

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2005
FOR
STEEL & ALLOY HOLDINGS LIMITED**

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 2005**

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STEEL & ALLOY HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2005

DIRECTORS:

B D Ashwell
Mrs F L Ashwell
D R Johnson

SECRETARIES:

Mrs F L Ashwell
D R Johnson

REGISTERED OFFICE:

Trafalgar Works
Union Street
West Bromwich
West Midlands
B70 6BZ

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 2005

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2005.

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 2005.

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 sector remain generally positive, despite MG Rover having entered into administration in April 2005. 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 2005 in the issued share capital of the company were as follows:

	31.3.05	1.4.04
	£'000	£'000
Ordinary £1 shares		
B D Ashwell	79	79
Mrs F L Ashwell	27	27
D R Johnson	-	-

Non-beneficial interests

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

	31.3.05	1.4.04
	£'000	£'000
B D Ashwell	61	61
Mrs F L Ashwell	43	43
D R Johnson	-	-

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.

STEEL & ALLOY HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2005

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 £300 (2004: £525) 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

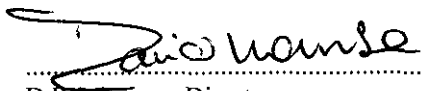
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Date: 22nd July 2005

**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 2005 on pages five to twenty five. 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 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 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 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

As described on page three the company'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 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.

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 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 affairs of the company and the group as at 31st March 2005 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

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

Date: 22nd July 2005

STEEL & ALLOY HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2005**

	Notes	2005 £'000	2004 £'000
TURNOVER: group and share of group venture		125,940	103,113
Less share of group venture		<u>1,869</u>	<u>2,776</u>
TURNOVER: excluding share of group venture	2	124,071	100,337
Cost of sales		<u>113,993</u>	<u>91,207</u>
GROSS PROFIT		10,078	9,130
Administrative expenses		<u>5,182</u>	<u>4,570</u>
		4,896	4,560
Other operating income		<u>191</u>	<u>184</u>
OPERATING PROFIT	4	5,087	4,744
Share of operating profit in joint venture		<u>15</u>	<u>184</u>
OPERATING PROFIT OF COMBINED ENTITY		5,102	4,928
Interest receivable and similar income	5	<u>138</u>	<u>82</u>
		5,240	5,010
Interest payable and similar charges	6	<u>161</u>	<u>202</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,079	4,808
Tax on profit on ordinary activities	7	<u>1,521</u>	<u>1,448</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>3,558</u>	<u>3,360</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>3,558</u>	<u>3,360</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.

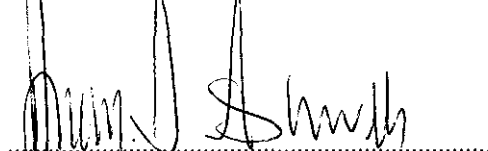
The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
31ST MARCH 2005**

	Notes	2005 £'000	£'000	2004 £'000	£'000
FIXED ASSETS					
Tangible assets	9		10,605		10,703
Investments	10		<u>1,614</u>		<u>1,563</u>
			12,219		12,266
CURRENT ASSETS					
Stocks	11	14,683		5,872	
Debtors	12	36,532		24,756	
Cash at bank and in hand		<u>3,136</u>		<u>3,145</u>	
		54,351		33,773	
CREDITORS					
Amounts falling due within one year	13	<u>38,466</u>		<u>20,992</u>	
NET CURRENT ASSETS			<u>15,885</u>		<u>12,781</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			28,104		25,047
CREDITORS					
Amounts falling due after more than one year	14		(1,342)		(1,847)
PROVISIONS FOR LIABILITIES AND CHARGES	18		<u>(766)</u>		<u>(762)</u>
			<u>25,996</u>		<u>22,438</u>
CAPITAL AND RESERVES					
Called up share capital	19		210		210
Revaluation reserve	20		761		761
Profit and loss account	20		<u>25,025</u>		<u>21,467</u>
SHAREHOLDERS' FUNDS	23		<u>25,996</u>		<u>22,438</u>

ON BEHALF OF THE BOARD:


B D Ashwell - Director

Approved by the Board on 22nd July 2005

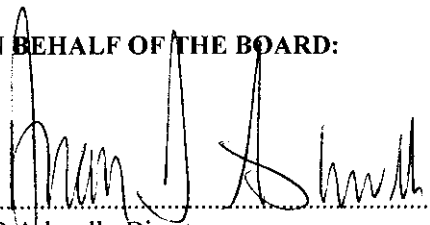
The notes form part of these financial statements

STEEL & ALLOY HOLDINGS LIMITED

**COMPANY BALANCE SHEET
31ST MARCH 2005**

	Notes	2005 £'000	£'000	2004 £'000	£'000
FIXED ASSETS					
Tangible assets	9		1,341		1,355
Investments	10		<u>2,210</u>		<u>2,210</u>
			3,551		3,565
CURRENT ASSETS					
Debtors	12	1		2	
CREDITORS					
Amounts falling due within one year	13	<u>845</u>		<u>990</u>	
NET CURRENT LIABILITIES			<u>(844)</u>		<u>(988)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,707		2,577
PROVISIONS FOR LIABILITIES AND CHARGES	18		<u>(6)</u>		<u>(4)</u>
			<u>2,701</u>		<u>2,573</u>
CAPITAL AND RESERVES					
Called up share capital	19		210		210
Profit and loss account	20		<u>2,491</u>		<u>2,363</u>
SHAREHOLDERS' FUNDS	23		<u>2,701</u>		<u>2,573</u>

ON BEHALF OF THE BOARD:



 B D Ashwell - Director

Approved by the Board on 22nd July 2005

STEEL & ALLOY HOLDINGS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2005**

	Notes	2005 £'000	£'000	2004 £'000	£'000
Net cash inflow from operating activities	1		3,249		5,274
Returns on investments and servicing of finance	2		(55)		(124)
Taxation			(1,313)		(1,374)
Capital expenditure	2		<u>(1,252)</u>		<u>(1,771)</u>
			629		2,005
Financing	2		<u>(638)</u>		<u>(631)</u>
(Decrease)/Increase in cash in the period			<u><u>(9)</u></u>		<u><u>1,374</u></u>
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			(9)	1,374	
Cash outflow from decrease in debt and lease financing			<u>638</u>	<u>631</u>	
Change in net funds resulting from cash flows			629		2,005
New finance leases			<u>-</u>		<u>(15)</u>
Movement in net funds in the period			629		1,990
Net funds/(debt) at 1st April			<u>660</u>		<u>(1,330)</u>
Net funds at 31st March			<u><u>1,289</u></u>		<u><u>660</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 2005**

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

	2005 £'000	2004 £'000
Operating profit	5,087	4,744
Depreciation charges	1,350	1,255
Profit on disposal of fixed assets	-	(6)
Increase in stocks	(8,811)	(55)
Increase in debtors	(11,772)	(6,070)
Increase in creditors	<u>17,395</u>	<u>5,406</u>
Net cash inflow from operating activities	<u><u>3,249</u></u>	<u><u>5,274</u></u>

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

	2005 £'000	2004 £'000
Returns on investments and servicing of finance		
Interest received	95	49
Interest paid	(78)	(75)
Interest element of hire purchase payments	<u>(72)</u>	<u>(98)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(55)</u></u>	<u><u>(124)</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(1,282)	(1,797)
Sale of tangible fixed assets	<u>30</u>	<u>26</u>
Net cash outflow for capital expenditure	<u><u>(1,252)</u></u>	<u><u>(1,771)</u></u>
Financing		
Loan repayments in year	(200)	(200)
Capital repayments in year	<u>(438)</u>	<u>(431)</u>
Net cash outflow from financing	<u><u>(638)</u></u>	<u><u>(631)</u></u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2005**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/04 £'000	Cash flow £'000	At 31/3/05 £'000
Net cash:			
Cash at bank and in hand	<u>3,145</u>	<u>(9)</u>	<u>3,136</u>
	<u>3,145</u>	<u>(9)</u>	<u>3,136</u>
Debt:			
Hire purchase	(1,310)	438	(872)
Debts falling due within one year	(200)	-	(200)
Debts falling due after one year	<u>(975)</u>	<u>200</u>	<u>(775)</u>
	<u>(2,485)</u>	<u>638</u>	<u>(1,847)</u>
Total	<u>660</u>	<u>629</u>	<u>1,289</u>

STEEL & ALLOY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2005

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 2005 and the joint venture, under gross equity method, for the year ended 31st December 2004.

No significant activities have occurred in the joint venture between 1st January 2005 and 31st March 2005.

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.

All figures have been rounded to the nearest thousand pounds.

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.

The company has entered into a forward rate agreement with Barclays Bank plc. The company has translated euro-denominated bank balances in accordance with this forward rate agreement as opposed to the closing rate prevailing at the balance sheet date due to this being a more true and fair reflection of the companies circumstances.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2005

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:

	2005 £'000	2004 £'000
United Kingdom	123,830	100,288
E.C.	<u>241</u>	<u>49</u>
	<u>124,071</u>	<u>100,337</u>

3. STAFF COSTS

	2005 £'000	2004 £'000
Wages and salaries	6,184	5,145
Social security costs	595	615
Other pension costs	<u>134</u>	<u>115</u>
	<u>6,913</u>	<u>5,875</u>

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

	2005	2004
Production staff	142	129
Administration staff and directors	<u>68</u>	<u>69</u>
	<u>210</u>	<u>198</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

4. OPERATING PROFIT

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

	2005	2004
	£'000	£'000
Hire of plant and machinery	67	58
Depreciation - owned assets	1,049	944
Depreciation - assets on hire purchase contracts	301	311
Profit on disposal of fixed assets	-	(6)
Auditors remuneration	20	12
Other fees paid to auditors	<u>5</u>	<u>5</u>

	2005	2004
	£'000	£'000
Directors' emoluments	240	200
Directors' pension contributions to money purchase schemes	<u>8</u>	<u>7</u>

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

	2005	2004
	<u>1</u>	<u>1</u>

Information regarding the highest paid director for the year ended 31st March 2005 is as follows:

	2005
	£'000
Emoluments etc	<u>109</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	£'000	£'000
Deposit account interest	93	48
Share of interest receivable in joint venture	43	33
Other interest received	<u>2</u>	<u>1</u>
	<u>138</u>	<u>82</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£'000	£'000
Bank and other interest	47	45
Bank loan interest	31	30
Hire purchase interest	72	98
Share of hire purchase interest in joint venture	<u>11</u>	<u>29</u>
	<u>161</u>	<u>202</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2005

7. TAXATION

Analysis of the tax charge

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

	2005 £'000	2004 £'000
Current tax:		
UK corporation tax	1,521	1,330
Under/over provision	-	2
Share of joint venture current tax	<u>(4)</u>	<u>50</u>
Total current tax	1,517	1,382
Deferred tax	<u>4</u>	<u>66</u>
Tax on profit on ordinary activities	<u>1,521</u>	<u>1,448</u>

Factors affecting the tax charge

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

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	<u>5,079</u>	<u>4,808</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 29.837% (2004 - 30%)	1,515	1,442
Effects of:		
(Profit)/Loss on ordinary activities of joint venture at the standard rate of 29.837%	(14)	(57)
Share of joint venture current tax on profits/losses	(4)	50
Expenses not deductible for tax purposes	6	10
Depreciation of non industrial buildings	18	15
Capital allowances for period less than/(in excess of) depreciation	(4)	(66)
Adjustment to tax charge in respect of previous periods	-	2
Difference in tax rates	-	(14)
Current tax charge	<u>1,517</u>	<u>1,382</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 £128 (2004 - £101).

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

9. TANGIBLE FIXED ASSETS

Group

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST OR VALUATION					
At 1st April 2004	5,848	10,448	922	486	17,704
Additions	471	575	76	160	1,282
Disposals	-	-	-	(121)	(121)
At 31st March 2005	<u>6,319</u>	<u>11,023</u>	<u>998</u>	<u>525</u>	<u>18,865</u>
DEPRECIATION					
At 1st April 2004	1,428	4,831	530	212	7,001
Charge for year	211	900	142	97	1,350
Eliminated on disposal	-	-	-	(91)	(91)
At 31st March 2005	<u>1,639</u>	<u>5,731</u>	<u>672</u>	<u>218</u>	<u>8,260</u>
NET BOOK VALUE					
At 31st March 2005	<u>4,680</u>	<u>5,292</u>	<u>326</u>	<u>307</u>	<u>10,605</u>
At 31st March 2004	<u>4,420</u>	<u>5,617</u>	<u>392</u>	<u>274</u>	<u>10,703</u>

Included in cost or valuation of land and buildings is freehold land of £961 (2004 - £961) which is not depreciated.

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

9. TANGIBLE FIXED ASSETS - continued

Group

	Freehold land and buildings £'000	Short leasehold property £'000	Total land and buildings £'000
COST OR VALUATION:			
At 1st April 2004	5,760	88	5,848
Additions	<u>471</u>	<u>-</u>	<u>471</u>
At 31st March 2005	<u>6,231</u>	<u>88</u>	<u>6,319</u>
DEPRECIATION:			
At 1st April 2004	1,386	42	1,428
Charge for year	<u>198</u>	<u>13</u>	<u>211</u>
At 31st March 2005	<u>1,584</u>	<u>55</u>	<u>1,639</u>
NET BOOK VALUE:			
At 31st March 2005	<u>4,647</u>	<u>33</u>	<u>4,680</u>
At 31st March 2004	<u>4,374</u>	<u>46</u>	<u>4,420</u>

At 31st March 2005 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.

Cost or valuation at 31st March 2005 is represented by:

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
Valuation in 1989	950	-	-	-	950
Cost	<u>5,369</u>	<u>11,023</u>	<u>998</u>	<u>525</u>	<u>17,915</u>
	<u>6,319</u>	<u>11,023</u>	<u>998</u>	<u>525</u>	<u>18,865</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2005

9. TANGIBLE FIXED ASSETS - continued

Group

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

	2005 £'000	2004 £'000
Cost	<u>5,557</u>	<u>5,087</u>
Aggregate depreciation	<u>1,408</u>	<u>1,226</u>
Value of land in freehold land and buildings	<u>961</u>	<u>961</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 £1,401 (2004 - £1,734) in respect of assets held under hire purchase contracts.

Company

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST					
At 1st April 2004	1,425	81	9	-	1,515
Additions	<u>11</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>45</u>
At 31st March 2005	<u>1,436</u>	<u>81</u>	<u>9</u>	<u>34</u>	<u>1,560</u>
DEPRECIATION					
At 1st April 2004	155	3	2	-	160
Charge for year	<u>49</u>	<u>6</u>	<u>1</u>	<u>3</u>	<u>59</u>
At 31st March 2005	<u>204</u>	<u>9</u>	<u>3</u>	<u>3</u>	<u>219</u>
NET BOOK VALUE					
At 31st March 2005	<u>1,232</u>	<u>72</u>	<u>6</u>	<u>31</u>	<u>1,341</u>
At 31st March 2004	<u>1,270</u>	<u>78</u>	<u>7</u>	<u>-</u>	<u>1,355</u>

Included in land and buildings is freehold land valued at £200 (2004 - £200) which is not depreciated.

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2005

10. FIXED ASSET INVESTMENTS

Company	2005 £'000	2004 £'000
210,000 ordinary shares in Steel & Alloy Processing Limited, a wholly owned subsidiary registered in England	210	210
2,000,000 'B' ordinary shares in Laser Welded Blanks Limited, a joint venture (50% holding), registered in England	<u>2,000</u>	<u>2,000</u>
	<u>2,210</u>	<u>2,210</u>

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: Process of strip metal products

Class of shares: Ordinary

Holding: 100%

	2005 £'000	2004 £'000
Aggregate capital and reserves	23,891	20,512
Profit for the year	<u>3,379</u>	<u>3,119</u>

Group investment in joint venture

	2005 £'000	2004 £'000
Share of gross assets as at 31st December 2004	1,765	1,928
Share of gross liabilities as at 31st December 2004	<u>(151)</u>	<u>(365)</u>
	<u>1,614</u>	<u>1,563</u>

11. STOCKS

	Group	
	2005 £'000	2004 £'000
Raw materials	12,123	5,766
Finished goods	<u>2,560</u>	<u>106</u>
	<u>14,683</u>	<u>5,872</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade debtors	35,742	24,260	-	-
Amounts owed by participating interests	407	261	-	-
Other debtors	51	39	-	1
Directors' loan accounts	-	1	-	-
Taxation recoverable	15	11	-	-
Prepayments and accrued income	<u>317</u>	<u>184</u>	<u>1</u>	<u>1</u>
	<u>36,532</u>	<u>24,756</u>	<u>1</u>	<u>2</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 15)	200	200	153	147
Hire purchase contracts (see note 16)	305	438	-	-
Trade creditors	34,867	17,220	1	9
Amounts owed to group undertakings	-	-	614	785
Tax	852	640	51	26
Social security and other taxes	777	1,715	-	-
Directors' loan accounts	21	21	21	21
Accruals and deferred income	<u>1,444</u>	<u>758</u>	<u>5</u>	<u>2</u>
	<u>38,466</u>	<u>20,992</u>	<u>845</u>	<u>990</u>

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

	Group	
	2005	2004
	£'000	£'000
Bank loans (see note 15)	775	975
Hire purchase contracts (see note 16)	<u>567</u>	<u>872</u>
	<u>1,342</u>	<u>1,847</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	153	147
Bank loans	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
	<u>200</u>	<u>200</u>	<u>153</u>	<u>147</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>575</u>	<u>600</u>	<u>-</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>-</u>	<u>175</u>	<u>-</u>	<u>-</u>

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

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group	Hire purchase contracts	
	2005	2004
	£'000	£'000
Gross obligations repayable:		
Within one year	348	528
Between one and five years	624	1,015
In more than five years	<u>-</u>	<u>32</u>
	<u>972</u>	<u>1,575</u>
Finance charges repayable:		
Within one year	43	90
Between one and five years	<u>57</u>	<u>175</u>
	<u>100</u>	<u>265</u>
Net obligations repayable:		
Within one year	305	438
Between one and five years	567	840
In more than five years	<u>-</u>	<u>32</u>
	<u>872</u>	<u>1,310</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

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

Group

	Other operating leases	
	2005 £'000	2004 £'000
Expiring:		
Within one year	3	10
Between one and five years	<u>10</u>	<u>8</u>
	<u>13</u>	<u>18</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Bank overdrafts	-	-	153	147
Bank loans	975	1,175	-	-
Hire purchase contracts	<u>872</u>	<u>1,310</u>	<u>-</u>	<u>-</u>
	<u>1,847</u>	<u>2,485</u>	<u>153</u>	<u>147</u>

A composite accounting agreement exists between the group and the group's bankers.

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	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Capital allowances in excess of depreciation	<u>766</u>	<u>762</u>	<u>6</u>	<u>4</u>

Group

	Capital allowances in excess of depreciation £'000
Balance at 1st April 2004	762
Profit and loss account	<u>4</u>
Balance at 31st March 2005	<u>766</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

18. PROVISION FOR LIABILITIES AND CHARGES - continued

Company

	Capital allowances in excess of depreciation £'000
Balance at 1st April 2004	4
Accelerated capital allowances	<u>2</u>
Balance at 31st March 2005	<u><u>6</u></u>

19. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2005 £'000	2004 £'000
210,000	Ordinary		<u>210</u>	<u>210</u>

20. RESERVES

Group

	Profit and loss account £'000	Revaluation reserve £'000	Totals £'000
At 1st April 2004	21,467	761	22,228
Retained profit for the year	<u>3,558</u>	<u>-</u>	<u>3,558</u>
At 31st March 2005	<u><u>25,025</u></u>	<u><u>761</u></u>	<u><u>25,786</u></u>

Company

	Profit and loss account £'000
At 1st April 2004	2,363
Retained profit for the year	<u>128</u>
At 31st March 2005	<u><u>2,491</u></u>

21. TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the year ended 31st March 2005:

	£'000
B D Ashwell	
Balance outstanding at start of year	1
Balance outstanding at end of year	<u>-</u>
Maximum balance outstanding during year	<u><u>1</u></u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2005

21. TRANSACTIONS WITH DIRECTORS - continued

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

22. 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 £2,515 (2004 - £3,221) were made to Laser Welded Blanks Limited. At the 31st March 2004 Laser Welded Blanks Limited owed the company £407 (2004 £261).

Throughout the year Steel and Alloy Processing Limited have purchased from Laser Welded Blanks Limited in respect of general overheads £734 (2004: £60). At the end of year the amount outstanding to Laser Welded Blanks Limited was £nil (2004: £3).

During the year Steel and Alloy Holdings Limited has charged rent of £97 (2004: £110) to Laser Welded Blanks Limited.

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.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2005 £'000	2004 £'000
Profit for the financial year	<u>3,558</u>	<u>3,360</u>
Net addition to shareholders' funds	3,558	3,360
Opening shareholders' funds	<u>22,438</u>	<u>19,078</u>
Closing shareholders' funds	<u>25,996</u>	<u>22,438</u>
Equity interests	<u>25,996</u>	<u>22,438</u>

Company

	2005 £'000	2004 £'000
Profit for the financial year	<u>128</u>	<u>101</u>
Net addition to shareholders' funds	128	101
Opening shareholders' funds	<u>2,573</u>	<u>2,472</u>
Closing shareholders' funds	<u>2,701</u>	<u>2,573</u>
Equity interests	<u>2,701</u>	<u>2,573</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2005**

24. 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.