

Company Registered No. 00032668

STEEL BROTHERS AND COMPANY LIMITED

DIRECTOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
31 DECEMBER 1995



**STEEL BROTHERS AND COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS 1995**

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OFFICERS AND PROFESSIONAL ADVISERS

**Directors**

T V Lakshmikanthan  
G M K Lodhi  
J A Melrose

**Secretary**

J A Melrose

**Registered Office**

Unit G1  
Tingewick Road  
Buckingham MK18 1AN

**Solicitors**

Butcher Burns  
Beaumont House  
47 Mount Pleasant  
London WC1X 0AE

**Auditors**

Chandler & Georges  
Chartered Accountants  
75 Westow Hill  
Crystal Palace  
London SE19 1TX

**DIRECTORS' REPORT**

The directors present their report and audited financial statements for the year ended 31 December 1995.

**IMPORTANT EVENTS OCCURRING DURING THE YEAR**

During the year Bricom Holdings Limited, sold their entire shareholding in the company to Somerton Trading Group S A, a company registered in British Virgin Islands. The purchase of shares by Somerton is conditional upon Somerton procuring that a dividend in the gross sum of £ 3,848,000 is declared by the company and Bricom procuring that equivalent dividends are paid within the Bricom Group to Securum Industrial Holdings Limited and that Securum utilises such dividends in discharge of its debt to the company. On 19 July 1995, the company by way of a "Special Petition to the High Court of Justice, was granted leave to reduce its Authorised and Issued Share Capital by £1,290,000.00".

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS**

Prior to 8 June 1995 the company continued in its role as a holding company for various interests of its immediate holding company, Bricom Holdings Limited. Subsequent to the acquisition of the company by its present shareholders, the company continued its operations in Myanmar and did not carry out any business in the United Kingdom.

**RESULTS AND DIVIDEND**

The results for the year are set out in the attached account. The directors do not recommend the payment of a dividend.

**DIRECTORS**

The present directors of the company are shown on page 1.

The following served as directors of the company during the year:

M J Taylor	(resigned 8 June 1995)
D Nolan	(appointed 18 May 1995 - resigned 8 June 1995)
J B Hay	(resigned 18 May 1995)
J A Melrose	(appointed 8 June 1995)
T V Lakshmikanthan	(appointed 8 June 1995)
G M K Lodhi	(appointed 8 June 1995)

**DIRECTORS' INTERESTS**

In accordance with the register maintained for the purposes of sections 324 to 328 Companies Act 1985 none of the directors had any interests requiring disclosure.

**AUDITORS**

On 7 June 1995, KPMG resigned as auditors of the company. Messrs Chandler & Georges, Chartered Accountants, were appointed auditors effective from 8 June 1995.

A resolution for the re-appointment of Chandler & Georges as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



J A Melrose  
Secretary  
Date: 28 April 1997

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
IN RESPECT OF THE FINANCIAL STATEMENTS**

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

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

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

**AUDITORS' REPORT TO THE MEMBER OF  
STEEL BROTHER AND COMPANY LIMITED**

We have audited the financial statements on pages 6 to 13.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


**Basis of opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chandler & Georges  
Chartered Accountants  
Registered Auditors

Date:

28-4-97

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

	Note	1995 £'000	1994 £'000
Net operating income	2	55	44
Provision not required		<u>160</u>	<u>(3)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		215	41
Tax on profit on ordinary activities	4	<u>(19)</u>	<u>(22)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>196</u>	<u>19</u>

Movements on reserves are set out in note 11.

The company's results are all from continuing operations.

A statement of recognised gains and losses is not shown separately as the company has no recognised gains and losses other than those passing through the profit and loss account.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDER' S FUNDS**

	1995 £'000	1994 £'000
Profit for the financial year	196	19
Opening shareholders' funds	<u>3883</u>	<u>3864</u>
Closing shareholders' funds	<u>4079</u>	<u>3883</u>




**BALANCE SHEET**  
**31 DECEMBER 1995**

	Note	1995 £'000	1994 £'000
<b>FIXED ASSETS</b>			
Tangible assets	5	1	1
Investments	6	<u>-</u>	<u>133</u>
		<u>1</u>	<u>134</u>
<b>CURRENT ASSETS</b>			
Debtors	7	4035	3901
Cash at bank	12	<u>86</u>	<u>8</u>
		4121	3090
<b>CREDITORS</b>			
amounts falling due within one year	8	<u>(43)</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		<u>4078</u>	<u>3909</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4079	4043
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	9	<u>-</u>	<u>(160)</u>
<b>NET ASSETS</b>		<u>4079</u>	<u>3883</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	10	1300
Other reserves	11	4033	2806
Profit and loss account	11	<u>36</u>	<u>(223)</u>
		<u>4079</u>	<u>3883</u>

These financial statements were approved by the board on 28 April 1997.

Signed on behalf of the Board of Directors

  
T V Lakshmikanthan

**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**1. ACCOUNTING POLICIES**

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

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirements of Financial Reporting Standard Number 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Somerton Trading Group S.A. and its cash flows are included within the consolidated cash flow statement of that company.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the average rate of exchange for the year. All exchange gains and losses are dealt with in the profit and loss account.

All assets and liabilities nominated in foreign currencies are translated into sterling at the rates ruling at the end of the financial year. All exchange gains and losses are dealt with in the profit and loss account for the year.

NOTES TO THE ACCOUNTS  
31 DECEMBER 1995

2. NET OPERATING INCOME

	1995 £'000	1994 £'000
Exchange gain	2	4
Rental income	54	50
Administrative expenses	<u>(1)</u>	<u>(12)</u>
	<u>55</u>	<u>44</u>

3. EMPLOYEES AND DIRECTORS' REMUNERATION

The company did not employ any staff in 1995 and 1994.

The directors received no fees during 1995 and 1994.

4. TAXATION

The charge based on the profit for the year comprises:

	1995 £'000	1994 £'000
UK Corporation tax @ 33%	14	13
Less: Double tax relief	(14)	(13)
Overseas tax	<u>19</u>	<u>22</u>
	<u>19</u>	<u>22</u>

NOTES TO THE ACCOUNTS  
31 DECEMBER 1995

5. TANGIBLE FIXED ASSETS

( See also note 12)

Freehold land  
and buildings  
£'000

Cost	
At 1 January and 31 December 1995	158
Depreciation	
At 1 January and 31 December 1995	<u>157</u>
Net book value at	
31 December 1995	<u>1</u>
31 December 1994	<u>1</u>

6. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £'000	Other Investments £'000	Total £'000
Cost			
At 1 January 1995	1200	20	1220
Transfers	<u>(1200)</u>	<u>(20)</u>	<u>(1220)</u>
Balance 31 December 1995	<u>—</u>	<u>—</u>	<u>—</u>
Amounts written off			
1 January 1995	(1067)	(20)	(1087)
Transfers	<u>1067</u>	<u>20</u>	<u>1087</u>
Balance at 31 December 1995	<u>—</u>	<u>—</u>	<u>—</u>
Net book value			
at 31 December 1995	<u>—</u>	<u>—</u>	<u>—</u>
31 December 1994	<u>133</u>	<u>—</u>	<u>133</u>

The company's investments in the subsidiary company, Winterstar Foods Limited, was transferred to Securum UK Holdings Limited. The investment in North Sea Holdings was adjusted against provision.

**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

<b>7. DEBTORS</b>	1995 £'000	1994 £'000
Amounts falling due within one year:		
Amount owed by parent undertaking	-	3848
Other debtors	<u>4035</u>	<u>53</u>
	<u>4035</u>	<u>3901</u>

Other debtors include £3,980,920 due from Securum Industrial Holdings Limited. As stated in the Directors Report under the heading "Important events occurring" the directors are of the opinion that the debt is fully recoverable.

<b>8. CREDITORS</b>		
Amounts falling due within one year	1995 £'000	1994 £'000
Other creditors and accruals	<u>43</u>	<u>-</u>

**9. PROVISION FOR LIABILITIES AND CHARGES**

	1995 £'000	1994 £'000
Balance 1 January	160	160
Transferred to reserves	<u>(160)</u>	<u>-</u>
Balance at 31 December	<u>-</u>	<u>160</u>

NOTED TO THE ACCOUNTS  
31 DECEMBER 1995

10. CALLED UP SHARE CAPITAL

	1995 £'000	1994 £'000
Authorised		
4,000,000 ordinary shares of £1 each	4000	4000
Authorised reduction (1290,000 shares)	<u>(1290)</u>	<u>-</u>
Balance at 31 December	<u>2710</u>	<u>4000</u>
Allocated, issued and fully paid ordinary shares of £1 each	1300	1300
Transfer to reserves	<u>(1290)</u>	<u>-</u>
Balance at 31 December	<u>10</u>	<u>1300</u>

The Company was authorised to reduce its capital by 1,290,000 ordinary shares of £1 each.

11. RESERVES

	Profit & Loss Account £'000	Other Reserves £'000
At 1 January 1995	(223)	2806
Share capital reduction	-	1290
Transfer of revenue reserve	223	(223)
Provision no longer required	-	160
Profit for the year	<u>36</u>	<u>-</u>
Balance at 31 December 1995	<u>36</u>	<u>4033</u>

NOTES TO THE ACCOUNTS  
31 DECEMBER 1995

12. NET ASSETS OVERSEAS

Cash at bank and in hand comprises funds which are not readily remittable, held in the following country:

	1995 £'000	1994 £'000
Myanmar	<u>86</u>	<u>8</u>

The company is unable to obtain permission for the disposal of its properties in Myanmar.

13. ULTIMATE HOLDING COMPANY

The ultimate company is Somerton Trading Group S.A. a company register in the British Virgin Islands.