Company Number 244498

Mining & Chemical Products Limited

REPORT and FINANCIAL STATEMENTS

2007

INDEX

GENERAL INFORMATION

Board of Directors	Stephen DAVENHILL Laurent RASKIN
Company Secretary	No Company Secretary appointed
Principal Bankers	HSBC Bank plc 8 London Street Basingstoke HANTS RG21 7NU
Auditors	BDO Stoy Hayward LLP Chartered Accountants Emerald House, East Street Epson, Surrey, KT17 1HS
Solicitors	Lawrence Graham 190 Strand London WC2R 1JN
Registered office	22 Melton Street LONDON NW1 2BW
Company Registration Number	244498
Website	www.mcp-group.com

DIRECTORS REPORT

Attached to this review are the audited financial statements of Mining & Chemical Products Limited, for the year ended 31 December 2007, to be presented at the seventy-eight Annual General Meeting of the Company, Rue de la Station 7, 1495 Tilly, Belgium on 20th February 2009.

PRINCIPAL ACTIVITIES

During the year the Company continued its activities in the refining and marketing of bismuth and other non-ferrous metals and the manufacture and marketing of fusible alloys and fine chemicals.

PRINCIPAL RISKS AND UNCERTANTIES

Market risks
The metals which form the basis of the Company's products are not quoted on any officially recognised exchanges, although there are reliable trade publications that provide indicative pricing on a regular basis for some of the metals. One aspect of the Company's strategy is to hold exceptionally large reserves of materials in inventory on a long term basis, and metal prices can sometimes cause stock losses. The Company seeks to ameliorate this risk by judicious buying and average costing techniques.

Metal price fluctuations tend to be self-hedging as the Company prices much of its products on a formula basis aligned with purchase formulas. Most of the metals are traded in US Dollars. Long term supply contracts are usually hedged with appropriate purchase contracts or with recourse arrangements with customers.

In times when metal prices rise dramatically, care must be taken that stock profits achieved by selling off cheaper inventories are not dissipated or even turned into stock losses in the event that prices fall before higher cost replacement stock can be sold on.

Competitive risks
A key asset for the Company is its long standing reputation as a reliable supplier of quality product, developed to meet customers' evolving requirements. Competition from substitute products or alternative processes is always present, so the Company devotes considerable time to remaining in touch with customers' development strategies.

Temporary cost competition helps the Company remain competitive, although the customers' fundamental and perennial requirements for qualification, availability and reliability afford some protection from opportunistic competitors without those key aspects to offer.

Sector risk
As mentioned above, the deployment of Company product across several fundamental sectors moderates the risks inherent in the cyclical fortunes of any one sector.

Credit risk
No one customer accounts for more than 7% of the Company's third party revenues, although sixteen customers accounted for between 1 % and 6% each, being 32% in total. These customers are mainly large multinational corporations. The Company assesses credit risk profiles with the help of established credit agencies and based on the long history of trading with its customers, which includes monitoring compliance with credit terms.

Financial risks
The Company trades in three major currencies, US Dollars, Euros and Sterling, with most trading being done in Euros and Dollars. For the most part the Company operates natural hedges between purchasing and sales activities in these major trading currencies, and makes use of fixed forward contracts to buy or sell excess currency in exceptional circumstances.

The Company operates a conservative borrowing strategy, with gearing (interest-bearing debt as a proportion of equity) generally within a target range of 25-40%. As a result, interest rate changes do not usually have a major effect on the results of the Company.

DIRECTORS REPORT (continued)

Financial risks

The Company has adequate borrowing facilities in the UK. On a long term basis the usage of facilities has seldom exceeded 80%. Where this has happened, this has usually been for specific situations which have been unwound in relatively short periods of time.

Employment, product and environmental impact risks

The Company's products are not of themselves hazardous, although production processes do make use of some hazardous materials and potentially hazardous operations. However, the Company devotes considerable resources (from Board level downwards, and including full-time professional health, safety, quality and environment risk managers) to providing a safe work place, to preventing any damage to the environment, and to producing products which have a negligible risk to their users.

Post Balance Sheet events

Purchasing function

The company has seen a reduction in it profitability during 2008 due to MCP Group SA restructuring of the management of the purchasing function of the various metals the company processes. The result of this restructuring is to remove the metal price variation risk.

Economic downturn

Due to the company's diverse customer and marker base the company is not generally affected by sector economic downturns. But, in common with other manufacturing businesses worldwide, the global economic downturn in the last quarter of 2008 has resulted in a disappointing end to 2008.

Interest cover

The company has an interest cover covenant with HSBC bank Plc. This, due to the economic downturn, the company is in breach of. HSBC bank Plc. have continued to work with the company and are expected to renew the company's credit facility when due.

Going concern

The financial statements are complied on a going concern basis. The shareholders are to invest in the company to allow the group to consolidate various metal processes at the Wellingborough site. This means the company will generate a significant proportion of the group manufacturing margin. This investment also shows that the Wellingborough site is a strong and significant part of the group's long term strategy. Based on this future commitment and investment and having reviewed the future opportunities and forecasts for the company the Board are of the view that the going concern basis of preparation is appropriate.

Cash requirements

As a significant group manufacturing site it is logical that the company will hold a significant proportion of the group's metal inventory. The level of inventory at the Wellingborough site is not only for current manufacturing requirements, it is also the group's strategic inventory holding. To that end there is a disproportionate burden on the company's cash resources. This burden is current supported by local banking facilities via HSBC bank Plc. However, the group is in a position to support this burden direct if the need arises.

DIRECTORS REPORT (continued)

RESULTS FOR THE YEAR

The Company's Operating Profit was £3,091,000 (2006: £2,102,000). The Company paid dividends totalling £400,000 during the year. No further dividends in respect of 2007 are proposed.

KEY PERFORMANCE INDICATORS

Mining and Chemical Products Limited aim to increase shareholder value through growth in revenue, linked to profitability, controlling costs and managing assets and liabilities. Source data is taken from the audited financial statements.

Key Performance Indicator	*Target*	2007	2006
Gross Profit (£ '000s)	*£ 6,000*	£ 7,227	£ 5,232
Gross Profit %	*14.5%*	12.2%	13.5%
Stock Holding (average days)	*120-180*	82	127
Debtor Days	*48*	56	44

The company exceeded its target Gross Profit by 20%, due to increasing sales volume and unit sales price for new and existing alloy products. The changes in metal prices over the year have created some increases and some decreases in Gross Margin. Gains in Bismuth, Tellurium and Gallium have been cancelled out by the lower Indium price. Stock holding moves through a range which reflects availability of material and market risk and opportunities. The increase to Debtor days is due to an increase in the number of pewter customers and their propensity to stretch payment terms.

EMPLOYEES

The Company's policy is to offer employment with long term prospects, and where economic necessity requires the cessation of products or processes, the Company will seek to redeploy employees as far as possible. The Company has a flat management structure, with only four major layers from the Boardroom to the shop floor.

As a private company, share option schemes have not been available as remuneration or motivational tools, resulting in more reliance on performance related bonuses, tied to the achievement of returns on total assets above minimum benchmarks set by shareholders

OUTLOOK

The Company continues its geographic expansion, notably in China, and looks to build on the early success enjoyed so far. There will also be further consolidation opportunities as larger corporations abandon niche markets or non-core divisions which inhabit the traditional markets served by the Company. The Company continues to develop more value added products based on its expanding activity in chemicals derived from its five main metals, and the introduction of the new metals.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law in the United Kingdom 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 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;
- follow applicable international financial reporting standards; and
- prepare the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the 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. The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

DISLOSURE OF INFORMATION TO AUDITORS

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company'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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

RSM Robson Rhodes LLP were appointed as auditors for the accounting period. However, consequent upon their merger with Grant Thornton (UK) LLP, RSM Robson Rhodes LLP resigned as auditors in July 2007. Messrs BDO Stoy Hayward LLP were appointed to fill the vacancy created thereby. Messrs. BDO Stoy Hayward LLP have resigned as company auditors in February 2009.

This report was approved by the board of directors and authorised for issue on 20th February 2009 and it is signed on its behalf by:

Laurent Raskin
Director

INCOME STATEMENT

for the year ending 31 December 2007

	Note	2007 £'000's	2006 £'000's
Continuing operations			
Revenue	1	**59,005**	**38,826**
Cost of sales			
Material cost of sales		(48,713)	(30,720)
Manufacturing costs		(3,065)	(2,874)
		(51,778)	(33,594)
Gross Profit		7,227	5,232
Other income	2	13	16
Distribution costs		(1,140)	(1,168)
Administrative expenses	2	(2,654)	(1,670)
Other expenses	2	(41)	(36)
Depreciation and Amortisation		(314)	(272)
Operating Profit		3,091	2,102
Finance costs	2	(346)	(201)
Profit before taxation		2,745	1,901
Taxation on profit on ordinary activities	3	(879)	(408)
Profit for the year		**1,866**	**1,493**
Attributable to			
Equity shareholders		**1,866**	**1,493**

The notes on pages 11-19 form part of these financial statements.

BALANCE SHEET
As at 31 December 2007

	Note	2007 £'000's	2006 £'000's
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,459	2,703
Intangible assets	6	55	83
Investments in subsidiaries	7	400	-
		2,914	2,786
CURRENT ASSETS			
Inventories	8	15,319	8,237
Trade and other receivables	9	10,892	5,394
		26,211	13,631
TOTAL ASSETS		**29,125**	**16,417**
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital	11	1,000	1,000
Retained earnings		10,827	9,361
Total equity		11,827	10,361
Non-current liabilities			
Long term borrowings	12	3,900	1,550
Deferred tax	13	102	111
		4,002	1.661
Current liabilities			
Short-term borrowings	10	3,942	2,182
Trade and other payables	14	8,887	1,804
Income tax payable		467	409
		13,296	4,395
TOTAL EQUITY AND LIABILITIES		**29,125**	**16,417**

The financial statements were approved by the board of directors and authorised for issue on 20th February 2009 and they were signed on its behalf by:

Laurent Raskin
Director

The notes on pages 11-19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ending 31 December 2007

	Attributable to shareholders		
	Issued Capital £'000's	Retained Earnings £'000's	Total equity £'000's
2006 Balance at 1 January	1,000	8,828	9,828
Net profit for the year		1,493	1,493
Total income and expense	1,000	10,321	11,321
Dividends		(960)	(960)
31 December	1,000	9,361	10,361
2007 Net profit for the year		1,866	1,866
Total income and expense	1,000	11,227	12,227
Dividends		(400)	(400)
31 December 2007	1,000	10,827	**11,827**

The notes on pages 11-19 form part of these financial statements.

CASH FLOW STATEMENT

For the year ending 31 December 2007

	Note	2007 £'000's	2006 £'000's
Cash flows from operating activities			
Cash flows from operating activities	15	(2,092)	1,051
Interest received		14	-
Taxation paid		(830)	(549)
Net cash flows from operating activities		**(2,908)**	**502**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(56)	(417)
Purchase of intangibles	6		(83)
Increase in investments		(400)	
Sale of property, plant and equipment		21	3
Net cash flows from investing activities		**(435)**	**(497)**
Cash flows from financing activities			
Proceeds from borrowing		4,000	2,000
Repayment of borrowing		(650)	(50)
Interest paid		(360)	(201)
Dividends Paid	4	(400)	(960)
Cash flows from financing activities		**2,590**	**789**
Net change in cash and cash equivalents		**(753)**	**794**
Cash and cash equivalents at 1 January		(1,789)	(2.583)
Cash Resources at 31 December	10	**(2,542)**	**(1,789)**

The notes on pages 11-19 form part of these financial statements.

ACCOUNTING POLICIES

Corporate information
Mining & Chemical Products Limited is a private limited company incorporated, registered and domiciled in England.

Convention
The Annual financial statements have been prepared in accordance with the applicable law and International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

Basis of preparation
Statement of compliance
The financial statements have been prepared on a historical cost basis and are presented in Sterling (£), with values rounded to the nearest thousand Pound (£'000's), except where the context indicates otherwise. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union. Estimates and assumptions are based on historical experience and other factors that are believed to be reasonable. These are reviewed on an ongoing basis.

Group financial statements
The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 228 of the Companies Act 1985 as the company is a subsidiary of MCP Group SA, a company which is incorporated in the European Economic Area. The Company's results have been included in the consolidated financial statements of MCP Group SA.

Intangible assets
Goodwill
Goodwill is the excess of the cost of acquisition over the fair value of the Purchased assets at the date of acquisition. Goodwill is stated at the cost at date of acquisition less a provision for impairment. Goodwill is evaluated at the time of acquisition, and, subsequently, at least annually to determine whether any impairment of the value has occurred.

Customer List
Customer List is stated at the cost at date of acquisition less a provision for impairment. Customer List is evaluated at the time of acquisition, and, subsequently, at least annually to determine whether any impairment of the value has occurred. Customer list is amortised over its expected useful life of 3 years.

Research and development costs
Research and development costs are expensed when incurred because the expenditure does not usually fulfil all the requirements for capitalisation set out in International Accounting Standard 38 - Intangible Assets.

Investments
Investments in subsidiary companies are held at cost less any impairment losses.

Leases
The Company has no finance leases (defined as leases where substantially all the risks and benefits of ownership are assumed by the Company). Operating lease expenditure is written off in equal instalments over the period of the lease. Early termination costs are written off when incurred.

ACCOUNTING POLICIES (continued)

Foreign currency Translation
Functional and presentation currency
The financial statements are presented in Sterling. The Company uses Sterling for both functional and presentational purposes. Monetary assets and liabilities in foreign currencies are translated at year-end rates and all gains and losses are taken to the income statement.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Retirement benefit obligations
The Company provides for retirement benefits by defined contribution pension schemes, the costs of which are expenses in the year to which they relate.

Inventories
Inventories are carried at the lower of cost or net realisable value. The cost of raw materials and components is the purchase cost on either a weighted average or actual cost basis.

Trade and other receivables
Trade receivables are carried at original invoice amount, less any necessary provision for uncollectible debts. Bad debts are written off once identified.

Trade and other payables
Trade payables are not interest bearing and are stated at their nominal value.

Cash and short term deposits
Cash and short term deposits comprise cash in hand and at bank, deposits on call at banks and investments in money market transactions, and they are carried at nominal value.

Bank overdrafts are shown as borrowing in current liabilities, unless committed for more than twelve months from the Balance Sheet date.

Borrowings
Borrowing is accounted for at the amount of the proceeds received less transaction costs. The difference between cost and the amortised cost (using the effective interest method) is adjusted through the Income Statement, if significant, on an accruals basis.

Deferred Taxes
Deferred taxation is provided in full on temporary differences arising between tax bases of asset or liability values and their carrying amounts in the financial statements, using tax rates enacted at the balance sheet date.

The principal temporary differences relate to depreciation of plant and equipment.

Provisions
Provisions are made when there is present legal or constructive obligation arising from past events, where it is probable that costs will be incurred to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

ACCOUNTING POLICIES (continued)

Property, plant and equipment

All trading property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is provided in equal annual instalments at rates designed to reduce the net book values of the assets to their estimated residual values at the end of their expected useful lives.

The maximum useful lives are estimated as follows:

Freehold buildings	25 years
Plant, fixtures and equipment	8 years
Motor vehicles	4 years
Computer equipment	3 years

Gains and losses on disposal are calculated by reference to their carrying amount and the proceeds on disposal and the result is taken to profit and loss immediately. Interest costs on acquisition of property, plant and equipment is written off as incurred.

Revenue recognition

Revenue is recognised upon delivery of products or services to customers, when substantially all the risks and rewards of ownership pass to the customer, in accordance with the terms and conditions attaching to the transaction. The majority of revenue stem from the delivery of products.

Revenue is stated at the invoiced amount, net of discounts and value added, turnover or sales taxes. Interest income is recorded as it accrues.

Taxation

The charge for taxation is based primarily on the profit for the year, and is calculated using tax rates enacted at the balance sheet date. The charge for tax takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Credit is taken for deferred tax assets to the extent it is probable that the asset will be recovered in the near future.

Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised if the carting amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

Financial Instruments

Financial instruments include cash and bank balances, receivables, payables and borrowings. Particular recognition methods are outlined in the individual policy statements pertaining to those items.

An explanation of the company's financial instrument risk management objectives, policies and strategies are set out in the Directors report.

NOTES TO THE FINANCIAL STATEMENTS

1 REVENUE	2007	2006
Revenues are shown according to the location of the customer.	**£'000's**	**£'000's**
European Union	45,708	28,801
Rest of Europe	810	411
North America	8,890	5,649
South America	1,474	1,215
Asia	2,016	2.574
Other	107	176
Total	59,005	38,826

2 OTHER REVENUES and EXPENSES		
Other operating income		
Laboratory Analysis Fees received	13	16
Other expenses	(42)	(36)
Interest receivable	14	-
Finance costs		
Interest payable	(360)	(201)
Staff costs		
Salaries, wages, bonuses and commissions	2,828	2,624
Social security costs	287	252
Terminations payments	803	-
Pension costs - defined contribution plans	57	75
Other costs	126	76
	4,101	3,027
The average number of employees	#	#
Manufacturing and development	67	63
Sales and distribution	16	16
Administration	10	10
	93	89
Directors' remuneration		
Emoluments (two directors)	566	286
Contributions to defined contribution schemes (two directors)	32	45
	598	331
Highest paid director - emoluments	374	162
- pension contributions	7	25

No director had any interest in the shares of the Company. The interests of the Directors in the shares of the parent company are shown in that company's annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 OTHER REVENUES and EXPENSES

	2007 £'000's	2006 £'000's
Other expenses		
Amortisation of intangibles	28	-
Depreciation of property, plant and equipment	286	272
Bad debts		72
Foreign exchange differences: losses / (gains)	(63)	(11)
Research and development expenditure (expensed as incurred)	211	153
Operating lease rentals: plant and equipment	7	9
Profit on sale of property, plant and equipment	7	5
Professional Fees		
Auditors remuneration for statutory audits	25	24

3 INCOME TAX

Current tax	888	453
Deferred Tax	(9)	130
Taxes on current year results	**879**	**583**
Adjustments for previous years - tax	-	(65)
Adjustments for previous years - deferred tax	-	(110)
Tax per Income Statement	**879**	**408**
Tax on accounting profit: average 30% (2006: 30%)	823	570
Expenses not deductible for tax	66	25
Other	(10)	(12)
Tax on current year results	879	583

4 DIVIDENDS

Dividend declared and paid during the year		
Equity dividend on ordinary shares		
First interim dividend for 2007: 40p per share (2006: 32p per share)	400	320
Second interim dividend for 2007: 0 p per share (2006: 32p per share)	0	320
Third interim dividend for 2007: 0p per share (2006: 32p per share)	0	320
	400	960
Dividend declared after the year end (not shown as a liability at 31 December)	nil	nil

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings £'000's	Plant and Equipment £'000's	Cars, computers and other £'000's	TOTAL £'000's
Cost				
At 1 January	2,330	2,077	671	5,078
Additions	21	34	1	56
Disposals			(33)	(33)
At 31 December	2,351	2,111	639	5,101
Depreciation				
At 1 January	449	1,414	512	2,375
Charged in current year	71	151	64	286
Disposals			(19)	(19)
At 31 December	520	1,565	557	2,642
Net Book Value				
At 1 January	1,881	663	159	2,703
At 31 December	1,831	546	82	2,459

Land and buildings includes an element of cost for land of £ 580,000 which is not depreciated. The Land has been mortgaged in favour of HSBC Bank Plc. A register of the land held is available at the Company office, 1-4 Nielson Road, Finedon Road Industrial Estate, Wellingborough, Northamptonshire, NN8 4PE.
Refer to note 16 for assets pledged as security for banking facilities.

6 INTANGIBLES

	2007 £'000's	2006 £'000's
Cost		
At 1 January	83	-
Additions	-	83
Amortisation	(28)	-
At 31 December	55	83

Intangibles comprise the cost of acquisition of a customer list as part of the acquisition of the business, trade and assets of a small pewter business. The useful life of this intangible is considered to be 3 years and has been amortised accordingly during 2007.

7 INVESTMENTS in Subsidiaries

	2007 £'000's	2006 £'000's
Cost and Net Book Value		
At 1 January	-	-
Additions	400	-
At 31 December	400	-

Companies	Shares at Cost £'000's	Interest in Equity	Country of Incorporation	Principal Activity
MCP Iberia SA	200	100%	Spain	Agency
MCP France SA	200	100%	France	Agency
	400			

The Companies shares were acquired on 30 June 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 INVENTORIES

	2007 £'000's	2006 £'000's
Raw materials and consumables	12,497	5,489
Work-in-progress	1,249	1,234
Finished goods	1,573	1,514
	15,319	8,237

Refer to note 16 for assets pledged as security for banking facilities.

9 TRADE and OTHER RECEIVABLES

	2007	2006
Trade receivables	1,994	2,347
Amounts owed by fellow subsidiaries	8,841	2,576
VAT recoverable	57	471
	10,892	5,394

Trade receivables are non-interest bearing and credit period is between 30 and 120 days.

Amounts owed by fellow subsidiaries are non-interest bearing and recoverable within 1 year, except for loans from MCP Iberia SA £220,000 and MCP France SA £165,000 bear interest at 7% and are payable on demand.

Refer to note 16 for assets pledged as security for banking facilities.

There is no impairment allowance provided against amounts owed by trade receivables or by fellow subsidiaries above.

The analysis of Amounts owed by trade receivables and by fellow subsidiaries that were past due but not impaired is as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90-120 days	>120 days
	£000's						
2007	10,892	10,892					
2006	5,394	5,394					

The credit quality of receivables to fellow group undertakings is assessed by information internal to MCP Group SA. There is no history of default from amounts owed by group undertakings.

10 SHORT TERM BORROWINGS

Cash at banks in current accounts usually earns no interest. Short-term deposits are made for varying periods between one day and one month, depending on immediate cash requirements, and these earn interest at short term rates. Cash and cash equivalents comprise the following:

	2007 £'000's	2006 £'000's
Cash at banks and in hand	205	-
Bank overdrafts	(2,747)	(1,789)
	(2,542)	(1,789)
Bank Loans - Current portion	(1,400)	(400)
	(3,942)	(2,189)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 ISSUED CAPITAL

The total authorised share capital as at 1 January and 31 December was one million ordinary shares of £ 1 each.

	2007		2006	
Issued and fully paid	#	£'000's	#	£'000's
At 1 January	1,000,000	1,000	1,000,000	1,000
Ordinary shares of €1 each				
At 31 December	1,000,000	1,000	1,000,000	1,000

12 INTEREST BEARING LOANS and BORROWING

	2007 £'000's	2006 £'000's
Current		
Bank overdrafts (average interest rate 6½%)	2,747	1,789
Bank loans - current portion (effective rate 7½%)	1,400	400
	4,147	2,189
Non-current		
Bank loans (effective rate 7½%)	3,900	1,550
	3,900	1,550
	7,842	3,739

Bank Loans include the following secured loans, £750,000 and £800,000, repayable in quarterly instalments of £50,000 at interest rate of 7½% and will expire in 2011. And £3,750,000 loan repayable in quarterly instalments of £250,000 and will expire in 2011.

Refer note 16 for details of securities.

13 DEFERRED TAX

Deferred tax is calculated on all temporary differences under the liability method, using appropriate tax. Deferred tax assets and liabilities are offset.

	2007	2006
Summary of deferred tax balances	£'000's	£'000's
Deferred tax liabilities	(102)	(111)

Deferred tax relates to accelerated depreciation allowances in excess of accounting depreciation.

At 1 January	(111)	(91)
Released	9	(20)
At 31 December	(102)	(111)

14 TRADE PAYABLES and OTHER CREDITORS

	2007 £'000's	2006 £'000's
Trade payables	6,699	904
Amounts owed to fellow subsidiaries	2,097	732
Other payables	91	168
	8,887	1,804

Trade payables are non-interest bearing and credit period is between prompt and 30 days.
Amounts owed to fellow subsidiaries are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax with cash generated from operations.

Profit before taxation	2,745	1,901
Net Interest Paid	346	201
	3,091	2,102
Depreciation and amortisation	314	272
Profit on disposal of property, plant and equipment	7	(5)
Items not involving cash flows	321	267
Inventory	(7,082)	1,679
Receivables	(5,505)	(327)
Payables	7,083	(2,670)
Net working capital changes	(5,504)	(1,318)
Cash generated from operations	(2,092)	1,051

16 CONTINGENCIES and COMMITMENTS

The Company has given an unlimited guarantee in favour of HSBC Bank Plc to secure bank facilities for the company. Furthermore , the company has provided a fixed charge over debtors and other debtors, uncalled capital and intellectual property and a floating charge over all other assets in respect of banking facilities with HSBC bank Plc.

17 RELATED PARTY DISCLOSURES

	Sales made £'000's	Services bought £'000's	Purchases made £'000's	Amounts owed £'000's	Amounts due £'000's	2006 net owed £'000's
Ultimate Parent Company						
MCP Group SA				506		-
MCP Aramayo Ltd				24		-
Other Group Companies						
MCP HEK Oxide Limited			101		8	6
Ingal Stade GmbH (50%)					135	-
MCP France SA	2,336		63	165		197
Sidech SA				772	719	-
Sidmet SA				57	74	-
MCP KEK Chemicals co (Shangyu) Ltd	358			644		-
MCP Metals and Chemicals Limited				303		-
MCP Iberia SA	740	23	19	225		70
MCP Metals (Shenzhen) Limited				161		381
MCP (Asia) Limited				300	565	-
MCP HEK GmbH	24,779	1	384	2,402		1,203
MCP Metalspecialties Inc	10,904	53	10,238	3,282	596	8
				8,841	2,097	1,865

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 PARENT COMPANY

The company is a wholly owned subsidiary of MCP Metals & Chemicals Limited, a company incorporated in the United Kingdom. The ultimate parent is MCP Group SA, a company incorporated in Belgium. Consolidated financial statements are prepared by MCP Group SA, being the only set of related entities for which consolidated financial statements are prepared. The published financial statements of the ultimate holding company are available from rue de la Station 7, Tilly 1495, Belgium.

19 KEY MANAGEMENT REMUNERATION

The directors are considered to be key management and their compensation is reflected in note 2.

20 FINANCIAL INSTRUMENTS

Credit risk

There are no significant concentrations of credit risk, other than to subsidiary undertakings as disclosed in note 9. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Foreign Currency risk

The company does not formally hedge its foreign currency exposure. The company is subject to foreign currency risk exposure on its non-Sterling denominated receivables and payables.

The following table demonstrates the sensitivity to a reasonably possible change in Sterling against the Euro and US Dollar exchange rates with all other variables held constant, of the company's profit before tax.

	Increase/ decrease in UK Sterling vs Euro/ US Dollar rate	Effect on profit before tax £'000's
2007		
Euro	+10%	(13.0)
	-10%	15.9
US Dollar	+10%	(608.0)
	-10%	743.1
2006		
Euro	+10%	(13.8)
	-10%	16.9
US Dollar	+10%	(319.4)
	-10%	390.3

Liquidity risk

The maturity profile of the company's financial liabilities is shown in note 12.

Fair value of financial assets and liabilities

There is no difference between the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MCP ARAMAYO LIMITED

We have audited the financial statements of MCP Aramayo Limited for the year ended 31 December 2007 which comprises the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and 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 Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards, as adopted for use in the European Union, 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. We also report to you whether in our opinion the information given in the directors' report 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 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 authorized 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 judgments 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, in accordance with International Financial Reporting Standards, as adopted for use in the European Union, of the state of affairs of the Company as at 31 December 2007 and of the profit 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 directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

BDO Stoy Hayward LLP

Epsom, England
23/2 2009