Company Number 244498

5N Plus UK Limited

ANNUAL REPORT and FINANCIAL STATEMENTS

31st December 2012

INDEX

GENERAL INFORMATION

Board of Directors	Andrew DAVIES Dominic BOYLE
Principal Bankers	HSBC Bank plc 8 London Street Basingstoke Hampshire RG21 7NU
Independent Auditors	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

DIRECTORS' REPORT

Attached to this review are the audited financial statements of 5N Plus UK Limited, for the year ended 31 December 2012

DIRECTORS

The Directors who were in office during the year were

Christophe GAUDER	Resigned 26th October 2012
Andrew DAVIES	
Dominic BOYLE	

The present composition of the Board is as stated on page 1 No current Director has any interest in the shares of the Company as at the end of the year Their interests in shares of the ultimate parent undertaking at 31st December 2012, 5N Plus Inc are shown in that Company's financial statements

PRINCIPAL ACTIVITIES

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

PRINCIPAL RISKS AND UNCERTANTIES

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

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

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

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

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

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

DIRECTORS' REPORT (continued)

Financial risks

Foreign currency risk management

The Company trades in three major currencies, US Dollars, Euros and Sterling, with most trading being done in 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 But, in common with other manufacturing businesses worldwide, any global economic downturn may affect the performance of the Company 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

Cash requirements and working capital management

As a significant group manufacturing site it is logical that the Company will hold a significant proportion of the group's metal inventory The level of inventory at the Wellingborough site is not only for current manufacturing requirements, it is also part of the group's strategic inventory holding To that end there is a disproportionate burden on the Company's cash resources This 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

RESULTS FOR THE YEAR

The Company's loss before taxation was $ 22,420,000 (2011 $701,000) The Company did not pay any dividends during the year No dividends in respect of 2012 are proposed (2011 none)
Accumulated losses for 2012 total $784,000 (2011 $20,882,000 Retained Earnings) Total assets have reduced to $55,311,000 (2011 $105,357,000)

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

DIRECTORS' REPORT (continued)

KEY PERFORMANCE INDICATORS

5N Plus UK Limited aim to increase shareholder value through growth in revenue linked to profitability, controlling costs and managing assets and liabilities Source data is taken from the audited financial statements

Key Performance Indicators	*Target*	2012	2011
Gross (loss)/profit ($ '000s)	$13,028	($12,456)	$ 10,488
Gross (loss)/profit %	6 4%	(9 3%)	4 1%
Stock Holding (average days)	120	94	120
Receivable Days	50	49	25

The Company has experienced a significant decrease in revenue as a result of falling metal prices and demand Consequently, high value, slow moving inventory has impacted gross margins across all metal types, which has resulted in a significant loss at gross profit level Stock holding moves through a range which reflects availability of material and market risk and opportunities During 2012 the Company decreased its strategic inventory level significantly Although trading pressures have led to an increase in receivable days, actual collection times for 2012 remain within target

EVENTS DURING THE YEAR

The 5N Plus group has used 2012 as a year of consolidation following its acquisition of MCP Group SA in 2011 The Group has begun to streamline the various worldwide business entities with emphasis moving away from metal refining and scrap treatment to the higher purity metals and fine chemicals

Locally, streamlining has been at the forefront of the Company's strategy during 2012 During the first half of the year a restructuring process took place, resulting in staff redundancies Cost control has been a key goal for the year resulting in a 13% reduction in site costs against the prior year This focus on cost control is likely to continue into the new financial year as metal prices have been slower to improve than originally expected

The Company has made a specific effort to reduce it's inventory holding during the year with closing stock levels at the end of the year having reduced by 62% against the prior year's closing position

OUTLOOK AND POST BALANCE SHEET EVENTS

Although the pressure on metal margins has continued into 2013, prices across several metals have stabilized The Company's inventory, significantly reduced during 2012, has increased by 15% during the first five months of 2013, as pressure on margins begins to ease As demand in the Far East is expected to rise again the outlook for 2013 looks likely to be an improvement on 2012 trading results

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 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 AUDITORS

At the date of making this report each of the Company's Directors, as set out on page 1, confirm the following

- so far as each Director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a Director in order to make themselves aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have been appointed as auditors

This report was approved by the board of Directors and authorised for issue on 13th September 2013 and it is signed on its behalf by

Andrew Davies
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 5N PLUS UK LIMITED

We have audited the financial statements of 5N Plus UK Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

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 and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Stephney Dallmann

Stephney Dallmann (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
13th September 2013

STATEMENT OF COMPREHENSIVE INCOME

for the year ending 31 December 2012

	Note	2012 $'000's	2011 $'000's
Continuing Operations			
Revenue	2	**133,767**	256,267
Cost of Sales			
Material cost of sales	20	(139,415)	(238,388)
Manufacturing costs		(6,808)	(7,391)
		(146,223)	(245,779)
Gross (Loss)/profit		**(12,456)**	10,488
Other income		35	57
Distribution costs		(1,951)	(7,443)
Administrative expenses		(5,414)	(1,478)
Depreciation		(820)	(565)
Operating (Loss)/profit	3	**(20,606)**	1,059
Finance income		1	-
Finance costs		(1,815)	(1,760)
Loss before Taxation		**(22,420)**	(701)
Income tax expense	4	754	(626)
Loss for the Year		**(21,666)**	(1,327)
Total comprehensive loss for the year Attributable to equity owners		**(21,666)**	(1,327)

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

Company number 244498

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Note	2012 $'000's	2011 $'000's
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,327	5,496
Intangible Assets		193	-
		6,520	5,496
CURRENT ASSETS			
Inventories	6	29,638	78,364
Trade and other receivables	7	17,013	17,805
Income tax receivable		1,529	770
Cash and cash equivalents	8	611	2,922
		48,791	99,861
TOTAL ASSETS		55,311	105,357
EQUITY AND LIABILITIES			
Equity attributable to owners			
Issued share capital	9	1,608	1,608
(Accumulated losses)/Retained earnings		(784)	20,882
Total equity		824	22,490
Non-current liabilities			
Deferred income tax liabilities	11	364	453
		364	453
Current liabilities			
Short-term borrowings	10	44,256	59,073
Trade and other payables	12	9,867	23,341
Income tax payable			-
		54,123	82,414
TOTAL EQUITY AND LIABILITIES		55,311	105,357

The financial statements were approved by the Board of Directors and authorised for issue on 13th September 2013 and they were signed on its behalf by

Andrew Davies
Director

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

STATEMENT OF CHANGES IN EQUITY

For the year ending 31 December 2012

	Attributable to owners		
	Issued Share Capital $'000's	(Accumulated losses/Retained Earnings $'000's	Total equity $'000's
2011			
Balance at 1 January	1,608	22,209	23,817
Loss and total comprehensive loss for the year	-	(1,327)	(1,327)
31 December 2011	1,608	20,882	22,490
2012			
Loss and total comprehensive loss for the year		(21,666)	(21,666)
31 December 2012	1,608	(784)	824

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

STATEMENT OF CASH FLOWS

For the year ending 31 December 2012

	Note	2012 $'000's	2011 $'000's
Cash flows from operating activities			
Cash flows from operating activities	13	16,258	(13,206)
Income taxes received/(paid)		126	(2,048)
Interest paid		(2,230)	(1,762)
Net cash flows generated from/(used in) operating activities		**14,154**	(9,396)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,649)	(1,137)
Interest received		1	2
Net cash flows used in investing activities		**(1,648)**	(1,135)
Cash flows (used in)/generated from financing activities			
Proceeds from borrowing		-	27,401
Repayment of borrowing		(14,817)	(1,705)
Cash flows from financing activities		**(14,817)**	25,696
Net (decrease)/increase in cash and cash equivalents		**(2,311)**	7,545
Impact of foreign exchange rates		-	-
Cash and cash equivalents at 1 January		2,922	(4,623)
Cash and cash equivalents at 31 December	8	**611**	2,922

The notes on pages 11-19 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 consolidated 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

Impact of standards not yet effective
IAS 19 (revised 2012) - Employee Benefits
IFRS 7 (amendment) - Disclosures Transfers of Financial Assets
IAS 12 (amendment) - Deferred Tax Recovery of Underlying Assets
IAS 1 (amendment) - Presentation of Other Comprehensive Income

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company, other than revised presentation under IAS1 The Directors will consider the impacts of IFRS 9, IFRS 10, IFRS 11, IFRS 12, IAS 27 (amended 2012), IAS 28 (amended 2012) and IFRS 13 when endorsed by the EU

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

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

Functional currency
The Company's functional currency has been US dollars since 1 January 2011 as most of the Company's transactions are denominated and paid in US Dollars Refer to note 19 for further details *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

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

Inventories
Inventories are carried at the lower of cost and net realisable value The cost of raw materials and components is the purchase cost on a weighted average basis less any appropriate net realisable value provision
Purchases are recognised as inventory at the date the risks and rewards are transferred to the Company For purchases where invoices have not been received the inventory is treated as goods in transit

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

Trade and other receivables
Trade receivables are recognised initially at fair value, less any necessary provision for doubtful debts Bad debts are written off once identified

Trade and other payables
Trade payables are not interest bearing and are initially stated at their fair value, then subsequently at amortised cost

Cash and cash equivalents
Cash and short term deposits comprise cash in hand and at bank Bank overdrafts are shown as borrowing in current liabilities, unless committed for more than twelve months from the reporting date

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

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

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

The maximum useful lives are estimated as follows	
Freehold buildings	25 years
Plant, fixtures and equipment	8 years
Motor vehicles	4 years
Computer equipment	3 years

Gains and losses on disposal are calculated by reference to their carrying amount and the proceeds on disposal and the result is taken to the statement of total comprehensive income immediately
No depreciation is charged on assets under construction or freehold land

Revenue recognition
Revenue is recognised upon delivery of products or services to customers, when substantially all the risks and rewards of ownership pass to the customer, in accordance with the terms and conditions attaching to the transaction The majority of revenue stems from the delivery of products
Revenue is stated at the invoiced amount, net of discounts and value added, turnover or sales taxes Interest income is recorded as it accrues

Taxation
The charge for taxation is based primarily on the profit for the year, and is calculated using tax rates enacted at the 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

Impairment
The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount Impairment losses are recognised in the statement of total comprehensive income

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

recognition methods are outlined in the individual policy statements pertaining to those items
An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out in the Directors' report

Share Capital
Ordinary shares are classified as equity

2 REVENUE	2012	2011
	$'000's	$'000's
Revenues are shown according to the location of the customer		
European Union	76,625	140,877
Rest of Europe	3,851	12,437
North America	16,695	31,477
South America	3,914	7,584
Asia	21,295	63,892
Other	11,387	-
	133,767	256,267

3 OPERATING (LOSS)/PROFIT	2012	2011
	$'000's	$'000's
Staff costs		
Wages and salaries	3,882	5,039
Social security costs	452	465
Other pension costs	294	498
	4,628	6,002
Allocation of Staff costs		
Cost of Sales	3,195	3,834
Distribution costs and Administrative expenses	1,433	2,168
	4,628	6,002

Average monthly number of employees in the year (including directors)	Number	Number
Manufacturing and development	57	68
Sales and distribution	12	14
Administration	9	8
	78	90

Directors' remuneration	2012	2011
	$'000's	$'000's
Emoluments (two directors)	497	127
Contribution to defined contribution pension scheme (two directors)	100	36
	597	163

Highest paid director	2012	2011
	$'000's	$'000's
Total emoluments and amounts (excluding shares) receivable under long term incentive schemes	305	264
Contribution to defined contribution pension scheme	79	36

The third director, during the year under review, was remunerated by another group Company

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2012 $'000's	2011 $'000's
Operating (loss)/profit is stated after charging/(crediting)		
Depreciation of property, plant and equipment	820	565
Inventory cost	166	1,413
Foreign exchange losses/(gains)	2,366	(3,172)
Research and development expenditure (expensed as incurred)	435	488
Operating lease rentals plant and equipment	15	62
Professional Fees		
Auditors remuneration for statutory audits	33	39

4 INCOME TAX EXPENSE

	2012 $'000's	2011 $'000's
Current tax	(882)	667
Deferred tax	(89)	(41)
Adjustment for prior year	217	
Taxes on current year results per statement of total comprehensive income	**(754)**	**626**

Loss before tax	(22,420)	(701)
Tax on accounting profit 2012 24 5% (2011 26 5%)	(5,493)	(186)
Adjustments in respect of prior years - current tax	(665)	(186)
Expenses not deductible for tax	28	1,041
Losses carried back	859	-
Losses not recognised	4,367	-
Other	150	(43)
Tax on current year results	(754)	626

Factors affecting current and future tax charges

During the year, as a result of the changes in the UK main corporation tax rate to 23% that was substantively enacted on 2 July 2012 the relevant deferred tax balances have been re-measured

In addition, 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings $'000's	Plant and Equipment $'000's	Assets under Construction $'000's	Cars, computers and other $'000's	TOTAL $'000's
Cost					
At 1 January 2011	3,783	5,484	-	1,039	10,306
Additions	42	1,067	-	28	1,137
Disposals	-	-	-	-	-
At 31 December 2011	3,825	6,551	-	1,067	11,443
Additions	-	1,563	-	88	1,651
Disposals					
At 31 December 2012	3,825	8,114	-	1,155	13,094
Accumulated Depreciation					
At 1 January 2011	1,163	3,327	-	892	5,382
Charged in year	115	419	-	31	565
Disposals	-	-	-	-	-
At 31 December 2011	1,278	3,746	-	923	5,947
Charged in current year	117	608	-	95	820
Disposals	-	-	-	-	-
At 31 December 2012	1,395	4,354	-	1,018	6,767
Net Book Value					
At 1 January 2012	2,547	2,805	-	144	5,496
At 31 December 2012	2,430	3,760	-	137	6,327

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

	2012 $'000's	2011 $'000's
6 INVENTORIES		
Raw materials and consumables	8,952	11,997
Work-in-progress	5,147	5,417
Finished goods	15,539	60,950
	29,638	78,364

In many circumstances the inventory of metal can be utilised as either Raw Material or as a Finished Product Inventory was written down by $9,189 (2011 $10,561) to account for the inventory being at the lower of cost or net realisable value

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TRADE and OTHER RECEIVABLES	2012 $'000's	2011 $'000's
Trade receivables	7,849	8,393
Amounts owed by fellow group undertakings	8,093	8,638
VAT and payroll taxes	818	604
Prepayments	253	170
	17,013	17,805

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
2012	15,942	11,182	2,377	2,383
2011	17,031	14,879	1,819	333

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

8 CASH AND CASH EQUIVALENTS

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

	2012 $'000's	2011 $'000's
Cash at banks and in hand	611	2,922
	611	2,922

9 ISSUED SHARE CAPITAL

The total authorised share capital as at 1 January and 31 December 2012 was one million ordinary shares of £ 1 each

	2012		2011	
Issued and fully paid ordinary shares of $1 61 (£1) each	Number	$'000's	Number	$'000's
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	2012 $'000's	2011 $'000's
Current		
Loans from group undertakings	44,256	59,073
	44,256	59,073

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%

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

Summary of deferred tax balances	2012 $'000's	2011 $'000's
Deferred tax liabilities	364	453

Deferred tax relates to accelerated depreciation allowances in excess of accounting depreciation The credit has arisen, in part, due to adjustments made in relation to changes in current tax rates See Note 4

	2012	2011
At 1 January	453	494
Credited to statement of total comprehensive income in the year	(89)	(41)
At 31 December	**364**	**453**

12 TRADE and OTHER PAYABLES

	2012 $'000's	2011 $'000's
Trade payables	789	1,944
Amounts owed to fellow group undertakings	7,432	17,398
Other payables	1,646	3,999
	9,867	**23,341**

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

13 CASH GENERATED FROM OPERATIONS

Reconciliation of loss before tax with cash generated from operations	2012 $'000's	2011 $'000's
Loss before taxation	(22,420)	(701)
Net interest paid	1,814	1,760
	(20,606)	1,059
Depreciation	820	565
Items not involving cash flows	820	565
Decrease / (increase) in Inventories	48,726	(6,690)
Decrease / (increase) in Receivables	792	(713)
Increase / (decrease) in Payables	(13,474)	(7,427)
Net working capital changes	36,044	(14,830)
Cash generated from / (used in) operations	**16,258**	(13,206)

14 CONTINGENCIES and COMMITMENTS

Capital commitments as at 31 December 2012 are $17,000 (2011 $ Nil)

	2012 $000's	2011 $000s
Operating Lease falling due within 1 year	32	5
Operating Lease falling due between 2-5 years	26	8

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 RELATED PARTY DISCLOSURES

	Sales made $'000's	Purchases made $'000's	Amounts payable $'000's	Amounts receivable $'000's	2011 net rec/(pay) $'000's
Parent Undertakings					
5N Plus Inc	2,412	505	256	4,307	(425)
MCP Group SA	-	-	1,819	-	(12,177)
MCP Aramayo Ltd	-	-	-	-	(19)
MCP Metals and Chemicals Limited	-	-	466	-	(449)
Other Group Companies					
5N Plus Luxembourg Sarl	-	-	42,356	-	(47,877)
Ingal Stade GmbH (50%)	-	3,319	-	-	-
MCP France SA	6,226	186	80	871	490
5N Plus Belgium SA	6,504	6,318	795	66	(1,730)
5N Plus (Shangyu) Ltd	1	-	-	-	-
MCP Iberia SA	1,918	-	-	107	484
5N Plus (Asia) Limited	6,805	42,594	3,848	73	(8,899)
5N Plus Lubeck GmbH	23,230	1,388	58	1,703	2,252
5N Plus Fairfield Inc	11,043	6,520	-	246	2,401
China Industrial Resources	1,880	111	-	-	411
5N Plus PV GmbH	1,390	7	4	-	544
5N Plus Trail Inc	17	5,353	1,169	-	(2,793)
Minor Metals Recovery Limited	-	799	799	-	-
Sylarus Technologies LLC	371	-	-	371	-
Atlumin Energy Inc	(82)	-	35	-	(35)
Atlumin Energy GmbH	2,398	69	2	325	(9)
	64,113	67,169	51,687	8,069	(67,831)

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

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 2012 (2011 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

19 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 are summarised below

Income taxes

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

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

Useful lives

Property, plant and equipment are depreciated over their estimated useful lives The period of actual use or economic benefit may differ from these estimated lives

Carrying value of inventory

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

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

20 MATERIAL COST of SALES

Inventory impairment

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

21 POST BALANCE SHEET EVENTS

Although the pressure on metal margins has continued into 2013 prices across several metals have stabilized The Company's inventory, significantly reduced during 2012, has increased by 15% during the first five months of 2013 as pressure on margins begins to ease

During the second quarter of 2013 it was announced that 5N Plus Inc was to begin a restructuring program focused around its UK operations To this end, part of the company's current manufacturing capability will be transferred to other 5N Plus operations around the world This process is likely to conclude during the first quarter of 2014