Company Number 244498

5N Plus UK Limited

ANNUAL REPORT and FINANCIAL STATEMENTS

31st December 2014

INDEX Page(s)

GENERAL INFORMATION

Board of Directors	Andrew Davies Dominic Boyle – resigned 19th December 2014 Jean Mayer – appointed 18th December 2014
Principal Bankers	HSBC Bank plc 8 London Street Basingstoke Hampshire RG21 7NU
Independent Auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
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 Number	244498
Website	www.5nplus.com

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the year ended 31 December 2014.

REVIEW OF THE BUSINESS

During the year the Company continued its activities in the refining and marketing of non-ferrous metals, including Gallium, Indium, Selenium, Tellurium and Bismuth, and also the manufacture and marketing of fusible alloys and fine chemicals.

STRATEGY

5N Plus UK Limited aims 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.

RESULTS AND PERFORMANCE

The Company's loss before taxation was $7,349,000 (2013: $7,124,000). Accumulated losses total $15,058,000 (2013: $7,605,000 total accumulated losses). Total assets have reduced to $51,775,000 (2013: $54,483,000).

Key Performance Indicators	2014	2013
Gross (loss)/profit ($ '000s)	(3)	651
Gross (loss)/profit %	0.0%	0.7 %
Stock Holding (average days)	162	130
Receivable Days	41	42

Falling metal prices and demand have continued to impact revenue in 2014 following the falls in 2013. Gross margins reduced in 2014 to a small negative of $3k compared with a positive Gross margin of $651k in 2013. Stock holding moves through a range which reflects availability of material and market risk and opportunities. Receivable days have marginally decreased.

In 2012 the 5N Group (5N plus Inc, a company registered in Canada and listed on the Canadian Stock Exchange) commenced a programme of streamlining the various worldwide business entities with emphasis placed on moving away from metal refining and scrap treatment, to the higher purity metals and fine chemicals. The UK site has been engaged in a cost savings exercise since 2013 and so far this has delivered a reduction in Manufacturing, Sales and Administration costs of $2.0m. Further savings are planned for 2015 with most actions to deliver this having already been implemented. New products have been introduced onto site to help increase production output and this will continue into 2015, predominately with the transfer of production of the Lead Bismuth Alloys from another group company.

PRINCIPAL RISKS AND UNCERTAINTIES

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 decrease this exposure by judicious buying techniques.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

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.

Credit risk
Our existing business has continued to follow our credit risk profile of previous years.

Our 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
Foreign currency risk management
The Company trades in three major currencies, US Dollars, Euros and Sterling, with most trading being done in 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 continues to have no external borrowings.

Employment, product and environmental impact risks
The majority of 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 working environment, to minimising 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, though global metal price fluctuations and demand can have a significant impact. The Directors monitor the global economic environment to be best placed to react to any downturn that may affect the business. The Directors will implement any strategic plans to mitigate any negative effects on the business.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

Going concern
The financial statements are compiled on a going concern basis. The owners continue to support the Company to allow the varied metal processes to continue at the Wellingborough site. With continued support from 5N Plus Inc., 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. This is partly financed by loans from other group entities.

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 year under review. This covers the cash held by the Company, equity and also any loans from other group entities.

Sector risk
The deployment of the Company's products across several fundamental sectors moderates the risks inherent in the cyclical fortunes of any one sector.

Outlook
The pressure on metal margins has continued into 2015 however this has been partly negated by the cost actions already implemented and by a change in commercial strategy which has involved moving to direct customer invoicing to those European customers which require UK produced or serviced product. In 2014 these products were sold to other 5NPlus entities who then supplied the end customer. New products have been introduced onto the UK site and this strategic process will further continue in 2015 and beyond.

This report was approved by the board of Directors and authorised for issue on 7th August 2015 and it is signed on its behalf by:

Andrew Davies
Director
7th August 2015

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014

FUTURE DEVELOPMENTS

Likely future developments in the business are discussed in the strategic report.

DIVIDENDS

The Company did not pay any dividends during the year. No dividends in respect of 2014 are proposed (2013: none).

DIRECTORS

The Directors who were in office during the year and up to the date of signing of the financial statements were:

Andrew Davies
Dominic Boyle – resigned 19th December 2014
Jean Mayer – appointed 18th December 2014

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 undertaking, 5N Plus Inc, are shown in that company's financial statements.

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 three major layers from the Boardroom to the shop floor.

CHARITABLE AND POLITICAL DONATIONS

The Company did not make any charitable or political donations during the year (2013: none).

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties are discussed in the strategic report.

POST BALANCE SHEET EVENTS

There are no post balance sheet events.

INDEPENDENT AUDITOR

The independent auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these 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 applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISLOSURE OF INFORMATION TO THE 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 audit information needed by the Company's auditors in connection with preparing the report of which the Company's auditors are is unaware, and
- Each Director has taken all the steps that he/she 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 the report and to establish that the Company's auditor are aware of the information.

This report was approved by the board of Directors and authorised for issue on 7th August 2015 and it is signed on its behalf by:

Andrew Davies
Director
7th August 2015

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Independent auditors' report to the members of 5N Plus UK Limited

Report on the financial statements

Our opinion

In our opinion, 5N Plus UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

5N Plus UK Limited's financial statements comprise:

- the statement of financial position as at 31 December 2014;
- the statement of comprehensive loss for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 August 2015

STATEMENT OF COMPREHENSIVE LOSS
For the year ending 31 December 2014

	Note	2014 $000's	2013 $000's
Continuing Operations			
Revenue	2	83,954	98,260
Cost of Sales			
Material cost of sales		(79,232)	(91,775)
Manufacturing costs		(4,725)	(5,834)
		(83,957)	(97,609)
Gross (loss)/profit		(3)	651
Depreciation & amortisation	5	(826)	(1,175)
Distribution costs		(2,280)	(2,533)
Administrative expenses		(2,829)	(2,966)
Foreign exchange (losses)/gains		(163)	48
Other income		154	161
(Loss)/Profit on disposal of assets		(20)	148
Operating Loss	3	(5,967)	(5,666)
Finance income		11	7
Finance costs		(1,394)	(1,465)
Loss before Taxation		(7,349)	(7,124)
Income tax (charge)/credit	4	(104)	308
Loss for the Year		(7,453)	(6,816)
Total comprehensive Loss for the year Attributable to equity owners		(7,453)	(6,816)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	2014 $000's	2013 $000's
ASSETS			
Non-current assets	5		
Intangible Assets		196	154
Property, plant and equipment		5,351	5,563
		5,547	5,717
Current assets			
Inventories	6	33,978	34,741
Trade and other receivables	7	10,272	11,217
Income tax receivable		-	918
Cash and cash equivalents	8	1,978	1,890
		46,228	48,766
TOTAL ASSETS		51,775	54,483
EQUITY AND LIABILITIES			
Issued share capital	9	1,608	1,608
Accumulated losses		(15,058)	(7,605)
Total equity		(13,450)	(5,997)
Non-current liabilities			
Deferred income tax liabilities	11	160	56
		160	56
Current liabilities			
Short-term borrowings	10	43,018	41,069
Trade and other payables	12	22,047	19,355
		65,065	60,424
TOTAL EQUITY AND LIABILITIES		51,775	54,483

The financial statements were approved by the Board of Directors and authorised for issue on 7th August 2015 and they were signed on its behalf by:

Andrew Davies
Director
7th August 2015

STATEMENT OF CHANGES IN EQUITY
For the year ending 31 December 2014

	Attributable to owners		
	Issued Share Capital **$000's**	Accumulated losses **$000's**	**Total equity $000's**
2013			
At 1 January 2013	1,608	(784)	824
Loss and total comprehensive loss for the year	-	(6,821)	(6,821)
At 1 January 2014	1,608	(7,605)	(5,997)
2014			
Loss and total comprehensive loss for the year	-	(7,457)	(7,457)
At 31 December 2014	1,608	(15,058)	(13,450)

STATEMENT OF CASH FLOWS
for the year ending 31 December 2014

	Note	2014 $000's	2013 $000's
Cash flows from operating activities			
Cash flows (used in)/generated from operating activities	13	(731)	5,745
Income taxes received		926	611
Interest paid		(1,407)	(1,661)
Net cash flows (used in)/generated from operating activities		(1,212)	4,695
Cash flows from investing activities			
Payments to acquire property, plant and equipment	5	(713)	(465)
Receipts from sale of property, plant and equipment		2	242
Interest received		11	7
Net cash flows used in investing activities		(700)	(216)
Cash flows from financing activities			
Increase of borrowing		2,000	-
Repayment of borrowing		-	(3,200)
Net cash flows generated from/(used in) financing activities		2000	(3,200)
Net increase in cash and cash equivalents		88	1,279
Cash and cash equivalents at 1 January		1,890	611
Cash and cash equivalents at 31 December	8	1,978	1,890

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Corporate information
5N Plus UK Limited is a private limited company incorporated, registered and domiciled in England.
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

New and amended standards adopted by the Company below:

IAS 1 (amendment)	Presentation of Other Comprehensive Income, which changes the grouping of items shown on this statement.
IAS 19 (revised 2012)	Employee Benefits, which prescribes the accounting and disclosure for employee benefits.
IAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets – no impact.
IAS 32 (amendment)	Financial Instruments: Presentation on offsetting financial assets and financial liabilities.
IAS 36 (revised 2012)	Impairment of assets, on the recoverable amount disclosures for non-financial assets.
IFRS 7 (amendment)	Disclosures: Transfers of Financial Assets – no impact.
IFRS 13	Fair value measurement, which provides a definition for fair value measurement and related disclosures.

The impact of these standards did not have a significant impact on the Company financial statements, unless otherwise disclosed in the above.

New and amended standards not yet adopted by the Company:

IFRS 9 (new)	Classification, measurement and recognition of financial assets and liabilities
IFRIC 21 (new)	Levies

The adoption of these standards will be considered in detail when endorsed by the EU but it is not anticipated to be material. There are no other standards or interpretations that are not yet effective that would be expected to have a material impact.

Going concern
The financial statements are prepared on a going concern basis, based upon estimated future cash flows and the ongoing support from the parent company as noted in the Directors Report. The parent company have issued a letter of support to the Company's auditors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting estimates and judgements
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 include foreign exchange rates and income taxes noted below.

Functional currency
The Company's functional currency is the US dollar as most of the Company's transactions are denominated and paid in US Dollars.

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 statement of total comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign Exchange Rates
Assessing the effects of foreign exchange rates has been key to producing the company's financial statements. From 1 January 2011 the functional currency changed from Pounds Sterling to US Dollars. This change reduced the exposure to the movement of foreign currency as most of the company's transactions are denominated and paid in US Dollars.

Revenue recognition
The Company refines and markets non-ferrous metals, including gallium, indium, selenium, tellurium and bismuth, and also manufactures and markets fusible alloys and fine chemicals.

Revenue is recognised when substantially all the risks and rewards of ownership pass to the customer. The point at which the risks and rewards of ownership are transferred may be at the point of despatch, or at delivery to a particular destination, and is defined in the terms and conditions attaching to the transaction.

Revenue is stated at the invoiced amount, net of discounts and sales taxes.

Inventories
Purchases are recognised as inventory at the date the risks and rewards are transferred to the Company. Inventory valuation is based on 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.

Net realisable value is determined by management after taking in to consideration:

- Market values achieved over a representative period
- Known sales order valuation if appropriate
- Current negotiating position for future purchase contracts
- Cost to sell

NOTES TO THE FINANCIAL STATEMENTS (continued)

Where the carrying value of inventory is deemed to be higher than the net realisable value an impairment cost is charged to the statement of total comprehensive income. Dependent on the current inventory holding the impairment charge may distort the gross margin for that specific metal.

Cash and Cash equivalents
Cash and cash equivalents include short term deposits and cash at bank and in hand.

Trade and other receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value, less any necessary provision for doubtful debts. Bad debts are written off once identified.
These are included in current assets except for maturities greater than 12 months after the end of the reporting year.

Impairment of financial assets
The company assesses at the end of each reporting year whether there is evidence of impairment of financial assets. If there is evidence that the asset is impaired by events, having an impact on the future cash flows, occurring after the recognition of the asset the carrying amount of the asset is reduced accordingly.

Trade and other payables
Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from its suppliers. They are not interest bearing and are initially stated at their fair value, then subsequently at amortised cost.
Accounts payable are classified as current liabilities if payment is due within one year or less and if not they are presented as non-current liabilities

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the amounts.

Intangible Assets

As a manufacturer, 5N Plus UK Limited as well as all EU manufacturers must at all times be fully compliant with all relevant EU directives. Pertaining to Indium, an essential metal used in the production of many products including but not limited to solar panels, new EU regulations have been proposed which if implemented will materially impact on the manner in which the products may be sold or distributed.

REACH is a consortium of EU manufacturers of which 5N Plus is a member to which the company pays a fee in order to determine the impacts of changing legislation which could affect the future use and sale of Indium as used in the manufacturing process within the EU.

NOTES TO THE FINANCIAL STATEMENTS (continued)

REACH consortium fees are recorded at cost less accumulated amortisation. Amortisation is provided in equal annual instalments at a rate designed to reduce the net book value of the asset to its estimated residual value and the end of its expected useful life, in this case 5 years.

Property, plant and equipment
Property, plant and equipment is recorded at cost less accumulated depreciation.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits will flow to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income as incurred.
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 Land is not depreciated	
Freehold buildings	25 years
Plant and equipment	8 years
Cars, computer and other	3 to 4 years

The period of actual use or economic benefit may differ from these estimated lives. The asset's residual values and lives are reviewed and adjusted if appropriate at the end of each accounting year.
Profit on disposal of assets is calculated by reference to the carrying amount and the proceeds on disposal and the result is taken to the statement of comprehensive income immediately.

Impairment of non-financial assets
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 statement of comprehensive income.

Current and deferred income tax
The charge for taxation is based primarily on the profit for the year, and is calculated using tax rates enacted at the statement of financial position 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 liability 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.
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.

Retirement benefit obligations
The Company meets its obligations for retirement benefits by defined contribution pension schemes, the costs of which are expenses in the year to which they relate. In 2014 the Company commenced an auto-enrolment compliant pension scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Leases

The Company has no finance leases (2013: nil) (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.

Financial Instruments

Financial instruments include cash and bank balances, trade and other receivables, trade and other payables and short-term borrowings.

The Company classifies its financial assets as loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. These are classified as non-current assets. The Company's loans and receivable comprise cash and cash equivalents and trade and other receivables in the statement of financial position. They are initially recognised at fair value on the trade date and are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out in the Strategic report on pages 2-4

Share Capital

Ordinary shares are classified as equity.

2 REVENUE	**2014**	**2013**
	$000's	**$000's**
Revenues are shown according to the location of the customer.		
European Union	43,261	56,302
Rest of Europe	1,066	1,374
North America	10,942	8,104
South America	2,615	2,619
Asia	23,863	24,802
Other	2,207	5,059
	83,954	**98,260**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 OPERATING (LOSS)/PROFIT

	2014	2013
Average monthly number of employees in the year (including directors)	**Number**	**Number**
Manufacturing and development	43	57
Sales and distribution	5	8
Administration	5	6
	53	**71**

	2014	2013
Directors' remuneration	**$000's**	**$000's**
Emoluments (two directors)	655	413
Contribution to defined contribution pension scheme (two directors)	87	93
	742	**506**

	2014	2013
Highest paid director	**$000's**	**$000's**
Total emoluments and amounts (excluding shares) receivable under long term incentive schemes	363	198
Contribution to defined contribution pension scheme	69	77
	432	**275**

Directors Remuneration and Highest paid Director costs includes an amount of $163k for Compensation for Loss of Office

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

	2014	2013
	$'000's	**$'000's**
Operating loss is stated after charging/(crediting):		
Amortisation of intangible assets	60	39
Depreciation of property, plant and equipment	766	1,136
Loss/(Profit) on disposal of assets	20	(148)
Foreign exchange losses/(gains)	163	(48)
Research and development expenditure (expensed as incurred)	-	398
Operating lease rentals: plant and equipment	89	32
Auditors' remuneration for statutory audits	74	44

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 INCOME TAX CHARGE / (CREDIT)	2014 $'000's	2013 $'000's
Deferred tax (note 11)	104	(308)
Taxes on current year results per statement of total comprehensive income	**104**	**(308)**
Loss before taxation	**(7,349)**	**(7,124)**
Tax on accounting profit: 2014: 21.50% (2013: 23.25%)	1580	1,656
Adjustments in respect of prior years – deferred tax	1	(108)
Expenses not deductible for tax	(16)	(15)
Group Relief surrendered	(251)	-
Losses not recognised	(1,342)	(598)
Other – change in tax rates	(76)	(627)
Tax on current year results	**(104)**	**308**

Factors affecting current and future tax charges
The Finance Act 2013, which was substantively enacted on 2 July 2013, reduced the UK corporation tax rate from 23% to 21% effective from 1 April 2014 and to 20% from 1 April 2015. Therefore the relevant deferred tax balances have been remeasured at 20%.

	2014 $'000's	2013 $000's
Income tax receivable	-	**918**

5 NON-CURRENT ASSETS

a) INTANGIBLE ASSETS

	2014 $000's	2013 $000's
Cost		
At 1 January	193	-
Additions	102	193
At 31 December	**295**	**193**
Accumulated Amortisation		
At 1 January	(39)	-
Charged in current year	(60)	(39)
At 31 December	**(99)**	**(39)**
Net Book Value		
At 31 December	**196**	**154**

NOTES TO THE FINANCIAL STATEMENTS (continued)

The REACH Indium Consortium was set up in 2011 aiming to prepare for new EU REACH Regulation which requires the registration of Indium and several related compounds. REACH is an acronym: Registration Evaluation, Authorisation and Restriction of Chemicals

b) 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 2013	3,825	8,114	1,155	13,094
Additions	-	442	23	465
Disposals	(24)	(2,722)	(682)	(3,428)
Impairment	-	(59)	-	(59)
At 1 January 2014	**3,801**	**5,775**	**496**	**10,072**
Additions	134	335	142	611
Disposals	-	(81)	(23)	(104)
At 31 December 2014	**3,935**	**6,029**	**615**	**10,579**
Accumulated Depreciation				
At 1 January 2013	1,395	4,354	1,018	6,767
Charged in Current Year	116	994	26	1,136
Disposals	(17)	(2,721)	(656)	(3,394)
At 1 January 2014	**1,494**	**2,627**	**388**	**4,509**
Charged in current year	115	600	51	766
Disposals	-	(24)	(23)	(47)
At 31 December 2014	**1,609**	**3,203**	**416**	**5,228**
Net Book Value				
At 31 December 2013	**2,307**	**3,148**	**108**	**5,563**
At 31 December 2014	**2,326**	**2,826**	**199**	**5,351**

Freehold land and buildings includes an element of cost for land of £580,000 (2013:£580,000) which is not depreciated.

The Directors consider that there is not a material difference between current holding value and market value for land & building.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 INVENTORIES

	2014 $000's	2013 $000's
Raw materials and consumables	21,633	22,162
Work-in-progress	4,339	4,635
Finished goods	8,006	7,944
	33,978	**34,741**

In many circumstances the inventory of metal can be utilised as either Raw Material or as a Finished Product. The Company holds provisions against inventories for net realisable value and known obsolete or slow moving stock. In 2014 this totalled $2.863m (2013:$3.498m).

7 TRADE AND OTHER RECEIVABLES

	2014 $000's	2013 $000's
Trade receivables	4,598	5,951
Amounts owed by fellow group undertakings	4,190	4,070
VAT and payroll taxes	1,336	982
Prepayments	148	214
	10,272	**11,217**

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.

The analysis of amounts owed by trade receivables 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 days
	$000's	$000's	$000's	$000's
2014	8,788	5,800	1,362	1,626
2013	10,021	7,973	860	1,188

The credit quality of receivables from fellow group undertakings is assessed by information internal to 5N Plus Inc.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 CASH AND CASH EQUIVALENTS	**2014**	**2013**
	$000's	**$000's**
Cash and cash equivalents	**1,978**	**1,890**
Cash and cash equivalents comprise:		
USD denominated	1,192	243
Euro denominated	35	249
GBP denominated	751	1,398
	1,978	**1,890**

9 ISSUED SHARE CAPITAL

The total authorised share capital as at 31 December 2014 was one million (2013: one million) ordinary shares of £ 1 each.

Issued and fully paid :	**2014**		**2013**	
	Number	**$'000's**	**Number**	**$'000's**
Ordinary shares of $1.61 (£1.00) each				
At 1 January	1,000,000	1,608	1,000,000	1,608
At 31 December	1,000,000	1,608	1,000,000	1,608

10 SHORT-TERM BORROWINGS	**2014**	**2013**
	$000's	**$000's**
Current		
Loans from group undertakings	**43,018**	**41,069**

The loans from group undertakings are repayable at any time by agreement between the loan holders and the Company. There are two interest bearing loan's with the largest of $40.78m being at 6 months USD Libor plus 2.9%, the other ($1.814m) is at 3.5%. There is a smaller loan ($0.4m) with the UK holding company in which no interest is charged.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 DEFERRED INCOME TAX LIABILITIES

Deferred tax is calculated on all temporary differences under the balance sheet liability method, using appropriate tax rates. Deferred tax relates to accelerated capital allowances in excess of accounting depreciation.

Summary of deferred tax balances	2014 $'000's	2013 $'000's
Deferred tax liabilities	160	56
At 1 January	56	453
Charge/(Credit) to statement of total comprehensive income in the year	104	(308)
At 31 December	160	56

There are trade losses of $31,531k carried forward by the company which would at a rate of 20% be a deferred tax asset of $6,306k. However, this asset has not been recognised in the financial statements as the directors do not believe it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

12 TRADE AND OTHER PAYABLES

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.

	2014 $000'S	2013 $000'S
Trade Payables	1,825	851
Amounts Owed to Related Companies and included in Note 15	17,678	15,904
Other Payables	2,544	2,600
	22,047	19,355

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 CASH (USED IN)/GENERATED FROM OPERATIONS

	2014 $000's	2013 $000's
Reconciliation of loss to net cash inflow from operating activities		
Loss before taxation	(7,349)	(7,124)
Net interest paid	1,396	1,661
	(5,953)	**(5,463)**
Not involving a movement of cash:		
Other Movements Non-Cash	(15)	-
Movement on Inventory Provision	635	5,691
(Profit)/Loss on sale of fixed assets	20	(148)
Depreciation and amortisation	826	1,175
	(4,487)	**1,255**
Decrease/(Increase) in inventories	128	(10,794)
Decrease in trade and other receivables	946	5,796
Increase in trade and other payables	2,682	9,488
Net working capital changes	**3,756**	**4,490**
Cash flows from operating activities	**(731)**	**5,745**

14 CONTINGENCIES and COMMITMENTS

Capital commitments as at 31 December 2014 are $NIL (2013: NIL)

	2014 $000's	2013 $000's
Operating Lease falling due within 1 year	36	21
Operating Lease falling due between 2-5 years	-	5
	36	**26**

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 RELATED PARTY DISCLOSURES

All intra group sales and purchases relate to materials, interest payments and management fees

	2014 Sales $'000's	2014 Purchases $'000's	2014 Amounts payable $'000's	2014 Amounts receivable $'000's	2014 Loans payable $'000's
Parent Undertakings					
5N Plus Inc.	2,256	6,931	5,757	785	-
MCP Group SA	-	88	9	-	1,814
MCP Metals and Chemicals Ltd	-	-	-	-	427
Other Group Companies					
5N Plus Luxembourg Sarl	-	1,330	337	-	40,777
Ingal Stade GmbH (50%)	-	2,278	-	-	-
MCP France SA	5,145	179	(5)	421	-
5N Plus Spain	7	-	-	-	-
5N Plus Belgium SA	1,203	8,332	5,531	214	-
5N Plus Korea	1,529	-	-	1,529	-
5N Plus (Shangyu) Ltd	108	-	-	34	-
5N Plus (Asia) Limited	-	47,743	6,049	48	-
5N Plus Lubeck GmbH	13,261	1,074	-	1,161	-
5N Plus Fairfield Inc	8,238	1,025	-	-	-
China Industrial Resources	67	1	-	-	-
Sylarus Technologies LLC	-	90	-	-	-
	31,814	**69,071**	**17,678**	**4,192**	**43,018**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013 Sales $'000's	2013 Purchases $'000's	2013 Amounts payable $'000's	2013 Amounts receivable $'000's	2013 Loans payable $'000's
Parent Undertakings					
5N Plus Inc	469	4,539	208	15	-
MCP Group SA	-	-	5	-	1,814
MCP Metals and Chemicals Ltd	-	-	-	-	478
Other Group Companies					
5N Plus Luxembourg Sarl	-	1,401	324	-	38,777
Ingal Stade GmbH (50%)	-	3,544	-	261	-
MCP France SA	5,843	270	8	403	-
5N Plus Spain	267	-	1,789	94	-
5N Plus Belgium SA	2,215	6,257	19	3	-
5N Plus Korea	156	-	-	156	-
5N Plus (Shangyu) Ltd	91	-	-	-	-
MCP Iberia SA	-	54	-	30	-
5N Plus (Asia) Limited	1,637	57,326	11,538	112	-
5N Plus Lubeck GmbH	19,562	801	135	919	-
5N Plus Fairfield Inc	7,581	732	262	1,962	-
China Industrial Resources	1,428	600	-	-	-
5N Plus Trail Inc	19	3,871	1,356	-	-
Minor Metals Recovery Ltd	341	324	220	341	-
Sylarus Technologies LLC	-	57	6	-	-
Atlumin Energy Inc	-	-	35	-	-
	39,609	**79,776**	**15,905**	**4,296**	**41,069**

16 PARENT UNDERTAKING

The Company is a wholly owned subsidiary of MCP Metals & Chemicals Limited, a Company incorporated in the United Kingdom. The ultimate parent as at the year-end date was 5N Plus Inc, a Public Company incorporated in Canada. Consolidated financial statements are prepared by 5N Plus Inc, being the only set of related entity for which consolidated financial statements are prepared. The published financial statements of 5N Plus Inc are available for download from the group website www.5nplus.com.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 KEY MANAGEMENT REMUNERATION

The Directors are considered to be key management and their compensation is reflected in note 3.

18 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash, loans, trade receivables and trade payables that arise from its operations. There was no material difference between the book and fair value of financial assets and liabilities at 31st December 2014 (2013: nil)

Credit risk
There are no significant concentrations of credit risk, other than to subsidiary undertakings as disclosed in note 7. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the statement of financial position date.

Liquidity risk
Liquidity risk management includes maintaining sufficient cash and the availability of funding from a group credit facility. The maturity profile of the Company's financial liabilities is shown in note 10.

Market risk
Market risks and uncertainties are discussed in the strategic report.