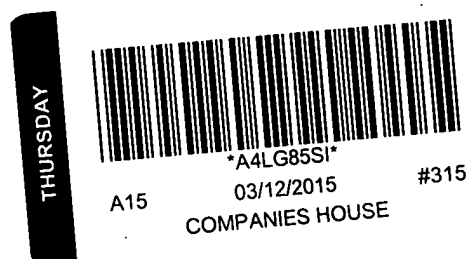


AVON SPECIALTY METALS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

The directors present their strategic report for the year ended 30 June 2015.

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 - £9.65m (2014 - £15.37m), Gross Profit - £0.73m (2014 - £1.56m), Operating profit - £0.34m (2014 - £1.18m) and Net profit - £0.20m (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).

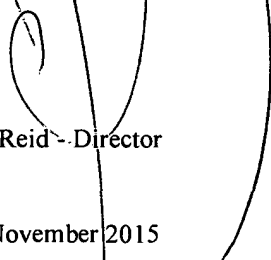
The main financial risks arising from the Company's activities are credit risk, market risk (metal prices and foreign exchange) and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

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

2 November 2015

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2015**

The directors present their report with the financial statements of the company for the year ended 30 June 2015.

PRINCIPAL ACTIVITY

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

DIVIDENDS

An interim dividend of £21 per share was paid on 2 March 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2014 to the date of this report.

W Reid
S Munnoch
P Brewer

Other changes in directors holding office are as follows:

S Midgley - resigned 2 March 2015

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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

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

2 November 2015

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 year ended 30 June 2015 on pages six to seventeen. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, 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 2015 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.

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

2 November 2015

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015**

		Year Ended 30/6/15 £	Period 1/1/13 to 30/6/14 £
	Notes		
TURNOVER	2	9,650,155	15,369,970
Cost of sales		8,921,395	13,806,795
GROSS PROFIT		728,760	1,563,175
Administrative expenses		391,719	382,700
OPERATING PROFIT	4	337,041	1,180,475
Interest payable and similar charges	5	141,059	242,141
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		195,982	938,334
Tax on profit on ordinary activities	6	44,146	209,837
PROFIT FOR THE FINANCIAL YEAR		151,836	728,497

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous period.

The notes form part of these financial statements

BALANCE SHEET

30 JUNE 2015

	Notes	30/6/15 £	30/6/14 £
FIXED ASSETS			
Tangible assets	8	5,795	7,835
CURRENT ASSETS			
Stocks	9	1,924,171	2,011,377
Debtors	10	1,210,412	2,279,296
Cash at bank		-	365,668
		<u>3,134,583</u>	<u>4,656,341</u>
CREDITORS			
Amounts falling due within one year	11	<u>2,772,016</u>	<u>4,237,674</u>
NET CURRENT ASSETS		<u>362,567</u>	<u>418,667</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>368,362</u></u>	<u><u>426,502</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	133	109
Profit and loss account	15	<u>368,229</u>	<u>426,393</u>
SHAREHOLDERS' FUNDS	19	<u><u>368,362</u></u>	<u><u>426,502</u></u>

The financial statements were approved by the Board of Directors on 2 November 2015 and were signed on its behalf by:

W Reid - Director

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

		Year Ended 30/6/15 £	Period 1/1/13 to 30/6/14 £
Net cash inflow/(outflow) from operating activities	Notes 1	871,368	(1,735,390)
Returns on investments and servicing of finance	2	(141,059)	(242,141)
Taxation		(211,362)	-
Capital expenditure	2	-	(7,434)
Equity dividends paid		(210,000)	(300,000)
		308,947	(2,284,965)
Financing	2	24	9
Increase/(decrease) in cash in the period		308,971	(2,284,956)
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		308,971	(2,284,956)
Change in net debt resulting from cash flows		308,971	(2,284,956)
Movement in net debt in the period		308,971	(2,284,956)
Net debt at 1 July		(2,284,956)	-
Net debt at 30 June		(1,975,985)	(2,284,956)

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

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

	Year Ended	Period
	30/6/15	1/1/13
	£	to
		30/6/14
		£
Operating profit	337,041	1,180,475
Depreciation charges	2,040	662
Decrease/(increase) in stocks	87,206	(2,011,377)
Decrease/(increase) in debtors	1,068,884	(2,278,913)
(Decrease)/increase in creditors	(623,803)	1,373,763
Net cash inflow/(outflow) from operating activities	871,368	(1,735,390)

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

	Year Ended	Period
	30/6/15	1/1/13
	£	to
		30/6/14
		£
Returns on investments and servicing of finance		
Interest paid	(141,059)	(242,141)
Net cash outflow for returns on investments and servicing of finance	(141,059)	(242,141)
Capital expenditure		
Purchase of tangible fixed assets	-	(7,434)
Net cash outflow for capital expenditure	-	(7,434)
Financing		
Share issue	24	9
Net cash inflow from financing	24	9

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/7/14 £	Cash flow £	At 30/6/15 £
Net cash:			
Cash at bank	365,668	(365,668)	-
Bank overdrafts	(2,650,624)	674,639	(1,975,985)
	<u>(2,284,956)</u>	<u>308,971</u>	<u>(1,975,985)</u>
Total	<u><u>(2,284,956)</u></u>	<u><u>308,971</u></u>	<u><u>(1,975,985)</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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 before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year Ended	Period
	30/6/15	1/1/13
	£	to
		30/6/14
		£
United Kingdom	9,225,844	15,163,963
Europe	195,515	36,842
Others	228,796	169,165
	<u>9,650,155</u>	<u>15,369,970</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2015

3. STAFF COSTS

There were no staff costs for the year ended 30 June 2015 nor for the period ended 30 June 2014.

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

	Year Ended 30/6/15	Period 1/1/13 to 30/6/14
Management	<u>4</u>	<u>4</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 30/6/15	Period 1/1/13 to 30/6/14
	£	£
Depreciation - owned assets	2,040	662
Auditors' remuneration	<u>10,000</u>	<u>15,000</u>
Directors' remuneration	<u>-</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30/6/15	Period 1/1/13 to 30/6/14
	£	£
Bank interest	81,836	132,695
Other interest	<u>59,223</u>	<u>109,446</u>
	<u>141,059</u>	<u>242,141</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2015

6. TAXATION

Analysis of the tax charge

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

	Year Ended 30/6/15 £	Period 1/1/13 to 30/6/14 £
Current tax:		
UK corporation tax	44,146	209,837
Tax on profit on ordinary activities	44,146	209,837

Factors affecting the tax charge

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

	Year Ended 30/6/15 £	Period 1/1/13 to 30/6/14 £
Profit on ordinary activities before tax	195,982	938,334
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.750% (2014 - 22.596%)	40,666	212,026
Effects of:		
Expenses not deductible for tax purposes	1,954	(1,044)
Capital allowances in excess of depreciation	-	(1,145)
Adjustments to tax charge in respect of previous periods	1,526	-
Current tax charge	44,146	209,837

7. DIVIDENDS

	Year Ended 30/6/15 £	Period 1/1/13 to 30/6/14 £
Ordinary shares shares of £0.01p each		
Interim	210,000	300,000

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2015

8. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 July 2014 and 30 June 2015	<u>8,851</u>
DEPRECIATION	
At 1 July 2014	1,016
Charge for year	<u>2,040</u>
At 30 June 2015	<u>3,056</u>
NET BOOK VALUE	
At 30 June 2015	<u>5,795</u>
At 30 June 2014	<u>7,835</u>

9. STOCKS

	30/6/15 £	30/6/14 £
Stocks	<u>1,924,171</u>	<u>2,011,377</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/6/15 £	30/6/14 £
Trade debtors	943,004	1,747,371
Amounts owed by group undertakings	267,408	-
Prepayments and accrued income	-	531,925
	<u>1,210,412</u>	<u>2,279,296</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/6/15 £	30/6/14 £
Bank loans and overdrafts (see note 12)	1,975,985	2,650,624
Trade creditors	429,536	311,183
Tax	42,621	209,837
VAT	266,338	30,749
Other creditors	57,536	1,035,281
	<u>2,772,016</u>	<u>4,237,674</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2015

12. LOANS

An analysis of the maturity of loans is given below:

	30/6/15 £	30/6/14 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,975,985</u>	<u>2,650,624</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	30/6/15 £	30/6/14 £
Bank overdrafts	<u>1,975,985</u>	<u>2,650,624</u>

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

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30/6/15 £	30/6/14 £
13,333	Ordinary shares	£0.01p	<u>133</u>	<u>109</u>

2,400 Ordinary shares shares of £0.01p each were allotted and fully paid for cash at par during the year.

15. RESERVES

	Profit and loss account £
At 1 July 2014	426,393
Profit for the year	151,836
Dividends	<u>(210,000)</u>
At 30 June 2015	<u>368,229</u>

16. ULTIMATE PARENT COMPANY

The Remet Company Limited is regarded by the directors as being the company's ultimate parent company.

The Remet Company Limited prepares group financial statements incorporating the financial statements of the company. A copy of these can be obtained from that company's registered office at 9a Cody Business Centre, Cody Road, London E16 4SR.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2015

17. RELATED PARTY DISCLOSURES

W Reid, P Brewer and S Munnoch are directors of Avon Metals Limited and Avon Specialty Metals Limited. Avon Specialty Metals Limited is a subsidiary of Avon Metals Limited. During the period Avon Specialty Metals Limited sold goods in the normal course of business to Avon Metals Limited amounting to £7,152,526 (2014 - £10,310,793). Avon Specialty Metals Limited also purchased goods and management services in the normal course of business from Avon Metals Limited amounting to £2,046,414 (2014 - £1,977,134). In addition, Avon Specialty Metals Limited paid interest of £45,423 (2014 - £81,801). At 30 June 2015 the amount due from Avon Metals Limited was £267,408 (2014 - £508,615). Included therein is a loan of £800,000 (2014 - £500,000) due to Avon Metals Limited, on which interest is charged at 4%.

There is a unlimited composite guarantee given by The Remet Company Limited, Avon Metals Limited and Avon Specialty Metals Limited to secure all bank liabilities of each other.

S Midgley was a director of Avon Specialty Metals Limited until 2 March 2015 and a director and shareholder of Global Metal Powders LLC. During the period to 2 March 2015 Avon Specialty Metals Limited sold goods to Global Metal Powders LLC in the normal course of business amounting to £38,404 (2014 - £13,341). In addition during the period to 2 March 2015 Avon Specialty Metals Limited purchased goods from Global Metal Powders LLC in the normal course of business amounting £Nil (2014 -£1,001,091). At 30 June 2015 the amount due from Global Metal Powders LLC was £Nil (2014 - £13,089).

S Midgley was a director of Avon Specialty Metals Limited until 2 March 2015 and S J M Alloys & Metals Limited. Also S J M Alloys & Metals Limited was a shareholder of Avon Specialty Metals Limited until 2 March 2015. During the period to 2 March 2015, Avon Specialty Metals Limited sold goods in the normal course of business to S J M Alloys & Metals Limited amounting to £145,585 (2014 - £561,184). Avon Specialty Metals Limited also purchased goods in the normal course of business from S J M Alloys & Metals Limited amounting to £356,873 (2014 - £3,411,749). In addition, Avon Specialty Metals Limited paid interest of £13,455 (2014 - £27,642). At 2 March 2015 the amount due from S J M Alloys & Metals Limited was £8,067 (2014 - Due to S J M Alloys & Metals Limited £394,780). S J M Alloys & Metals Limited received a dividend of £105,000 from Avon Specialty Metals Limited during the year.

18. ULTIMATE CONTROLLING PARTY

The controlling party is W Reid.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30/6/15	30/6/14
	£	£
Profit for the financial year	151,836	728,497
Dividends	(210,000)	(300,000)
New share capital subscribed	24	9
Net (reduction)/addition to shareholders' funds	(58,140)	428,506
Opening shareholders' funds	426,502	(2,004)
Closing shareholders' funds	368,362	426,502

20. GUARANTEES

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2015

21. CONTINGENT LIABILITY

The company has given guarantees in respect of Avon Metals Limited and The Remet Company Limited bank overdraft facilities. At the year end there were bank liabilities for both companies totalling £6,611,182 (2014 - £4,462,531)