

REGISTERED NUMBER: 08165136 (England and Wales)

AVON SPECIALTY METALS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014

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FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

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**STRATEGIC REPORT
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

The directors present their strategic report for the period 1 January 2013 to 30 June 2014.

REVIEW OF BUSINESS

The Profit & Loss account is set out on Page 6 and shows the profit for the period.

The directors consider the state of the company's affairs to be satisfactory. The directors believe the company is still performing well in the current financial year and the directors are hopeful that the company will continue to improve in the future.

Key performance indicators used by the company are turnover - 2014 - £15.37m, Gross Profit - 2014 - £1.56m, Operating profit - 2014 - £1.18m and Net profit - 2014 - £0.94m.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the business relate to the general state of the industrial economy in the UK and in those countries to which the company exports and the growth of the company's key markets, the continuity of supply of the key metals used in the business, the financial health of the company's main customers and the development of metal prices.

Financial instruments of significance to the Company comprise primary financial instruments (mainly cash, borrowings, debtors and creditors).

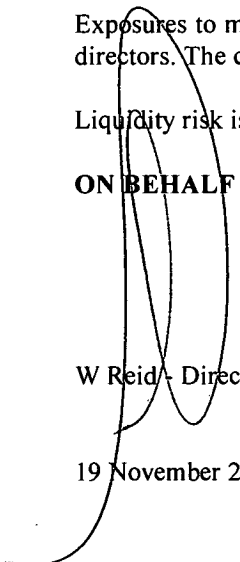
The main financial risks arising from the Company's activities are credit risk, market risk (metal prices and foreign exchange) and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The Company's policy in respect of credit risk is to mitigate the risk of loss by adhering to credit control procedures including the use of credit limits and credit insurance.

Exposures to metal price movements are restricted by the imposition of trading position limits agreed by the board of directors. The company mitigates its foreign exchange risk by entering into forward currency contracts.

Liquidity risk is managed by planning for future funding requirements to ensure adequate facilities are available.

ON BEHALF OF THE BOARD:



W Reid - Director

19 November 2014

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

The directors present their report with the financial statements of the company for the period 1 January 2013 to 30 June 2014.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of merchandising of non-ferrous metals.

DIVIDENDS

An interim dividend of £30 per share was paid on 27 June 2014.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

W Reid
S Munnoch
P Brewer
S Midgley

EMPLOYEES

The Board recognises that a fundamental key to their success is the ability to develop a strong and highly motivated workforce if it is to achieve its goals. To this extent it is investing in several areas to improve the working environment and enable staff to be more productive and efficient.

The Company thanks its entire staff for the enthusiasm, dedication and efforts made over the past year.

ENVIRONMENTAL CONSIDERATIONS

The Company recognises its responsibility in terms of protecting the environment for the future. It is committed to the principles of sustainability within its own operations and it seeks to improve the performance, safety and the environmental profile of both its range of products and its manufacturing facilities.

The Company continuously reviews its health and safety performance to ensure that it complies with the latest regulations and provides a safe working environment for all employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Dodd Harris, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



W Reid - Director

19 November 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AVON SPECIALTY METALS LIMITED

We have audited the financial statements of Avon Specialty Metals Limited for the period ended 30 June 2014 on pages six to sixteen. 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 a Report of the Auditors 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. The corresponding figures are unaudited.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 30 June 2014 and of its profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AVON SPECIALTY METALS 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.



David Jaye FCA (Senior Statutory Auditor)
for and on behalf of Dodd Harris
Statutory Auditor
Chartered Accountants
35/37 Brent Street
London
NW4 2EF

19 November 2014

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

	Notes	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
TURNOVER	2	15,369,970	-
Cost of sales		13,806,795	-
GROSS PROFIT		1,563,175	-
Administrative expenses		382,700	2,104
OPERATING PROFIT/(LOSS)	4	1,180,475	(2,104)
Interest payable and similar charges	5	242,141	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		938,334	(2,104)
Tax on profit/(loss) on ordinary activities	6	209,837	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		728,497	(2,104)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period and the loss for the previous period.

AVON SPECIALTY METALS LIMITED (REGISTERED NUMBER: 08165136)

**BALANCE SHEET
30 JUNE 2014**

	Notes	30/6/14 £	£	31/12/12 £	£
FIXED ASSETS					
Tangible assets	8		7,835		1,063
CURRENT ASSETS					
Stocks	9	2,011,377		-	
Debtors	10	2,279,296		383	
Cash at bank		365,668		-	
		<u>4,656,341</u>		<u>383</u>	
CREDITORS					
Amounts falling due within one year	11	4,237,674		3,450	
		<u>4,237,674</u>		<u>3,450</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>418,667</u>		<u>(3,067)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>426,502</u>		<u>(2,004)</u>
CAPITAL AND RESERVES					
Called up share capital	14		109		100
Profit and loss account	15		426,393		(2,104)
			<u>426,502</u>		<u>(2,004)</u>
SHAREHOLDERS' FUNDS	17		<u>426,502</u>		<u>(2,004)</u>

The financial statements were approved by the Board of Directors on 19 November 2014 and were signed on its behalf by:

W Reid - Director

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

		Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Net cash (outflow)/inflow from operating activities	Notes 1	(1,735,390)	1,317
Returns on investments and servicing of finance	2	(242,141)	-
Capital expenditure	2	(7,434)	(1,417)
Equity dividends paid		(300,000)	-
		(2,284,965)	(100)
Financing	2	9	100
Decrease in cash in the period		(2,284,956)	-
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(2,284,956)	-
Change in net debt resulting from cash flows		(2,284,956)	-
Movement in net debt in the period		(2,284,956)	-
Net debt at 1 January		-	-
Net debt at 30 June		(2,284,956)	-

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Operating profit/(loss)	1,180,475	(2,104)
Depreciation charges	662	354
Increase in stocks	(2,011,377)	-
Increase in debtors	(2,278,913)	(383)
Increase in creditors	1,373,763	3,450
Net cash (outflow)/inflow from operating activities	(1,735,390)	1,317

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Returns on investments and servicing of finance		
Interest paid	(242,141)	-
Net cash outflow for returns on investments and servicing of finance	(242,141)	-
Capital expenditure		
Purchase of tangible fixed assets	(7,434)	(1,417)
Net cash outflow for capital expenditure	(7,434)	(1,417)
Financing		
Share issue	9	100
Net cash inflow from financing	9	100

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/13 £	Cash flow £	At 30/6/14 £
Net cash:			
Cash at bank	-	365,668	365,668
Bank overdrafts	-	(2,650,624)	(2,650,624)
	-	(2,284,956)	(2,284,956)
Total	-	(2,284,956)	(2,284,956)

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods supplied, excluding value added tax. Sales of goods are recognised when goods are delivered and the risks and rewards of ownership have passed to the customer.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2. TURNOVER

The turnover and profit (2012 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the period ended 30 June 2014 is given below:

	£
United Kingdom	15,163,963
Europe	36,842
Others	169,165
	<hr/>
	15,369,970
	<hr/>

This analysis is not considered to be applicable to the period ended 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014

3. STAFF COSTS

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Wages and salaries	19,500	-
Social security costs	2,691	-
	<u>22,191</u>	<u>-</u>

The average monthly number of employees during the period was as follows:

	Period 1/1/13 to 30/6/14	Period 2/8/12 to 31/12/12
Management	<u>2</u>	<u>-</u>

4. OPERATING PROFIT/(LOSS)

The operating profit (2012 - operating loss) is stated after charging:

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Depreciation - owned assets	662	354
Auditors' remuneration	<u>15,000</u>	<u>-</u>
Directors' remuneration	<u>-</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Bank interest	132,695	-
Other interest	<u>109,446</u>	<u>-</u>
	<u>242,141</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Current tax:		
UK corporation tax	209,837	-
Tax on profit/(loss) on ordinary activities	209,837	-

Factors affecting the tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Profit/(loss) on ordinary activities before tax	938,334	(2,104)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.596% (2012 - 20%)	212,026	(421)
Effects of:		
Expenses not deductible for tax purposes	(1,044)	421
Capital allowances in excess of depreciation	(1,145)	-
Current tax charge	209,837	-

7. DIVIDENDS

	Period 1/1/13 to 30/6/14 £	Period 2/8/12 to 31/12/12 £
Ordinary shares shares of £0.01p each		
Interim	300,000	-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014

8. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 January 2013	1,417
Additions	7,434
	<u>8,851</u>
At 30 June 2014	
DEPRECIATION	
At 1 January 2013	354
Charge for period	662
	<u>1,016</u>
At 30 June 2014	
NET BOOK VALUE	
At 30 June 2014	<u>7,835</u>
At 31 December 2012	<u>1,063</u>

9. STOCKS

	30/6/14 £	31/12/12 £
Stocks	<u>2,011,377</u>	<u>-</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/6/14 £	31/12/12 £
Trade debtors	1,747,371	-
Other debtors	-	100
VAT	-	283
Prepayments and accrued income	531,925	-
	<u>2,279,296</u>	<u>383</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/6/14 £	31/12/12 £
Bank loans and overdrafts (see note 12)	2,650,624	-
Trade creditors	311,183	1,000
Tax	209,837	-
VAT	30,749	-
Other creditors	1,035,281	2,450
	<u>4,237,674</u>	<u>3,450</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014

12. LOANS

An analysis of the maturity of loans is given below:

	30/6/14	31/12/12
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,650,624</u>	<u>-</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	30/6/14	31/12/12
	£	£
Bank overdrafts	<u>2,650,624</u>	<u>-</u>

The bank overdraft is secured by a debenture over the assets of the company.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30/6/14	31/12/12
			£	£
10,933	Ordinary shares	£0.01p	<u>109</u>	<u>100</u>

933 Ordinary shares shares of £0.01p each were allotted and fully paid for cash at par during the period.

15. RESERVES

	Profit and loss account
	£
At 1 January 2013	(2,104)
Profit for the period	728,497
Dividends	<u>(300,000)</u>
At 30 June 2014	<u>426,393</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2014

16. RELATED PARTY DISCLOSURES

W Reid, P Brewer and S Munnoch are directors of Avon Metals Limited and Avon Specialty Metals Limited. Also Avon Metals Limited is a shareholder of Avon Specialty Metals Limited. During the period Avon Specialty Metals Limited sold goods in the normal course of business to Avon Specialty Metals Limited amounting to £13,471,815 (2012 - £Nil). Avon Specialty Metals Limited also purchased goods and management services in the normal course of business from Avon Metals Limited amounting to £5,672,844 (2012 - £Nil). In addition, Avon Specialty Metals Limited paid interest of £81,801 (2012 - £Nil). At 30 June 2014 the amount due from Avon Metals Limited was £508,615 (2012 - £Nil). Included therein is a loan of £500,000 due to Avon Metals Limited, on which interest is charged at 4%.

There is a unlimited composite guarantee given by Avon Metals Limited to secure all bank liabilities of Avon Specialty Metals Limited

S Midgley is a director of Avon Specialty Metals Limited and a director and shareholder of Global Metal Powders LLC. During the period Avon Specialty Metals Limited sold goods to Global Metal Powders LLC in the normal course of business amounting to £13,341 (2012 - £Nil). In addition Avon Specialty Metals Limited purchased goods from Global Metal Powders LLC in the normal course of business amounting to £1,001,091. At 30 June 2014 the amount due from Global Metal Powders LLC was £13,089 (2012 - £Nil).

S Midgley is a director of Avon Specialty Metals Limited and S J M Alloys & Metals Limited. Also S J M Alloys & Metals Limited is a shareholder of Avon Specialty Metals Limited. During the period Avon Specialty Metals Limited sold goods in the normal course of business to S J M Alloys & Metals Limited amounting to £561,184 (2012 - £Nil). Avon Specialty Metals Limited also purchased goods in the normal course of business from S J M Alloys & Metals Limited amounting to £3,411,749 (2012 - £Nil). In addition, Avon Specialty Metals Limited paid interest of £27,642 (2012 - £Nil). At 30 June 2014 the amount due to S J M Alloys & Metals Limited was £394,780 (2012 - £Nil). Included therein is a loan of £500,000 due to S J M Alloys & Metals Limited on which interest is charged at 4%.

Avon Metals Limited and SJM Alloys & Metals Limited have each guaranteed the bank facilities of Avon Specialty Metals Limited up to \$1m each.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30/6/14	31/12/12
	£	£
Profit/(loss) for the financial period	728,497	(2,104)
Dividends	(300,000)	-
New share capital subscribed	9	100
Net addition/(reduction) to shareholders' funds	428,506	(2,004)
Opening shareholders' funds	(2,004)	-
Closing shareholders' funds	426,502	(2,004)

18. GUARANTEES

The company has given a guarantee to a third party in the sum of £500,000.