

A & M Group Limited

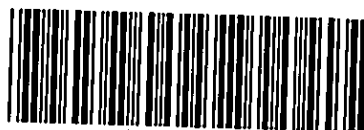
Report and Financial Statements

Year Ended

30 June 2012

Company Number 3532828

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A & M Group Limited

Report and financial statements for the year ended 30 June 2012

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Directors

S S Lim
J Lim Jnr
C Herzfeld
A D Ewart

Secretary and registered office

C Bloggs, Apex Yard, 29-35 Long Lane, London, SE1 4PL

Company number

3532828

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

A & M Group Limited

Report of the directors for the year ended 30 June 2012

The directors present their report together with the audited financial statements for the year ended 30 June 2012

Results and dividends

The consolidated profit and loss account is set out on page 6 and shows the profit for the year

During the year the company paid an interim dividend of \$200,718 (2011-\$Nil) The directors do not recommend the payment of a final dividend for the year (2011 - \$Nil)

Principal activities, trading review and future developments

The company's principal activities are acting as a holding company for its subsidiary undertakings and also to hold the group's freehold property The principal activities of the group during the year were the trading of minerals and metals, and the processing of secondary iodine

After the year end A&M Group Limited entered into a Memorandum of Understanding to purchase the whole of the minority interest in Thornton Processing Limited It is the intention that A&M Group will hold 100% of the shares of Thornton Processing Limited with effect from 1st July 2012 The Directors intend to increase the share capital of the company as soon as possible after the year end

The directors consider that the profit achieved on ordinary activities before taxation is encouraging

Adequate finance has been obtained to take advantage of business opportunities, and the directors consider the state of affairs to be satisfactory

The directors monitor the business on a timely basis in order to assess performance and manage business risk

Directors

The directors of the Company during the year were

S S Lim
J Lim Jnr
C Herzfeld
A D Ewart

Financial instruments

The objectives, policies and strategies applied with respect to the management of financial risk are determined by the directors The principal financial instruments used by the Company to finance its operations are cash, bank overdrafts, and secured debt

Foreign currency risk

The Company's reporting currency is US dollars, but it operates in different parts of the world in different currencies The Company enters into forward contracts to protect against the risk of exchange rate fluctuations

Interest rate risk

The Company's exposure to interest rate fluctuations is constantly monitored There is no formal policy on overdrafts but a variable rate is applied over secured debts

A & M Group Limited

Report of the directors for the year ended 30 June 2012 (continued)

Financial instruments (continued)

Liquidity risk

The Company monitors cash flow on a periodic basis, ensuring that appropriate facilities are available to be drawn on as necessary

Credit risk

The Company's trade debtors are represented by amounts due from well established organisations in the minerals and metals industries. Regular credit checks are performed on all customers

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws 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 group and company 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 group and company and of the profit or loss of the group 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,
- state whether applicable UK 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 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.

A & M Group Limited

Report of the directors for the year ended 30 June 2012 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of the information needed by the company's auditors for the purposes of their audit and to ensure that the auditors are aware of the information. The directors are not aware of any relevant information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board


C Bloggs

Secretary

Date 10th October 2012

A & M Group Limited

Independent auditor's report

TO THE MEMBERS OF A & M GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of A & M Group Limited for the year ended 30 June 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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 auditor's 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 statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's 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 matters 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.

A & M Group Limited

Independent auditor's report (*continued*)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

BDO LLP

Andrew Richardson, (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 10 October 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

A & M Group Limited

Consolidated profit and loss account for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Turnover	2	139,616,215	141,051,493
Cost of sales		132,814,870	135,842,463
Gross profit		6,801,345	5,209,030
Administrative expenses		3,055,952	2,937,855
Operating profit	5	3,745,393	2,271,175
Interest receivable - bank interest		-	1,590
Interest payable and similar charges	6	(452,722)	(355,725)
Profit on ordinary activities before taxation		3,292,671	1,917,040
Taxation on profit from ordinary activities	7	(830,130)	(480,268)
Profit on ordinary activities after taxation		2,462,541	1,436,772
Minority interest		(431,114)	(5,640)
Profit for the financial year	16	2,031,427	1,431,132

All amounts relate to continuing activities

The notes on pages 11 to 21 form part of these financial statements

A & M Group Limited

Consolidated statement of total recognised gains and losses for the year ended 30 June 2012

	2012 \$	2011 \$
Profit for the year	2,031,427	1,431,132
Exchange translation differences	(11,597)	(56,901)
	<hr/>	<hr/>
Total recognised gains and losses for the year	2,019,830	1,374,231
	<hr/>	<hr/>

The notes on pages 11 to 21 form part of these financial statements

A & M Group Limited

Consolidated balance sheet at 30 June 2012

Company number 3532828	Note	2012	2012	2011	2011
		\$	\$	\$	\$
Fixed assets					
Tangible fixed assets	9		232,156		193,029
Current assets					
Stocks	11	15,157,135		23,235,391	
Debtors	12	2,409,398		5,244,443	
Cash at bank and in hand		958,777		163,206	
		<u>18,525,310</u>		<u>28,643,040</u>	
Creditors: amounts falling due within one year	13	<u>10,838,586</u>		<u>22,756,865</u>	
Net current assets			<u>7,686,724</u>		<u>5,886,175</u>
Total assets less current liabilities			<u>7,918,880</u>		<u>6,079,204</u>
Creditors: amounts falling due after more than one year	14		-		410,550
Net assets			<u>7,918,880</u>		<u>5,668,654</u>
Capital and reserves					
Called up share capital	15		1,001,100		1,001,100
Profit and loss account	16		6,481,026		4,661,914
Shareholders' funds	17		<u>7,482,126</u>		<u>5,663,014</u>
Minority interests			<u>436,754</u>		<u>5,640</u>
			<u>7,918,880</u>		<u>5,668,654</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 OCTOBER 2012

S S Lim
Director

The notes on pages 11 to 21 form part of these financial statements

A & M Group Limited

Company balance sheet at 30 June 2012

Company number 3532828	Note	2012 \$	2012 \$	2011 \$	2011 \$
Fixed assets					
Tangible assets	9		125,838		141,902
Investments	10		965,096		580,832
			<hr/>		<hr/>
			1,090,934		722,734
Current assets					
Debtors	12	4,581,460		4,334,554	
Cash at bank and in hand		300		189	
		<hr/>		<hr/>	
		4,581,760		4,334,743	
Creditors: amounts falling due within one year	13	2,975,287		2,363,541	
		<hr/>		<hr/>	
Net current assets			1,606,473		1,971,202
Total assets less current liabilities			<hr/>		<hr/>
			2,697,407		2,693,936
Creditors: amounts falling due after more than one year	14		-		410,550
			<hr/>		<hr/>
Net assets			2,697,407		2,283,386
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1,001,100		1,001,100
Profit and loss account	16		1,696,307		1,282,286
			<hr/>		<hr/>
Shareholders' funds	17		2,697,407		2,283,386
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 10 OCTOBER 2012


S S Lim
Director

The notes on pages 11 to 21 form part of these financial statements

A & M Group Limited

Consolidated cash flow statement for the year ended 30 June 2012

	Note	2012 \$	2012 \$	2011 \$	2011 \$
Net cash inflow/(outflow) from operating activities	21		12,679,595		(4,145,826)
Returns on investments and servicing of finance					
Interest received		-		1,590	
Interest paid		(452,722)		(355,725)	
Net cash outflow from returns on investments and servicing of finance			(452,722)		(354,135)
Tax paid			(486,633)		(238,368)
Capital expenditure and financial investment					
Purchase of tangible fixed assets			(74,905)		(6,487)
Net cash inflow/(outflow) before financing			11,665,335		(4,744,816)
Dividends paid			(200,718)		-
Financing					
Loans repaid in the year		(10,669,046)		-	
New loans during the year		-		4,889,751	
Net cash (outflow)/inflow from financing			(10,669,046)		4,889,751
Increase in cash	22		795,571		144,935

The notes on pages 11 to 21 form part of these financial statements

A & M Group Limited

Notes forming part of the financial statements for the year ended 30 June 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of stocks, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied.

Basis of consolidation

The consolidated financial statements incorporate the results of A & M Group Limited and all of its subsidiary and associated undertakings as at 30 June 2012 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

Turnover and cost of sales have been represented to show trading profits and losses on London Metal Exchange terminal markets within turnover, rather than separately.

Forward contract recognition

Forward contracts at the balance sheet date are valued against market value at that date on the commodity by commodity basis. Full provisions are made for the net unrealised losses for a commodity and no account is taken of net unrealised profits for a commodity.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

Freehold buildings	-	2% per annum
Plant and machinery	-	20% - 50% per annum
Computers	-	20% per annum
Fixtures, fittings and office equipment	-	20% per annum
Motor vehicles	-	25% - 33% per annum
Factory improvements	-	20% per annum

Stock

All stock is stated at the lower of cost and net realisable value, with the exception of stocks of tin which are included in the balance sheet at market value. Tin is accounted for in this way as it is traded on the London Metal Exchange.

In the opinion of the directors, this policy properly reflects the trading of the company and represents a true and fair view of the company's financial position as at the balance sheet date.

A & M Group Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

1 Accounting policies (*continued*)

Investments

Investments are stated at the lower of cost and net realisable value

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Operating leases

The annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into dollars at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

The directors consider that a geographical split of turnover is inappropriate as commodities are effectively traded in a world market.

A & M Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (continued)

3 Employees

	2012 \$	2011 \$
Staff costs including directors consist of		
Wages and salaries	1,738,580	1,673,645
Social security costs	118,567	113,510
Other pension costs	71,363	63,817
	<u>1,928,510</u>	<u>1,850,972</u>

No staff costs were incurred by A & M Group Limited

The average number of employees, including directors, during the year was 15 (2011 - 14)

4 Directors

	2012 \$	2011 \$
Directors' remuneration consists of		
Emoluments	346,011	293,949
Payments to defined contribution pension scheme	11,995	11,919
	<u>358,006</u>	<u>305,868</u>

No directors received remuneration at Company level. Emoluments of the highest paid director were \$190,534 (2011 - \$175,384). Company pension contributions of \$11,995 (2011 - \$11,919) were made to a money purchase scheme on his behalf.

5 Operating profit

	2012 \$	2011 \$
This has been arrived at after charging		
Depreciation	34,047	30,150
Operating lease charges - land and buildings	60,966	74,392
Auditors' remuneration		
- Group - audit services	77,347	75,460
- Group - non audit services	19,959	19,742
Foreign exchange losses	9,867	60,661
	<u></u>	<u></u>

During the year the auditors' remuneration for the company was \$22,177 (2011 - \$21,636) for audit services and \$20,236 (2011 - \$19,742) for non-audit services.

A & M Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

6 Interest payable and similar charges

	2012 \$	2011 \$
Bank loans and overdrafts	452,722	355,725

7 Taxation on profit from ordinary activities

	2012 \$	2011 \$
<i>Current tax</i>		
UK corporation tax on profit of the year	835,528	489,414
(Over) provision in respect of previous years	(5,398)	(9,146)
Current tax charge	830,130	480,268

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below

	2012 \$	2011 \$
Profit on ordinary activities before tax	3,292,671	1,917,040
Profit on ordinary activities at the standard rate of corporation tax in the UK of 25.5% (2011 - 27.5%)	839,631	527,186
Effects of		
Expenses not deductible for tax purposes	241,764	7,757
Non taxable income	(186,324)	(23,521)
Depreciation for year in (excess)/deficit of capital allowances	(10,755)	4,914
Utilisation of tax losses	(48,788)	(29,720)
Losses arising in year carried forward	-	2,798
(Over) provision in respect of previous years	(5,398)	(9,146)
Current tax charge	830,130	480,268

A potential deferred tax asset exists at the balance sheet date in respect of tax losses carried forward. This has not been recognised in the accounts as there is insufficient evidence that the asset will be recoverable within the meaning of Financial Reporting Standard 19 "Deferred Tax". Tax losses carried forward at the balance sheet date were \$254,555 (2011 - \$436,640).

A & M Group Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of \$614,739 (2011 - profit of \$55,678) which is dealt with in the financial statements of the parent company.

9 Tangible assets

Group	Freehold building \$	Fixtures, fittings, plant and machinery \$	Office equipment \$	Factory improvements \$	Total \$
<i>Cost or valuation</i>					
At 1 July 2011	90,327	145,042	419,019	55,772	710,160
Additions	-	43,414	20,581	10,910	74,905
Exchange movement	-	(5,229)	(495)	(1,393)	(7,117)
At 30 June 2012	90,327	183,227	439,105	65,289	777,948
<i>Depreciation</i>					
At 1 July 2011	19,709	122,811	345,378	29,233	517,131
Provided for the year	1,807	11,900	15,365	4,975	34,047
Exchange movement	-	(4,522)	(141)	(723)	(5,386)
At 30 June 2012	21,516	130,189	360,602	33,485	545,792
<i>Net book value</i>					
At 30 June 2012	68,811	53,038	78,503	31,804	232,156
At 30 June 2011	70,618	22,231	73,641	26,539	193,029

A & M Group Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

9 Tangible assets (continued)

Company	Freehold building \$	Computers \$	Fixtures and fittings \$	Furniture \$	Total \$
<i>Cost or valuation</i>					
At 1 July 2011 and at 30 June 2012	90,327	261,318	79,057	70,718	501,420
<i>Depreciation</i>					
At 1 July 2011	19,709	217,596	68,182	54,031	359,518
Provided for the year	1,807	8,744	2,175	3,337	16,063
At 30 June 2012	21,516	226,340	70,357	57,368	375,581
<i>Net book value</i>					
At 30 June 2012	68,811	34,978	8,700	13,350	125,839
At 30 June 2011	70,618	43,722	10,875	16,687	141,902

10 Fixed asset investments

The company had the following aggregate interests in subsidiaries

	2012 \$
Company	
<i>Cost</i>	
At 1 July 2011	1,378,178
Disposal of investments	(413,082)
At 30 June 2012	965,096
<i>Provision for diminution in value</i>	
At 1 July 2011	797,346
Reversal of impairment provision	(450,560)
On disposals	(346,786)
At 30 June 2012	-
Carrying value at 30 June 2012	965,096
Carrying value at 30 June 2011	580,832

A & M Group Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

10 Fixed asset investments (continued)

The directors are of the opinion that the value of investments is not less than the carrying value in the financial statements. During the year a number of fixed asset investments were deemed to be disposed of due to the companies being dissolved. No sale proceeds were received and no assets or liabilities were sold on these deemed disposals.

The company's principal subsidiary undertakings are as follows:

Name	Country of incorporation or registration	Holding of ordinary shares held %	Nature of business
A & M Minerals Limited	Great Britain	100	Commodity traders
A & M Minerals and Metals Limited	Great Britain	100	Administrative support Services
A & M Minerals and Metals (Malaysia) Sdn Bhd	Malaysia	100	Not trading
Thornton Processing	Great Britain	51	Processors of secondary iodine

11 Stock - Group

	2012 \$	2011 \$
Commodities	15,157,135	23,235,391

12 Debtors

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
Trade debtors	1,727,046	883,120	72	-
Amounts due from group undertakings	-	-	4,555,145	3,747,438
Other debtors	603,005	4,253,133	26,243	567,746
Prepayments and accrued income	79,347	108,190	-	19,370
	<u>2,409,398</u>	<u>5,244,443</u>	<u>4,581,460</u>	<u>4,334,554</u>

A & M Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

13 Creditors amounts falling due within one year

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
Bank loan and overdraft (secured)	1,482,050	12,151,096	-	82,460
Trade creditors	3,937,245	8,607,127	17,468	18,331
Amounts owed to subsidiary undertakings	-	-	2,530,901	1,525,056
Taxation and social security	83,869	53,821	-	-
Corporation tax	859,476	515,979	-	-
Other creditors, accruals and deferred income	4,475,946	1,428,842	426,918	737,694
	<u>10,838,586</u>	<u>22,756,865</u>	<u>2,975,287</u>	<u>2,363,541</u>

The bank loans and overdrafts are secured on the group's freehold property, stocks and trade debtors

14 Creditors' amounts falling due after more than one year

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
Other loans	-	410,550	-	410,550
	<u>-</u>	<u>410,550</u>	<u>-</u>	<u>410,550</u>

Other loans have been repaid after the balance sheet date and are reported within other creditors, accruals and deferred income at the balance sheet date

15 Share capital

	2012 Number	Authorised 2011 Number	2012 \$	2011 \$
Ordinary shares of 10 pence each	50,000,000	50,000,000	8,830,000	8,830,000
	<u>50,000,000</u>	<u>50,000,000</u>	<u>8,830,000</u>	<u>8,830,000</u>
	2012 Number	Allotted, called up and fully paid 2011 Number	2012 \$	2011 \$
Ordinary shares of 10 pence each	6,000,000	6,000,000	1,001,100	1,001,100
	<u>6,000,000</u>	<u>6,000,000</u>	<u>1,001,100</u>	<u>1,001,100</u>

A & M Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 *(continued)*

16 Reserves

Group	Profit and loss account \$
At 1 July 2011	4,661,914
Exchange translation differences	(11,597)
Dividend paid	(200,718)
Profit for the year	2,031,427
	<hr/>
At 30 June 2012	6,481,026
	<hr/>
Company	\$
At 1 July 2011	1,282,286
Dividend paid	(200,718)
Profit for the year	614,739
	<hr/>
At 30 June 2012	1,696,307
	<hr/>

17 Reconciliation of movements in shareholders' funds

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
Profit/(loss) for the year	2,031,427	1,431,132	614,739	(55,678)
Dividends paid	(200,718)	-	(200,718)	-
Exchange translation differences	(11,597)	(56,901)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in shareholders' funds	1,819,112	1,374,231	414,021	(55,678)
Opening shareholders' funds	5,663,014	4,288,783	2,283,386	2,339,064
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	7,482,126	5,663,014	2,697,407	2,283,386
	<hr/>	<hr/>	<hr/>	<hr/>

A & M Group Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

18 Commitments under operating leases

As at 30 June 2012, the group had annual commitments under non-cancellable operating leases in respect of land and buildings as set out below

	2012 \$	2011 \$
In more than five years	60,966	74,392

The annual lease commitments have been converted to US dollars at the year end

19 Contingent liabilities

At the balance sheet date certain group companies had entered into forward contracts for the purchase and sale of minerals and metals and had opened letters of credit in the ordinary course of business

The Company has a joint and several liability for VAT under a group registration scheme At the balance sheet date \$17,239 (2011 - \$13,430) was owed to the group by HMRC

The company has entered into a cross guarantee with certain other group companies to secure the banking arrangements of the group

20 Related party transactions

During the year Minerals and Metals Limited, was paid and had accrued commissions of \$Nil (2011 - \$157,335) by the group

During the year Limerick HK Limited was paid commission on behalf of the Group of \$635,405 in respect of business introduced by Mr S S Lim

At 30 June 2012 the group owed Minerals and Metals Limited, a company which Mr C Herzfeld was a director of, \$250,000 The loan is to be repaid in the next twelve months

At 30 June 2012, the group owed Mr S S Lim \$156,850 (2011 - \$160,550) This represents a formal loan to be repaid in the next twelve months

At 30 June 2012, the group was owed by Mr S S Lim \$Nil (2011 - owed to \$63,832)

Mr S S Lim has an interest in Metal Reclamation Industries Sdn Bhd ("MRI") During the year ended 30 June 2012 sales to this company were \$228,500 (2011 - \$1,661,666) At 30 June 2012 \$Nil (2011 - \$6,538) was due from MRI

All transactions with related parties took place on an arm's length basis and in the ordinary course of business

A & M Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (continued)

21 Reconciliation of operating profit to net cash outflow from operating activities

	2012 \$	2011 \$
Operating profit	3,745,393	2,271,175
Depreciation	34,047	30,150
Exchange differences	(9,865)	(60,661)
Decrease/(Increase) in stocks	8,078,256	(10,355,707)
Decrease in debtors	2,835,045	919,867
(Decrease)/Increase in creditors	(2,003,281)	3,049,350
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	12,679,595	(4,145,826)
	<hr/>	<hr/>

22 Reconciliation of net cash outflow to movement in net debt

	2012 \$	2011 \$
Increase in cash in the year	795,571	144,935
Cash outflow/(inflow) from (decrease)/increase in debt	10,704,968	(4,889,751)
	<hr/>	<hr/>
Movement in net debt in the year	11,500,539	(4,744,816)
Opening net debt	(12,398,440)	(7,653,624)
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Closing net debt	(897,901)	(12,398,440)
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23 Analysis of net debt

	At 1 July 2011 \$	Cash flow \$	At 30 June 2012 \$
Cash in hand	163,206	795,571	958,777
Debt due within 1 year	(12,151,096)	10,294,418	(1,856,678)
Debt due after one year	(410,550)	410,550	-
	<hr/>	<hr/>	<hr/>
Total	(12,398,440)	11,500,539	(897,901)
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24 Post balance sheet events

There were no significant post balance sheet events to report