

AMLON METALS LIMITED T/A EUROMET

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2010



AMLON METALS LIMITED T/A EUROMET

INDEPENDENT AUDITORS' REPORT TO AMLON METALS LIMITED T/A EUROMET UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 4 to 11, together with the financial statements of Amlon Metals Limited T/A Euromet for the year ended 31 December 2010 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special Auditors' 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

OPINION ON FINANCIAL STATEMENTS

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 4 to 11 have been properly prepared in accordance with the regulations made under that section.

OTHER INFORMATION

On *5th MARCH 2011* we reported as auditors to the company on the financial statements prepared under section 396 of the Companies Act 2006 and our audit report was as follows:

We have audited the financial statements of Amlon Metals Limited T/A Euromet for the year ended 31 December 2010, set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 explained more fully in the Directors' Responsibilities Statement, 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.

AMLON METALS LIMITED T/A EUROMET

**INDEPENDENT AUDITORS' REPORT TO AMLON METALS LIMITED T/A EUROMET
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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.

QUALIFIED OPINION ON FINANCIAL STATEMENTS

Included in debtors shown on the balance sheet is an amount owing to the company of \$451,396. In our opinion the company is unlikely to receive any payment and full provision of \$451,396 should have been made. Accordingly, debtors and retained earnings should be reduced by \$451,396 and the loss for the year should be increased by \$451,396.

Except for the effects of the matter described above, 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER

In our opinion of the financial statements, we have considered the adequacy of the disclosures made in Note 12 to the financial statements covering the realisation and/or recovery of old trade debts, claims and other claims either successfully or in the process of being litigated, but unpaid. The notes describe the present status or recovery litigation and the ongoing actions. The amounts outstanding have been indicated and any amount not recovered could impinge on both current and long term asset values and subsequently, the reserves of the company. However, no provision has been made as it cannot as yet be determined what, if any amount, would be non-recoverable. The directors have stated their confidence in the outcome.

We have also considered the adequacy of the disclosure made in Note 1.11 to the financial statements concerning the company's ability to continue as a going concern. The matters explained in Note 1.11 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

AMLON METALS LIMITED T/A EUROMET

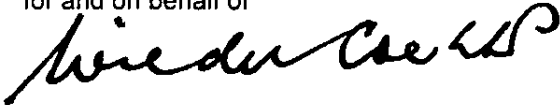
**INDEPENDENT AUDITORS' REPORT TO AMLON METALS LIMITED T/A EUROMET
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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

Michael Bordoley FCA (Senior Statutory Auditor)
for and on behalf of



Wilder Coe LLP
Chartered Accountants & Statutory Auditors
233-237 Old Marylebone Road
London
NW1 5QT

Date *5th March 2012*

AMLON METALS LIMITED T/A EUROMET
REGISTERED NUMBER 01054069

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
FIXED ASSETS			
Intangible assets	2	10,000,000	10,000,000
Tangible assets	3	521,556	532,248
Investments	4	2	2
		10,521,558	10,532,250
CURRENT ASSETS			
Stocks		2,813,870	2,734,019
Debtors amounts falling due after more than one year	5	4,499,183	3,699,692
Debtors amounts falling due within one year	5	4,287,116	6,257,005
		11,600,169	12,690,716
CREDITORS: amounts falling due within one year		(7,845,952)	(8,252,876)
NET CURRENT ASSETS		3,754,217	4,437,840
TOTAL ASSETS LESS CURRENT LIABILITIES		14,275,775	14,970,090
CREDITORS: amounts falling due after more than one year	6	(1,813,882)	(1,789,930)
PROVISIONS FOR LIABILITIES			
Other provisions		(5,019)	(7,378)
NET ASSETS		12,456,874	13,172,782
CAPITAL AND RESERVES			
Called up share capital	7	70,000	70,000
Share premium account		4,815,682	4,815,682
Revaluation reserve		9,612,234	9,774,066
Foreign exchange reserve	8	(975,288)	(975,288)
Profit and loss account		(1,065,754)	(511,678)
EQUITY SHAREHOLDERS' FUNDS		12,456,874	13,172,782

AMLON METALS LIMITED T/A EUROMET

**ABBREVIATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2010**

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on ~~5~~ **MARCH 2012**



I. C. Weinszok
Director

The notes on pages 6 to 11 form part of these financial statements

AMLON METALS LIMITED T/A EUROMET

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of long term leasehold property and include the results of the company's operations, all of which are continuing

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 Intangible fixed assets and amortisation

Joint arrangement assets are stated at valuation less any provision for impairment. The assets are currently being negotiated for sale and as such are not amortised. See Note 2 for further details

Revaluations are performed sufficiently often to ensure that the carrying amount does not differ materially from the market value at the balance sheet date

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold buildings	-	2% straight line
Plant and equipment	-	25% reducing balance

1.6 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 31 July 1999 and will not update that valuation

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

AMLON METALS LIMITED T/A EUROMET

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES (continued)

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

1 10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1 11 Going concern

The company is dependent on the continuing support of their bankers and the underlying support of its directors. The renewal of the main bank facility has not yet been communicated formally by the company's bankers.

The bankers have continued to support the company with the subsisting facilities and the directors are hopeful that the facilities will be continued for the next 12 months and at the date of approval of these financial statements they have no reason to believe that they will not do so.

As referred to in the Directors' Report, the cashflow forecasts for the next twelve months are encouraging and on this basis, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis or preparation being inappropriate.

AMLON METALS LIMITED T/A EUROMET

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

2. INTANGIBLE FIXED ASSETS

	\$
Cost	
At 1 January 2010 and 31 December 2010	<u>10,000,000</u>
Net book value	
At 31 December 2010	<u>10,000,000</u>
At 31 December 2009	<u>10,000,000</u>

The directors received a professional valuation valuing the joint arrangement assets, including mining rights. These assets have been revalued by the directors and supported by a valuation given by geological and mining engineering consultant, Dr N P Finkelstein PhD, who has confirmed that the holding value as at 31 December 2010 is still \$10,000,000.

The value given is in respect of Amlon Metals Limited's interest in the joint arrangement.

At the year end the assets have not been used as operations have yet to commence and the directors are of the opinion that they will be treated as having an indefinite life. However, once operations have commenced the assets will be treated as having a definite life of which the useful economic life will be considered at that moment in time, and amortisation will be provided.

The original cost of the assets was \$800,550 and has not been amortised for the reasons mentioned above.

At the year end, if the assets had not been included at valuation they would have been included under the historical cost convention as follows:

	2010	2009
	\$	\$
Cost	800,550	800,550
Accumulated amortisation	-	-
Net book value	<u>800,550</u>	<u>800,550</u>

AMLON METALS LIMITED T/A EUROMET

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

3. TANGIBLE FIXED ASSETS

	\$
Cost or valuation	
At 1 January 2010 and 31 December 2010	<u>1,105,389</u>
Depreciation	
At 1 January 2010	573,141
Charge for the year	<u>10,692</u>
At 31 December 2010	<u>583,833</u>
Net book value	
At 31 December 2010	<u>521,556</u>
<i>At 31 December 2009</i>	<u>532,248</u>

4. FIXED ASSET INVESTMENTS

	\$
Cost or valuation	
At 1 January 2010 and 31 December 2010	<u>2</u>
Net book value	
At 31 December 2010	<u>2</u>
<i>At 31 December 2009</i>	<u>2</u>

The investment represents the company's holding of 1 Ordinary share in Kennington Limited Kennington Limited owns the freehold to the building in which Amlon Metals Limited is a long term lease holder Amlon Metals Limited's shareholding represents 12.5% of the issued share capital of Kennington Limited

5. DEBTORS

Debtors include \$4,499,183 (2009 - \$3,699,692) falling due after more than one year

Included within other debtors due within one year is a loan of \$Nil (2009 \$253,276) to I C Weinsztok and a loan of \$35,322 (2009 \$31,464) to Mrs S R Weinsztok, both of whom are directors These were the maximum amounts outstanding during the year No interest is being charged on either amount

Included within debtors due after more than one year is a sterling loan of £1,000,000, due from a related company The loan is in respect of an incinerator plant originally purchased by the related company from Amlon Metals Limited Repayment of the loan was, by the original agreement, deferred for an indeterminate period The related company has restructured its funding and is expecting further capital in 2012 to enable it to restart its operations As a result of the new investment the directors are more confident of the holding value of the loan, and at this time do not wish to provide for any impairment

AMLON METALS LIMITED T/A EUROMET

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

5. DEBTORS (continued)

Included within trade debtors is an amount of \$454,997 plus interest for the supply goods to a Far East customer dating from 2006. The company has initiated new Court proceedings to recover the debt. It was successfully awarded previously for the full amount plus interest in an arbitration court ruling in Hong Kong, but the debtor has avoided paying the amount due. The directors believe that there is a good possibility of success which is supported by the lawyers, by having taken it to new court proceedings. They have been advised that these will probably not take place for another 18 months.

Included in other debtors due after more than one year are total amounts owing to the company of \$657,444 arising out of successful legal claims for breach of contract for loss of profit or loss of trade. The directors are pursuing these debts vigorously for recovery and believe that, with the professional support at their disposal, all or a substantial part of these debts will be recovered. However, due to the circumstances and prolonged efforts to recover they cannot say with any certainty as to when this will occur.

**6 CREDITORS:
Amounts falling due after more than one year**

The long-term bank loan facility is due for full and final repayment by December 2022, and the interest rate is 2.5% above the base rate.

Included in other creditors above is Debenture Loan Stock 2018, £910,000 (\$1,470,588) at 10% interest. This was originally issued until 2010 but has been extended to 2018. The Loan stock is secured by way of a fixed charge over a sterling loan receivable by the Company in the sum of £910,000 made to a company in which the Debenture holders have a material interest.

There is also a loan included of £50,000 (\$77,341) (2009 £50,000), see Note 21 for further details.

7. SHARE CAPITAL

	2010 \$	2009 \$
Allotted, called up and fully paid		
35,000 Ordinary shares of \$2 each	<u>70,000</u>	<u>70,000</u>

8. RESERVES

		Foreign exchange reserve \$
At 1 January 2010 and 31 December 2010		<u>(975,288)</u>

9. TRANSACTIONS WITH DIRECTORS

Included within other debtors due within one year is a loan of \$Nil (2009 \$253,276) to I. C. Weinszok and a loan of \$35,322 (2009 \$31,464) to Mrs. S. R. Weinszok, both of whom are directors. These were the maximum amounts outstanding during the year. No interest is being charged on either amount.

AMLON METALS LIMITED T/A EUROMET

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

10 ULTIMATE PARENT UNDERTAKING

As at 31 December 2010 and 31 December 2009, the ultimate parent undertaking was Amlon Two Limited, a company incorporated in the United Kingdom