Company Number 244498

5N Plus UK Limited

ANNUAL REPORT and FINANCIAL STATEMENTS

31st December 2011

5N Plus UK Limited
31st December 2011

Financial Statements

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 2011, to be presented at the eighty second Annual General Meeting of the Company, at 1-4 Nielson Road, Finedon Road Industrial Estate, Wellingborough, Northamptonshire, NN8 4PE on 30th November 2012

DIRECTORS

The Directors who served during the year were.

Laurent RASKIN	Resigned 13th July 2011
Christophe GAUDER	Resigned 26th October 2012
Andrew DAVIES	Appointed 13th July 2011
Dominic BOYLE	Appointed 13th July 2011

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 2011, 5N Plus Inc are shown in that Company's financial statements.

PRINCIPAL ACTIVITIES

On 8 April 2011 a Canadian company quoted on the Toronto stock exchange, 5N PLUS Inc purchased all shares, assets and liabilities of MCP Group SA, and thereby became the ultimate holding company of 5N Plus UK Limited
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. Only one customer (a Japanese distributor) accounts for more than 8% of the Company's third party revenues, and twenty-eight customers accounted for between 0 6% and 8% each, being 55% in total The Company has gained access to the Japanese market via a distributor, but no single Japanese end customer accounts for more than 8%, although the distributor accounts for 26% of the Company's third party turnover

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 Euros and Dollars For the most part the Company operates natural hedges between purchasing and sales activities in these major trading currencies, and makes use of spot rates to buy or sell excess currency in exceptional circumstances

Interest risk management

The 5N Plus Inc group, during the year under review, centralised all third party borrowings. Therefore, as at the Balance Sheet date, the company had 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 and even expand at the Wellingborough site. This means the Company generates a significant proportion of the group's manufacturing margin. This investment also shows that the Wellingborough site is a strong and significant part of the group's long term strategy Based on this future commitment and investment and having reviewed the future opportunities and forecasts for the Company and with committed support from 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.

The Company policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of the terms and to abide by the agreed terms of payment The trade payable payment days outstanding for the Company at 31 December 2011 were 36 days (2010 148 days)

The Company's standard credit terms for its customers range from 30-60 days Receivable days as at 31 December 2011 were 25 days (2010: 36 days).

Capital management

The primary objective is to ensure the Company maintains a capital structure that can support the business and be adjusted in the light of changing economic conditions. There have been no changes in policy during the 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) / profit before taxation was $(701,000) (2010 $4,796,000). The Company did not pay any dividends during the year No dividends in respect of 2011 are proposed (2010 none).

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*	2011	2010
Gross Profit ($ '000s)	*$ 10,180*	$ 10,488	$ 11,246
Gross Profit %	*5 8%*	4 1%	6 4%
Stock Holding (average days)	*120-180*	120	167
Receivable Days	*48*	25	36

The Company has seen a significant increase in revenue due to its prudent management during the global downturn in previous years There has been a continual strategic re-alignment of products within 5N Plus group, this has meant a shift from Bismuth to electronic metals for the Company Margins across all metal types have been under extreme pressure in the second half of the year under review due to the global economic downturn. Stock holding moves through a range which reflects availability of material and market risk and opportunities. However, during 2011 the Company continued to increase its strategic inventory level in a number of its core metals. The continued focus on receivables and their payment terms has resulted in receivable days falling below the targeted level

EMPLOYEES

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

As a private Company, share option schemes have not been used as remuneration or motivational tools, resulting in more reliance on performance related bonuses, tied to the achievement of returns on total assets above minimum benchmarks set by owners After the purchase of MCP Group SA by 5N PLUS Inc , a listed Company (see OUTLOOK AND POST BALANCE SHEET EVENTS below), the new parent has to date not issued any share options to employees

EVENTS DURING THE YEAR

On the 8th April 2011 the ultimate holding Company of 5N Plus UK Limited, MCP Group SA in Belgium, was purchased by 5N Plus Inc a public Company quoted on the Toronto stock exchange.

The Company, based in Wellingborough, is in a strong position to be in the forefront of the new group's strategic plans for the future With a strong technical team, the Company has in the past and will continue to be a centre of excellence that other group companies can rely on for assistance. With the group striving to streamline the various worldwide business entities the emphasis of the Company's production will move away from metal refining and scrap treatment to the higher purity metals and fine chemicals

On the 9th September 2011 the Company applied to Companies House for its name to change to 5N Plus UK Limited This application was accepted and effective from that date the Company's name has changed to 5N Plus UK Limited

FUNCTIONAL CURRENCY CHANGE

As a result of most of the Company's transactions being denominated and paid in US Dollars, the Directors decided that the Company's functional currency should be changed from Pound Sterling to US Dollars. Consistent with the change in functional currency, the Company changed its presentation currency from Pound Sterling to US Dollars for the year commencing 1st January 2011

OUTLOOK AND POST BALANCE SHEET EVENTS

The pressure on metal margins has continued in to 2012 as the price of all metals the company operates in has continued to fall The third quarter of 2012, however, has shown a slowing in the price movement Due to the softening of demand from Far East manufacturers the Directors has decided to reduce the company's holding in strategic inventory To that end the inventory valuation over the first nine months of 2012 has reduced by 50%.

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

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 30th November 2012 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 2011 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 directors' report 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 2011 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
3 December 2012

STATEMENT OF COMPREHENSIVE INCOME

for the year ending 31 December 2011

	Note	2011 $'000's	2010 $'000's Restated
Continuing Operations			
Revenue	2	**256,267**	**175,926**
Cost of Sales			
Material cost of sales	20	(238,388)	(158,447)
Manufacturing costs		(7,391)	(6,233)
		(245,779)	(164,680)
Gross Profit		10,488	11,246
Other income		57	73
Distribution costs		(7,443)	(2,387)
Administrative expenses		(1,478)	(2,887)
Depreciation and amortisation		(565)	(502)
Operating Profit	3	1,059	5,543
Finance income		-	37
Finance costs		(1,760)	(784)
(Loss)/Profit before Taxation		(701)	4,796
Income tax expense	4	(626)	(1,429)
(Loss)/Profit for the Year		**(1,327)**	**3,367**
Total comprehensive (loss)/income for the year Attributable to equity owners		**(1,327)**	**3,367**

The notes on pages 11-20 form part of these financial statements.

Company number 244498

STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Note	2011 $'000's	2010 $'000's Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	5,496	4,924
		5,496	4,924
CURRENT ASSETS			
Inventories	6	78,364	71,674
Trade and other receivables	7	17,805	17,092
Income tax receivable		770	-
Cash and cash equivalents	8	2,922	2,030
		99,861	90,796
TOTAL ASSETS		**105,357**	**95,720**
EQUITY AND LIABILITIES			
Equity attributable to owners			
Issued share capital	9	1,608	1,608
Retained earnings		20,882	22,209
Total equity		22,490	23,817
Non-current liabilities			
Deferred income tax liabilities	11	453	494
		453	494
Current liabilities			
Short-term borrowings	10	59,073	40,030
Trade and other payables	12	23,341	30,768
Income tax payable		-	611
		82,414	71,409
TOTAL EQUITY AND LIABILITIES		**105,357**	**95,720**

The financial statements were approved by the Board of Directors and authorised for issue on 30th November 2012 and they were signed on its behalf by

Andrew Davies
Director

The notes on pages 11-20 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ending 31 December 2011

	Attributable to owners		
	Issued Share Capital $'000's	Retained Earnings $'000's	Total equity $'000's
2010			
Balance at 1 January (restated)	**1,608**	**18,486**	**20,094**
Currency translation adjustment		356	356
Profit and total comprehensive income for the year (restated)	-	3,367	3,367
31 December 2010 (restated)	**1,608**	**22,209**	**23,817**
2011			
Loss and total comprehensive loss for the year	-	(1,327)	(1,327)
31 December 2011	1,608	20,882	22,490

The notes on pages 11-20 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ending 31 December 2011

	Note	2011 $'000's	2010 $'000's Restated
Cash flows from operating activities			
Cash flows from operating activities	13	(13,206)	(25,297)
Income taxes paid		(2,048)	(894)
Net cash flows used in operating activities		**(15,254)**	**(26,191)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,137)	(1,199)
Interest received		2	37
Proceeds from sale of property, plant and equipment		-	7
Net cash flows used in investing activities		**(1,135)**	**(1,155)**
Cash flows from financing activities			
Proceeds from borrowing		27,401	31,635
Repayment of borrowing		(1,705)	(2,217)
Interest paid		(1,762)	(784)
Cash flows from financing activities		**23,934**	**28,634**
Net increase in cash and cash equivalents		**7,545**	**1,288**
Impact of foreign exchange rates		-	(10)
Cash and cash equivalents at 1 January		(4,623)	(5,901)
Cash and cash equivalents at 31 December	8	**2,922**	**(4,623)**

The notes on pages 11-20 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

Convention
The Annual financial statements have been prepared in accordance with applicable law and International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and the Companies act 2006 applicable to companies reporting under IFRS

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

Impact of standards not yet effective
IAS 19 (revised 2011) - 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
Amendments arising from the Annual Improvements to IFRS's project 2010

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 2011), IAS 28 (amended 2011) and IFRS 13 when endorsed by the EU

Going concern
The financial statements are prepared on a going concern basis, based upon estimate future cash flows and the ongoing support from both the Company's bankers and the parent Company as 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

Change in functional currency
Functional and presentation currency
The financial statements are presented in US dollars As a result of most of the Company's transactions being denominated and paid in US Dollars, the Directors decided that the Company's functional currency should be changed from Pounds Sterling to US Dollars Consistent with the change in functional currency, the Company changed its presentation currency from Pounds Sterling to US Dollars for the year commencing 1st January 2011

In order to present the position and results as at and for the year ended 31 December 2011, in accordance with IAS21 *The Effect of Changes in Foreign Exchange Rates*, the Company has restated the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and all the related notes to the applicable dollar/sterling exchange rate as follows:

- Assets, liabilities and equity were translated to dollar at the closing rate of 1.55 at the Statement of Financial Position date
- Income and expenses were translated to dollar at the average rate of 1.59
- Differences resulting from the retranslation were taken to reserves

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

Change in Functional Currency (continued)
The impact on the prior year results and the Statement of Financial Position as originally reported is set out below

	As originally reported 2010 £'000s	As restated 2010 $'000s
Retained profit for the year	2,118	3,367
Non-current assets		
Property, plant and equipment	3,111	4,924
Current assets		
Inventories	45,742	71,674
Trade and other receivables	11,027	17,092
Cash and cash equivalents	1,277	2,030
Total assets	61,157	95,720
Equity attributable to shareholders		
Issued share capital	1,000	1,608
Retained earnings	13,810	22,209
Total equity	14,810	23,817
Non-current liabilities		
Deferred income tax liabilities	319	494
Current liabilities		
Short-term borrowings	25,812	40,030
Trade and other payables	19,822	30,768
Income tax payable	394	611
Total equity and liabilities	61,157	95,720

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and short term deposits comprise cash in hand and at bank, deposits on call at banks and investments in money market transactions, and they are carried at fair value
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 recognition methods are outlined in the individual policy statements pertaining to those items
An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out in the Directors' report

Share Capital
Ordinary shares are classified as equity

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 REVENUE	2011	2010
	$'000's	$'000's
Revenues are shown according to the location of the customer		Restated
European Union	140,877	86,440
Rest of Europe	12,437	3,279
North America	31,477	29,022
South America	7,584	4,508
Asia	63,892	50 993
Other	-	1,684
	256,267	175,926

3 OPERATING PROFIT	2011	2010
	$'000's	$'000's
Staff costs		Restated
Salaries, wages, bonuses and commissions	4,980	4,183
Social security costs	465	413
Terminations payments	59	-
Pension costs - defined contribution plans	109	105
Other costs	389	135
	6,002	4,836
Allocation of Staff costs		
Cost of Sales	3,834	3,170
Distribution costs and Administrative expenses	2,168	1,666
	6,002	4,836

Average number of employees in the year (including directors)	Number	Number
Manufacturing and development	68	60
Sales and distribution	14	13
Administration	8	8
	90	81

Directors' remuneration	2011	2010
	$'000's	$'000's
		Restated
Emoluments (two directors for five and a half months)	127	-
Contribution to defined contribution scheme (one director for five and a half months)	36	-
	163	-

The third director (2010 all directors), during the year under review, was/were remunerated by another group Company

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

	2011	2010
	$'000's	$'000's
Operating profit is stated after charging/(crediting)		Restated
Depreciation of property, plant and equipment	565	502
Foreign exchange gains	(3,172)	(122)
Research and development expenditure (expensed as incurred)	488	358
Operating lease rentals plant and equipment	62	56
Professional Fees		
Auditors remuneration for statutory audits	39	43
Other services provided by auditors		
Tax compliance	-	14
Other	-	30

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011	2010
	$'000's	$'000's
4 INCOME TAX EXPENSE		Restated
Current tax	667	1,410
Deferred tax	(41)	19
Taxes on current year results per statement of total comprehensive income	626	1,429
(Loss)/Profit before tax	(701)	4,796
Tax on accounting profit 2011 26 5% (2010 28%)	(186)	1,343
Adjustments in respect of prior years - current tax	(186)	(78)
Expenses not deductible for tax	1,041	32
Other	(43)	132
Tax on current year results	626	1,429

Factors affecting current and future tax charges
During the year, as a result of the changes in the UK main corporation tax rate to 26% that was substantively enacted on 29 March 2011 and that will be effective from 1 April 2011, and to 25% that was substantively enacted on 5 July 2011 and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured
In addition, a further 1% reduction in the UK corporation tax rate to 24% effective from 1 April 2012 was announced in the 2012 Budget on 21st March 2012 On the same day it was announced that the UK corporation tax rate would reduce to 23% from 1 April 2013 and to 22% from 1 April 2014

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings	Plant and Equipment	Assets under Construction	Cars, computers and other	TOTAL
	$'000's	$'000's	$'000's	$'000's	$'000's
Cost					
At 1 January 2010 (restated)	3,748	4,249	177	993	9,167
Additions (restated)	35	1,058	-	106	1,199
Transfers (restated)	-	177	(177)	-	-
Disposals (restated)	-	-	-	(60)	(60)
At 1 January 2011 (restated)	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
Accumulated Depreciation					
At 1 January 2010 (restated)	1,049	2,984	-	883	4,916
Charged in year (restated)	114	343	-	45	502
Disposals (restated)	-	-	-	(36)	(36)
At 1 January 2011 (restated)	1,163	3,327	-	892	5,382
Charged in current year	115	419	-	31	565
Disposals	-	-	-	-	-
At 31 December 2011	1,278	3,746	-	923	5,947
Net Book Value					
At 1 January 2011	2,620	2,157	-	147	4,924
At 31 December 2011	2,547	2,805	-	144	5,496

Freehold land and buildings includes an element of cost for land of £580,000 which is not depreciated. During the year under review, the land mortgaged in favour of HSBC Bank Plc has been released

The Directors consider that there is not a material difference between current holding value and market value for land & building Refer to note 13 for assets pledged as security for banking facilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 INVENTORIES	2011 $'000's	2010 $'000's Restated
Raw materials and consumables	11,997	64,355
Work-in-progress	5,417	3,966
Finished goods	60,950	3,353
	78,364	71,674

In many circumstances the inventory of metal can be utilised as either Raw Material or as a Finished Product The significant change in classification shown above is due to a change in determining the inventory's category after the acquisition of MCP Group SA by 5N Plus Inc The 2011 classifications, under the same method as 2010, would be, Raw Materials $68,779, WIP $5,417 and Finished goods $4,168 Inventory was written down by $10,561 (2010- $2,616) to account for the inventory being at the lower of cost or net realisable value

7 TRADE and OTHER RECEIVABLES	2011 $'000's	2010 $'000's Restated
Trade receivables	8,393	7,367
Amounts owed by fellow group undertakings	8,638	7,828
VAT and payroll taxes	604	1,686
Prepayments	170	211
	17,805	17,092

Trade receivables are non-interest bearing with credit periods of between 30 and 120 days.
Amounts owed by fellow group undertakings are non-interest bearing and recoverable within 1 year
Refer to note 14 for assets pledged as security for banking facilities

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
2011	17,031	14,879	1,819	333
2010 (restated)	15,195	13,573	736	886

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

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

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

	2011 $'000's	2010 $'000's Restated
Cash at banks and in hand	2,922	2,030
Bank overdrafts	-	(6,653)
	2,922	(4,623)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 ISSUED SHARE CAPITAL

The total authorised share capital as at 1 January and 31 December 2010 was one million ordinary shares of £ 1 each.

	2011		2010	
Issued and fully paid ordinary shares of $1 61 (£1) each	Number	$'000's	Number	$'000's Restated
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 INTEREST BEARING LOANS and BORROWINGS

	2011 $'000's	2010 $'000's
Current		Restated
Bank overdrafts	-	6,653
Bank loans	-	1,752
Loans from group undertakings	59,073	31,625
	59,073	40,030

Bank loans included three secured loans repayable in quarterly instalments All three loans have been fully repaid in 2011

Refer note 14 for details of securities.

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

Summary of deferred tax balances	2011 $'000's	2010 $'000's Restated
Deferred tax liabilities	453	494

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

	2011	2010
At 1 January	494	475
Charged to statement of total comprehensive income in the year	(41)	19
At 31 December	453	494

12 TRADE and OTHER PAYABLES

	2011 $'000's	2010 $'000's Restated
Trade payables	1,944	3,004
Amounts owed to fellow group undertakings	17,398	24,368
Other payables	3,999	3,396
	23,341	30,768

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

	2011 $'000's	2010 $'000's Restated
Reconciliation of profit before tax with cash generated from operations.		
(Loss) / Profit before taxation	(701)	4,796
Net interest paid	1,760	747
	1,059	5,543
Depreciation	565	502
Loss on disposal of property, plant and equipment	-	17
Currency translation adjustment	-	356
Items not involving cash flows	565	875
(Increase) / decrease in Inventories	(6,690)	(32,256)
(Increase) / decrease in Receivables	(713)	(6,698)
Increase / (decrease) in Payables	(7,427)	7,239
Net working capital changes	(14,830)	(31,715)
Cash generated from operations	(13,206)	(25,297)

14 CONTINGENCIES and COMMITMENTS

The fixed charge over trade and other receivables, uncalled capital and intellectual property provided by the Company and the floating charge over all other assets in respect of banking facilities with HSBC Bank Plc has been released during the year under review There were no capital commitments as at the Year end (2010 $ Nil)

15 RELATED PARTY DISCLOSURES

	Sales made $'000's	Purchases made $'000's	Amounts payable $'000's	Amounts receivable $'000's	2010 net rec/(pay) $'000's
Parent Undertakings					Restated
5N Plus Inc	6,948	4,102	427	2	-
MCP Group SA	-	-	12,177	-	(32,467)
MCP Aramayo Ltd	-	-	19	-	(21)
MCP Metals and Chemicals Limited	-	-	449	-	(458)
Other Group Companies					
5N Plus Luxembourg Sarl	-	-	47,877	-	-
Ingal Stade GmbH (50%)	-	-	-	-	159
MCP France SA	7,525	87	33	523	881
5N Plus Belgium SA	9,252	10,561	2,037	307	2,275
5N Plus (Shangyu) Ltd	-	-	-	-	54
MCP Iberia SA	3,188	96	-	484	175
MCP Metals (Shenzhen) Limited	-	-	-	-	425
5N Plus (Asia) Limited	4,366	182,845	10,351	1,452	(19,614)
5N Plus Lubeck GmbH	30,002	2,811	16	2,268	801
5N Plus Fairfield Inc	26,084	1,730	192	2,593	412
China Industrial Resources	678	-	-	411	3
5N Plus PV GmbH	796	-	-	544	-
5N Plus Trail Inc	-	2,644	2,793	-	-
MCP Crystal Limited	-	12	-	-	-
Ingal Stade GmbH	-	297	-	-	-
Atlumin Energy Inc	2,610	-	35	-	1,350
Atlumin Energy GmbH	4,379	531	65	56	426
	95,828	205,716	76,471	8,640	(45,599)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 yearend 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 2011 (2010 nil)

Credit risk

There are no significant concentrations of credit risk, other than to subsidiary undertakings as disclosed in note 10 The maximum credit risk exposure relating to financial assets is represented by carrying value as at the statement of financial position date

Foreign Currency risk

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

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar against Sterling and the Euro exchange rates with all other variables held constant, of the Company's profit before tax. During 2011 the USD - GBP exchange rate averaged 1 6035, with a high of 1 6684 and a low of 1 5416 This represents a 4% variance

	Increase/ decrease in US Dollar vs Euro / UK Sterling rate	Effect on profit before tax $'000's
2011		
UK Sterling	+5%	41
	-5%	(41)
Euro	+5%	34
	-5%	(34)
2010 (restated)		
UK Sterling	+5%	39 6
	-5%	(39 6)
Euro	+5%	97 3
	-5%	(97 3)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

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

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 Dependant on the current inventory holding the impairment charge may distort the gross margin for that specific metal

21 POST BALANCE SHEET EVENTS

The pressure on metal margins has continued in to 2012 as the price of all metals the company operates in has continued to fall The third quarter of 2012, however, has shown a slowing in the price movement Due to the softening of demand from Far East manufacturers the Directors has decided to reduce the company's holding in strategic inventory To that end the inventory valuation over the first nine months of 2012 has reduced by 50%.

As metal prices have remained depressed during 2012 and with the Company's policy to de-stock higher cost inventory there has been extreme pressure of gross margin performance. With the reduction in inventory that was higher than market value and the future process of re-stocking at current market value the Directors are confident the current pressure on margins will ease as we move in to 2013