

STEEL & ALLOY HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2004

Worton Rock
Chartered Accountants
Registered Auditors
Churchfield House
36 Vicar Street
Dudley
West Midlands
DY2 8RG



STEEL & ALLOY HOLDINGS LIMITED

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FOR THE YEAR ENDED 31ST MARCH 2004**

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STEEL & ALLOY HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2004

DIRECTORS:	B D Ashwell Mrs F L Ashwell D R Johnson
SECRETARY:	Mrs F L Ashwell D R Johnson
REGISTERED OFFICE:	Worton Rock Churchfield House 36 Vicar Street Dudley West Midlands DY2 8RG
REGISTERED NUMBER:	3326521
AUDITORS:	Worton Rock Chartered Accountants Registered Auditors Churchfield House 36 Vicar Street Dudley West Midlands DY2 8RG
BANKERS:	Barclays Bank Plc Barclays Business Centre Queens Square Branch PO Box 5, Queens Square Wolverhampton WV3 0TL

STEEL & ALLOY HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2004

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2004.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the processing of steel strip mill products for supply mainly to the automotive industry. The activity of the joint venture is that of the production of laser welded blanks for supply to the automotive industry.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2004.

FIXED ASSETS

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 9.

FUTURE DEVELOPMENTS

Market conditions in the U.K. automotive components market remain generally positive, and the directors' continue to be optimistic about prospects for sales volumes in the short and medium term.

DIRECTORS

The directors during the year under review were:

B D Ashwell
Mrs F L Ashwell
D R Johnson

The beneficial interests of the directors holding office on 31st March 2004 in the issued share capital of the company were as follows:

	31.3.04	1.4.03
Ordinary shares £1 shares		
B D Ashwell	79,100	79,100
Mrs F L Ashwell	26,600	26,600
D R Johnson	-	-

Non-beneficial interests

The directors of the group at the end of the year had the following non-beneficial interests:

	31.3.04	1.4.03
B D Ashwell	60,900	60,900
Mrs F L Ashwell	43,400	43,400
D R Johnson	-	-

STEEL & ALLOY HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2004**

GROUP'S POLICY ON PAYMENT OF CREDITORS

The company agrees payment terms with its suppliers at the time it enters into binding purchasing contracts for the supply of goods and services. Its suppliers are, in that way, made aware of these terms. The company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

EURO

At the moment the company envisages no problems or costs identifiable with the introduction of the euro.

DONATIONS

During the year the group paid £525 (2003: £210) to U K charities.

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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

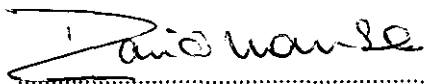
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITORS

The auditors, Worton Rock, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
D R Johnson - Director

6th September 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
STEEL & ALLOY HOLDINGS LIMITED**

We have audited the financial statements of Steel & Alloy Holdings Limited for the year ended 31st March 2004 on pages five to twenty six. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page three the group's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors is not consistent with the financial statements, if the group 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 group is not disclosed.

We read the Report of the Directors 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 United Kingdom 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 group'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 affairs of the company and the group as at 31st March 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Worton Rock
Chartered Accountants
Registered Auditors
Churchfield House
36 Vicar Street
Dudley
West Midlands
DY2 8RG

6th September 2004

STEEL & ALLOY HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2004

	Notes	2004 £	2003 £
TURNOVER: group and share of joint venture		103,113,443	91,126,497
Less share of joint venture		<u>2,775,596</u>	<u>4,261,814</u>
	2	100,337,847	86,864,683
Cost of sales		<u>91,205,697</u>	<u>78,647,608</u>
GROSS PROFIT		9,132,150	8,217,075
Administrative expenses		<u>4,572,053</u>	<u>4,310,496</u>
		4,560,097	3,906,579
Other operating income		<u>183,684</u>	<u>273,922</u>
OPERATING PROFIT	4	4,743,781	4,180,501
Share of operating profit in joint venture		<u>183,943</u>	<u>640,654</u>
		4,927,724	4,821,155
Interest payable and similar charges	5	<u>202,170</u>	<u>298,196</u>
		4,725,554	4,522,959
Interest receivable and similar income	6	<u>82,298</u>	<u>54,007</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,807,852	4,576,966
Tax on profit on ordinary activities	7	<u>1,448,498</u>	<u>1,444,323</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>3,359,354</u>	<u>3,132,643</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>3,359,354</u>	<u>3,132,643</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current and previous years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

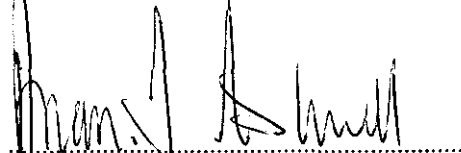
The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

STEEL & ALLOY HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
31ST MARCH 2004**

	Notes	2004	2003
		£	£
FIXED ASSETS			
Tangible assets	9	10,703,468	10,167,082
Investments	10	<u>1,562,909</u>	<u>1,423,899</u>
		12,266,377	11,590,981
CURRENT ASSETS			
Stocks	11	5,872,102	5,816,828
Debtors	12	24,756,147	18,683,599
Cash at bank and in hand		<u>3,145,333</u>	<u>1,771,263</u>
		33,773,582	26,271,690
CREDITORS			
Amounts falling due within one year	13	<u>20,992,496</u>	<u>15,612,681</u>
NET CURRENT ASSETS		<u>12,781,086</u>	<u>10,659,009</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,047,463	22,249,990
CREDITORS			
Amounts falling due after more than one year	14	(1,847,400)	(2,475,190)
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(761,894)</u>	<u>(695,985)</u>
		<u>22,438,169</u>	<u>19,078,815</u>
CAPITAL AND RESERVES			
Called up share capital	19	210,000	210,000
Revaluation reserve	20	760,916	760,916
Profit and loss account	20	<u>21,467,253</u>	<u>18,107,899</u>
SHAREHOLDERS' FUNDS	24	<u>22,438,169</u>	<u>19,078,815</u>

ON BEHALF OF THE BOARD:



B.D. Ashwell - Director

Approved by the Board on 6th September 2004

STEEL & ALLOY HOLDINGS LIMITED

**COMPANY BALANCE SHEET
31ST MARCH 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	1,355,326	1,325,410
Investments	10	<u>2,210,000</u>	<u>2,210,000</u>
		3,565,326	3,535,410
CURRENT ASSETS			
Debtors	12	1,848	744
CREDITORS			
Amounts falling due within one year	13	<u>989,388</u>	<u>1,063,367</u>
NET CURRENT LIABILITIES		<u>(987,540)</u>	<u>(1,062,623)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,577,786	2,472,787
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>4,479</u>	<u>1,159</u>
		<u>2,573,307</u>	<u>2,471,628</u>
CAPITAL AND RESERVES			
Called up share capital	19	210,000	210,000
Profit and loss account	20	<u>2,363,307</u>	<u>2,261,628</u>
SHAREHOLDERS' FUNDS	24	<u>2,573,307</u>	<u>2,471,628</u>

ON BEHALF OF THE BOARD:



B D Ashwell - Director

Approved by the Board on 6th September 2004

The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2004**

	Notes	2004 £	2003 £
Net cash inflow from operating activities	1	5,275,864	5,914,936
Returns on investments and servicing of finance	2	(124,490)	(157,960)
Taxation		(1,373,945)	(1,231,440)
Capital expenditure	2	<u>(1,770,919)</u>	<u>(878,315)</u>
		2,006,510	3,647,221
Financing	2	<u>(632,440)</u>	<u>381,804</u>
Increase in cash in the period		<u><u>1,374,070</u></u>	<u><u>4,029,025</u></u>
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		1,374,070	4,029,025
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>632,440</u>	<u>(381,804)</u>
Change in net debt resulting from cash flows		2,006,510	3,647,221
New finance leases		<u>(15,347)</u>	<u>(132,155)</u>
Movement in net debt in the period		1,991,163	3,515,066
Net debt at 1st April		<u>(1,330,599)</u>	<u>(4,845,665)</u>
Net funds/(debt) at 31st March		<u><u>660,564</u></u>	<u><u>(1,330,599)</u></u>

The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2004**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	4,743,781	4,180,501
Depreciation charges	1,255,601	1,251,691
(Profit)/Loss on disposal of fixed assets	(5,721)	74,626
(Increase)/Decrease in stocks	(55,274)	116,890
(Increase)/Decrease in debtors	(6,069,680)	1,337,248
Increase/(Decrease) in creditors	<u>5,407,157</u>	<u>(1,046,020)</u>
Net cash inflow from operating activities	<u><u>5,275,864</u></u>	<u><u>5,914,936</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	48,875	44,499
Interest paid	(75,257)	(92,294)
Interest element of hire purchase payments	<u>(98,108)</u>	<u>(110,165)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(124,490)</u></u>	<u><u>(157,960)</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(1,796,829)	(930,233)
Sale of tangible fixed assets	<u>25,910</u>	<u>51,918</u>
Net cash outflow for capital expenditure	<u><u>(1,770,919)</u></u>	<u><u>(878,315)</u></u>
Financing		
Loan repayments in year	(200,000)	(200,000)
Capital repayments in year	(432,440)	(520,123)
Assets transferred to finance lease	<u>-</u>	<u>1,101,927</u>
Net cash (outflow)/inflow from financing	<u><u>(632,440)</u></u>	<u><u>381,804</u></u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2004

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/03 £	Cash flow £	Other non-cash changes £	At 31/3/04 £
Net cash:				
Cash at bank and in hand	<u>1,771,263</u>	<u>1,374,070</u>		<u>3,145,333</u>
	<u>1,771,263</u>	<u>1,374,070</u>		<u>3,145,333</u>
Debt:				
Hire purchase	(1,726,862)	432,440	(15,347)	(1,309,769)
Debts falling due within one year	(200,000)	-	-	(200,000)
Debts falling due after one year	<u>(1,175,000)</u>	<u>200,000</u>	<u>-</u>	<u>(975,000)</u>
	<u>(3,101,862)</u>	<u>632,440</u>	<u>(15,347)</u>	<u>(2,484,769)</u>
Total	<u>(1,330,599)</u>	<u>2,006,510</u>	<u>(15,347)</u>	<u>660,564</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The group's financial statements have been consolidated under the merger method of accounting in accordance with the Financial Reporting Standard number 6 and section 131 and 132 Companies Act 1985.

The consolidated accounts incorporate the results of the subsidiary company for the year ended 31st March 2004 and the joint venture, under gross equity method, for the year ended 31st December 2003.

No significant activities have occurred in the joint venture between 1st January 2004 and 31st March 2004.

The profit and loss account of the parent company is not separately shown in these financial statements in accordance with the concession granted under section 230 of the Companies Act 1985.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	No depreciation is provided
Freehold buildings	4% straight line basis
Leasehold land and buildings	Over the term of the lease
Plant and machinery	10% straight line
Motor vehicles	20% straight line
Fixtures and fittings	15 - 20% straight line

The group's policy is to carry all assets at historical cost, except land and buildings which have been included in the balance sheet at a valuation existing on 31st March 2000 when the group implemented FRS 15 for the first time.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the group's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2004

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2004 £	2003 £
United Kingdom	100,289,048	86,849,991
E.C.	48,799	14,692
	<u>100,337,847</u>	<u>86,864,683</u>

3. STAFF COSTS

	2004 £	2003 £
Wages and salaries	5,142,053	5,030,905
Social security costs	614,840	525,565
Other pension costs	115,179	108,741
	<u>5,872,072</u>	<u>5,665,211</u>

The average monthly number of employees during the year was as follows:

	2004	2003
Production staff	129	131
Administration staff and directors	69	67
	<u>198</u>	<u>198</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Hire of plant and machinery	57,924	65,029
Depreciation - owned assets	944,400	947,335
Depreciation - assets on hire purchase contracts	311,201	304,355
(Profit)/Loss on disposal of fixed assets	(5,721)	74,626
Auditors remuneration	11,500	14,563
Other fees paid to auditors	<u>5,040</u>	<u>5,040</u>
 Directors' emoluments	 199,601	 185,660
Directors' pension contributions to money purchase schemes	<u>6,805</u>	<u>6,408</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank and other interest	45,219	55,759
Share of bank interest in joint venture	13	7,891
Bank loan interest	30,038	36,535
Hire purchase interest	98,108	110,165
Share of hire purchase interest in joint venture	<u>28,792</u>	<u>87,846</u>
	<u>202,170</u>	<u>298,196</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004	2003
	£	£
Deposit account interest	48,312	44,499
Share of interest receivable in joint venture	33,423	9,508
Other interest received	<u>563</u>	<u>-</u>
	<u>82,298</u>	<u>54,007</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2004

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2004 £	2003 £
Current tax:		
UK corporation tax	1,330,785	1,223,964
Under/over provision	2,254	61,836
Share of joint venture current tax	<u>49,550</u>	<u>133,043</u>
Total current tax	1,382,589	1,418,843
Deferred tax	<u>65,909</u>	<u>25,480</u>
Tax on profit on ordinary activities	<u><u>1,448,498</u></u>	<u><u>1,444,323</u></u>

UK corporation tax was charged at 30% in 2004 (2003 – 30%).

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>4,807,852</u>	<u>4,576,966</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	1,442,356	1,373,090
Effects of:		
(Profit)/Loss on ordinary activities of joint venture at the standard rate of 30%	(56,569)	(166,327)
Share of joint venture current tax on profits/losses	49,550	133,043
Expenses not deductible for tax purposes	10,095	8,166
Depreciation of non industrial buildings	15,140	16,384
Capital allowances for period less than/(in excess of) depreciation	(65,909)	2,614
Adjustment to tax charge in respect of previous periods	2,254	19,323
Consortium relief paid/(claimed)	-	42,513
Difference in tax rates	<u>(14,328)</u>	<u>(9,963)</u>
Current tax charge	<u><u>1,382,589</u></u>	<u><u>1,418,843</u></u>

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £101,679 (2003 - £50,168).

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

9. TANGIBLE FIXED ASSETS

Group

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1st April 2003	5,807,320	8,849,821	858,914	484,755	16,000,810
Additions	40,142	1,598,610	63,256	110,168	1,812,176
Disposals	-	-	-	(108,873)	(108,873)
At 31st March 2004	<u>5,847,462</u>	<u>10,448,431</u>	<u>922,170</u>	<u>486,050</u>	<u>17,704,113</u>
DEPRECIATION					
At 1st April 2003	1,223,747	4,015,718	384,800	209,463	5,833,728
Charge for year	203,996	815,245	145,318	91,042	1,255,601
Eliminated on disposal	-	-	-	(88,684)	(88,684)
At 31st March 2004	<u>1,427,743</u>	<u>4,830,963</u>	<u>530,118</u>	<u>211,821</u>	<u>7,000,645</u>
NET BOOK VALUE					
At 31st March 2004	<u>4,419,719</u>	<u>5,617,468</u>	<u>392,052</u>	<u>274,229</u>	<u>10,703,468</u>
At 31st March 2003	<u>4,583,573</u>	<u>4,834,103</u>	<u>474,114</u>	<u>275,292</u>	<u>10,167,082</u>

Included in land and buildings is freehold land valued at £961,009 (2003 - £961,009) which is not depreciated.

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

9. TANGIBLE FIXED ASSETS - continued

Group

	Freehold land and buildings £	Short leasehold property £	Total land and buildings £
COST OR VALUATION:			
At 1st April 2003	5,719,142	88,178	5,807,320
Additions	<u>40,142</u>	<u>-</u>	<u>40,142</u>
At 31st March 2004	<u>5,759,284</u>	<u>88,178</u>	<u>5,847,462</u>
DEPRECIATION:			
At 1st April 2003	1,195,094	28,653	1,223,747
Charge for year	<u>190,769</u>	<u>13,227</u>	<u>203,996</u>
At 31st March 2004	<u>1,385,863</u>	<u>41,880</u>	<u>1,427,743</u>
NET BOOK VALUE:			
At 31st March 2004	<u>4,373,421</u>	<u>46,298</u>	<u>4,419,719</u>
At 31st March 2003	<u>4,524,048</u>	<u>59,525</u>	<u>4,583,573</u>

At 31st March 2004 the carrying amount of tangible fixed assets reflects previous revaluations. The group is following the transitional provisions of FRS15 and the valuation has therefore not been updated. The date of the last valuation was 31st March 1989.

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

9. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31st March 2004 is represented by:

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1989	950,000	-	-	-	950,000
Cost	<u>4,897,462</u>	<u>10,448,431</u>	<u>922,170</u>	<u>486,050</u>	<u>16,754,113</u>
	<u>5,847,462</u>	<u>10,448,431</u>	<u>922,170</u>	<u>486,050</u>	<u>17,704,113</u>

If land and buildings had not been revalued they would have been included at the following historical cost:

	2004 £	2003 £
Cost	<u>5,086,546</u>	<u>5,046,404</u>
Aggregate depreciation	<u>1,225,955</u>	<u>944,388</u>
Value of land in freehold land and buildings	<u>961,009</u>	<u>961,009</u>

Land and buildings were valued on an open market value basis on 31st March 1989 by Allsopp Cotton.

The net book value of tangible fixed assets includes £1,734,741 (2003 - £2,059,577) in respect of assets held under hire purchase contracts.

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

9. TANGIBLE FIXED ASSETS - continued

Company

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1st April 2003	1,409,600	15,538	8,747	1,433,885
Additions	<u>15,873</u>	<u>65,611</u>	<u>-</u>	<u>81,484</u>
At 31st March 2004	<u>1,425,473</u>	<u>81,149</u>	<u>8,747</u>	<u>1,515,369</u>
DEPRECIATION				
At 1st April 2003	106,217	1,633	625	108,475
Charge for year	<u>48,702</u>	<u>1,554</u>	<u>1,312</u>	<u>51,568</u>
At 31st March 2004	<u>154,919</u>	<u>3,187</u>	<u>1,937</u>	<u>160,043</u>
NET BOOK VALUE				
At 31st March 2004	<u>1,270,554</u>	<u>77,962</u>	<u>6,810</u>	<u>1,355,326</u>
At 31st March 2003	<u>1,303,383</u>	<u>13,905</u>	<u>8,122</u>	<u>1,325,410</u>

Included in land and buildings is freehold land valued at £200,000 (2003 - £200,000) which is not depreciated.

10. FIXED ASSET INVESTMENTS

Company

	2004 £	2003 £
210,000 ordinary shares in Steel & Alloy Processing Limited, a wholly owned subsidiary registered in England	210,000	210,000
2,000,0000 'B' ordinary shares in Laser Welded Blanks Limited, a joint venture (50% holding), registered in England	<u>2,000,000</u>	<u>2,000,000</u>
	<u>2,210,000</u>	<u>2,210,000</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary

Steel and Alloy Processing Limited

Nature of business: Processing of strip mill products

	%		
Class of shares:	holding		
ordinary	100.00		
		2004	2003
		£	£
Aggregate capital and reserves		20,511,950	17,393,286
Profit for the year		<u>3,118,664</u>	<u>2,661,092</u>
Group investment in joint venture		2004	2003
		£	£
Share of gross assets as at 31st December 2003		1,927,680	1,975,197
Share of gross liabilities as at 31 st December 2003		<u>(364,771)</u>	<u>(551,298)</u>
		<u>1,562,909</u>	<u>1,423,899</u>

11. STOCKS

	Group	
	2004	2003
	£	£
Raw materials	5,766,206	3,356,091
Finished goods	<u>105,896</u>	<u>2,460,737</u>
	<u>5,872,102</u>	<u>5,816,828</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2004	2003	2004
	£	£	£
Trade debtors	24,260,686	18,103,793	-
Amounts owed by participating interests	261,013	389,647	-
Other debtors	39,316	38,907	1,105
Directors' current accounts	627	7,083	-
Taxation recoverable	10,612	7,744	-
Prepayments and accrued income	<u>183,893</u>	<u>136,425</u>	<u>743</u>
	<u>24,756,147</u>	<u>18,683,599</u>	<u>1,848</u>
			<u>744</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts (see note 15)	200,000	200,000	147,282	64,707
Hire purchase contracts (see note 16)	437,369	426,672	-	-
Trade creditors	17,220,303	12,417,799	8,321	4,737
Amounts owed to group undertakings	-	-	785,266	946,896
Tax	640,298	678,337	25,839	18,840
Social security and other taxes	1,714,918	1,346,021	-	-
Directors' loan accounts	21,180	21,180	21,180	21,180
Accruals and deferred income	<u>758,428</u>	<u>522,672</u>	<u>1,500</u>	<u>7,007</u>
	<u>20,992,496</u>	<u>15,612,681</u>	<u>989,388</u>	<u>1,063,367</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2004	2003
	£	£
Bank loans (see note 15)	975,000	1,175,000
Hire purchase contracts (see note 16)	<u>872,400</u>	<u>1,300,190</u>
	<u>1,847,400</u>	<u>2,475,190</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	147,282	64,707
Bank loans - less than 1 yr	<u>200,000</u>	<u>200,000</u>	-	-
	<u>200,000</u>	<u>200,000</u>	<u>147,282</u>	<u>64,707</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>200,000</u>	<u>200,000</u>	-	-
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>600,000</u>	<u>600,000</u>	-	-
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>175,000</u>	<u>375,000</u>	-	-

Interest on loans is charged quarterly in arrears at 1% above bank rate.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2004 £	2003 £
Gross obligations repayable:		
Within one year	527,585	534,950
Between one and five years	1,014,805	1,275,303
In more than five years	<u>32,815</u>	<u>229,708</u>
	<u>1,575,205</u>	<u>2,039,961</u>
Finance charges repayable:		
Within one year	90,216	108,278
Between one and five years	174,988	196,694
In more than five years	<u>232</u>	<u>8,127</u>
	<u>265,436</u>	<u>313,099</u>
Net obligations repayable:		
Within one year	437,369	426,672
Between one and five years	839,817	1,078,609
In more than five years	<u>32,583</u>	<u>221,581</u>
	<u>1,309,769</u>	<u>1,726,862</u>

The following payments are committed to be paid within one year:

Group

	Operating leases	
	2004 £	2003 £
Expiring:		
Within one year	10,013	-
Between one and five years	<u>7,521</u>	<u>9,859</u>
	<u>17,534</u>	<u>9,859</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2004

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank overdrafts	-	-	147,282	64,707
Bank loans	1,175,000	1,375,000	-	-
Hire purchase contracts	<u>1,309,769</u>	<u>1,726,862</u>	<u>-</u>	<u>-</u>
	<u>2,484,769</u>	<u>3,101,862</u>	<u>147,282</u>	<u>64,707</u>

A composite accounting agreement exists between the group and the group's bankers dated 31st July 1997. Bank loans and overdrafts are secured by various legal charges on the freehold land and buildings of the group.

18. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Capital allowances in excess of depreciation	<u>761,894</u>	<u>695,985</u>	<u>4,479</u>	<u>1,159</u>

Group

	Capital allowances in excess of depreciation £
Balance at 1st April 2003	695,985
Profit and loss account	<u>65,909</u>
Balance at 31st March 2004	<u>761,894</u>

Company

	Capital allowances in excess of depreciation £
Balance at 1st April 2003	1,159
Profit & loss account	<u>3,320</u>
Balance at 31st March 2004	<u>4,479</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

19. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:		Nominal value: £1	2004 £ <u>210,000</u>	2003 £ <u>210,000</u>
Number:	Class:			
210,000	Ordinary shares			

20. RESERVES

Group

	Profit and loss account £	Revaluation reserve £	Totals £
At 1st April 2003	18,107,899	760,916	18,868,815
Retained profit for the year	<u>3,359,354</u>	<u>-</u>	<u>3,359,354</u>
At 31st March 2004	<u>21,467,253</u>	<u>760,916</u>	<u>22,228,169</u>

Company

	Profit and loss account £
At 1st April 2003	2,261,628
Retained profit for the year	<u>101,679</u>
At 31st March 2004	<u>2,363,307</u>

21. CONTINGENT LIABILITIES

The bankers of the joint venture company, Laser Welded Blanks Limited, hold a guarantee from the subsidiary company, Steel and Alloy Processing Limited, for the overdraft up to £700,000 and for a further £250,000 *pari passu* with the other shareholders in the joint venture.

At the 31st March 2004 the overdraft of Laser Welded Blanks Limited amounted to £nil (31st March 2003 - £nil).

22. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the year ended 31st March 2004:

	£
B D Ashwell	
Balance outstanding at start of year	7,083
Balance outstanding at end of year	627
Maximum balance outstanding during year	<u>7,083</u>

This loan has been made to the director to enable him to carry out his duties.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2004

23. RELATED PARTY DISCLOSURES

During the year, Steel and Alloy Processing Limited, a 100% owned subsidiary of Steel and Alloy Holdings Limited has traded with an associated company, Laser Welded Blanks Limited. Laser Welded Blanks Limited is a joint venture in which the ultimate holding company Steel and Alloy Holdings Limited owns 50% of the share capital.

The trade was carried out on normal trade terms. During the year sales of £3,221,247 (2003 - £4,633,471) were made to Laser Welded Blanks Limited. At the 31st March 2004 Laser Welded Blanks Limited owed the company £264,233 (2002 £389,647).

Throughout the year Steel and Alloy Processing Limited have purchased from Laser Welded Blanks Limited in respect of general overheads £60,031. At the end of year the amount outstanding to Laser Welded Blanks Limited was £3,386 (2003: £2,463).

During the year Steel and Alloy Holdings Limited has charged rent and insurance of £106,684 (2003: £159,588) and £3,533 (2003: £Nil) to respectively Laser Welded Blanks Limited.

During the year Mr Coleman, a director, of the subsidiary company, Steel and Alloy Processing Limited, has purchased a vehicle from the company at its deemed market value of £3,510.

Exemption has been claimed under Financial Reporting Standard number 8 regarding the disclosure of group transactions and transactions with associated companies on the basis that consolidated accounts are publicly available.

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2004 £	2003 £
Profit for the financial year	<u>3,359,354</u>	<u>3,132,643</u>
Net addition to shareholders' funds	3,359,354	3,132,643
Opening shareholders' funds	<u>19,078,815</u>	<u>15,946,172</u>
Closing shareholders' funds	<u>22,438,169</u>	<u>19,078,815</u>
Equity interests	<u>22,438,169</u>	<u>19,078,815</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2004**

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2004 £	2003 £
Profit for the financial year	<u>101,679</u>	<u>50,168</u>
Net addition to shareholders' funds	101,679	50,168
Opening shareholders' funds	<u>2,471,628</u>	<u>2,421,460</u>
Closing shareholders' funds	<u><u>2,573,307</u></u>	<u><u>2,471,628</u></u>
Equity interests	<u><u>2,573,307</u></u>	<u><u>2,471,628</u></u>

25. CONTROLLING PARTY

Mr B D Ashwell, a director, together with members of his close family, control the company by virtue of a controlling interest (directly or indirectly) of 100% of the issued share capital.