

**HEH INVESTMENTS LIMITED**  
**(REGISTERED NUMBER 1247237)**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 December 1999**



## HEH INVESTMENTS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The Directors present their Report and the audited Accounts for the year ended 31 December 1999.

#### PRINCIPAL ACTIVITY AND RESULTS

The principal activity of the Company is to hold investments. The results of the Company are disclosed in the Profit and Loss Account.

The directors do not recommend the payment of a dividend (1998 - £Nil).

#### DIRECTORS AND DIRECTORS' INTERESTS

The following Directors served during the year and up to the date of this report:

RNC Hall	(resigned 24 May 1999)
MLW Hughes	(resigned 30 September 1999)
JD Sword	(appointed 16 April 1997)
DJ Roache	(appointed 30 September 1999)
MA Youens	(appointed 30 September 1999)

In accordance with the Articles of Association, Mr JD Sword, Mr DJ Roache and Mr MA Youens retire by rotation and, being eligible, offer themselves for re-appointment.

None of the Directors had any beneficial interest in the shares of the Company at any time during the year.

The interests of Mr JD Sword and Mr DJ Roache in the shares of the ultimate parent company, Acertec Holdings Limited, of which they are also Directors, are dealt with in the Directors' Report of that company. Mr MA Youens had no interest in the shares of Acertec Holdings Limited.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

**HEH INVESTMENTS LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999  
(CONTINUED)**

**AUDITORS**

A resolution to re-appoint PricewaterhouseCoopers, as auditors to the Company will be proposed at the annual general meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'M A Youens', with a horizontal line drawn underneath the signature.

M A Youens  
COMPANY SECRETARY

31 August 2000

PricewaterhouseCoopers  
Temple Court  
35 Bull Street  
Birmingham B4 6JT  
Telephone +44 (0) 121 265 5000  
Facsimile +44 (0) 121 265 5050

## AUDITORS' REPORT TO THE MEMBERS OF HEH INVESTMENTS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

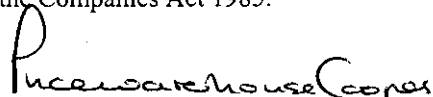
### Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we consider 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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants**  
**and Registered Auditors**

31 August 2000

# **HEH INVESTMENTS LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
Dividends received		568,409	89,437
Foreign exchange gain/(loss)		<u>124,704</u>	<u>(104,791)</u>
<b>OPERATING PROFIT/(LOSS)</b>		693,113	(15,354)
Gain on disposal of investment	4	<u>2,213,666</u>	<u>-</u>
<b>PROFIT/(LOSS) BEFORE INTEREST</b>		2,906,779	(15,354)
Interest receivable/(payable)		<u>53,042</u>	<u>(49,761)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,959,821	(65,115)
Tax on profit/(loss) on ordinary activities	3	<u>(714,480)</u>	<u>(149,809)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		2,245,341	(214,924)
Balance brought forward		<u>475,007</u>	<u>689,931</u>
<b>BALANCE CARRIED FORWARD</b>		<u>£2,720,348</u>	<u>£475,007</u>

The profit for the year has been derived from continuing operations.

The loss for the financial year includes all gains and losses arising in the year (1998 - includes all gains and losses). There is no material difference between the result as disclosed in the Profit and Loss Account and the result on an unmodified historical cost basis (1998 - no material difference).

# HEH INVESTMENTS LIMITED

## BALANCE SHEET - 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<b>FIXED ASSETS</b>			
Investments	4	7,932,431	8,910,085
<b>CURRENT ASSETS</b>			
Amounts owed by Group companies		211,513	214,452
Corporation tax recoverable		-	1,530
Cash at bank and in hand		3,573,378	-
<b>NET CURRENT ASSETS</b>		<u>3,784,891</u>	<u>215,982</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,717,322</u>	<u>9,126,067</u>
<b>CREDITORS (amounts falling due after more than one year)</b>			
Amount due to ultimate parent company		(8,798,038)	(8,649,560)
Other overseas taxes payable		<u>(197,436)</u>	<u>-</u>
		<u>£2,721,848</u>	<u>£476,507</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	5	1,500	1,500
Profit and loss account		<u>2,720,348</u>	<u>475,007</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	6	<u>£2,721,848</u>	<u>£476,507</u>

Approved by the Board on 31 August 2000

Signed on its behalf by



D J Roache  
DIRECTOR

# HEH INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1999

### 1 ACCOUNTING POLICIES

#### (1) Basis of preparation

The Accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

At 31 December 1999 the Company was a wholly owned subsidiary of Acertec Holdings Limited, a company incorporated in England and therefore under Section 228 (2) of the Companies Act 1985, is exempt from producing group accounts.

#### (2) Cash flow statement

As the consolidated Group accounts of Acertec Holdings Limited include a Group cash flow statement, in accordance with Financial Reporting Standard 1 (revised) no cash flow statement is included in these Accounts.

#### (3) Investments

Shares in Group companies are stated at cost less impairment provisions.

#### (4) Foreign currency balances

Transactions denominated in foreign currencies occurring during the course of the year are translated at the rates ruling at the dates of those transactions.

Balances denominated in foreign currencies which are outstanding at the year end are translated at the rates ruling at that date.

Exchange differences arising on translation are taken to the Profit and Loss Account.

### 2 STAFF COSTS AND DIRECTORS' REMUNERATION

No staff costs or directors' remuneration were paid during the year (1998 - £Nil).

### 3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge/(credit) is based on the profit/(loss) for the year:

	<u>1999</u>	<u>1998</u>
United Kingdom Corporation Tax at 30.25% (1998 - 31.0%)	976,609	18,535
Double taxation relief	(263,659)	<u>5,315</u>
	712,950	23,850
Prior year adjustments	<u>1,530</u>	<u>(173,659)</u>
	<u>£714,480</u>	<u>(£149,809)</u>

# HEH INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (CONTINUED)

### 4 INVESTMENTS

	<u>Shares in group companies</u>	<u>Shares in joint ventures</u>	<u>Shares in associates</u>	<u>Other Investments</u>	<u>Total</u>
<b><u>Cost</u></b>					
At 1 January 1999	1,976,194	5,674,818	977,654	281,419	8,910,085
Disposal	-	-	(977,654)	-	(977,654)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	£1,976,194	£5,674,818	£-	£281,419	£7,932,431
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The disposal during the year relates to the sale of Williams Industries Inc. A profit of £2,213,666 was made on the disposal of this investment.

The above investments, all of which are unlisted, comprise the following:

<u>Name</u>	<u>Holding</u>	<u>Country of Incorporation</u>	<u>Primary business</u>
<b>Group companies</b>			
Hall Holdings (Pty) Limited	100%	South Africa	Steel stockholding and heat treatment
Hall Engineering (Far East) Pte Limited	100%	Singapore	Distribution of wire products
<b>Joint Ventures</b>			
Irametal – Stadco SA	50%	Spain	Manufacture of metal assemblies for the automotive industry
<b>Other investments</b>			
BRC Al-Burhan (Private) Limited	43%	Pakistan	Reinforcement and related products
BRC Weldmesh (Gulf) WLL	33%	Bahrain	Reinforcement and related products
IRC Steels Ltd	19%	India	Reinforcement and related products



## HEH INVESTMENTS LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (CONTINUED)

#### 5 CALLED UP EQUITY SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
Authorised, allotted and fully paid: 1,500 Ordinary shares of £1 each	£1,500	£1,500
	<u>          </u>	<u>          </u>

#### 6 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>1999</u>	<u>1998</u>
Profit/(loss) for the financial year and net addition to equity shareholders' funds	2,245,341	(214,924)
Opening equity shareholders' funds	<u>476,507</u>	<u>691,431</u>
Closing equity shareholders' funds	<u>£2,721,848</u>	<u>£476,507</u>

#### 7 RELATED PARTY TRANSACTIONS

The Company, being a wholly owned subsidiary of Acertec Holdings Limited, has taken advantage of the exemptions within Financial Reporting Standard 8 (Related Party Transactions) and not included details in these Accounts of transactions with other Group companies.

#### 8 ULTIMATE PARENT COMPANY

The ultimate parent company is Acertec Holdings Limited, a company incorporated in Great Britain. A copy of the Group Accounts can be obtained from that company's registered office at Harlescott Lane, Shrewsbury, SY1 3AS.