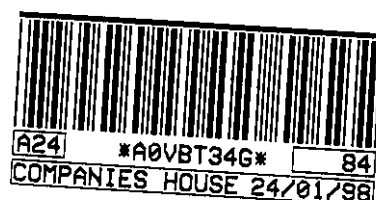


AMAG UK Limited

1561503

**Annual report
for the year ended 31 December 1997**

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Director and advisers

Director

G Romagna

Registered auditors

Coopers & Lybrand
Harman House
1 George Street
Uxbridge
MIDDLESEX
UB8 1QQ

Solicitors

Hillman, Smart & Spicer
35-37 Gildredge Road
Eastbourne
BN21 4RX

Bankers

Lloyds Bank plc
120 High Street
Dorking
SURREY
RH4 1BB

Secretary and registered office

Mr B Parish
Wyvern House
1 Church Road
Great Bookham
SURREY
KT23 3PD

**Director's report
for the year ended 31 December 1997**

The director presents the report and the audited financial statements for the year ended 31 December 1997.

Principal activity

The company's principal activity is that of UK sales and marketing agency for aluminium products on behalf of the parent company.

Review of business and future developments

The director considers the company's trading position to be satisfactory and expects that the present level of activity will be sustained for the foreseeable future. AMAG UK Limited, will continue to exclusively represent Aluminum Ranshofen Walzwerk of Austria.

The profit and loss account for the year is set out on page 5.

The profit after tax for the year was £32,440 (1996: £3,248).

Dividends

The director does not recommend the payment of a dividend. The profit for the year will be transferred to reserves.

Fixed assets

The movements in fixed assets during the year are set out in note 8 to the financial statements.

Director

The director of the company who served during the year was Mr G Romagna.

Director's interests in the shares of the company

The director had no interest in the shares of the company at 31 December 1997 and 1996.

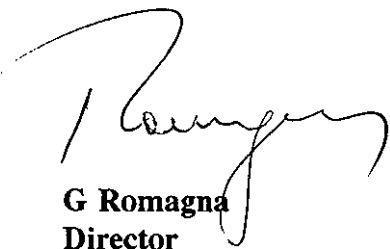
Statement of director's responsibilities

The director is required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

A handwritten signature in dark ink, appearing to read 'G. Romagna', is written over the printed name and title.

G Romagna
Director

20-01-1998

Report of the auditors to the members of AMAG UK Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of the director and auditors

As described on page 3, the company's director is 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 director 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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

**Coopers & Lybrand
Chartered Accountants and Registered Auditors
London**

20 January 1998

Profit and loss account for the year ended 31 December 1997

	Notes	1997 £	1996 £
Turnover	2	229,981	210,089
Cost of sales		-	-
Gross profit		229,981	210,089
Net operating expenses	3	(194,375)	(208,557)
Operating profit		35,606	1,532
Interest receivable and similar income		6,532	4,102
Profit on ordinary activities before taxation	4	42,138	5,634
Taxation	7	(9,698)	(2,386)
Profit on ordinary activities after taxation and retained profit for the year		32,440	3,248
Statement of retained profits			
Retained profit brought forward		123,307	120,059
Retained profit for the year		32,440	3,248
Retained profit carried forward		155,747	123,307

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

Both the turnover and the operating profit were derived from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	8	<u>3,232</u>	<u>3,984</u>
Current assets			
Debtors	9	29,012	54,588
Cash at bank and in hand	10	<u>217,315</u>	<u>169,742</u>
		246,327	224,330
Creditors: amounts falling due within one year	11	<u>(43,812)</u>	<u>(55,007)</u>
Net current assets		<u>202,515</u>	<u>169,323</u>
Net assets		<u>205,747</u>	<u>173,307</u>
Capital and reserves			
Called up share capital	12	50,000	50,000
Profit and loss account	13	<u>155,747</u>	<u>123,307</u>
Equity shareholders' funds	14	<u>205,747</u>	<u>173,307</u>

The financial statements on pages 5 to 12 were approved by the board and signed on their behalf on 20-01-1998.


G Romagna
Director

**Notes to the financial statements
for the year ended 31 December 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirement to publish a cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

The net book value of fixtures and fittings and equipment at 1 January 1994 is being depreciated on a straight line basis at the following rates:

Fixtures and fittings	20%
Equipment	33⅓%

Fixtures and fittings and equipment acquired since 1 January 1994 are being depreciated on a straight line basis at the following rates:

Fixtures and fittings	12½%
Equipment	20%

Motor vehicles are depreciated on a straight line basis at 20%.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the individual lease terms.

Foreign currencies

Assets and liabilities have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions during the year have been translated at the rate ruling at the time of the transaction. Exchange differences from transactions arising in the normal course of trading are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. Pension costs are charged to the profit and loss account as incurred.

2 Turnover

Turnover represents commissions received from the parent company derived from the invoiced value of sales supplied as agent for the parent company. The director considers that these operations comprise the principal activity of the company.

All turnover is derived from the business in the United Kingdom.

3 Net operating expenses

	1997 £	1996 £
Distribution costs	61,376	84,025
Administrative expenses	132,999	124,532
	<u>194,375</u>	<u>208,557</u>

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	1997 £	1996 £
Depreciation of tangible fixed assets	2,621	3,228
Auditors' remuneration	4,706	4,200
Loss/(profit) on exchange	10,466	13,900
Operating lease rentals of land and buildings	2,673	2,430
Loss/(profit) on disposal of fixed assets	436	476
	<u> </u>	<u> </u>

5 Director's emoluments

The director is an employee of the parent company. He did not receive any remuneration from the company for his services as a director in 1997 or 1996.

6 Employee information

The average weekly number of persons employed by the company during the year was:

	1997 Number	1996 Number
Sales and administration	2	2
	<u>2</u>	<u>2</u>
	1997 £	1996 £
Staff costs (for the above persons)		
Wages and salaries	79,673	70,267
Social security costs	8,285	7,480
Pension costs	5,597	4,637
	<u>93,555</u>	<u>82,384</u>

7 Taxation

	1997 £	1996 £
United Kingdom corporation tax at 21.7% (1996: 24%):		
Current	10,256	2,106
(Over) under provision in respect of prior years	(558)	280
	<u>9,698</u>	<u>2,386</u>

8 Tangible fixed assets

	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 January 1997	5,754	10,000	15,754
Additions	2,455	-	2,455
Disposals	(1,465)	-	(1,465)
At 31 December 1997	6,744	10,000	16,744
Depreciation			
At 1 January 1997	3,270	8,500	11,770
Charge for the year	1,122	1,499	2,621
Disposals	(879)	-	(879)
At 31 December 1997	3,513	9,999	13,512
Net book value			
At 31 December 1997	3,231	1	3,232
At 31 December 1996	2,484	1,500	3,984

9 Debtors

	1997 £	1996 £
Amounts owed by group undertakings	24,757	50,122
Prepayments and accrued income	4,255	4,466
	29,012	54,588

10 Cash at bank and in hand

Cash at bank and in hand included the equivalent of £50,725 (1996: £56,688) in Deutschmark currency accounts.

11 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	239	179
Amounts owed to group undertakings	16,086	35,745
Corporation tax	10,256	2,106
Other taxation and social security	3,121	2,617
Accruals and deferred income	14,110	14,360
	<u>43,812</u>	<u>55,007</u>

12 Called up share capital

	1997 £	1996 £
Authorised		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

13 Profit and loss account

	£
At 1 January 1997	123,307
Retained profit for the year	32,440
At 31 December 1997	<u>155,747</u>

14 Reconciliation of movements in equity shareholder's funds

	1997 £	1996 £
Opening shareholder's funds	173,307	170,059
Profit for the year	<u>32,440</u>	<u>3,248</u>
Closing shareholder's funds	<u>205,747</u>	<u>173,307</u>

15 Pension and similar obligations

The company makes a defined contribution to the individual pension funds of the employees which are administered independently. The amount charged to the profit and loss account in the year was £5,597 (1996: £4,637). An amount of £1,947 is included in creditors relating to contributions due to the funds at 31 December 1997 (1996: £1,947).

16 Financial commitments

At 31 December 1997 the company had annual commitments under a non-cancellable operating lease in respect of property as follows:

	1997	1996
	£	£
Expiring within one year	-	1,215
Expiring between two and five years inclusive	<u>2,780</u>	<u>-</u>

17 Parent companies and controlling parties

The director regards AMAG, a company incorporated in Austria, as the ultimate holding company.

The immediate parent company is Aluminium Ranshofen Walzwerk GesmbH, a company incorporated in Austria.

Copies of the parent company's consolidated financial statements may be obtained from AMAG, A-5282, Ranshofen, Austria.