Company Number 244498

Mining & Chemical Products Limited

ANNUAL REPORT and FINANCIAL STATEMENTS

31st December 2009

INDEX

GENERAL INFORMATION

Board of Directors	Laurent RASKIN Christophe GAUDER
Principal Bankers	HSBC Bank plc 8 London Street Basingstoke HANTS RG21 7NU
Auditors	Baker Tilly UK Audit LLP The Pinnacle 170 Midsummer Boulevard Central Milton Keynes Buckinghamshire MK9 1BP
Solicitors	Wilson Browne LLP West End House 60 Oxford Street Wellingborough Northamptonshire NN8 4JW
Registered Office	1-4 Nielson Road Finedon Road Industrial Estate Wellingborough Northamptonshire NN8 4PE
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 2009, to be presented at the eightieth Annual General Meeting of the Company, at Rue de la Station 7, 1495 Tilly, Belgium on 24th September 2010

DIRECTORS

The Directors who served during the year were,

Laurent RASKIN		
Christophe GAUDER	Appointed	1st April 2009

The present composition of the Board is as stated on page 1 No current director has any interest in the shares of the company as at the end of the year Their interests in shares of the ultimate parent, MCP Group SA are shown in that company's financial statements

PRINCIPAL ACTIVITIES

During the year the Company continued its activities in the refining and marketing of non-ferrous metals, including Gallium, Indium, Selenium, Tellurium & Bismuth 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 large strategic reserves of materials in inventory on a long term basis Metal price movement 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 costs 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
The deployment of Company products 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 10% of the Company's third party revenues, and fourteen customers accounted for between 2% and 8% each, being 45% 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

DIRECTORS' REPORT (continued)

Financial risks

Foreign currency risk management

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 spot rates to buy or sell excess currency in exceptional circumstances

Interest risk management

The Company operates a conservative borrowing strategy, with gearing (interest-bearing debt as a proportion of equity) generally within a target range of 35-50% As a result, interest rate changes do not usually have a major effect on the results of the Company

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

Economic downturn, market risk

Due to the company's diverse customer and market 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 and continuing into 2009 meant a difficult start to the year The Directors monitored the impacts of the economic downturn on the business and implemented strategic plans to mitigate its effects on the business As a result the company performed reasonably well over the period

Going concern

The financial statements are compiled on a going concern basis The shareholders continue to support the company to allow group level consolidation of various metal processes at the Wellingborough site This means the company will generate a significant proportion of the group's 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 and with committed support from MCP Group SA, the Board are of the opinion that the going concern basis of preparation is appropriate

Cash requirements and working capital management

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 part of the group's strategic inventory holding To that end there is a disproportionate burden on the company's cash resources This burden is supported by local banking facilities via HSBC bank Plc

The company policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of the terms and to abide by the agreed terms of payment The trade creditor payment days outstanding for the company at 31 December 2009 were 121 days (2008 217 days)

The company's standard credit terms for its customers range from 30-60 days Debtor days as at 31 December 2009 were 46 days (2008 99 days)

Capital management

The primary objective is to ensure the company maintains a capital structure that can support the business and be adjusted in the light of changing economic conditions There have been no changes in policy during the period under review

DIRECTORS' REPORT (continued)

RESULTS FOR THE YEAR

The Company's Profit before Taxation was £641,000 (2008 £1,017,000) The Company did not pay any dividends during the year No dividends in respect of 2009 are proposed

KEY PERFORMANCE INDICATORS

Mining & 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 Indicators	*Target*	2009	2008
Gross Profit (£ '000s)	*£ 4,500*	£ 4,031	£ 4,497
Gross Profit %	*10 0%*	7 7%	9 0%
Stock Holding (average days)	*120-180*	197	179
Debtor Days	*48*	46	99

The company, in common with other manufacturing companies worldwide, has seen a downward trend in its revenue This has, in turn, reduced it's Gross Profit by 10% Stock holding moves through a range which reflects availability of material and market risk and opportunities However, during 2009 the company increased its strategic inventory level in a number of its core metals The continued focus on debtors and their payment terms has resulted in debtor days remaining within the targeted level

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 Group, headed by MCP Group SA, 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 Group The Group continues to develop more value added products based on its expanding activity in chemicals derived from its five main metals, and the introduction of new metals
The Company, based in Wellingborough, is in a strong position to be in the forefront of the group's strategic plans for the future With a strong development team the company has in the past and will continue to be a centre of excellence that other group companies can rely on for assistance With the group striving to streamline the various worldwide business entities the emphases of the company's production will move away from metal refining and scrap treatment to the higher purity metals and fine chemicals

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU")

The financial statements are required by law to present fairly the financial position and performance of the company The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether they have been prepared in accordance with IFRS as adopted by the EU,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

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 themselves 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

Baker Tilly UK Audit LLP, were retained as Auditors at the Annual General Meeting of the company

This report was approved by the board of directors and authorised for issue on 24th September 2010 and it is signed on its behalf by

Christophe Gauder
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINING & CHEMICAL PRODUCTS LIMITED

We have audited the financial statements on pages 7 to 21 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the provisions of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

28 September 2010

Jeremy Read (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

STATEMENT of COMPREHENSIVE INCOME

for the year ending 31 December 2009

	Note	2009 £'000's	2008 £'000's
Continuing Operations			
Revenue	1	**52,535**	**50,026**
Cost of Sales			
Material cost of sales	22	(45,183)	(41,994)
Manufacturing costs		(3,321)	(3,535)
		(48,504)	(45,529)
Gross Profit		**4,031**	**4,497**
Other income		-	14
Distribution costs		(1,306)	(1,087)
Administrative expenses		(1,539)	(1,383)
Other expenses		0	(67)
Depreciation and amortisation		(287)	(320)
Operating Profit	2	**899**	**1,654**
Finance income		46	10
Finance costs		(304)	(647)
Profit before Taxation		**641**	**1,017**
Income tax expense	3	(219)	(574)
Profit for the Year		**422**	**443**
Attributable to			
Equity shareholders		**422**	**443**

The notes on pages 14-21 form part of these financial statements

Company number 244498

BALANCE SHEET
As at 31 December 2009

	Note	2009 £'000's	2008 £'000's
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5	-	-
Property, plant and equipment	6	2,685	2,740
Investments in subsidiaries	7	-	-
		2,685	2,740
CURRENT ASSETS			
Inventories	8	24,897	29,166
Trade and other receivables	9	6,565	13,685
Cash	10	1,647	356
		33,109	43,207
TOTAL ASSETS		35,794	45,947
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Issued share capital	11	1,000	1,000
Retained earnings		11,692	11,270
Total equity		12,692	12,270
Non-current liabilities			
Long term borrowings	12	1,100	2,500
Deferred income tax liabilities	13	307	305
		1,407	2 805
Current liabilities			
Short-term borrowings	12	6,774	5,789
Trade and other payables	14	14,861	24,975
Income tax payable		60	108
		21,695	30,872
TOTAL EQUITY AND LIABILITIES		35,794	45,947

The financial statements were approved by the board of directors and authorised for issue on 24th September 2010 and they were signed on its behalf by

Christophe Gauder
Director

The notes on pages 14-21 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ending 31 December 2009

	Attributable to shareholders		
	Issued Capital £'000's	Retained Earnings £'000's	Total equity £'000's
2008 Balance at 1 January	1,000	10,827	11,827
Profit for the year	-	443	443
Dividends	-	-	-
31 December 2008	1,000	11,270	12,270
2009 Profit for the year	-	422	422
Dividends	-	-	-
31 December 2009	1,000	11,692	12,692

The notes on pages 14-21 form part of these financial statements

STATEMENT of CASH FLOWS

For the year ending 31 December 2009

	Note	2009 £'000's	2008 £'000's
Cash flows from operating activities			
Cash flows from operating activities	15	2,447	1,365
Income taxes paid		(265)	(727)
Net cash flows from operating activities		**2,182**	**638**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(239)	(548)
Interest received		46	-
Payment to acquire financial assets		-	-
Proceeds from sales of financial assets		-	400
Proceeds from sale of property, plant and equipment		21	-
Net cash flows from investing activities		**(172)**	**(148)**
Cash flows from financing activities			
Proceeds from borrowing		-	-
Repayment of borrowing		(1,400)	(1,400)
Interest paid		(304)	(581)
Dividends Paid	4	-	-
Cash flows from financing activities		**(1,704)**	**(1,981)**
Net decrease in cash and cash equivalents		**306**	**(1,491)**
Cash and cash equivalents at 1 January		(4,033)	(2 542)
Cash and cash equivalents at 31 December	10	**(3,727)**	**(4,033)**

The notes on pages 14-21 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, and the Companies act 2006 applicable to companies reporting under IFRS

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 There were no other Standards and Interpretations in issue, but not effective, at the date of authorisation of these financial statements that the directors anticipate will have a material impact on the financial statements of the company

Impact of standards not yet effective

IFRS 5	- Non-current Assets Held for Sale and Discontinued Operations
IAS 7	- Statement of Cash Flows
IAS 17	- Leases
IAS 36	- Impairment of Assets
IAS 38	- Intangible Assets
IFRIC 17	- Distributions of Non-cash Assets to Owners
IFRIC 18	- Transfers of Assets from Customers

Amendments arising from the Annual Improvements to IFRS's project 2008 and 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company

Going concern

The financial statements are prepared on a going concern basis based upon estimate future cash flows and the ongoing support from both the company's bankers and the parent company as reviewed in the Directors Report

Group financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006 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

Research and development costs

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

Leases

The Company has no finance leases (defined as leases where substantially all the risks and benefits of ownership are assumed by the Company) Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classed as operating leases 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 a weighted average basis less any appropriate net realisable value provision

Purchases are recognised as inventory at the date the risks and rewards are transferred to the company For purchases where invoices have not been received the inventory is treated as goods in transit

Trade and other receivables

Trade receivables are recognised initially at fair value, 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 cash equivalents

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 Statement of Comprehensive Income, if significant, on an accruals basis

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 the income statement immediately Interest costs on acquisition of property, plant and equipment is written off as incurred

No depreciation is charged on assets under construction

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 carrying amount of the asset exceeds its recoverable amount Impairment losses are recognised in the income statement

Financial Instruments
Financial instruments include cash and bank balances, trade receivables, trade payables and financial 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

Share Capital
Ordinary shares are classified as equity

NOTES TO THE FINANCIAL STATEMENTS

1 REVENUE	2009	2008
Revenues are shown according to the location of the customer.	**£'000's**	**£'000's**
European Union	33,762	34,058
Rest of Europe	774	697
North America	6,407	8,478
South America	1,360	1,464
Asia	9,530	5 329
Other	702	-
Total	**52,535**	**50,026**

2 OTHER REVENUES and EXPENSES

Staff costs		
Salaries, wages, bonuses and commissions	2,173	2,463
Social security costs	222	303
Terminations payments	77	-
Pension costs - defined contribution plans	50	57
Other costs	104	137
	2,626	**2,960**
Allocation of Staff costs		
Cost of Sales	1,649	1,839
Other Operating Expenses	977	1,121
	2,626	**2,960**

The average number of employees	N°	N°
Manufacturing and development	61	66
Sales and distribution	14	16
Administration	9	11
	84	**93**

Directors' remuneration		
Emoluments	-	302
Contributions to defined contribution schemes	-	163
	-	**465**
Highest paid director - emoluments	-	302
- pension contributions	-	163

All directors, during the period under review, were remunerated by another group company
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

	2009	2008
	£'000's	**£'000's**
Operating profit is stated after charging		
Amortisation of intangibles	-	55
Depreciation of property, plant and equipment	280	265
Foreign exchange differences losses / (gains)	35	(864)
Research and development expenditure (expensed as incurred)	208	228
Operating lease rentals plant and equipment	27	18
Profit/(Loss) on sale of property, plant and equipment	-	(2)
Professional Fees		
Auditors remuneration for statutory audits	25	25
Other services provided by auditors		
Tax compliance	4	6
Other	36	21

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2009 £'000's	2008 £'000's
3 INCOME TAX		
Current tax	217	371
Deferred tax	2	203
Taxes on current year results per income statement	219	574
Tax on accounting profit 2009 28% (2008 28 5%)	179	290
Expenses not deductible for tax	-	73
Other	40	211
Tax on current year results	219	574

4 DIVIDENDS		
Dividend declared and paid during the year		
Equity dividend on ordinary shares		
No dividends were declared or either during the year or since the year end	-	-
	-	-
Dividend declared after the year end (not shown as a liability at 31 December)	nil	nil

5 INTANGIBLES	2009 £'000's	2008 £'000's
Cost		
At 1 January	-	55
Additions	-	-
Amortisation	-	(55)
At 31 December	-	-

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 was considered to be 3 years and was amortised accordingly during 2007 After an impairment test in 2008, the Customer List was deemed to no longer hold any long term benefit Therefore, the net asset remaining was fully amortised within operating expenses in the statement of comprehensive income during 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings £'000's	Plant and Equipment £'000's	Assets under Construction £'000's	Cars, computers and other £'000's	TOTAL £'000's
Cost					
At 1 January 2008	2,351	2,111	-	639	5,101
Additions	-	511	-	37	548
Disposals	-	-	-	(2)	(2)
At 1 January 2009	2,351	2,622	-	674	5,647
Additions	8	81	112	38	239
Disposals	-	(18)	-	(86)	(104)
At 31 December 2009	2,359	2,685	112	626	5,782
Depreciation					
At 1 January 2008	520	1,565	-	557	2,642
Charged in year	70	153	-	42	265
Disposals	-	-	-	-	-
At 1 January 2009	590	1,718	-	599	2,907
Charged in current year	71	179	-	30	280
Disposals	-	(17)	-	(73)	(90)
At 31 December	661	1,880	-	556	3,097
Net Book Value					
At 1 January 2009	1,761	904	-	75	2,740
At 31 December 2009	1,698	805	112	70	2,685

Freehold 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

7 INVESTMENTS in SUBSIDIARIES

	2009 £'000's	2008 £'000's
Cost and Net Book Value		
At 1 January	-	400
Additions	-	-
Disposal	-	(400)
At 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2009 £'000's	2008 £'000's
8 INVENTORIES		
Raw materials and consumables	19,357	23,499
Work-in-progress	1,987	2,473
Goods in transit	-	1,564
Finished goods	3,553	1,630
	24,897	29,166

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

	2009 £'000's	2008 £'000's
9 TRADE and OTHER RECEIVABLES		
Trade receivables	2,426	2,084
Amounts owed by fellow group undertakings	4,139	9,211
VAT recoverable	-	2,390
	6,565	13,685

Trade receivables are non-interest bearing with credit periods of between 30 and 120 days
Amounts owed by fellow group undertakings are non-interest bearing and recoverable within 1 year
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 group undertakings above The analysis of amounts owed by trade debtors and by fellow group undertakings 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
	£000's			
2009	6,565	5,795	191	579
2008	13,685	13,324	164	197

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 fellow group undertakings

Debtor management
The company monitors outstanding debtors on a daily bases and employs a full time credit controller to ensure payments are received within the agreed credit terms An external credit reference agency is used to determine the initial level of credit offered and as an ongoing monitor Where debtors fail to meet the agreed credit term there are a number of sanctions the company can employ These range from credit control letters to placing the debtors account on hold For persistent defaulters trading terms are changed to pro-forma invoices The company has seldom found it necessary to resorted to legal action to recover debts

10 CASH AND CASH EQUIVALENTS
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

	2009 £'000's	2008 £'000's
Cash at banks and in hand	1,647	356
Bank overdrafts	(5,374)	(4,389)
	(3,727)	(4,033)

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

	2009		2008	
Issued and fully paid	Number	£'000's	Number	£'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

	2009	2008
	£'000's	£'000's
Current		
Bank overdrafts	5,374	4,389
Bank loans - current portion	1,400	1,400
	6,774	**5,789**
Non-current		
Bank loans	1,100	2,500
	1,100	**2,500**
	7,874	**8,289**

Bank Loans include the following secured loans, £350,000 and £400,000, repayable in quarterly instalments of £50,000 which will expire in 2011, and £1,750,000 loan repayable in quarterly instalments of £250,000 and will expire in 2011

Refer note 16 for details of securities

13 DEFERRED INCOME TAX

Deferred tax is calculated on all temporary differences under the liability method, using appropriate tax rates

	2009	2008
Summary of deferred tax balances	£'000's	£'000's
Deferred tax liabilities	307	305

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

At 1 January	305	102
Charged / (Released) to income statement in the year	2	203
At 31 December	**307**	**305**

14 TRADE PAYABLES and OTHER CREDITORS

	2009	2008
	£'000's	£'000's
Trade payables	648	1,554
Amounts owed to fellow group undertakings	13,822	23,333
Other payables	391	88
	14,861	**24,975**

Trade payables are non-interest bearing and credit terms are between immediate settlement and 30 days
Amounts owed to fellow group undertakings are interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 CASH GENERATED FROM OPERATIONS

	2009 £'000's	2008 £'000's
Reconciliation of profit before tax with cash generated from operations		
Profit before taxation	641	1,017
Net Interest Paid	258	637
	899	1,654
Depreciation and amortisation	280	320
Profit on disposal of property, plant and equipment	(7)	2
Items not involving cash flows	273	322
Increase in Inventory	4,269	(13,847)
Increase in Receivables	7 120	(2,140)
Increase in Payables	(10,114)	15,376
Net working capital changes	1,275	(611)
Cash generated from operations	**2,447**	**1,365**

16 CONTINGENCIES and COMMITMENTS

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

Capital commitments as at the period end amounted to £8,000, being the remaining payment due on the Gallium Oxide expansion program, as reported in Assets under Construction (2008 nil)

17 RELATED PARTY DISCLOSURES

	Sales made £'000's	Purchases made £'000's	Amounts owed £'000's	Amounts due £'000's	2008 net owed / (due) £'000's
Ultimate Parent Company					
MCP Group SA			542		449
MCP Aramayo Ltd				305	1,694
Other Group Companies					
MCP HEK Oxide Limited					(8)
Ingal Stade GmbH (50%)		1,921		268	(222)
MCP France SA	1,602	38	306		204
Sidech SA	2,589	1,854	75	828	(429)
Sidmet SA	7,022	3,099	963	1,631	1,017
MCP KEK Chemicals co (Shangyu) Ltd			32		35
MCP Metals and Chemicals Limited			268	558	314
MCP Iberia SA	122		55		68
MCP Metals (Shenzhen) Limited	26		208	6	221
MCP (Asia) Limited	5,155	24,687	651	9,440	(18,042)
MCP HEK GmbH	10,665	1,069	290	29	131
MCP Metalspecialties Inc	6,645	154	336	757	446
China Industrial Resources	205				
Etain Soudures	37				
Atlumin Energy Inc	408		413		
			4,139	13,822	(14,122)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 PARENT UNDERTAKING

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

The company's financial instruments comprise cash, loans, trade debtors and trade creditors that arise from its operations There was no difference between the book and fair value of financial assets and liabilities at 31st December 2009 (2008 nil)

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
2009		
Euro	+10%	(47 7)
	-10%	58 3
US Dollar	+10%	763 3
	-10%	(932 9)
2008		
Euro	+10%	(77 8)
	-10%	95 1
US Dollar	+10%	849 2
	-10%	(1 037 9)

Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 ACCOUNTING ESTIMATES and JUDGMENTS

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable, the results for which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources Actual results may differ from these estimates The estimates, assumptions and judgements that are likely to contain the greatest degree of uncertainty are summarised below

Income taxes
In recognising income tax assets and liabilities estimates have to be made as to the likely outcome of decisions by tax authorities on transactions and events whose outcomes are uncertain and on the expected manner of realisation or settlement of deferred tax assets and liabilities

Useful lives
Intangible assets and property, plant and equipment are expensed over their estimated useful lives The period of actual use or economic benefit may differ from these estimated lives

Carrying value of inventory
Inventory valuation is based on the lower of cost or net realisable value Net realisable value is determined by management after taking in to consider

- Metal bulletin value movements between the period end date and the date of preparing the annual report
- Known sales order valuation
- Current negotiating position for future purchase contracts

22 MATERIAL COST of SALES

Inventory impairment

Where the carrying value of inventory is deemed to be higher than the net realisable value an impairment cost is charged to the income statement Dependant on the current inventory holding the impairment charge may distort the gross margin for that specific metal
The net movement on inventory impairment for the period under review was less than 0 25% of the reported material cost of sales