

Sogepar UK Limited

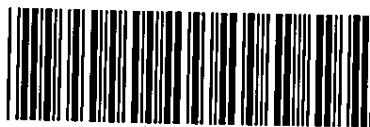
(formerly Metalfin (UK) Limited)

Report and Financial Statements

Year Ended

31 December 2007

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BDO

BDO Stoy Hayward
Chartered Accountants

Sogepar UK Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors

V P F Borromeo
T D Robinson
G Borromeo
C A Slingsby
F Borromeo
R Mazzotta
G M Bravi
D Molteni
J Martin
B S Cunliffe

Secretary and registered office

C A Slingsby, Lyme Street, Rotherham, South Yorkshire, S60 1EH

Company number

1707316

Auditors

BDO Stoy Hayward LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year

Principal activities, review of business and future developments

The Group is engaged in the procurement, processing and distribution of stainless steel products primarily in the UK, Ireland and mainland Europe. There have been no changes in the company's activities in the year under review.

The Group profit and loss account is set out on page 6 and shows turnover for the year of £59,258,986 and a pre-tax profit for the year of £1,954,698.

Turnover has increased by 14% although like for like volumes sold fell by 12% as the Group continued to focus on core business. The nickel price has been the main driver of uncertainty in the global stainless steel market with a 50% fall in the nickel prices being experienced between June and August. Early indications of business in 2008 show that the level of business is continuing at the Q3 and Q4 2007 levels of circa 4,000,000 kg per quarter.

On 25 June 2007 there was a flood at the Group's Rotherham site. An insurance claim was made for the impairment of stock and business interruption and a settlement was made with the Group's insurers totalling £4.9 million. The insurance claim received was used to cover the write down of stock in value of stock and to cover the increased cost of working during the period of disruption.

Underlying gross margin, after taking into account the nickel price movement and the recovery of impaired stock, was at a similar level to that experienced in 2005 prior to the margin improvements experienced in 2006 due to the increase in nickel prices through 2006.

Principal risks and uncertainties

The market for the distribution of stainless steel remains highly competitive. The Group maintains a high level of dilution amongst its customers and no customer represents greater than 5% of business. The Company buys and sells in Sterling, US Dollars and Euros. The company has an exchange risk management policy in place.

The Group's credit risk is primarily attributable to its trade debtors. The Group insures its debtor book and operates a risk management policy.

The Group monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Key Performance Indicators

During the year the Group continued to concentrate on core business and cost control. Sales and profitability per employee were maintained at acceptable levels and capital gearing was controlled.

The Group product range was not changed during the year and the Group continues to focus on its core product and customer base.

Directors

The directors of the company during the year were

V P F Borromeo
T D Robinson
G Borromeo
C A Slingsby
F Borromeo
R Mazzotta
G M Bravi
D Molteni
J Martin
B S Cunliffe

Post balance sheet events

On 2 January 2008 the company changed its name from Metalfin (UK) Limited to Sogepar UK Limited

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 group and company and of the profit or loss of the group for that year. 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 group 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 are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Sogepar UK Limited

Report of the directors for the year ended 31 December 2007 (Continued)

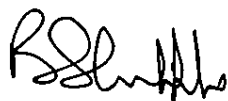
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

B S Cunliffe



Director

Date 16 April 2008

To the shareholders of Sogepar UK Limited

We have audited the group and parent company financial statements (the "financial statements") of Sogepar UK Limited for the year ended 31 December 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

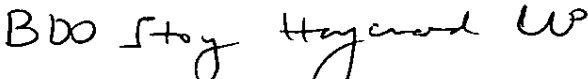
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 group's and 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 group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements


BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Leeds

Date 16 April 2008

Sogepar UK Limited

Consolidated profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	59,258,986	51,873,801
Cost of sales		50,981,285	40,804,129
Gross profit		8,277,701	11,069,672
Administrative expenses - excluding exceptional items		4,329,682	5,675,252
Exceptional charge for lease termination provision	4	-	1,623,048
Administrative expenses		4,329,682	7,298,300
		3,948,019	3,771,372
Other operating income		3,167	17,237
Group operating profit	3	3,951,186	3,788,609
Other interest receivable and similar income		667	6,123
Interest payable and similar charges	8	(1,997,155)	(1,251,864)
Profit on ordinary activities before taxation		1,954,698	2,542,868
Taxation on profit on ordinary activities	9	574,477	745,246
Profit on ordinary activities after taxation		1,380,221	1,797,622

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

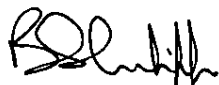
The notes on pages 10 to 28 form part of these financial statements

Sogepar UK Limited

Consolidated balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Intangible assets	11		837,068		892,873
Tangible assets	12		8,593,518		9,391,046
			<u>9,430,586</u>		<u>10,283,919</u>
Current assets					
Stocks	14	15,454,383		16,428,404	
Debtors	15	14,983,462		20,946,169	
Cash at bank and in hand		708,697		346,067	
		<u>31,146,542</u>		<u>37,720,640</u>	
Creditors: amounts falling due within one year	16	16,669,333		25,828,426	
		<u>16,669,333</u>		<u>25,828,426</u>	
Net current assets			<u>14,477,209</u>		<u>11,892,214</u>
Total assets less current liabilities			<u>23,907,795</u>		<u>22,176,133</u>
Creditors: amounts falling due after more than one year	17	13,990,656		13,464,885	
Provisions for liabilities	18	2,099,042		2,273,372	
		<u>2,099,042</u>		<u>2,273,372</u>	
			<u>16,089,698</u>		<u>15,738,257</u>
			<u>7,818,097</u>		<u>6,437,876</u>
Capital and reserves					
Called up share capital	19		2,000,000		2,000,000
Profit and loss account	20		5,818,097		4,437,876
			<u>7,818,097</u>		<u>6,437,876</u>
Shareholders' funds	21		<u>7,818,097</u>		<u>6,437,876</u>

The financial statements were approved by the board of directors and authorised for issue on 16 April 2008



B S Cunliffe
Director

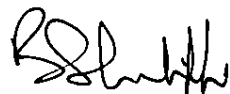
The notes on pages 10 to 28 form part of these financial statements

Sogepar UK Limited

Company balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	12		8,496,704		9,290,715
Fixed asset investments	13		36,129		36,129
			<u>8,532,833</u>		<u>9,326,844</u>
Current assets					
Stocks	14	14,117,790		15,073,859	
Debtors	15	14,358,808		20,303,860	
Cash at bank and in hand		389		11	
		<u>28,476,987</u>		<u>35,377,730</u>	
Creditors: amounts falling due within one year	16	16,252,841		25,617,727	
Net current assets			<u>12,224,146</u>		<u>9,760,003</u>
Total assets less current liabilities			<u>20,756,979</u>		<u>19,086,847</u>
Creditors: amounts falling due after more than one year	17	12,292,849		11,763,256	
Provisions for liabilities	18	2,099,042		2,273,372	
			<u>14,391,891</u>		<u>14,036,628</u>
			<u>6,365,088</u>		<u>5,050,219</u>
Capital and reserves					
Called up share capital	19		2,000,000		2,000,000
Profit and loss account	20		4,365,088		3,050,219
Shareholders' funds	21		<u>6,365,088</u>		<u>5,050,219</u>

The financial statements were approved by the board of directors and authorised for issue on 16 April 2008



B S Cunliffe
Director

The notes on pages 10 to 28 form part of these financial statements

Sogepar UK Limited

Consolidated cash flow statement for the year ended 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Net cash inflow from operating activities	28		3,077,179		5,728,834
Returns on investments and servicing of finance					
Interest received		667		6,123	
Interest paid other		(1,988,732)		(1,251,392)	
Interest paid hire purchase		(8,423)		(472)	
Net cash outflow from returns on investments and servicing of finance			(1,996,488)		(1,245,741)
Taxation					
Corporation tax paid			(614,411)		(525,061)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(789,492)		(4,231,899)	
Receipts from sale of tangible fixed assets		1,160,238		39,687	
Net cash inflow/(outflow) from capital expenditure and financial investment			370,746		(4,192,212)
Cash inflow/(outflow) before financing			837,026		(234,180)
Financing					
New loans		711,122		14,431,082	
Loans repaid		(2,490,478)		(15,303,390)	
Capital element of finance leases repaid		(43,753)		(109,476)	
Net cash outflow from financing			(1,823,109)		(981,784)
Decrease in cash	29		(986,083)		(1,215,964)

The notes on pages 10 to 28 form part of these financial statements

1 Accounting policies

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

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of Sogepar UK Limited and all of its subsidiary undertakings as at 31 December 2007 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates

Freehold property	- 2% on cost
Short leasehold property	- over the term of the lease
Plant & machinery	- 10% on cost
Motor vehicles	- 25% on cost
Fixtures and fittings	- 10 - 25% on cost

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

1 Accounting policies (*continued*)

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover, profit and net assets

	2007 £	Turnover 2006 £
Analysis by geographical market		
<i>By origin and by destination</i>		
United Kingdom	43,587,634	41,478,582
Rest of Europe	15,577,029	9,925,380
Rest of the World	94,323	469,839
	<u>59,258,986</u>	<u>51,873,801</u>

Turnover is wholly attributable to the principal activity of the group

3 Operating profit

	2007 £	2006 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	706,256	658,501
Amortisation of positive goodwill	55,805	55,805
(Profit)/loss on disposal of tangible fixed assets	(79,083)	6,703
Hire of plant and machinery - operating leases	19,504	25,009
Hire of other assets - operating leases	88,962	1,873,366
Auditors' remuneration		
Group - audit services	43,000	35,000
Group - non-audit services	5,000	5,000
Group - other non-audit services	9,341	4,271
Exchange differences	(284,010)	212,960
	<u> </u>	<u> </u>

Included in the group audit fee is an amount of £38,260 (2006 - £30,260) in respect of the company

4 Exceptional item

The exceptional item relates to a lease termination provision on a distribution warehouse in Sheffield vacated during 2006 of £1,623,048. The directors believe that the lease continues to be onerous.

5 Insurance claim

In June 2007, there was a flood at the Group's site in Rotherham. An insurance claim was made for the stock losses, together with a claim for business interruption. A settlement was made with our insurers totalling £4,900,000.

The effect on the financial statements of the floods is shown in the table below.

	Group 2007 £	Group 2006 £
Net effective claim		
Impairment of damaged stock	(4,750,000)	-
Additional costs incurred in continuing stock supplies to customers	(150,000)	-
Cash received from insurers	4,900,000	-
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

Cost of sales / Gross profit

The value of the impairment in relation to the flood damaged stock totalled £4,750,000, being the carrying value of stock prior to the flood less the recoverable amount of the damaged stock.

Cash received from insurers totalled £4,900,000. These payments have not been allocated to specific items by the loss adjusters and management have therefore allocated these proceeds using best estimate techniques.

All of the above items have been charged to cost of sales.

6 Employees

Staff costs (including directors) consist of

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Wages and salaries	1,796,979	2,376,478	1,617,039	2,206,149
Social security costs	179,011	242,106	157,778	220,927
Other pension costs	2,786	2,200	2,786	2,200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,978,776	2,620,784	1,777,603	2,429,276
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6 Employees (continued)

The average number of employees (including directors) during the year was as follows

	Group 2007 Number	Group 2006 Number	Company 2007 Number	Company 2006 Number
Office and management	18	16	18	16
Sales	21	24	18	21
Warehouse and works	32	30	27	25
	<u>71</u>	<u>70</u>	<u>63</u>	<u>62</u>

7 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	374,947	443,295

The total amount payable to the highest paid director in respect of emoluments was £199,406 (2006 - £160,272)

8 Interest payable and similar charges

	2007 £	2006 £
Loan interest	1,283,755	469,480
Loans from group companies	704,977	781,912
Finance leases and hire purchase contracts	8,423	472
	<u>1,997,155</u>	<u>1,251,864</u>

9 Taxation on profit on ordinary activities

	2007 £	2007 £	2006 £	2006 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	657,996		729,236	
Adjustment in respect of previous periods	(12,363)		-	
		645,633		729,236
<i>Foreign tax</i>				
Current tax on foreign income for the year	10,977		50,532	
Foreign tax adjustment in respect of prior year	-		(14,276)	
		10,977		36,256
Total current tax		656,610		765,492
<i>Deferred tax</i>				
Origination and reversal of timing differences		(82,133)		(20,246)
Taxation on profit on ordinary activities		574,477		745,246

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	1,954,698	2,542,868
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	586,409	762,860
Effect of		
Expenses not deductible for tax purposes	25,426	56,054
Depreciation for period in excess of capital allowances	12,925	15,660
Adjustment to tax charge in respect of previous periods	(12,363)	(14,276)
Difference in tax rate	-	(70,747)
Amortisation adjustments	16,741	16,741
Other	27,472	(800)
Current tax charge for period	656,610	765,492

10 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £1,314,869 (2006 - £1,484,142) which is dealt with in the financial statements of the parent company.

11 Intangible assets

Group	Goodwill on consolidation £
<i>Cost</i>	
At 1 January 2007 and 31 December 2007	1,116,093
<i>Amortisation</i>	
At 1 January 2007	223,220
Provided for the year	55,805
At 31 December 2007	279,025
<i>Net book value</i>	
At 31 December 2007	837,068
At 31 December 2006	892,873

Sogepar UK Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

12 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>						
At 1 January 2007	4,119,280	4,177,134	4,328,750	76,447	1,963,783	14,665,394
Additions	67,663	29,499	369,848	152,209	370,664	989,883
Disposals	(1,165,980)	-	(60,580)	-	(28,036)	(1,254,596)
At 31 December 2007	3,020,963	4,206,633	4,638,018	228,656	2,306,411	14,400,681
<i>Depreciation</i>						
At 1 January 2007	681,357	108,314	3,131,273	24,920	1,328,484	5,274,348
Provided for the year	75,239	84,574	389,237	24,510	132,696	706,256
Disposals	(94,710)	-	(56,173)	-	(22,558)	(173,441)
At 31 December 2007	661,886	192,888	3,464,337	49,430	1,438,622	5,807,163
<i>Net book value</i>						
At 31 December 2007	2,359,077	4,013,745	1,173,681	179,226	867,789	8,593,518
At 31 December 2006	3,437,923	4,068,820	1,197,477	51,527	635,299	9,391,046

Sogepar UK Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

Company

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>						
At 1 January 2007	4,119,280	4,169,213	4,213,187	37,250	1,710,002	14,248,932
Additions	67,663	23,825	369,848	152,209	351,127	964,672
Disposals	(1,165,980)	-	(60,580)	-	(24,115)	(1,250,675)
At 31 December 2007	3,020,963	4,193,038	4,522,455	189,459	2,037,014	13,962,929
<i>Depreciation</i>						
At 1 January 2007	681,357	100,333	3,048,051	5,776	1,122,700	4,958,217
Provided for the year	75,239	84,150	380,739	18,295	119,105	677,528
Disposals	(94,710)	-	(56,173)	-	(18,637)	(169,520)
At 31 December 2007	661,886	184,483	3,372,617	24,071	1,223,168	5,466,225
<i>Net book value</i>						
At 31 December 2007	2,359,077	4,008,555	1,149,838	165,388	813,846	8,496,704
At 31 December 2006	3,437,923	4,068,880	1,165,136	31,474	587,302	9,290,715

12 Tangible fixed assets (continued)

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
<i>Net book value</i>				
Fixtures and fittings	427,626	123,173	416,326	102,263
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation charged</i>				
Fixtures and fittings	51,638	16,130	42,893	11,757
	<hr/>	<hr/>	<hr/>	<hr/>

13 Fixed asset investments

Company

Group
undertakings
£

Cost

At 1 January 2007 and 31 December 2007

1,846,448

Provisions

At 1 January 2007 and 31 December 2007

1,810,319

Net book value

At 31 December 2006 and 31 December 2007

36,129

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
Trademet Limited	Republic of Ireland	Ordinary	100%	Merchanting and stockholding of steel products
Apex Stainless Steels Limited	England and Wales	Ordinary	100%	Dormant
Fastmet Limited	England and Wales	Ordinary	100%	Dormant
Alversteel Limited	England and Wales	Ordinary	100%	Dormant
A S T C (UK) Limited	England and Wales	Ordinary	100%	Dormant

14 Stocks

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Finished goods and goods for resale	15,454,383	16,428,404	14,117,790	15,073,859

There is no material difference between the replacement cost of stocks and the amounts stated above

Sogepar UK Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****15 Debtors**

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Trade debtors	10,977,342	18,510,260	9,922,984	16,419,489
Amounts owed by group undertakings	3,569,654	1,541,238	4,041,350	2,829,640
Other debtors	388,449	761,657	370,371	940,722
Prepayments and accrued income	48,017	133,014	24,103	114,009
	<u>14,983,462</u>	<u>20,946,169</u>	<u>14,358,808</u>	<u>20,303,860</u>

All amounts shown under debtors fall due for payment within one year

16 Creditors: amounts falling due within one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank loans and overdrafts (secured)	2,864,971	1,583,044	2,863,977	1,583,044
Trade creditors	4,018,323	13,597,556	3,686,636	13,458,400
Amounts owed to group undertakings	2,127,655	1,217,496	2,127,655	1,448,212
Corporation tax	421,380	379,181	463,087	335,965
Other taxation and social security	960,391	77,006	862,562	72,989
Obligations under finance lease and hire purchase contracts	76,391	3,620	72,058	-
Other creditors	5,613,012	8,148,916	5,598,031	8,135,001
Accruals and deferred income	587,210	821,607	578,835	584,116
	<u>16,669,333</u>	<u>25,828,426</u>	<u>16,252,841</u>	<u>25,617,727</u>

Included in other creditors is an advance of £5,552,199 (2006 £7,706,673) against book debts that have been assigned

17 Creditors: amounts falling due after more than one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank loans	4,367,992	4,703,996	4,367,992	4,703,996
Amounts owed to group undertakings	9,443,930	8,732,808	7,760,532	7,048,399
Obligations under finance lease and hire purchase contracts	178,734	28,081	164,325	10,861
	<u>13,990,656</u>	<u>13,464,885</u>	<u>12,292,849</u>	<u>11,763,256</u>

Group and company

	2007 £	2006 £
Included in bank loans are the following		
£3,200,000 bank loan at 1% plus LIBOR per annum, repayable at £53,333 per quarter commencing March 2007	2,986,664	3,200,000
£1,840,000 bank loan at 1% plus LIBOR per annum, repayable at £30,667 per quarter commencing March 2007	1,717,332	1,840,000
	<u>4,703,996</u>	<u>5,040,000</u>
Less amounts included in creditors due within one year	336,004	336,004
	<u>4,367,992</u>	<u>4,703,996</u>

Maturity of debt**Group**

	Loans and overdrafts 2007 £	Loans and overdrafts 2006 £	Finance leases 2007 £	Finance leases 2006 £
In one year or less, or on demand	<u>2,864,971</u>	<u>1,583,044</u>	<u>76,391</u>	<u>3,620</u>
In more than one year but not more than two years	336,004	336,004	78,046	14,842
In more than two years but not more than five years	1,008,012	1,008,012	100,688	13,239
In more than five years	<u>3,023,976</u>	<u>3,359,980</u>	<u>-</u>	<u>-</u>
	<u>4,367,992</u>	<u>4,703,996</u>	<u>178,734</u>	<u>28,081</u>

17 Creditors: amounts falling due after more than one year (Continued)

Company	Loans and overdrafts 2007 £	Loans and overdrafts 2006 £	Finance leases 2007 £	Finance leases 2006 £
In one year or less, or on demand	2,863,977	1,583,044	72,058	-
In more than one year but not more than two years	336,004	336,004	73,320	10,861
In more than two years but not more than five years	1,008,012	1,008,012	91,005	-
In more than five years	3,023,976	3,359,980	-	-
	4,367,992	4,703,996	164,325	10,861

Included in creditors due after more than one year are the following amounts repayable in more than five years

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Loans	3,023,976	3,359,980	3,023,976	3,359,980

The bank loans and overdrafts are secured by fixed and floating charges over certain of the company's assets and an unlimited multilateral guarantee provided by the company's ultimate parent undertaking, SOGEPAR S A. Obligations under finance lease and hire purchase contracts are secured on the assets acquired.

18 Provisions for liabilities

Group

	Deferred taxation £	Lease termination provision £	Total £
At 1 January 2007	359,901	1,913,471	2,273,372
Released during the year	(82,133)	(189,697)	(271,830)
Provided during the year	-	97,500	97,500
	<u>277,768</u>	<u>1,821,274</u>	<u>2,099,042</u>
At 31 December 2007	<u>277,768</u>	<u>1,821,274</u>	<u>2,099,042</u>

Company

	Deferred taxation £	Lease termination provision £	Total £
At 1 January 2007	359,901	1,913,471	2,273,372
Utilised in year	(82,133)	(189,697)	(271,830)
Provided during the year	-	97,500	97,500
	<u>277,768</u>	<u>1,821,274</u>	<u>2,099,042</u>
At 31 December 2007	<u>277,768</u>	<u>1,821,274</u>	<u>2,099,042</u>

Deferred taxation

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Accelerated capital allowances	<u>277,768</u>	<u>359,901</u>	<u>277,768</u>	<u>359,901</u>

19 Share capital

	2007 £	2006 £
<i>Authorised</i>		
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
1,700,000 Preference shares of £1 each	170,000	1,700,000
	<u>2,170,000</u>	<u>3,700,000</u>
<i>Allotted, called up and fully paid</i>		
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

20 Reserves

Group

	Profit and loss account £
At 1 January 2007	4,437,876
Profit for the year	1,380,221
	<hr/>
At 31 December 2007	5,818,097
	<hr/>

Company

	Profit and loss account £
At 1 January 2007	3,050,219
Profit for the year	1,314,869
	<hr/>
At 31 December 2007	4,365,088
	<hr/>

21 Reconciliation of movements in shareholders' funds

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Profit for the year	1,380,221	1,797,622	1,314,869	1,484,142
Opening shareholders' funds	6,437,876	4,640,254	5,050,219	3,566,077
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	7,818,097	6,437,876	6,365,088	5,050,219
	<hr/>	<hr/>	<hr/>	<hr/>

22 Contingent liabilities

The group has provided a guarantee via its bankers to HM Customs and Excise amounting to £200,000 (2006 £200,000)

23 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £2,786 (2006: £2,200). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

24 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	2007 Land and buildings £	2007 Other £	2006 Land and buildings £	2006 Other £
Operating leases which expire				
In two to five years	51,539	-	34,080	3,480
After five years	254,584	-	284,566	-
	<u>306,123</u>	<u>-</u>	<u>318,646</u>	<u>3,480</u>

The company had annual commitments under non-cancellable operating leases as set out below:

	2007 Land and buildings £	2007 Other £	2006 Land and buildings £	2006 Other £
Operating leases which expire				
In two to five years	51,539	-	34,080	2,673
After five years	165,622	-	197,089	-
	<u>217,161</u>	<u>-</u>	<u>231,169</u>	<u>2,673</u>

25 Related party disclosures*Related party transactions and balances*

The group has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Finsogepar S.p.A., a company incorporated in Italy, on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

25 Related party disclosures (continued)*Loans and transactions concerning directors and officers of the company*

During the year, Howard Kennedy, the company's solicitor, a firm in which Mr C A Slingsby is a partner, provided legal services to the value of £4,762 (2006 £10,245) The balance outstanding at the year end was £nil (2006 £1,260)

During the year, Harrowby Services Limited, a company in which Mr C A Slingsby is a director, provided the services of a director to the value of £5,000 (2006 £5,000) No balance was outstanding at the year end (2006 £nil)

26 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Sogefinlux S A , a company incorporated in Luxembourg The ultimate parent company is Finsogepar S p A , a company incorporated in Italy

The largest and smallest group in which the results of the company are consolidated is that headed by Finsogepar S p A , incorporated in Italy The consolidated accounts of Finsogepar S p A are available to the public and may be obtained from Via Santa Sofia 27, 20122, Milan, Italy

27 Capital commitments

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Contracted but not provided for	163,023	117,909	163,023	117,909

28 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	3,951,186	3,788,609
Amortisation of intangible fixed assets	55,805	55,805
Depreciation of tangible fixed assets	706,256	658,501
(Profit)/loss on sale of tangible fixed assets	(79,083)	6,703
Decrease/(increase) in stocks	974,021	(1,668,792)
Decrease/(increase) in debtors	5,962,707	(6,539,080)
(Decrease)/increase in creditors	(8,401,516)	7,948,525
Movement in provisions	(92,197)	1,478,563
Net cash inflow from operating activities	3,077,179	5,728,834

29 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Decrease in cash	(986,083)	(1,149,178)
Cash outflow from changes in debt	1,823,109	914,998
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	837,026	(234,180)
Inception of finance leases	(200,391)	-
	<hr/>	<hr/>
Movement in net debt	636,635	(234,180)
Opening net debt	(22,412,155)	(22,177,975)
	<hr/>	<hr/>
Closing net debt	(21,775,520)	(22,412,155)
	<hr/>	<hr/>

30 Analysis of net debt

	At 1 January 2007 £	Cash flow £	Other non- cash items £	At 31 December 2007 £
Cash at bank and in hand	346,067	362,630	-	708,697
Bank overdrafts	(1,180,254)	(1,348,713)	-	(2,528,967)
		<hr/>		
		(986,083)		
Debt due within one year	(8,042,677)	2,154,474	-	(5,888,203)
Debt due after one year	(13,436,804)	(375,118)	-	(13,811,922)
Finance leases	(98,487)	43,753	(200,391)	(255,125)
		<hr/>		
		1,823,109		
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(22,412,155)	837,026	(200,391)	(21,775,520)
	<hr/>	<hr/>	<hr/>	<hr/>