

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2006

Company Registration no: 264420

FRIDAY



AGZTAOAQ

A32 30/03/2007 259
COMPANIES HOUSE

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors present their report and the financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company has operated and continues to operate as an investment holding company.

RESULTS

The profit for the year after taxation was £11,698,000 (2005: £6,381,000).

The shareholders' funds were £29,151,000 at the end of the year and the Directors consider the balance sheet satisfactory.

DIRECTORS

D J Farmer ceased to be a Director on his death on 15 May 2006

The following Directors served during the year:

Mr V H Sher
Mr G C L Rowan
Mr G P Robbins

The Directors at 31 December 2006 had no interests in the shares of Group companies which are required to be shown in this report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial period which give *a true and fair view of the state of affairs of the Company and of its profit or loss for the period*. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

AUDITORS

The Directors have taken all reasonable steps to acquaint themselves with relevant audit information and have ensured that the auditors have received such information. The Directors are not aware of any relevant audit information that has not been passed to the auditors.

In accordance with Section 388(1) of the Companies Act 1985 a resolution to reappoint BDO Stoy Hayward LLP as auditors to the Company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Adrian Heywood

**A H HEYWOOD
COMPANY SECRETARY**

55 Bishopsgate
London
EC2N 3AH

19 March 2007

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

We have audited the financial statements of British Amalgamated Metal Investments Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities for the Financial Statements, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion :

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

London

Date: 19 March 2007

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER

PROFIT AND LOSS ACCOUNT

		<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Investment income	3	12,551	6,346
Interest	4	(158)	(134)
Other income		6	345
Other costs		(109)	(1)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		12,290	6,556
Tax on profit on ordinary activities	5	(592)	(175)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		11,698	6,381
		<hr/> <hr/>	<hr/> <hr/>

All activities of the Company are continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Profit attributable to shareholders	11,698	6,381
Surplus on revaluation of freehold property	101	-
	<hr/>	<hr/>
Net recognised gains since the last Annual Report	11,799	6,381
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 6 to 11 form part of these accounts.

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED**BALANCE SHEET AS AT 31 DECEMBER**

	Notes	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
<u>FIXED ASSETS</u>			
Tangible assets	6	105	4
Investments	7	29,375	30,342
		<u>29,480</u>	<u>30,346</u>
<u>CURRENT ASSETS</u>			
Debtors	8	9,658	40
Dividends Receivable		808	2,190
Cash at Bank		3	-
		<u>10,469</u>	<u>2,230</u>
		<u>39,949</u>	<u>32,576</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	9	2,526	2,526
Share premium account	10	53	53
Revaluation Reserve	10	101	-
Profit and Loss Account	10	26,471	26,773
Shareholders' funds	10	<u>29,151</u>	<u>29,352</u>
<u>CREDITORS</u>			
	11	10,798	3,224
		<u>39,949</u>	<u>32,576</u>

The financial statements on pages 4 to 11 were approved by the Board of Directors on 19 March 2007 and signed on its behalf by:

V H SHER



G C L ROWAN



DIRECTORS

The notes on pages 6 to 11 form part of these accounts.

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards applicable in the United Kingdom and the Companies Act 1985. The Company prepares its financial statements under the historical cost convention, as amended by the revaluation of the freehold property (note 6) and investments. A summary of the more important accounting policies is given below.

FIXED ASSET INVESTMENTS

Fixed asset investments are periodically valued. Investments acquired subsequent to the latest valuation are included in the balance sheet at cost. At each balance sheet date the aggregate carrying value of investments is reviewed, with provision made for impairment.

CONSOLIDATION

Consolidated financial statements are not submitted as the Company is a wholly owned subsidiary of another body corporate incorporated in Great Britain (note 13).

DIVIDEND INCOME

Dividend income from overseas subsidiaries is shown inclusive of withholding taxes which are shown as overseas taxation within the taxation charge for the year.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities expressed in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Any profit or loss arising on translation is included in the profit and loss account.

DEPRECIATION

Tangible fixed assets are depreciated in equal annual instalments over their estimated useful lives using an annual rate of 2% for freehold land and buildings.

2. DIRECTORS' REMUNERATION

The Directors did not receive any remuneration in respect of their services to the Company during the year (2005: Nil).

3. INVESTMENT INCOME

Dividend income from shares in subsidiary undertakings

	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
	12,551	6,346
	<u>12,551</u>	<u>6,346</u>

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

4.	<u>INTEREST</u>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
	Receivable from parent undertaking	115	441
	Payable to parent undertaking	(191)	(542)
	Payable to fellow subsidiary undertaking	(82)	(33)
		<u>(158)</u>	<u>(134)</u>

5.	<u>TAXATION</u>		
	UK corporation tax	5,434	175
	Double taxation relief	(5,480)	-
	Overseas taxation	638	-
		<u>592</u>	<u>175</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

Profit on ordinary activities before tax	<u>12,290</u>	<u>6,556</u>
Profit on ordinary activities multiplied by the standard rate of corporate tax in the UK of 30% (2005: 30%)	3,687	1,967
Effects of:		
Taxation on dividends from overseas companies	(3,541)	(1,383)
Overseas taxation	638	214
UK dividends not taxable	(224)	(618)
Indexation on capital gain	-	(5)
Expenses not deductible for tax purposes	1	-
Capital loss carried forward	31	-
Current tax charge for year	<u>592</u>	<u>175</u>

The Company had no timing differences for deferred tax purposes in the year (2005: £nil).

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**6. TANGIBLE FIXED ASSETS**

	<u>£'000</u>
Cost or valuation	
At 1 January 2006	14
Revaluation	91
At 31 December 2006	<u>105</u>
Depreciation	
At 1 January 2006	10
Charge for the year	-
Revaluation adjustment	(10)
At 31 December 2006	<u>-</u>
Net Book Value	
At 31 December 2006	<u>105</u>
At 31 December 2005	<u>4</u>

The freehold property was independently valued as at 31 December 2006 by GVA Grimley LLP, International Property Advisors, on the basis of existing use value. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards. The surplus on revaluation of £101,000 has been credited to a revaluation reserve (note 10).

No deferred tax was provided on the revaluation. If the property had been sold at 31 December 2006, an estimated tax liability of £21,000 would have arisen.

7. FIXED ASSET INVESTMENTS

	<u>Shares in Subsidiary Undertakings £'000</u>
Cost/Valuation at 1 January 2006 before provision for impairment of the value of investments	31,842
Disposals:	
Amalgamet Inc preference shares redeemed (17 shares)	(967)
	<u>30,875</u>
Provision for impairment of the value of investments (2005: £1,500,000)	(1,500)
Cost/Valuation at 31 December 2006	<u><u>29,375</u></u>

The Directors have considered the value of all the fixed asset investments as at 31 December 2006 and are satisfied that their aggregate value was not less than £29,375,000.

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

<u>Company and country of incorporation/ registration</u>	<u>Principal places of business</u>	<u>Main activities</u>	<u>Percentage of equity shares held %</u>
<u>Subsidiary Undertakings</u>			
<u>Great Britain</u>			
Amalgamated Metal Trading Ltd	London	London Metal Exchange ring dealer	100
AMT Futures Ltd	London	Commodity and financial futures brokers	100
<u>Singapore</u>			
Amalgamet (South East Asia) Pte Ltd	Singapore	Metals, concentrates and minerals trading	100
<u>USA</u>			
Amalgamet Inc	New York	Metals, concentrates and minerals trading	100
<u>Canada</u>			
Premetalco Inc	Toronto, Calgary, Edmonton, Montreal, Vancouver	Metals, concentrates and minerals trading; steel service centres; chemicals distribution; construction materials manufacture and distribution; manufacture of heat exchangers	59.5
<u>Thailand</u>			
Thailand Smelting & Refining Company Limited (Thaisarco)	Phuket	Tin smelting and minerals trading	50 *
* The Company holds 50% of the ordinary shares of Thaisarco, and Escoy Holdings Bhd (below) holds the other 50%, giving the Company an effective 75.25% holding.			
<u>Malaysia</u>			
Escoy Holdings Bhd	Penang	Investment holding company	50.5

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
8. <u>DEBTORS</u>		
Amounts falling due within one year :		
Amounts owed by Group undertakings :		
- Parent undertaking	9,612	-
Taxation recoverable	46	40
	<u>9,658</u>	<u>40</u>
Amounts owed by Group undertakings are unsecured and have no fixed date of repayment. Interest was charged on the balance at the end of each day at an annual rate of 4.75% up to 6 September 2006 and after that date at 5.75%.		
9. <u>CALLED UP SHARE CAPITAL</u>		
Authorised:		
10,108,000 ordinary shares of 25p each	<u>2,527</u>	<u>2,527</u>
Allotted, called up and fully paid:		
10,104,410 ordinary shares of 25p each	<u>2,526</u>	<u>2,526</u>
10. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>		
Called up share capital (note 9)	<u>2,526</u>	<u>2,526</u>
Share premium account	<u>53</u>	<u>53</u>
Revaluation reserve (note 6)	<u>101</u>	<u>-</u>
Profit and loss account		
Brought forward	26,773	28,542
Retained profit for the financial year	11,698	6,381
Dividends declared and paid	(12,000)	(8,150)
Profit and loss account carried forward	<u>26,471</u>	<u>26,773</u>
Closing shareholders' funds	<u>29,151</u>	<u>29,352</u>

BRITISH AMALGAMATED METAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
11. <u>CREDITORS</u>		
Amounts falling due within one year:		
Amount owed to Group undertakings:		
- Parent undertaking	9,010	1,518
- Fellow subsidiary undertaking	1,713	1,631
Other	75	75
	<u>10,798</u>	<u>3,224</u>

Amounts owed to Group undertakings are unsecured and have no fixed date of repayment. Interest was charged on the balance at the end of each day at an annual rate of 4.75% up to 6 September 2006 and after that date at 5.75%.

12. CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of Amalgamated Metal Corporation PLC (note 13) whose financial statements include a consolidated cash flow statement. Consequently, in accordance with FRS1 the Company is exempt from preparing a cash flow statement as part of these financial statements.

13. PARENT UNDERTAKINGS

The Company is a subsidiary of Amalgamated Metal Investment Holdings Limited, which is incorporated in England and Wales.

The Company's ultimate parent undertaking is AMCO Investments Limited ("AMCO"), a company incorporated in England and Wales. AMCO is the parent of the largest group of undertakings for which consolidated financial statements are drawn up and of which the Company is a member. Copies of the consolidated financial statements of AMCO are available from Companies House.

Amalgamated Metal Corporation PLC ("AMC") is the parent of the smallest group of undertakings for which consolidated financial statements are drawn up and of which the Company is a member. Copies of the consolidated financial statements are available at AMC's registered office: 55 Bishopsgate, London EC2N 3AH.

14. RELATED PARTIES

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, "Related Party Transactions" not to disclose transactions with members of the group headed by AMCO Investments Limited on the grounds that at least 90% of the voting rights in the Company are controlled within that group and the Company is included in consolidated financial statements.