

REGISTRAR'S COPY

Company Registration No. 05351770 (England and Wales)

DALMOND REFRACTORY MATERIALS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

THURSDAY



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DALMOND REFRACTORY MATERIALS LIMITED

COMPANY INFORMATION

Director	Mr O Degtyarev
Secretary	Law Firm Limited
Company number	05351770
Registered office	Suite 12 2nd Floor Queens House 180 Tottenham Court Road W1T 7PD
Auditors	Simmons Gainsford LLP 7/10 Chandos Street Cavendish Square London W1G 9DQ

DALMOND REFRACTORY MATERIALS LIMITED

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DALMOND REFRACTORY MATERIALS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The director presents his report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company continued to be that of selling refractory materials on European and Eastern markets

In 2012 the company sold its subsidiary Dalmond Feuerfest Siegburg GmbH, which resulted in making profit on the sale of \$4 million

The improved cash flow as result of this sale allowed the company to repay some of its loans, thereby substantially decreasing its liabilities

During the year the company suffered a bad debt write off of \$2 million as a result of two major customers suffering from the worldwide economic crisis and having to undergo substantial reorganisation

Dalmond Refractory Materials Ltd is actively looking for new business opportunities and new clients. The company anticipates making a profit in the current financial year

Results and dividends

The results for the year are set out on page 5

Director

The following director has held office since 1 January 2012

Mr O Degtyarev

Financial instruments

The company's financial instruments principally comprise trade debtors, loans to other companies, bank borrowings and liabilities to its suppliers and agents. In addition, the company has various other financial assets and liabilities such as prepayments and accruals arising directly from its operations. It is, and has been throughout the period under review, the company's policy not to undertake any trading in financial instruments

The main risks arising from the company's financial instruments are exchange, liquidity and credit risk. The director reviews policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year

Liquidity risk

The company endeavours to manage its cash and borrowing requirements in order to maximise interest income and minimise interest expense

Foreign currency risk

Certain of the company's financial instruments are denominated in euros and so the company is exposed to an exchange rate risk. This risk is mitigated by the use of euro bank accounts which allow the company to fix its dollar liabilities

Credit risk

The management monitors trade debtors and companies to which loans have been made to ensure that they meet their credit rating requirements

Auditors

Under section 487 of the Companies Act 2006, the auditors Simmons Gainsford LLP, will be deemed to be reappointed as auditors 28 days after these financial statements are sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier

DALMOND REFRACTORY MATERIALS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Mr O Degtyarev
Director
26/04/2013



DALMOND REFRACTORY MATERIALS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DALMOND REFRACTORY MATERIALS LIMITED

We have audited the financial statements of Dalmond Refractory Materials Limited for the year ended 31 December 2012 set out on pages 5 to 14. 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 director and auditors

As explained more fully in the Director's Responsibilities Statement set out on pages 1 - 2, the director is 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.

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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's 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 2012 and of its profit 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 - Going concern

In forming our opinion which is not qualified, we have considered the adequacy of the disclosures made in note 1.1 concerning the company's ability to continue as a going concern. The company made a profit before tax of \$1,180,214 due to the sale of its subsidiaries during the year, however at the balance sheet date it has net liabilities of \$3,837,889. These conditions 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 any 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DALMOND REFRACTORY MATERIALS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

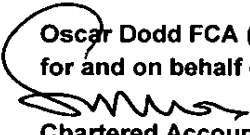
TO THE MEMBERS OF DALMOND REFRACTORY MATERIALS LIMITED

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

Oscar Dodd FCA (Senior Statutory Auditor)
for and on behalf of Simmons Gainsford LLP


Chartered Accountants
Statutory Auditor

26/04/2013

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

DALMOND REFRACTORY MATERIALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$	2011 \$
Turnover	2	2,007,446	7,375,109
Cost of sales		(1,744,768)	(7,245,426)
Gross profit		262,678	129,683
Distribution costs		-	(10,102)
Administrative expenses		(2,956,778)	(724,013)
Operating loss	3	(2,694,100)	(604,432)
Profit on the disposal of fixed asset investment	7	4,056,012	-
Investment income	4	57,280	62,876
Other interest receivable and similar income	4	14,633	27,842
Interest payable and similar charges	5	(253,611)	(452,152)
Profit/(loss) on ordinary activities before taxation		1,180,214	(965,866)
Tax on profit/(loss) on ordinary activities	6	(103,664)	(50,784)
Profit/(loss) for the year	14	1,076,550	(1,016,650)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

DALMOND REFRACTORY MATERIALS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012		2011	
		\$	\$	\$	\$
Fixed assets					
Investments	8		-		1,310,236
Current assets					
Stocks	9		-		24,562
Debtors	10		1,973,590		6,526,826
Cash at bank and in hand			109,418		22,273
			<u>2,083,008</u>		<u>6,573,661</u>
Creditors' amounts falling due within one year	11		<u>(5,798,198)</u>		<u>(7,414,370)</u>
Net current liabilities			<u>(3,715,190)</u>		<u>(840,709)</u>
Total assets less current liabilities			<u>(3,715,190)</u>		<u>469,527</u>
Creditors: amounts falling due after more than one year	12		<u>(122,699)</u>		<u>(5,383,966)</u>
			<u>(3,837,889)</u>		<u>(4,914,439)</u>
Capital and reserves					
Called up share capital	13		47,142		47,142
Profit and loss account	14		<u>(3,885,031)</u>		<u>(4,961,581)</u>
Shareholders' funds	15		<u>(3,837,889)</u>		<u>(4,914,439)</u>

Approved by the Board and authorised for issue on 26/04/2013

Mr O Degtyarev
Director



Company Registration No. 05351770

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The financial statements have been prepared on the going concern basis as Mag Holdings SA, the immediate parent undertaking, has given an undertaking to cover the company's requirements for working capital and capital expenditure for at least twelve months from the date of approval of the financial statements

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 its immediate parent undertaking, Mag Holdings SA, a company registered in Luxembourg, prepares a consolidated cash flow statement

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently

1.3 Turnover

Turnover represents amounts receivable for sale of goods net of VAT and trade discounts. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. The moment of transfer of the risks and rewards of the ownership is determined by the contract terms

1.4 Leasing

Rentals payable under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.6 Stock

Work in progress is 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

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. All differences are taken to the profit and loss account

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

2 Turnover

The whole of turnover is attributable to the sale of refractory materials

The whole of turnover arose outside the UK, with 99% within the European Union and 1% within the Rest of the World

3 Operating loss	2012	2011
	\$	\$
Operating loss is stated after charging		
Bad and doubtful debts	2,590,561	436,428
Audit fees	16,000	25,662
Non-audit fees	3,137	4,940
Operating lease rentals and after crediting	8,074	8,525
Profit on foreign exchange transactions	(23,781)	(69,187)
	<u> </u>	<u> </u>

4 Investment income	2012	2011
	\$	\$
Interest receivable from group undertakings	57,280	77,563
Bank interest	8	-
Other interest	14,625	114,686
	<u> </u>	<u> </u>
	<u>71,913</u>	<u>192,249</u>

5 Interest payable	2012	2011
	\$	\$
On amounts payable to group companies	63,577	159,790
Other interest	190,034	292,362
	<u> </u>	<u> </u>
	<u>253,611</u>	<u>452,152</u>

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6	Taxation	2012	2011
		\$	\$
	Foreign corporation tax		
	Foreign tax	103,664	50,784
		<u>103,664</u>	<u>50,784</u>
	Current tax charge	<u>103,664</u>	<u>50,784</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	1,180,214	(965,866)
		<u>1,180,214</u>	<u>(965,866)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.00% (2011 - 26.00%)	295,054	(251,125)
		<u>295,054</u>	<u>(251,125)</u>
	Effects of		
	Non deductible expenses	37,349	32,679
	Non-trade loan relationship debits/(credits)	-	52,383
	Tax losses utilised	(322,630)	-
	Foreign tax adjustments	103,664	-
	Trade losses carried forward	49,659	216,847
	Other tax adjustments	(59,432)	-
		<u>(191,390)</u>	<u>301,909</u>
	Current tax charge	<u>103,664</u>	<u>50,784</u>

The company has estimated trade losses of \$2,518,941 (2011 \$2,320,307) and non trade losses of \$Nil (2011 \$1,290,521) available for carry forward against future profits

7 Exceptional items

During the year, the company sold its interest in the subsidiaries Dalmond Feuerfest Sieburg GmbH & Co and Dalmond-Verwaltungs GmbH for a profit of \$4,056,012

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8 Fixed asset investments

	Shares in subsidiary undertakings \$
Cost	
At 1 January 2012	1,310,236
Disposals	(1,310,236)
	<u> </u>
At 31 December 2012	-
	<u> </u>
Net book value	
At 31 December 2012	-
	<u> </u>
At 31 December 2011	<u>1,310,236</u>

9 Stocks

	2012 \$	2011 \$
Finished goods and goods for resale	-	24,562
	<u> </u>	<u> </u>

10 Debtors

	2012 \$	2011 \$
Trade debtors	36,775	2,264,677
Amounts owed by parent and fellow subsidiary undertakings	1,477,313	3,077,136
Other debtors	10,663	322,448
Prepayments and accrued income	448,839	862,565
	<u>1,973,590</u>	<u>6,526,826</u>

Amounts falling due after more than one year and included in the debtors above are

	2012 \$	2011 \$
Other debtors	-	468,962
	<u> </u>	<u> </u>

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

11 Creditors' amounts falling due within one year	2012	2011
	\$	\$
Trade creditors	41,959	295,675
Amounts owed to parent and fellow subsidiary undertakings	77,193	3,775,286
Amounts owed to subsidiary undertakings	-	12,916
Other creditors	3,587,109	715,662
Accruals and deferred income	2,091,937	2,614,831
	<u>5,798,198</u>	<u>7,414,370</u>
12 Creditors' amounts falling due after more than one year	2012	2011
	\$	\$
Other creditors	<u>122,699</u>	<u>5,383,966</u>
Analysis of loans		
Wholly repayable within five years	<u>3,421,465</u>	<u>5,534,186</u>
	3,421,465	5,534,186
Included in current liabilities	<u>(3,298,766)</u>	<u>(150,220)</u>
	<u>122,699</u>	<u>5,383,966</u>
Loan maturity analysis		
In more than one year but not more than two years	<u>122,699</u>	<u>5,383,966</u>
13 Share capital	2012	2011
	\$	\$
Allotted, called up and fully paid		
25,000 Ordinary shares of £1 each	<u>47,142</u>	<u>47,142</u>

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14 Statement of movements on profit and loss account

	Profit and loss account \$
Balance at 1 January 2012	(4,961,581)
Profit for the year	1,076,550
	<u> </u>
Balance at 31 December 2012	<u><u>(3,885,031)</u></u>

15 Reconciliation of movements in shareholders' funds

	2012 \$	2011 \$
Profit/(Loss) for the financial year	1,076,550	(1,016,650)
Opening shareholders' funds	(4,914,439)	(3,897,789)
	<u> </u>	<u> </u>
Closing shareholders' funds	<u><u>(3,837,889)</u></u>	<u><u>(4,914,439)</u></u>

16 Employees

Number of employees

The average monthly number of employees (including director) during the year was

	2012 Number	2011 Number
Director	1	1
Employees - Administration	2	3
	<u> </u>	<u> </u>
	<u><u>3</u></u>	<u><u>4</u></u>

Employment costs

	2012 \$	2011 \$
Wages and salaries	46,799	54,002
Social security costs	13,830	15,488
	<u> </u>	<u> </u>
	<u><u>60,629</u></u>	<u><u>69,490</u></u>

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

17 Control

The company considers Mag Holdings SA, a company registered in Luxembourg, to be its immediate parent undertaking in both the current and previous years and its ultimate parent undertaking to be Toptier Holdings Limited, a company registered in Cyprus

Copies of Mag Holdings SA consolidated accounts can be obtained from Suite 12, Queens House, 180 Tottenham Court Road, London, W1T 7PD

The Group's ultimate controlling owners are Mr V V Dunaev, Mrs L U Korosteleva, Mr A A Rean and Mr S N Syreskin, acting in concert, due to their shareholdings in the ultimate parent undertaking

17 Related party transactions

The company is taking advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose transactions with other group undertakings which are 100% owned as it is a wholly owned subsidiary undertaking and the parent company is preparing consolidated accounts which are publicly available

At 31 December 2012, included in debtors/(creditors), were the following balances with group companies

	Trade debtors/ (creditors)	Other balances	Loans to /(from)	Interest rate	Interest outstanding
	\$	\$	\$	%	\$
Gruppa Magnezit	25,398	-	-	-	-
Gruppa Magnezit	(13,026)	-	-	-	-
Slovmag a s Lubenik	(28,877)	-	-	-	-
Dalmond Trade House Limited	-	-	-	4	(77,193)
Dalmond Trading International Limited	-	-	1,477,313	2	435,900

DALMOND REFRACTORY MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

17 Related party transactions (continued)

At 31 December 2011, included in debtors/(creditors), were the following balances with group companies

	Trade debtors/ (creditors)	Other balances	Loans to /(from)	Interest rate	Interest outstanding
	\$	\$	\$	%	\$
Gruppa Magnezit	25,268	-	-	-	-
Gruppa Magnezit	(5,240)	(636)	-	-	-
Slovmag a s Lubenik	(261,547)	-	-	-	-
Liaoning Dalmond Refractories Co Limited	(24,562)	-	-	-	-
Dalmond Trade House Limited	-	-	-	4	711
Dalmond Trade House Limited	-	(2,877)	(3,775,286)	4	(382,265)
Dalmond Trading International Limited	-	3,300	3,073,836	2	378,620
Mag Holdings SA	-	124,910	-	-	-

During the year to 31 December 2012 the company received income, made purchases and incurred other expenses with non wholly owned group companies as follows

	2012 \$	2011 \$
Interest receivable	57,280	62,876
Purchases	1,563,165	4,998,218
Interest payable	63,577	159,791

During the year the company paid \$73,248 (2011 \$61,285) to Law Firm Limited, a company in which Mr O Degtyarev is a director and shareholder, for professional services