Company Number 244498

5N Plus UK Limited

ANNUAL REPORT and FINANCIAL STATEMENTS

31st December 2013

INDEX

GENERAL INFORMATION

Board of Directors	Andrew Davies Dominic Boyle
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 2013

The directors present their strategic report for the year ended 31 December 2013.

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 $7,124,000 (2012: $22,420,000). Accumulated losses for 2013 total $7,600,000 (2012: $784,000 losses). Total assets have reduced to $54,488,000 (2012: $55,311,000).

Key Performance Indicators	2013	2012
Gross profit/ (loss) ($ '000s)	651	(12,456)
Gross profit/(loss) %	0.7 %	(9.3) %
Stock Holding (average days)	130	94
Receivable Days	42	46

Falling metal prices and demand have impacted revenue in 2012 and 2013. Gross margins improved and 2013 saw a gross margin profit of $651K compared to a loss in 2012. Stock holding moves through a range which reflects availability of material and market risk and opportunities. Receivable days have decreased despite trading pressures.

In 2012 the 5N Group (5N plus Inc, a company registered in Canada 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. This continued throughout 2013. Locally, streamlining has been at the forefront of the Company's strategy during 2013 and 2012. Restructuring has taken place, resulting in staff redundancies. Strong emphasis was placed on cost control and this is likely to continue into 2014.

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 decrease this exposure by judicious buying 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.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

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 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.

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.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

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.

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 AND POST BALANCE SHEET EVENTS

The pressure on metal margins has continued into 2014. Stock holding policies for investment stock in the UK is being reviewed, with the aim of reducing the UK's exposure to fluctuations in stock valuation caused by variations in in metal bulletin prices.

In 7 August 2014, the Group announced the signing of a new $125m senior secured multi-currency revolving syndicated credit facility, replacing the prior $100m facility. The new credit facility is more correlated with the company's balance sheet , and the improved cash position will be used for a number of purposes including capital investment and growth opportunities.

This report was approved by the board of Directors and authorised for issue on 17 October 2014 and it is signed on its behalf by:

Andrew Davies
Director
17 October 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013

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 2013 are proposed (2012: none).

DIRECTORS

The Directors who were in office during the year were:

Andrew Davies
Dominic Boyle

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 four 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 (2012: none).

PRINCIPAL RISKS AND UNCERTANTIES

Principal risks and uncertainties are discussed in the strategic report.

POST BALANCE SHEET EVENTS

Post balance sheet events are discussed in the strategic report.

INDEPENDENT AUDITOR

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

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 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 year. 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 AUDITOR

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 auditor in connection with preparing the report of which the Company's auditor is 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 auditor in connection with preparing the report and to establish that the Company's auditor is aware of the information.

This report was approved by the board of Directors and authorised for issue on 17 October 2014 and it is signed on its behalf by:

Andrew Davies
Director
Date 17/10/14.

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by 5N Plus UK Limited, comprise:

- the statement of financial position as at 31 December 2013;
- 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 their preparation 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Annual Report 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.

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.

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

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.

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 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.

Stephney Dallmann

Stephney Dallmann (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 October 2014

STATEMENT OF COMPREHENSIVE LOSS
For the year ending 31 December 2013

	Note	2013 $000's	2012 $000's
Continuing Operations			
Revenue	2	98,260	133,767
Cost of Sales			
Material cost of sales	20	(91,775)	(139,415)
Manufacturing costs		(5,834)	(6,808)
		(97,609)	(146,223)
Gross profit/(loss)		651	(12,456)
Depreciation & amortisation		(1,175)	(820)
Distribution costs		(2,533)	(1,951)
Administrative expenses		(2,966)	(3,048)
Foreign exchange (gains)/losses		48	(2,366)
Other income		161	35
Profit on disposal of assets		148	-
Operating Loss	3	(5,666)	(20,606)
Finance income		7	1
Finance costs		(1,465)	(1,815)
Loss before Taxation		(7,124)	(22,420)
Income tax credit	4	308	754
Loss for the Year		(6,816)	(21,666)
Total comprehensive Loss for the year			
Attributable to equity owners		(6,816)	(21,666)

The notes on pages 13-26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Note	2013 $000's	2012 $000's
ASSETS			
Non-current assets	5		
Intangible Assets		154	193
Property, plant and equipment		5,563	6,327
		5,717	6,520
Current assets			
Inventories	6	34,741	29,638
Trade and other receivables	7	11,217	17,013
Income tax receivable		918	1,529
Cash and cash equivalents	8	1,890	611
		48,766	48,791
TOTAL ASSETS		54,483	55,311
EQUITY AND LIABILITIES			
Issued share capital	9	1,608	1,608
Accumulated losses		(7,605)	(784)
Total equity		(5,997)	824
Non-current liabilities			
Deferred income tax liabilities	11	56	364
		56	364
Current liabilities			
Short-term borrowings	10	41,069	44,256
Trade and other payables	12	19,355	9,867
		60,424	54,123
TOTAL EQUITY AND LIABILITIES		54,483	55,311

The financial statements were approved by the Board of Directors and authorised for issue on 17 October 2014 and they were signed on its behalf by:

Andrew Davies
Director

The notes on pages 13-26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ending 31 December 2013

	Attributable to owners		
	Issued Share Capital **$000's**	Retained Earnings/ (accumulated losses) **$000's**	**Total equity** **$000's**
2012			
At 1 January 2012	1,608	20,882	22,490
Loss and total comprehensive loss for the year	-	(21,666)	(21,666)
At 31 December 2012	1,608	(784)	824
2013			
Loss and total comprehensive loss for the year	-	(6,821)	(6,816)
At 31 December 2013	1,608	(7,605)	(5,992)

The notes on pages 13-26 form part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ending 31 December 2013

	Note	2013 $000's	2012 $000's
Cash flows from operating activities			
Cash flows from operating activities	*13*	5,745	16,258
Income taxes received/(paid)		611	126
Interest paid		(1,661)	(2,230)
Net cash flows generated from/(used in) operating activities		4,695	14,154
Cash flows from investing activities			
Payments to acquire tangible assets	*5*	(465)	(1,649)
Receipts from sale of tangible assets		242	0
Interest received		7	1
Net cash flows used in investing activities		(216)	(1,648)
Cash flows from financing activities			
Repayment of borrowing		(3,200)	(14,817)
Net cash flows used in financing activities		(3,200)	(14,817)
Net increase / (decrease) in cash and cash equivalents		1,279	(2,311)
Cash and cash equivalents at 1 January		611	2,922
Cash and cash equivalents at 31 December	*8*	1,890	611

The notes on pages 13-26 form part of these financial statements.

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:

IAS 1 (amendment)	Presentation of Other Comprehensive Income
IAS 19 (revised 2012)	Employee Benefits
IAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets
IAS 36 (revised 2012)	Impairment of assets
IFRS 7 (amendment)	Disclosures: Transfers of Financial Assets
IFRS 10	Has no impact
IFRS 11 (new)	Joint arrangements
IFRS 12	Has no impact
IFRS 13 (new)	Fair value measurement

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 impact 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 both the Company's bankers and the parent Company as noted in the Directors Report.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Estimating the effects of foreign exchange rates has been key to producing the company's financial statements. The change in functional currency from Pounds Sterling to US Dollars on 1 January 2011 resulted in the realization of foreign currency differences during the current year as the company's accounting system changed to US dollars. The requirement for estimates involving the movement of foreign currency has reduced significantly 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 the 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 value added, turnover or sales taxes. Interest income is recorded as it accrues.

Inventories

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.
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 at the year-end date
- Known sales order valuation
- Current negotiating position for future purchase contracts
- Cost to sell

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Cash and Cash equivalents

Cash and cash equivalents include short term deposits and cash at bank and in hand. At 31 December 2013 the company has no bank overdrafts.

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 balance sheet 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 and 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
residual value at 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 assets 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 income statement 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 assets 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 total 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 total 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 provides for retirement benefits by defined contribution pension schemes, the costs of which are expenses in the year to which they relate.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Directors' report on pages 2-4

Share Capital

Ordinary shares are classified as equity.

2 REVENUE	2013	2012
	$000's	$000's
Revenues are shown according to the location of the customer.		
European Union	56,302	76,625
Rest of Europe	1,374	3,851
North America	8,104	16,695
South America	2,619	3,914
Asia	24,802	21,295
Other	5,059	11,387
	98,260	**133,767**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 OPERATING (LOSS)/PROFIT

	2013	2012
Average monthly number of employees in the year (including directors)	Number	Number
Manufacturing and development	57	57
Sales and distribution	8	12
Administration	6	9
	71	**78**

	2013	2012
Directors' remuneration	**$000's**	**$000's**
Emoluments (two directors)	413	497
Contribution to defined contribution pension scheme (two directors)	93	100
	506	**597**
Highest paid director		
Total emoluments and amounts (excluding shares) receivable under long term incentive schemes	198	305
Contribution to defined contribution pension scheme	77	79
	275	**384**

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.

	2013	2012
	$'000's	**$'000's**
Operating loss is stated after charging/(crediting):		
Amortisation of intangible assets	39	-
Depreciation of property, plant and equipment	1,136	820
(Profit) on disposal of assets	(148)	-
Foreign exchange (gains)/losses	(48)	2,366
Research and development expenditure (expensed as incurred)	398	435
Operating lease rentals: plant and equipment	32	15
Auditors remuneration for statutory audits	44	33

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 INCOME TAX CREDIT

	2013 $'000's	2012 $'000's
Current tax	-	822
Deferred tax (note 11)	308	89
Adjustment for prior year	-	(217)
Taxes on current year results per statement of total comprehensive income	**308**	**754**

	2013	2012
Loss before taxation	**(7,124)**	**(22,420)**
Tax on accounting profit: 2013: 23.25% (2012: 24.5%)	1,656	5,493
Adjustments in respect of prior years – current tax	-	665
Adjustments in respect of prior years – deferred tax	(108)	-
Expenses not deductible for tax	(15)	(28)
Losses carried back	-	(859)
Losses not recognised	(598)	(4,367)
Other	(627)	(150)
Tax on current year results	**308**	**754**

Factors affecting current and future tax charges

The Finance Act 2013, which was substantially 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%.

	2013 $'000's	2012 $'000's
Income tax receivable	**917**	**1,528**

5 FIXED ASSETS

a) INTANGIBLE ASETS

	2013 $000's	2012 $000's
Cost		
At 1 January	193	-
Additions	-	193
At 31 December	**193**	**193**
Accumulated Depreciation		
At 1 January	-	-
Charged in current year	(39)	-
At 31 December	**(39)**	-
Net Book Value		
At 31 December	**154**	**193**

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: **R**egistration **E**valuation, **A**uthorisation and Restriction of **CH**emicals

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) TANGIBLE ASSETS

	Freehold Land and Buildings $000's	Plant and Equipment $000's	Cars, computers and other $000's	TOTAL $000's
Cost				
At 1 January 2012	3,825	6,551	1,067	11,443
Additions	-	1,563	88	1,651
At 31 December 2012	**3,825**	**8,114**	**1,155**	**13,094**
Additions	-	442	23	465
Disposals	(24)	(2,722)	(682)	(3,428)
Impairment	-	(59)	-	(59)
At 31 December 2013	**3,801**	**5,775**	**496**	**10,072**
Accumulated Depreciation				
At 1 January	1,278	3,746	923	5,947
Charged in current year	117	608	95	820
At 31 December 2012	**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 31 December 2013	**1,494**	**2,627**	**388**	**4,509**
Net Book Value				
At 31 December 2012	**2,430**	**3,760**	**137**	**6,327**
At 31 December 2013	**2,307**	**3,148**	**108**	**5,563**

Freehold land and buildings includes an element of cost for land of £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.

6 INVENTORIES

	2013 $000's	2012 $000's
Raw materials and consumables	22,162	8,952
Work-in-progress	4,635	5,147
Finished goods	7,944	15,539
	34,741	**29,638**

In many circumstances the inventory of metal can be utilised as either Raw Material or as a Finished Product. Material cost of sales has been charged with an Inventory write down of $3,498 (2012: $9,189) to account for inventory being at the lower of cost or net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TRADE AND OTHER RECEIVABLES	2013 $000's	2012 $000's
Trade receivables	5,951	7,849
Amounts owed by fellow group undertakings	4,070	8,093
VAT and payroll taxes	982	818
Prepayments	214	253
	11,217	**17,013**

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	30-60 days
	$000's	$000's	$000's	$000's
2013	10,021	4,122	2,681	3,218
2012	15,942	11,182	2,377	2,383

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

8 CASH AND CASH EQUIVALENTS	2013 $000's	2012 $000's
Cash at banks and in hand	**1,890**	**611**
Cash and cash equivalents comprise:		
USD denominated	243	4
Euro denominated	249	85
GBP denominated	1,398	522
	1,890	**611**

9 ISSUED SHARE CAPITAL

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

Issued and fully paid :	2013 Number	2013 $'000's	2012 Number	2012 $'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

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 SHORT TERM BORROWINGS

	2013	2012
	$000's	$000's
Current		
Loans from group undertakings	**41,069**	**44,256**

The loans from group undertakings are repayable at any time by agreement between the loan holders and the Company. The interest rate on these loans is 3.5%.

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 depreciation allowances in excess of accounting depreciation.

	2013	2012
Summary of deferred tax balances	$'000's	$'000's
Deferred tax liabilities	**56**	**364**
At 1 January	364	453
Credit to statement of total comprehensive income in the year	(308)	(89)
At 31 December	**56**	**364**

The credit has arisen, in part, due to adjustments made in relation to changes in current tax rates. See Note 4.
There are trade losses of $4,964K carried forward by the company which would at a rate of 20% be a deferred tax asset of $993K. However, this asset has not been recognised in the financial statements as the directors do not believe it probable that future tax profits will be available against which the unused tax losses can be utilised.

12 TRADE 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 CASH GENERATED FROM OPERATIONS

	2013 $000's	2012 $000's
Reconciliation of loss to net cash inflow from operating activities		
Loss before taxation	(7,124)	(22,420)
Net interest paid	1,661	1,814
	(5,463)	**(20,606)**
Not involving a movement of cash:		
Profit on sale of fixed assets	(148)	-
Depreciation and amortisation	1,175	820
	(4,436)	**(19,786)**
(Increase)/decrease in inventories	(5,103)	48,726
Decrease in trade and other receivables	5,796	792
Increase /(decrease) in trade and other payables	9,488	(13,474)
Net working capital changes	**10,181**	**36,044**
Cash flows from operating activities	**5,745**	**16,258**

14 CONTINGENCIES and COMMITMENTS

Capital commitments as at 31 December 2013 are $nil (2012: $17,000)

	2013 $000's	2012 $000's
Operating Lease falling due within 1 year	21	32
Operating Lease falling due between 2-5 years	5	26
	26	**58**

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 RELATED PARTY DISCLOSURES

All intra group sales and purchases relate to materials

	2013 Sales	2013 Purchases	2013 Amounts payable	2013 Amounts receivable
	$'000's	$'000's	$'000's	$'000's
Parent Undertakings				
5N Plus Inc	469	4,539	208	15
MCP Group SA	-	-	1,819	-
MCP Metals and Chemicals Ltd	-	-	478	-
Other Group Companies				
5N Plus Luxembourg Sarl	-	1,401	39,101	-
Ingal Stade GmbH (50%)	-	3,544	-	261
MCP France SA	5,843	270	8	403
5N Plus Spain	267	0	1789	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	1962
China Industrial Resources	1,428	600	-	-
5N Plus PV GmbH	-	-	-	-
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	-
Atlumin Energy Gmbh				
	39,609	**79,776**	**56,452**	**4,296**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2012 Sales $'000's	2012 Purchases $'000's	2012 Amounts payable $'000's	2012 Amounts receivable $'000's
Parent Undertakings				
5N Plus Inc	2,412	505	256	4,307
MCP Group SA	-	-	1,819	-
MCP Metals and Chemicals Ltd	-	-	466	-
Other Group Companies				
5N Plus Luxembourg Sarl	-	-	42,356	-
Ingal Stade GmbH (50%)	-	3,319	-	-
MCP France SA	6,226	186	80	871
5N Plus Spain	-	-	-	-
5N Plus Belgium SA	6,504	6,318	795	66
5N Plus Korea	-	-	-	-
5N Plus (Shangyu) Ltd	1	-	-	-
MCP Iberia SA	1,918	-	-	107
5N Plus (Asia) Limited	6,805	42,594	3,848	73
5N Plus Lubeck GmbH	23,230	1,388	58	1,703
5N Plus Fairfield Inc	11,043	6,520	-	246
China Industrial Resources	1,880	111	-	-
5N Plus PV GmbH	1,390	7	4	-
5N Plus Trail Inc	17	5,353	1,169	-
Minor Metals Recovery Ltd	-	799	799	-
Sylarus Technologies LLC	371	-	-	371
Atlumin Energy Inc	(82)	-	35	-
Atlumin Energy Gmbh	2,398	69	2	325
	64,113	**67,169**	**51,687**	**8,069**

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 entities 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 2013 (2012: 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.