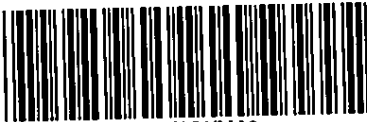


STEEL & ALLOY HOLDINGS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007

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COMPANIES HOUSE

Worton Rock Limited
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 2007**

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STEEL & ALLOY HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2007

DIRECTORS.	D R Johnson M T Cooper J A Ashwell M D Ashwell A Roberts
SECRETARY:	D R Johnson
REGISTERED OFFICE.	Trafalgar Works Union Street West Bromwich West Midlands B70 6BZ
REGISTERED NUMBER:	3326521
AUDITORS:	Worton Rock Limited Chartered Accountants Registered Auditors Churchfield House 36 Vicar Street Dudley West Midlands DY2 8RG
BANKERS	Barclays Bank PO Box 3333 15 Colmore Row Birmingham B3 2WN

STEEL & ALLOY HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007

The Directors present their report with the financial statements of the Company and the Group for the year ended 31st March 2007

PRINCIPAL ACTIVITY

The principal activity of the Group for the year under review was the processing of steel strip mill products for the supply mainly to the automotive industry in the United Kingdom through its wholly-owned subsidiary, Steel & Alloy Processing Limited

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

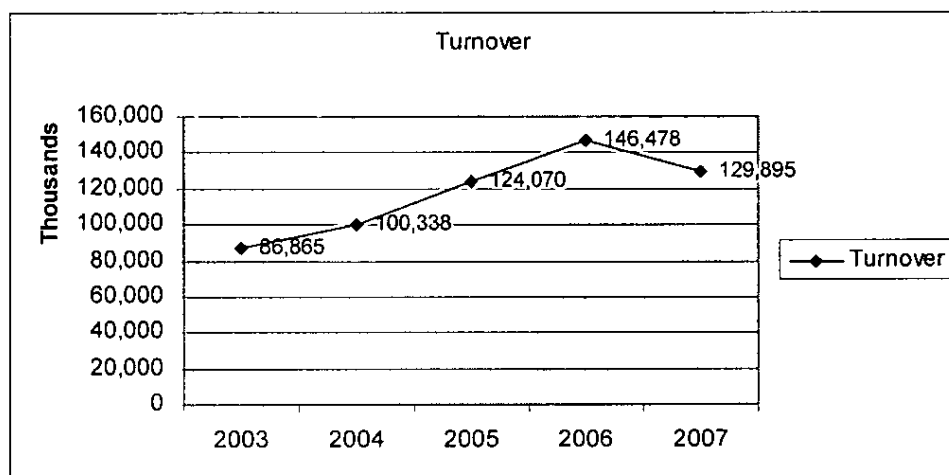
The intention of this review is to portray a balanced and comprehensive summary of the development and performance of Steel & Alloy Holdings Limited, consistent with the size and relatively uncomplicated nature of the business against the background of any risks and uncertainties that may exist. In doing so, the Directors have taken into account only such facts and circumstances of which we are aware at the date of this report

There has been no change in the principal activity of the Group and no significant shift in the customer base and sources of supply of the Company. In May 2006, the investment in 50% of the share capital of Laser Welded Blanks Limited was sold to the joint venture partner, Sollac Lorraine, a member of the Arcelor Mittal Group

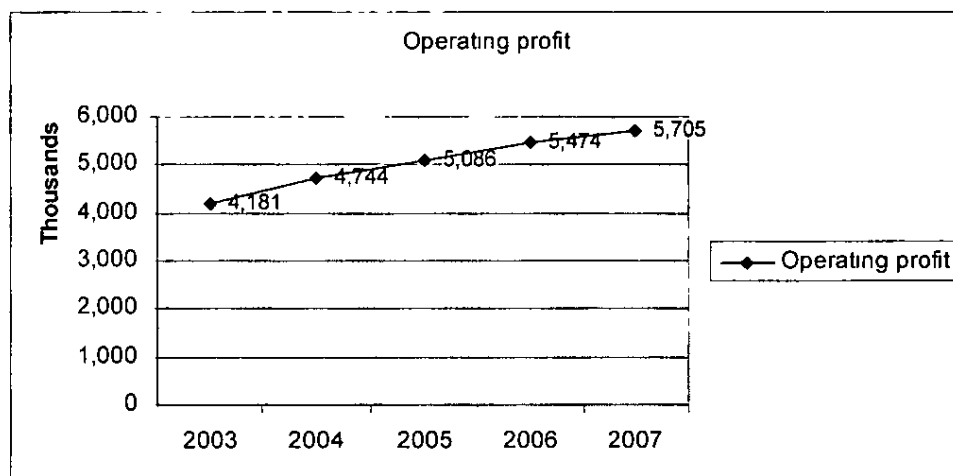
The Group operates out of three main sites, two in the West Midlands and one in the North East of England. There is also a distribution centre that Steel & Alloy operates on customer premises in the West Midlands. Again there has been no change in any of these locations in the period under review

The primary processing activities comprise slitting, multi-strand blanking, press blanking and shearing. The business capability also lies in supply chain management, enabling the delivery of product to customers on a just in time basis

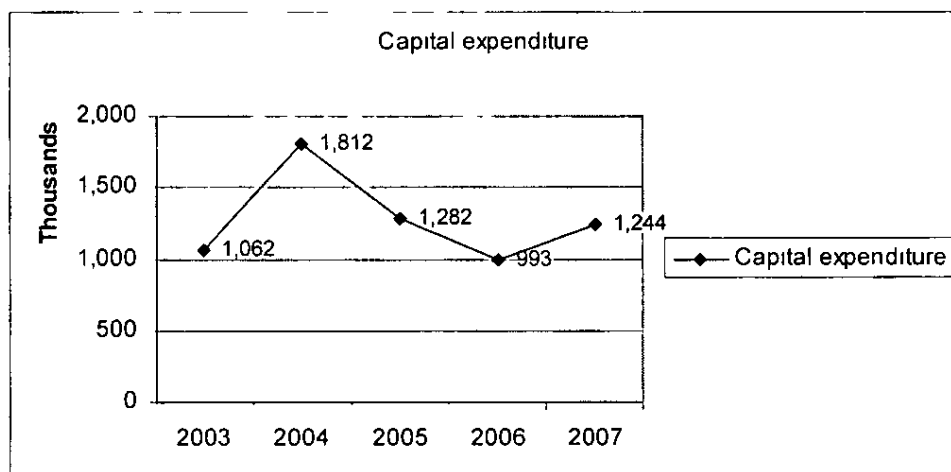
PERFORMANCE



STEEL & ALLOY HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007



It is the key objective of the Group to achieve growth in Turnover and Operating Profit through mutually successful long term partnerships with both customers and suppliers. Steel & Alloy is committed to delivering the highest standards of customer service and satisfaction and to continuous improvement in all aspects of the business.



Capital Expenditure is targeted towards keeping Steel & Alloy at the leading edge of processing capability, maintaining effective capacity to meet demand and ensuring the safe operation of our facilities.

The key financial performance indicators are Turnover, Operating Profit, Cash Flow and Return on Net Assets (Operating Profit as a percentage of Net Assets as at the Balance Sheet Date). With the exception of Cash Flow, these measures exclude the results and assets relating to the joint venture.

	2007	2006	net change
	£'000s	£'000s	%
Turnover	129,895	146,478	-11
Operating Profit	5,705	5,474	+4
Cash Flow	1,366	(819)	+266
	%	%	
Return on net assets	16.2	18.7	-13

STEEL & ALLOY HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007

Turnover is the product of two main variables volume of goods supplied and price While volume remained broadly unchanged during the year, the average price of goods supplied fell sharply towards the end of the previous financial year, recovering in the final quarter of the year under review, so the reduction in Turnover reflects this pricing effect

Operating Profit was marginally improved mainly due to internal operating efficiencies The average number of employees was reduced by 2.4% to 204 people

The Directors give the highest priority to the safety and welfare of our people and the Group has achieved ongoing reduction in accidents and the severity of those incidents through the promotion of safe working practices and awareness

There was a net inflow of cash to the Group, predominately due to the sale of the investment in the joint venture There was a significant increase in Working Capital, fundamentally driven by higher prices in the final quarter of the year and the consequent impact on stocks and debtors The net cash position at the year end is adequate for the ongoing requirements of the business

The reduction in the Return on Net Assets was also due to the increase in Working Capital and the consequent increase in the Net Asset value of the Company

RISKS AND UNCERTAINTIES

From the above analysis it can be seen that price movement is a major factor in the financial performance of the business, with significant impact for all of the key indicators There is significant volatility in material pricing and uncertainty as to the future direction and level Current and predicted levels of demand for steel and the constituent raw materials in the global market make it seem likely that prices will continue to rise in the short and medium term, though the timing and value of any changes is impossible to predict with any degree of confidence

The success of the business is partly dependent on developments in the UK and European Automotive industry, the global steel producing sector as well as the general economic situation The Directors and Senior Management aim to keep informed of market conditions and trends, adapting business strategies to reflect changes in circumstances

Consolidation within the steel industry is changing the dynamics of the market place with the main producers able to exert greater influence on supply and demand than was once the case Availability of material to meet the requirements of our UK automotive customers will be a further significant factor in the future performance of the Group, given the competing demands from other sectors (eg building products) and regions (eg China)

The Group undertakes regular reviews of the principal risks facing the business and wherever possible processes are in place to monitor and mitigate such risks In particular, the Group maintains appropriate insurance cover for its critical business resource, for Business Interruption and associated events and has a robust Business Continuity Plan to deal with the consequences of such contingencies Adequate credit insurance arrangements are also entered into in respect of Trade Debtors

There is limited exposure to Foreign Exchange rates fluctuation, mainly in respect of trading in Euros It is the policy of the Group to use natural hedging wherever possible, matching receivables and payables, and to fix the exchange rate for any imbalance by the use of Forward Contracts or similar financial instruments There is no use of financial instruments by the Group except in connection with foreign exchange or interest rate protection Given the strong balance sheet and cash position of the Group, the Directors do not have any concerns with regard to liquidity or interest rate risk Cash is held on deposit with Barclays Bank and Handelsbanken, both parties having exceptionally good credit ratings from the leading financial analysts

STEEL & ALLOY HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007

CONCLUSION

While the business faces challenging market conditions, the Directors remain optimistic about the prospects for the future and are confident that the Group is in good shape to take advantage of any opportunities that arise. There are plans to develop operations in Turkey in the next year, the first venture outside the UK. The Group has maintained its industry approvals TS16949 and ISO 9001 Quality standards, ISO 14001 Environmental standard, Investors in People award, and in the past year has obtained certification to OHSAS 18001 for Health & Safety.

In summary, the Directors believe that the Group has completed a satisfactory year, is well placed in terms of its trading partnerships with both customers and suppliers and has a sound financial and operational structure to achieve future success.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2007.

FIXED ASSETS

In the opinion of the Directors there is no significant difference between the present market value of the Group's properties and the amounts at which they are stated in the accounts. Details are set out in note 10.

FUTURE DEVELOPMENTS

Market conditions in the U.K. automotive components sector remain generally positive. The Directors continue to be reasonably optimistic about prospects for sales volumes in the short and medium term.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1st April 2006 to the date of this report.

D R Johnson
M T Cooper
J A Ashwell
M D Ashwell

Other changes in Directors holding office are as follows:

A Roberts - appointed 18th August 2006

GROUP'S POLICY ON PAYMENT OF CREDITORS

The Group 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 Group 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.

DONATIONS

During the year the Group paid £416 (2006: £491) to U.K. charities.

STEEL & ALLOY HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these 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 the Group and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

The auditors, Worton Rock Limited, 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 26th July 2007

**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 2007 on pages nine to twenty nine. These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page six.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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.

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 31st March 2007 and of the profit of the group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Worton Rock Limited

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

Date 26th July 2007

STEEL & ALLOY HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2007**

	Notes	2007 £'000	2006 £'000
TURNOVER group and share of joint venture		129,895	148,061
Less share of joint venture		-	1,583
TURNOVER excluding share of joint venture	2	129,895	146,478
Cost of sales		<u>118,596</u>	<u>135,588</u>
GROSS PROFIT		11,299	10,890
Administrative expenses		<u>5,785</u>	<u>5,617</u>
		5,514	5,273
Other operating income		<u>191</u>	<u>201</u>
OPERATING PROFIT	4	5,705	5,474
Share of operating loss in joint venture		-	(69)
OPERATING PROFIT OF COMBINED ENTITY		5,705	5,405
Profit on sale of investments	5	<u>1,034</u>	-
		6,739	5,405
Interest receivable and similar income	6	528	298
		<u>7,267</u>	<u>5,703</u>
Interest payable and similar charges	7	<u>75</u>	<u>108</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,192	5,595
Tax on profit on ordinary activities	8	<u>2,011</u>	<u>1,659</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>5,181</u>	<u>3,936</u>

CONTINUING OPERATIONS

None of the Group's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The Group has no recognised gains or losses other than the profits for the current year or previous year

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

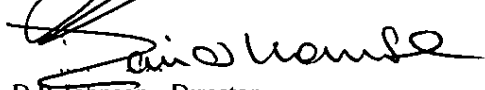
STEEL & ALLOY HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
31ST MARCH 2007**

	Notes	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	10	9,918	10,136
Investments	11	-	643
		9,918	10,779
CURRENT ASSETS			
Stocks	12	10,955	9,229
Debtors	13	32,015	30,834
Cash at bank		5,100	2,317
		48,070	42,380
CREDITORS			
Amounts falling due within one year	14	21,545	21,498
NET CURRENT ASSETS		26,525	20,882
TOTAL ASSETS LESS CURRENT LIABILITIES		36,443	31,661
CREDITORS			
Amounts falling due after more than one year	15	(597)	(974)
PROVISIONS FOR LIABILITIES	19	(733)	(755)
NET ASSETS		35,113	29,932
CAPITAL AND RESERVES			
Called up share capital	20	210	210
Revaluation reserve	21	761	761
Profit and loss account	21	34,142	28,961
SHAREHOLDERS' FUNDS	24	35,113	29,932

The financial statements were approved by the Board of Directors on 26th July 2007 and were signed on its behalf by

 J A Ashwell - Director

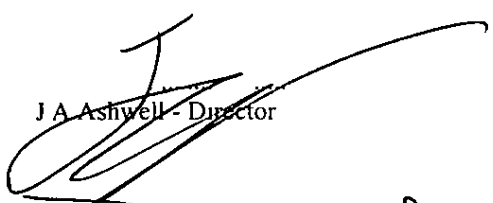
 D R Johnson - Director

STEEL & ALLOY HOLDINGS LIMITED

**COMPANY BALANCE SHEET
31ST MARCH 2007**

	Notes	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	10	1,211	1,274
Investments	11	<u>210</u>	<u>1,210</u>
		1,421	2,484
CURRENT ASSETS			
Debtors	13	29	-
Cash at bank		<u>5,168</u>	<u>834</u>
		5,197	834
CREDITORS			
Amounts falling due within one year	14	<u>2,964</u>	<u>521</u>
NET CURRENT ASSETS		<u>2,233</u>	<u>313</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,654	2,797
PROVISIONS FOR LIABILITIES	19	<u>33</u>	<u>28</u>
NET ASSETS		<u>3,621</u>	<u>2,769</u>
CAPITAL AND RESERVES			
Called up share capital	20	210	210
Profit and loss account	21	<u>3,411</u>	<u>2,559</u>
SHAREHOLDERS' FUNDS	24	<u>3,621</u>	<u>2,769</u>

The financial statements were approved by the Board of Directors on 26th July 2007 and were signed on its behalf by


J A Ashwell - Director


D R Johnson - Director

STEEL & ALLOY HOLDINGS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2007

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activities	1	2,206	1,360
Returns on investments and servicing of finance	2	453	147
Taxation		(1,865)	(1,840)
Capital expenditure and financial investment	2	<u>462</u>	<u>41</u>
		1,256	(292)
Financing	2	<u>109</u>	<u>(527)</u>
Increase/(Decrease) in cash in the period		<u>1,365</u>	<u>(819)</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		1,365	(819)
Cash outflow from decrease in debt and lease financing		<u>366</u>	<u>506</u>
Change in net funds resulting from cash flows		<u>1,731</u>	<u>(313)</u>
Movement in net funds in the period		1,731	(313)
Net funds at 1st April		<u>976</u>	<u>1,289</u>
Net funds at 31st March		<u>2,707</u>	<u>976</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2007**

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

	2007 £'000	2006 £'000
Operating profit	5,705	5,474
Depreciation charges	1,435	1,437
Profit on disposal of fixed assets	(2)	(9)
(Increase)/Decrease in stocks	(1,726)	5,454
(Increase)/Decrease in debtors	(1,656)	5,694
Decrease in creditors	<u>(1,550)</u>	<u>(16,690)</u>
Net cash inflow from operating activities	<u>2,206</u>	<u>1,360</u>

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

	2007 £'000	2006 £'000
Returns on investments and servicing of finance		
Interest received	528	255
Interest paid	(45)	(63)
Interest element of hire purchase payments	<u>(30)</u>	<u>(45)</u>
Net cash inflow for returns on investments and servicing of finance	<u>453</u>	<u>147</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,244)	(993)
Sale of tangible fixed assets	29	34
Sale of fixed asset investments	<u>1,677</u>	<u>1,000</u>
Net cash inflow for capital expenditure and financial investment	<u>462</u>	<u>41</u>
Financing		
Loan repayments in year	(200)	(200)
Repayments from former joint venture	475	-
Capital repayments in year	(166)	(306)
Amount withdrawn by directors	<u>-</u>	<u>(21)</u>
Net cash inflow/(outflow) from financing	<u>109</u>	<u>(527)</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2007**

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/06 £'000	Cash flow £'000	At 31/3/07 £'000
Net cash			
Cash at bank	2,317	2,783	5,100
Bank overdraft	<u>-</u>	<u>(1,418)</u>	<u>(1,418)</u>
	<u>2,317</u>	<u>1,365</u>	<u>3,682</u>
Debt			
Hire purchase	(566)	166	(400)
Debts falling due within one year	(200)	-	(200)
Debts falling due after one year	<u>(575)</u>	<u>200</u>	<u>(375)</u>
	<u>(1,341)</u>	<u>366</u>	<u>(975)</u>
Total	<u>976</u>	<u>1,731</u>	<u>2,707</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2007

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards

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 2007

The joint venture previously incorporated under the gross equity method was sold on 10th May 2006. The profit on the sale of the joint venture has been calculated based on the results at 31st December 2005. The activities of the joint venture between 1st January 2006 and 10th May 2006 are not considered significant.

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%, 15% and 33% straight line
Motor vehicles	20% straight line
Fixtures and fittings	15 - 20% straight line

Plant and machinery includes tooling which has been depreciated at 33% 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 2007

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 on a straight line basis over the period of the lease.

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.

	2007 £'000	2006 £'000
United Kingdom	129,652	146,440
E C	<u>243</u>	<u>38</u>
	<u>129,895</u>	<u>146,478</u>

3 STAFF COSTS

	2007 £'000	2006 £'000
Wages and salaries	6,325	6,270
Social security costs	592	592
Other pension costs	<u>158</u>	<u>153</u>
	<u>7,075</u>	<u>7,015</u>

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

	2007	2006
Production staff	133	140
Administration staff and directors	<u>71</u>	<u>69</u>
	<u>204</u>	<u>209</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007	2006
	£'000	£'000
Hire of plant and machinery	65	66
Depreciation - owned assets	1,312	1,314
Depreciation - assets on hire purchase contracts	123	123
Profit on disposal of fixed assets	(2)	(9)
Auditors' remuneration	19	15
Other fees paid to auditors	<u>3</u>	<u>11</u>

	2007	2006
	£'000	£'000
Directors' emoluments	433	350
Directors' pension contributions to money purchase schemes	20	19
Consideration paid to third parties for services of non-executive director	<u>18</u>	<u>-</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid Director is as follows

	2007	2006
	£'000	£'000
Emoluments etc	152	131
Pension contributions to money purchase schemes	<u>10</u>	<u>10</u>

5 EXCEPTIONAL ITEMS

The exceptional item relates to the sale by Steel & Alloy Holdings Limited of its 50% interest in the joint venture, Laser Welded Blanks Limited, on the 10th May 2006 Please refer to note 11 for further detail

We have not disclosed this as a discontinued operation under FRS3 since the discontinued activities do not have a significant impact on the Group's operations

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£'000	£'000
Deposit account interest	526	253
Share of interest receivable in joint venture	-	43
Other interest received	<u>2</u>	<u>2</u>
	<u>528</u>	<u>298</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£'000	£'000
Bank and other interest	24	37
Bank loan interest	21	26
Hire purchase interest	<u>30</u>	<u>45</u>
	<u>75</u>	<u>108</u>

8 TAXATION

Analysis of the tax charge

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

	2007	2006
	£'000	£'000
Current tax		
UK corporation tax	2,016	1,740
Under/over provision	17	(15)
Share of joint venture current tax	<u>-</u>	<u>(55)</u>
Total current tax	2,033	1,670
Deferred tax	<u>(22)</u>	<u>(11)</u>
Tax on profit on ordinary activities	<u>2,011</u>	<u>1,659</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

8 TAXATION - continued

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

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>7,192</u>	<u>5,595</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 29.895%)	2,157	1,673
Effects of		
Loss/(profit) on ordinary activities of joint venture at the standard rate of 29.895%	-	8
Share of joint venture current tax on profits	-	(55)
Expenses not deductible for tax purposes	126	11
Depreciation of non industrial buildings	18	18
Capital allowances for period less than depreciation	25	30
Adjustment to tax charge in respect of previous periods	17	(15)
Profit on sale of joint venture exempt from corporation tax	(310)	-
	<u>2,033</u>	<u>1,670</u>
Current tax charge		

9 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

2007 £'000	2006 £'000
<u>852</u>	<u>68</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

10 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 2006	6,338	11,809	1,090	501	19,738
Additions	45	1,048	51	100	1,244
Disposals	-	(4)	-	(125)	(129)
At 31st March 2007	<u>6,383</u>	<u>12,853</u>	<u>1,141</u>	<u>476</u>	<u>20,853</u>
DEPRECIATION					
At 1st April 2006	1,863	6,695	824	220	9,602
Charge for year	226	1,024	92	93	1,435
Eliminated on disposal	-	(4)	-	(98)	(102)
At 31st March 2007	<u>2,089</u>	<u>7,715</u>	<u>916</u>	<u>215</u>	<u>10,935</u>
NET BOOK VALUE					
At 31st March 2007	<u>4,294</u>	<u>5,138</u>	<u>225</u>	<u>261</u>	<u>9,918</u>
At 31st March 2006	<u>4,475</u>	<u>5,114</u>	<u>266</u>	<u>281</u>	<u>10,136</u>

Included in cost or valuation of land and buildings is freehold land which is not depreciated

2007	2006
£'000	£'000
<u>961</u>	<u>961</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

10 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 2006	6,250	88	6,338
Additions	<u>45</u>	<u>-</u>	<u>45</u>
At 31st March 2007	<u>6,295</u>	<u>88</u>	<u>6,383</u>
 DEPRECIATION:			
At 1st April 2006	1,795	68	1,863
Charge for year	<u>212</u>	<u>14</u>	<u>226</u>
At 31st March 2007	<u>2,007</u>	<u>82</u>	<u>2,089</u>
 NET BOOK VALUE:			
At 31st March 2007	<u>4,288</u>	<u>6</u>	<u>4,294</u>
At 31st March 2006	<u>4,455</u>	<u>20</u>	<u>4,475</u>

At 31st March 2007 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 2007 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>5,433</u>	<u>12,853</u>	<u>1,141</u>	<u>476</u>	<u>19,903</u>
	<u>6,383</u>	<u>12,853</u>	<u>1,141</u>	<u>476</u>	<u>20,853</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

10 TANGIBLE FIXED ASSETS - continued

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

	2007 £'000	2006 £'000
Cost	<u>5,622</u>	<u>5,576</u>
Aggregate depreciation	<u>2,313</u>	<u>2,116</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 in respect of assets held under hire purchase contracts

	2007 £'000	2006 £'000
	<u>543</u>	<u>666</u>

Company

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST					
At 1st April 2006	1,436	81	9	34	1,560
Additions	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
At 31st March 2007	<u>1,436</u>	<u>81</u>	<u>11</u>	<u>34</u>	<u>1,562</u>
DEPRECIATION					
At 1st April 2006	254	17	5	10	286
Charge for year	<u>49</u>	<u>8</u>	<u>1</u>	<u>7</u>	<u>65</u>
At 31st March 2007	<u>303</u>	<u>25</u>	<u>6</u>	<u>17</u>	<u>351</u>
NET BOOK VALUE					
At 31st March 2007	<u>1,133</u>	<u>56</u>	<u>5</u>	<u>17</u>	<u>1,211</u>
At 31st March 2006	<u>1,182</u>	<u>64</u>	<u>4</u>	<u>24</u>	<u>1,274</u>

Included in land and buildings is freehold land which is not depreciated of

	2007 £'000	2006 £'000
	<u>200</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007

	2007	2006
Company	£'000	£'000
210,000 ordinary shares in Steel & Alloy Processing Limited, a wholly owned subsidiary registered in England	210	210
1,000,000 'B' ordinary shares in Laser Welded Blanks Limited, a joint venture (50% holding), registered in England	-	1,000
	210	1,210

Subsidiary

Nature of business	Process of strip metal products	Class of shares	Ordinary Holding	100%	
				2007	2006
				£'000	£'000
Aggregate capital and reserves				31,702	27,730
Profit for the year				3,972	3,839

Laser Welded Blanks Limited

Group investment in joint venture	2007 £'000	2006 £'000
Share of gross assets as at 31st December 2005	-	835
Share of gross liabilities as at 31st December 2005	<u>-</u>	<u>(192)</u>
	-	643

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2007**

On the 10th May 2006 the Group completed the sale of Laser Welded Blanks Limited for a cash consideration of £1,700 million

The disposal is analysed as follows

	2007
	£'000
Share of gross assets as at 31st December 2005	835
Share of gross liabilities as at 31st December 2005	<u>(192)</u>
	643
Consideration less legal fees	<u>(1,677)</u>
Profit on sale of investment	<u><u>1,034</u></u>

12 STOCKS

	Group	
	2007	2006
	£'000	£'000
Raw materials	7,787	6,881
Finished goods	<u>3,168</u>	<u>2,348</u>
	<u><u>10,955</u></u>	<u><u>9,229</u></u>

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Trade debtors	29,869	30,030	29	-
Amounts owed by participating interests	-	475	-	-
Other debtors	2,030	39	-	-
Taxation recoverable	11	11	-	-
Prepayments and accrued income	<u>105</u>	<u>279</u>	<u>-</u>	<u>-</u>
	<u><u>32,015</u></u>	<u><u>30,834</u></u>	<u><u>29</u></u>	<u><u>-</u></u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	1,618	200	-	-
Hire purchase contracts (see note 17)	178	167	-	-
Trade creditors	14,463	17,974	-	-
Amounts owed to group undertakings	-	-	2,330	442
Tax	901	733	237	40
Social security and other taxes	2,008	671	-	-
Accruals and deferred income	<u>2,377</u>	<u>1,753</u>	<u>397</u>	<u>39</u>
	<u>21,545</u>	<u>21,498</u>	<u>2,964</u>	<u>521</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2007	2006
	£'000	£'000
Bank loans (see note 16)	375	575
Hire purchase contracts (see note 17)	<u>222</u>	<u>399</u>
	<u>597</u>	<u>974</u>

16 LOANS

An analysis of the maturity of loans is given below

	Group	
	2007	2006
	£'000	£'000
Amounts falling due within one year or on demand		
Bank overdraft	1,418	-
Bank loans	<u>200</u>	<u>200</u>
	<u>1,618</u>	<u>200</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	<u>200</u>	<u>200</u>
Amounts falling due between two and five years		
Bank loans - 2-5 years	<u>175</u>	<u>375</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 2007**

17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2007 £'000	2006 £'000
Gross obligations repayable		
Within one year	197	197
Between one and five years	<u>230</u>	<u>427</u>
	<u>427</u>	<u>624</u>
Finance charges repayable		
Within one year	19	30
Between one and five years	<u>8</u>	<u>27</u>
	<u>27</u>	<u>57</u>
Net obligations repayable		
Within one year	178	167
Between one and five years	<u>222</u>	<u>400</u>
	<u>400</u>	<u>567</u>

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

Group

	Other operating leases	
	2007 £'000	2006 £'000
Expiring		
Within one year	-	4
Between one and five years	<u>5</u>	<u>-</u>
	<u>5</u>	<u>4</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2007

18 SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2007	2006
	£'000	£'000
Bank overdraft	1,418	-
Bank loans	575	775
Hire purchase contracts	<u>400</u>	<u>567</u>
	<u>2,393</u>	<u>1,342</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

19 PROVISIONS FOR LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Deferred tax				
Capital allowances in excess of depreciation	<u>733</u>	<u>755</u>	<u>33</u>	<u>28</u>

Group

	Deferred tax £'000
Balance at 1st April 2006	755
Reverse timing differences	<u>(22)</u>
Balance at 31st March 2007	<u>733</u>

Company

	Deferred tax £'000
Balance at 1st April 2006	28
Accelerated capital allowances	<u>5</u>
Balance at 31st March 2007	<u>33</u>

20 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid				
Number	Class	Nominal value	2007 £'000	2006 £'000
210,000	Ordinary	£1	<u>210</u>	<u>210</u>

STEEL & ALLOY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

21 RESERVES

Group

	Profit and loss account £'000	Revaluat- ion reserve £'000	Totals £'000
At 1st April 2006	28,961	761	29,722
Profit for the year	<u>5,181</u>	<u> </u>	<u>5,181</u>
At 31st March 2007	<u>34,142</u>	<u>761</u>	<u>34,903</u>

Company

	Profit and loss account £'000
At 1st April 2006	2,559
Profit for the year	<u>852</u>
At 31st March 2007	<u>3,411</u>

22 CAPITAL COMMITMENTS

	2007 £'000	2006 £'000
Contracted but not provided for in the financial statements	<u>428</u>	<u>-</u>

STEEL & ALLOY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2007

23 RELATED PARTY DISCLOSURES

Up to the 10th May 2006 the Company had a joint venture investment in Laser Welded Blanks Limited. The Company sold its interest in the joint venture on the 10th May 2006.

Up to the date of sale Steel & Alloy Holdings Limited had charged Laser Welded Blanks Limited £24 (31st March 2006 - £97) in respect of rent. At the 10th May 2006 Steel & Alloy Holdings Limited were owed no amount from and owed no amounts to Laser Welded Blanks Limited (31st March 2006 - £nil).

Up to the date of sale Steel & Alloy Processing Limited had made sales of £348 to Laser Welded Blanks Limited (31st March 2006 - £2,459). At the 10th May 2006 Steel & Alloy Processing Limited were owed £158 by Laser Welded Blanks Limited (31st March 2006 - £480).

Up to the date of sale Steel & Alloy Processing Limited had made no purchase from Laser Welded Blanks Limited in respect of general overheads (31st March 2006 - £49). The Company owed no amounts to Laser Welded Blanks Limited at 10th May 2006 (31st March 2006 - £5).

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

	2007 £'000	2006 £'000
Profit for the financial year	<u>5,181</u>	<u>3,936</u>
Net addition to shareholders' funds	5,181	3,936
Opening shareholders' funds	<u>29,932</u>	<u>25,996</u>
Closing shareholders' funds	<u>35,113</u>	<u>29,932</u>

Company

	2007 £'000	2006 £'000
Profit for the financial year	<u>852</u>	<u>68</u>
Net addition to shareholders' funds	852	68
Opening shareholders' funds	<u>2,769</u>	<u>2,701</u>
Closing shareholders' funds	<u>3,621</u>	<u>2,769</u>

25 CONTROLLING PARTY

The members of the Ashwell family, control the Company by virtue of a controlling interest (directly or indirectly) of 100% of the issued share capital.