in bank overdraft	(107,335)
Net decrease in cash	(107,250)
Increase in short term loans	(400,000)
Increase in net debt in year	(507,250)
Net debt at beginning of year	(931,285)
Net debt at end of year	(1,438,535)

19 Ultimate parent company

The ultimate parent undertaking is Roba Holding BV, which is incorporated in the Netherlands. The consolidated financial statements of this group are available to the public and are obtainable from:

Kamer van Koophandel en Fabrieken voor Utrecht en Omstreken
 Postbus 48
 3500 AA Utrecht
 The Netherlands

Roba Metals Limited

Detailed trading account

For the year ended 31 December 2002

Trading and profit and loss account
for the year ended 31 December 2002

	2002		2001	
	£	£	£	£
Turnover		10,588,425		11,919,505
Cost of sales		(10,046,453)		(11,378,605)
Gross profit		541,972		540,900
Distribution costs				
Transport insurance	2,904		2,596	
Credit insurance	3,880		3,632	
Vehicle depreciation	16,335		13,788	
Travelling	2,002		1,463	
Entertainment and subsistence	2,027		1,752	
Car tax and insurance	4,373		4,274	
Car repairs	2,398		1,964	
Petrol	5,021		7,802	
		(38,940)		(37,271)
Administrative expenses				
Staff expenses	296,989		282,028	
Depreciation of fixtures and fittings	5,797		1,795	
Housing expenses	80,057		46,811	
Postage, telephone, telex and fax	6,193		5,097	
Advertising	2,945		5,326	
Stationery	3,703		2,691	
Professional and legal fees	8,160		8,990	
Bank charges	4,083		3,447	
Sundries	163		121	
Plant repairs and maintenance	33,671		41,817	
Plant depreciation	8,190		6,952	
Trade subscriptions	1,415		1,404	
Profit on sale of fixed assets	(4,250)		(5,800)	
Bad and doubtful debts	12,000		12,000	
(Profit)/loss on exchange rates	(443)		82	
LME result	(8,704)		-	
Sundry income	(7,588)		-	
		(442,381)		(412,761)
Interest payable		(91,139)		(81,242)
Interest receivable		9,979		14,852
(Loss)/profit on ordinary activities before taxation		(20,509)		24,478