Company Number 244498

5N Plus UK Limited
(formerly Mining & Chemical Products Limited)

ANNUAL REPORT and FINANCIAL STATEMENTS

31st December 2010

INDEX

GENERAL INFORMATION

Board of Directors	Christophe GAUDER Andrew DAVIES Dominic BOYLE
Principal Bankers	HSBC Bank plc 8 London Street Basingstoke Hampshire RG21 7NU
Auditors	Baker Tilly UK Audit LLP The Pinnacle 170 Midsummer Boulevard Central Milton Keynes Buckinghamshire MK9 1BP
Solicitors	Wilson Browne LLP West End House 60 Oxford Street Wellingborough Northamptonshire NN8 4JW
Registered Office	1-4 Nielson Road Finedon Road Industrial Estate Wellingborough Northamptonshire NN8 4PE
Company Registration Number	244498
Website	www 5nplus com

DIRECTORS' REPORT

Attached to this review are the audited financial statements of 5N Plus UK Limited (formerly Mining & Chemical Products Limited), for the year ended 31 December 2010, to be presented at the eighty first Annual General Meeting of the Company, at 1-4 Nielson Road, Finedon Road Industrial Estate, Wellingborough, Northamptonshire, NN8 4PE on 31 October 2011

DIRECTORS

The Directors who served during the year were,

Laurent RASKIN	Resigned 13th July 2011
Christophe GAUDER	
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 parent undertaking at 31st December 2010, MCP Group SA are shown in that Company's financial statements MCP Group SA was acquired by 5N Plus Inc after the reporting date

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 and the manufacture and marketing of fusible alloys and fine chemicals

PRINCIPAL RISKS AND UNCERTANTIES

Market risks
The metals which form the basis of the Company's products are not quoted on any officially recognised exchanges, although there are reliable trade publications that provide indicative pricing on a regular basis for some of the metals One aspect of the Company's strategy is to hold large strategic reserves of materials in inventory on a long term basis Metal price movement can sometimes cause stock losses The Company seeks to ameliorate this risk by judicious buying 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 15% of the Company's third party revenues, and eighteen customers accounted for between 0 6% and 9% each, being 33% in total The Company has gained access to the Japanese market via a distributor, but no single Japanese end customer accounts for more than 15%, although the distributor accounts for 40% 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 Company operates a conservative borrowing strategy, with gearing (interest-bearing debt as a proportion of equity) generally within a target range of 35-50% As a result, interest rate changes do not usually have a major effect on the results of the Company

Employment, product and environmental impact risks

The Company's products are not of themselves hazardous, although production processes do make use of some hazardous materials and potentially hazardous operations However, the Company devotes considerable resources (from Board level downwards, and including full-time professional health, safety, quality and environment risk managers) to providing a safe 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 shareholders 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 This is partly financed by loans from other group entities To that end there is a disproportionate burden on the Company's cash resources This burden is supported by local banking facilities via HSBC bank Plc

The Company policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of the terms and to abide by the agreed terms of payment The trade payable payment days outstanding for the Company at 31 December 2010 were 148 days (2009 121 days)

The Company's standard credit terms for its customers range from 30-60 days Receivable days as at 31 December 2010 were 36 days (2009 46 days)

Capital management

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

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

DIRECTORS' REPORT (continued)

RESULTS FOR THE YEAR

The Company's profit before taxation was £3,017,000 (2009 £641,000) The Company did not pay any dividends during the year No dividends in respect of 2010 are proposed

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*	2010	2009
Gross Profit (£ '000s)	*£ 4,500*	£ 7,073	£ 4,031
Gross Profit %	*10 0%*	6 4%	7 7%
Stock Holding (average days)	*120-180*	167	197
Receivable Days	*48*	36	46

The Company has seen a significant increase in revenue due to its prudent management during the global downturn in previous years There was also some strategic re-alignment of products within MCP Group SA, this has meant a shift from Bismuth to electronic metals for the Company This has, however, reduced the Company's Gross Profit percentage due to the volume of "traded" metal at a low margin Stock holding moves through a range which reflects availability of material and market risk and opportunities However, during 2010 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 shareholders After the purchase of MCP Group SA by 5N PLUS Inc , a listed Company (see OUTLOOK below), the new parent has to date not issued any share options to employees

OUTLOOK AND POST BALANCE SHEET EVENTS

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 development team, the Company has in the past and will continue to be a centre of excellence that other group companies can rely on for assistance With the group striving to streamline the various worldwide business entities the 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing the financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRS as adopted by the EU,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DISLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

Baker Tilly UK Audit LLP has indicated their willingness to continue in office and a resolution that they be re-appointed as auditors will be proposed at the annual general meeting

This report was approved by the board of Directors and authorised for issue on 31 October 2011 and it is signed on its behalf by

Andrew Davies
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 5N PLUS UK LIMITED (FORMERLY MINING & CHEMICAL PRODUCTS LIMITED)

We have audited the financial statements on pages 7 to 20 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of Directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the provisions of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

1 November 2011

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

STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the year ending 31 December 2010

	Note	2010 £'000's	2009 £'000's
Continuing Operations			
Revenue	1	**110,645**	**52,535**
Cost of Sales			
Material cost of sales	19	(99,652)	(45,183)
Manufacturing costs		(3,920)	(3,321)
		(103,572)	(48,504)
Gross Profit		7,073	4,031
Other income		46	-
Distribution costs		(1,501)	(1,306)
Administrative expenses		(1,826)	(1,539)
Depreciation and amortisation		(305)	(287)
Operating Profit	2	3,487	899
Finance income		23	46
Finance costs		(493)	(304)
Profit before Taxation		3,017	641
Income tax expense	3	(899)	(219)
Profit for the Year		**2,118**	**422**
Total comprehensive income for the year Attributable to equity shareholders		**2,118**	**422**

The notes on pages 14-20 form part of these financial statements

Company number 244498

STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	2010 £'000's	2009 £'000's
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,111	2,685
		3,111	2,685
CURRENT ASSETS			
Inventories	5	45,742	24,897
Trade and other receivables	6	11,027	6,565
Cash and cash equivalents	7	1,277	1,647
		58,046	33,109
TOTAL ASSETS		**61,157**	**35,794**
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Issued share capital	8	1,000	1,000
Retained earnings		13,810	11,692
Total equity		14,810	12,692
Non-current liabilities			
Long term borrowings	9	-	1,100
Deferred income tax liabilities	10	319	307
		319	1 407
Current liabilities			
Short-term borrowings	9	25,812	6,774
Trade and other payables	11	19,822	14,861
Income tax payable		394	60
		46,028	21,695
TOTAL EQUITY AND LIABILITIES		**61,157**	**35,794**

The financial statements were approved by the Board of Directors and authorised for issue on 31 October 2011 and they were signed on its behalf by

Andrew Davies
Director

The notes on pages 14-20 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ending 31 December 2010

	Attributable to shareholders		
	Issued Capital £'000's	Retained Earnings £'000's	Total equity £'000's
2009 Balance at 1 January	**1,000**	**11,270**	**12,270**
Profit and total comprehensive income for the year	-	422	422
31 December 2009	**1,000**	**11,692**	**12,692**
2010 Profit and total comprehensive income for the year	-	2,118	2,118
31 December 2010	1,000	13,810	**14,810**

The notes on pages 14-20 form part of these financial statements

STATEMENT OF CASH FLOWS
For the year ending 31 December 2010

	Note	2010 £'000's	2009 £'000's
Cash flows from operating activities			
Cash flows from operating activities	12	(16,545)	2,447
Income taxes paid		(551)	(265)
Net cash flows from operating activities		**(17,096)**	**2,182**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(753)	(239)
Interest received		23	46
Proceeds from sale of property, plant and equipment		11	21
Net cash flows from investing activities		**(719)**	**(172)**
Cash flows from financing activities			
Proceeds from borrowing		20,420	-
Repayment of borrowing		(1,400)	(1,400)
Interest paid		(493)	(304)
Cash flows from financing activities		**18,527**	**(1,704)**
Net decrease in cash and cash equivalents		**712**	**306**
Cash and cash equivalents at 1 January		(3,727)	(4,033)
Cash and cash equivalents at 31 December	7	**(3,015)**	**(3,727)**

The notes on pages 14-20 form part of these financial statements

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 Sterling (£), with values rounded to the nearest thousand Pound (£'000's), except where the context indicates otherwise The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union Estimates and assumptions are based on historical experience and other factors that are believed to be reasonable These are reviewed on an ongoing basis

Impact of standards not yet effective

IAS 24	- Related Party Disclosures (Revised)
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, 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

Foreign currency translation
Functional and presentation currency
The financial statements are presented in Sterling The Company uses Sterling for both functional and presentational purposes Monetary assets and liabilities in foreign currencies are translated at year-end rates and all gains and losses are taken to the statement of total comprehensive income

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

ACCOUNTING POLICIES (continued)

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

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
Borrowing is accounted for at the amount of the proceeds received less transaction costs The difference between cost and the amortised cost (using the effective interest method) is adjusted through the statement of total comprehensive income, if significant, on an accruals basis

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

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

ACCOUNTING POLICIES (continued)

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

1 REVENUE

	2010	2009
Revenues are shown according to the location of the customer	£'000's	£'000's
European Union	54,365	33,762
Rest of Europe	2,062	774
North America	18,253	6,407
South America	2,835	1,360
Asia	32,071	9 530
Other	1,059	702
	110,645	**52,535**

2 EXPENSES

	2010	2009
Staff costs	£'000's	£'000's
Salaries, wages, bonuses and commissions	2,631	2,173
Social security costs	260	222
Terminations payments	-	77
Pension costs - defined contribution plans	66	50
Other costs	85	104
	3,042	**2,626**
Allocation of Staff costs		
Cost of Sales	1,994	1,649
Distribution costs and Administrative expenses	1,048	977
	3,042	**2,626**

Average number of employees in the year (including directors)	Number	Number
Manufacturing and development	60	61
Sales and distribution	13	14
Administration	8	9
	81	**84**

Directors' remuneration
All Directors, during the period under review, were remunerated by another group Company

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

	2010	2009
	£'000's	£'000's
Operating profit is stated after charging		
Depreciation of property, plant and equipment	318	280
Foreign exchange differences losses	77	35
Research and development expenditure (expensed as incurred)	225	208
Operating lease rentals plant and equipment	35	27
Professional Fees		
Auditors remuneration for statutory audits	27	25
Other services provided by auditors		
Tax compliance	9	4
Other	19	36

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 INCOME TAX

	2010 £'000's	2009 £'000's
Current tax	887	217
Deferred tax	12	2
Taxes on current year results per statement of total comprehensive income	**899**	**219**
Tax on accounting profit 2010 28% (2009 28%)	844	179
Adjustments in respect of prior years	(49)	-
Expenses not deductible for tax	20	-
Other	84	40
Tax on current year results	899	219

4 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 2009	2,351	2,622	-	674	5,647
Additions	8	81	112	38	239
Disposals	-	(18)	-	(86)	(104)
At 1 January 2010	2,359	2,685	112	626	5,782
Additions	22	670	-	67	759
Transfers	-	112	(112)	-	-
Disposals	-	-	-	(38)	(38)
At 31 December 2010	2,381	3,467	-	655	6,503
Depreciation					
At 1 January 2009	590	1,718	-	599	2,907
Charged in year	71	179	-	30	280
Disposals	-	(17)	-	(73)	(90)
At 1 January 2010	661	1,880	-	556	3,097
Charged in current year	72	217	-	29	318
Disposals	-	-	-	(23)	(23)
At 31 December 2010	733	2,097	-	562	3,392
Net Book Value					
At 1 January 2010	1,698	805	112	70	2,685
At 31 December 2010	**1,648**	**1,370**	**-**	**93**	**3,111**

Freehold land and buildings includes an element of cost for land of £580,000 which is not depreciated The land has been mortgaged in favour of HSBC Bank Plc A register of the land held is available at the Company office, 1-4 Nielson Road, Finedon Road Industrial Estate, Wellingborough, Northamptonshire, NN8 4PE

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)

	2010 £'000's	2009 £'000's
5 INVENTORIES		
Raw materials and consumables	40,228	19,357
Work-in-progress	2,988	1,987
Finished goods	2,526	3,553
	45,742	24,897

Refer to note 13 for assets pledged as security for banking facilities

	2010 £'000's	2009 £'000's
6 TRADE and OTHER RECEIVABLES		
Trade receivables	5,977	2,426
Amounts owed by fellow group undertakings	5,050	4,139
	11,027	6,565

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 13 for assets pledged as security for banking facilities

There is no impairment allowance provided against trade receivables or against amounts owed by fellow group undertakings above
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
2010	10,927	9,907	463	557
2009	6,565	5,795	191	579

The credit quality of receivables from fellow group undertakings is assessed by information internal to MCP Group SA There is no history of default from amounts owed by fellow group undertakings

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 resorted to legal action to recover debts

7 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

	2010 £'000's	2009 £'000's
Cash at banks and in hand	1,277	1,647
Bank overdrafts	(4,292)	(5,374)
	(3,015)	(3,727)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 ISSUED SHARE CAPITAL

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

	2010		2009	
Issued and fully paid ordinary shares of £1 each	Number	£'000's	Number	£'000's
At 1 January 2010	1,000,000	1,000	1,000,000	1,000
At 31 December 2010	**1,000,000**	**1,000**	**1,000,000**	**1,000**

9 INTEREST BEARING LOANS and BORROWINGS

	2010 £'000's	2009 £'000's
Current		
Bank overdrafts	4,292	5,374
Bank loans	1,100	1,400
Loans from group undertakings	20,420	-
	25,812	6,774
Non-current		
Bank loans	-	1,100
	-	1,100
	25,812	7,874

Bank loans include secured loans of £150,000 and £200,000, repayable in quarterly instalments of £50,000 which will expire in 2011, and a £750,000 loan repayable in quarterly instalments of £250,000 and will expire in 2011

Refer note 13 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%

10 DEFERRED INCOME TAX

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

	2010	2009
Summary of deferred tax balances	£'000's	£'000's
Deferred tax liabilities	319	307

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

At 1 January	307	305
Charged to statement of total comprehensive income in the year	12	2
At 31 December	**319**	**307**

11 TRADE and OTHER PAYABLES

	2010 £'000's	2009 £'000's
Trade payables	1,886	648
Amounts owed to fellow group undertakings	13,309	13,822
Other payables	4,627	391
	19,822	14,861

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)

12 CASH GENERATED FROM OPERATIONS

	2010 £'000's	2009 £'000's
Reconciliation of profit before tax with cash generated from operations		
Profit before taxation	3,017	641
Net interest paid	470	258
	3,487	899
Depreciation	318	280
Loss / (profit) on disposal of property, plant and equipment	11	(7)
Items not involving cash flows	329	273
(Increase) / decrease in Inventories	(20,845)	4,269
(Increase) / decrease in Receivables	(4,462)	7,120
Increase / (decrease) in Payables	4,946	(10,114)
Net working capital changes	(20,361)	1,275
Cash generated from operations	**(16,545)**	**2,447**

13 CONTINGENCIES and COMMITMENTS

The Company has provided a fixed charge over trade and other receivables, uncalled capital and intellectual property and a floating charge over all other assets in respect of banking facilities with HSBC Bank Plc

There were no capital commitments as at the period end (2009 £8,000)

14 RELATED PARTY DISCLOSURES

	Sales made £'000's	Purchases made £'000's	Amounts owed £'000's	Amounts due £'000's	2009 net owed / (due) £'000's
Parent Undertakings					
MCP Group SA	-	-	-	20,420	542
MCP Aramayo Ltd	-	-	-	13	(305)
MCP Metals and Chemicals Limited	-	-	-	288	(290)
Other Group Companies					
MCP Crystal Limited (50%)	-	3,703	-	-	-
Ingal Stade GmbH (50%)	-	3,573	100	-	(268)
MCP France SA	3,357	81	579	25	306
Sidech SA	6,757	2,368	1,734	303	(753)
Sidmet SA	-	-	-	-	(668)
MCP KEK Chemicals co (Shangyu) Ltd	-	-	34	-	32
MCP Iberia SA	696	-	110	-	55
MCP Metals (Shenzhen) Limited	-	-	273	6	202
MCP (Asia) Limited	2,692	54,559	47	12,383	(8,789)
MCP HEK GmbH	15,434	660	504	-	261
MCP Metalspecialties Inc	9,830	99	550	291	(421)
China Industrial Resources	855	204	2	-	-
Etain Soudures	12	-	-	-	-
Atlumin Energy Inc	4,326	-	849	-	413
Atlumin Energy GmbH	3,537	489	268	-	
	47,496	65,736	5,050	33,729	(9,683)

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 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 period end date was MCP Group SA, a Company incorporated in Belgium Consolidated financial statements are prepared by MCP Group SA, being the only set of related entities for which consolidated financial statements are prepared The published financial statements of MCP Group SA are available from rue de la Station 7, Tilly 1495, Belgium

On the 8th April 2011 a Canadian Company quoted on the Toronto stock exchange, 5N PLUS Inc purchased MCP Group SA, and thereby became the ultimate holding Company of 5N Plus UK Limited (formerly Mining & Chemical Products Limited)

16 KEY MANAGEMENT REMUNERATION

The Directors are considered to be key management and their compensation is reflected in note 2

17 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 2010 (2009 nil)

Credit risk

There are no significant concentrations of credit risk, other than to subsidiary undertakings as disclosed in note 9 The maximum credit risk exposure relating to financial assets is represented by carrying value as at the 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-Sterling denominated receivables and payables

The following table demonstrates the sensitivity to a reasonably possible change in Sterling against the Euro and US Dollar exchange rates with all other variables held constant, of the Company's profit before tax

	Increase/ decrease in UK Sterling vs Euro/ US Dollar rate	Effect on profit before tax £'000's
2010		
Euro	+10%	(137 9)
	-10%	168 6
US Dollar	+10%	1,563 4
	-10%	(1,910 8)
2009		
Euro	+10%	(47 7)
	-10%	58 3
US Dollar	+10%	763 3
	-10%	(932 9)

Liquidity risk

The maturity profile of the Company's financial liabilities is shown in note 9

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 *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

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

19 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

The net movement on inventory impairment for the period under review was less than 0 25% of the reported material cost of sales