

Registration Number 3659285

METALS INVESTMENT TRUST LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001



GALLAGHERS
Chartered Accountants
33a High Street, Stony Stratford, Milton Keynes

METALS INVESTMENT TRUST LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2001

Directors	M. E. Young G. Skoog
Secretary	Mr. M. Paine
Company Number	3659285
Registered Office	33a High Street Stony Stratford Milton Keynes MK11 1AA
Auditors	Gallaghers 33a High Street Stony Stratford Milton Keynes MK11 1AA

METALS INVESTMENT TRUST LIMITED

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METALS INVESTMENT TRUST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 31 December 2001.

Principal Activity

The principal activities of the group was that of metal recycling. Since Incorporation the company has incurred costs associated with the development of technology to extract zinc from scrap steel. It is in the process of constructing a plant and equipment necessary to perform this procedure on a site in East Chicago, Indiana. It is currently in the development stage.

Project expenditure

As of December 31st 2001, the Company has so far spent £7,119,504 on the project. The costs to completion are expected to be £10,000,000

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary A Shares		Ordinary B shares	
	31 December 2001	1 January 2001	31 December 2001	1 January 2001
M. E. Young	1	-	-	-
G. Skoog	-	-	-	-

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the group and of the profit or loss of the company and of the group for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

METALS INVESTMENT TRUST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2001

Auditors

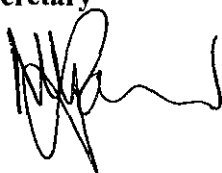
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Gallaghers be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 8 November 2002 and signed on its behalf by

Mr. M. Paine

Secretary

A handwritten signature in black ink, appearing to be 'M. Paine', written over the printed name and title.

METALS INVESTMENT TRUST LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF METALS INVESTMENT TRUST LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and 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 of the state of affairs of the company and group as at 31 December 2001 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gallagher

**Chartered Accountants and
Registered Auditor**

**33a High Street
Stony Stratford
Milton Keynes
MK11 1AA**

8 November 2002

METALS INVESTMENT TRUST LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

		2001	2000
	Notes	£	£
Administrative expenses		(2,104,338)	(613,582)
Group operating loss	2	(2,104,338)	(613,582)
Interest receivable and similar income	3	19,894	4,209
Loss on ordinary activities before taxation		(2,084,444)	(609,373)
Tax on loss on ordinary activities	4	(117,241)	113,333
(Loss) for the group		(2,201,685)	(496,040)
Accumulated (loss) brought forward		(1,159,002)	(662,963)
Accumulated (loss) carried forward		(3,360,687)	(1,159,003)

None of the group's activities was acquired or discontinued during the above two financial years.

METALS INVESTMENT TRUST LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2001

		2001		2000	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	6		53,402		53,157
Tangible assets	7		2,147,081		384,307
			<u>2,200,483</u>		<u>437,464</u>
Current Assets					
Construction in progress	8	1,714,262		908,081	
Debtors	9	33,374		146,346	
Cash at bank and in hand		5,040		709,362	
		<u>1,752,676</u>		<u>1,763,789</u>	
Creditors: amounts falling due within one year	10	(1,564,068)		(397,956)	
Net Current Assets			<u>188,608</u>		<u>1,365,833</u>
Total Assets Less Current Liabilities			2,389,091		1,803,297
Creditors: amounts falling due after more than one year	11		(3,895,418)		(2,753,974)
Deficiency of Assets			<u>(1,506,327)</u>		<u>(950,677)</u>
Capital and Reserves					
Called up share capital	12		1,875,080		250,080
Share premium account	13		47,520		-
Other reserves	13		(68,240)		(41,754)
Profit and loss account	13		(3,360,687)		(1,159,003)
Shareholders' Funds			<u>(1,506,327)</u>		<u>(950,677)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 8 November 2002 and signed on its behalf by

M. E. Young
Director



The notes on pages 7 to 14 form an integral part of these financial statements.

METALS INVESTMENT TRUST LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2001

		2001		2000	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	6		53,402		53,157
Tangible assets	7		307,759		314,885
Investments			667		667
			<u>361,828</u>		<u>368,709</u>
Current Assets					
Construction in progress	8	212,583		465,951	
Debtors	9	4,037,371		1,374,160	
Cash at bank and in hand		<u>1,770</u>		<u>162,321</u>	
		4,251,724		2,002,432	
Creditors: amounts falling due within one year	10	<u>(334,895)</u>		<u>(312,577)</u>	
Net Current Assets			<u>3,916,829</u>		<u>1,689,855</u>
Total Assets Less Current Liabilities			4,278,657		2,058,564
Creditors: amounts falling due after more than one year	11		<u>(3,895,418)</u>		<u>(2,753,974)</u>
Net Assets/(Liabilities)			<u><u>383,239</u></u>		<u><u>(695,410)</u></u>
Capital and Reserves					
Called up share capital	12		1,875,080		250,080
Share premium account	13		47,520		-
Other reserves	13		(62,917)		(41,754)
Profit and loss account	13		<u>(1,476,445)</u>		<u>(903,733)</u>
Shareholders' Funds			<u><u>383,238</u></u>		<u><u>(695,407)</u></u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 8 November 2002 and signed on its behalf by

M. E. Young

Director

The notes on pages 7 to 14 form an integral part of these financial statements.

METALS INVESTMENT TRUST LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Basis of Consolidation

The group financial statements consolidate the accounts of Metals Investment Trust Limited and all its subsidiary undertakings made up to 31 December 2001 each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Turnover and profits arising on trading between group companies are excluded.

Where the group has an investment in an entity which is sufficient to give the group a participating interest, and over which it is in a position to exercise significant influence, the entity is treated as an associated undertaking and is accounted for using the equity method of accounting. The group's interests in joint ventures are accounted for using the gross equity method of accounting.

1.3. Patents

Patents are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful economic life.

1.4. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% Reducing balance
Fixtures, fittings and equipment	-	25% Reducing balance

1.6. Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

METALS INVESTMENT TRUST LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

2. Operating loss	2001	2000
	£	£
Operating loss is stated after charging:		
Depreciation of intangible assets	1,837	1,391
Depreciation of tangible assets	9,698	(57,695)
Loss on disposal of tangible fixed assets	263,034	(467)
	<u> </u>	<u> </u>
3. Interest receivable and similar income	2001	2000
	£	£
Bank interest	19,894	4,209
	<u> </u>	<u> </u>
4. Taxation	2001	2000
	£	£
Transfer to deferred taxation	117,241	(113,333)
	<u> </u>	<u> </u>
5. Loss for the year attributable to shareholders		

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Metals Investment Trust Limited has not been presented with the financial statements.

The results after taxation of the parent undertaking for the year ended 31 December 2001 showed a loss of £562,689 31 December 2000 £240,771

METALS INVESTMENT TRUST LIMITED**NOTES TO FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2001

6. Intangible fixed assets

	Patents	Total
	£	£
Group		
Cost		
At 1 January 2001	55,126	55,126
Additions	2,081	2,081
At 31 December 2001	<u>57,207</u>	<u>57,207</u>
Provision for diminution in value		
At 1 January 2001	1,969	1,969
Charge for year	1,836	1,836
At 31 December 2001	<u>3,805</u>	<u>3,805</u>
Net book values		
At 31 December 2001	<u>53,402</u>	<u>53,402</u>
At 31 December 2000	<u>53,157</u>	<u>53,157</u>
 Company		
Cost		
At 1 January 2001	55,126	55,126
Additions	2,081	2,081
At 31 December 2001	<u>57,207</u>	<u>57,207</u>
Provision for diminution in value		
At 1 January 2001	1,969	1,969
Charge for year	1,836	1,836
At 31 December 2001	<u>3,805</u>	<u>3,805</u>
Net book values		
At 31 December 2001	<u>53,402</u>	<u>53,402</u>
At 31 December 2000	<u>53,157</u>	<u>53,157</u>

METALS INVESTMENT TRUST LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

7. Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Group				
Cost				
At 1 January 2001	310,231	71,992	8,140	390,363
Additions	-	2,017,496	17,321	2,034,817
Disposals	-	(263,717)	-	(263,717)
At 31 December 2001	310,231	1,825,771	25,461	2,161,463
Depreciation				
At 1 January 2001	-	2,570	3,486	6,056
On disposals	-	(1,372)	-	(1,372)
Charge for the year	-	1,372	8,326	9,698
At 31 December 2001	-	2,570	11,812	14,382
Net book values				
At 31 December 2001	310,231	1,823,201	13,649	2,147,081
At 31 December 2000	310,231	69,422	4,654	384,307
Company				
Cost				
At 1 January 2001				
At 31 December 2001	310,231	-	8,140	318,371
Depreciation				
At 1 January 2001	-	-	3,486	3,486
Charge for the year	-	-	7,126	7,126
At 31 December 2001	-	-	10,612	10,612
Net book values				
At 31 December 2001	310,231	-	(2,472)	307,759
At 31 December 2000	310,231	-	4,654	314,885

METALS INVESTMENT TRUST LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

8. Construction in progress	2001	2000
	£	£
Group		
Construction in progress	1,714,262	908,081
	<u> </u>	<u> </u>
Company		
Construction in progress	212,583	465,951
	<u> </u>	<u> </u>
9. Debtors	2001	2000
	£	£
Group		
Other debtors	345	113,333
Prepayments and accrued income	33,029	33,013
	<u> </u>	<u> </u>
	33,374	146,346
	<u> </u>	<u> </u>
Company		
Amounts owed by group undertakings	4,004,342	1,341,147
Prepayments and accrued income	33,029	33,013
	<u> </u>	<u> </u>
	4,037,371	1,374,160
	<u> </u>	<u> </u>

METALS INVESTMENT TRUST LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

10. Creditors: amounts falling due within one year	2001	2000
	£	£
Group		
Trade creditors	1,552,233	386,121
Other creditors	11,835	11,835
	<u>1,564,068</u>	<u>397,956</u>
Company		
Trade creditors	323,060	312,577
Other creditors	11,835	-
	<u>334,895</u>	<u>312,577</u>
11. Creditors: amounts falling due after more than one year	2001	2000
	£	£
Group		
Interest free loan from Meyado International Limited	<u>3,895,418</u>	<u>2,753,974</u>
Company		
Interest free loan from Meyado International Limited	<u>3,895,418</u>	<u>2,753,974</u>

METALS INVESTMENT TRUST LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

12. Share capital	2001 £	2000 £
Authorised		
35,990,018 Ordinary 'A' shares of £0.03126 each	1,100,040	125,040
23,993,345 Ordinary 'B' shares of £0.03126 each	775,040	125,040
1 Ordinary 'C' share of £0.02		
1 Ordinary 'D' share of £0.02		
	<u>1,875,080</u>	<u>250,080</u>
Allotted, called up and fully paid		
35,990,018 Ordinary 'A' shares	1,100,040	125,040
23,993,345 Ordinary 'B' shares	775,040	125,040
1 Ordinary 'C' share of £0.02		
1 Ordinary 'D' share of £0.02		
	<u>1,875,080</u>	<u>250,080</u>

13. Reserves	Share premium account £	Profit and loss account £	Other reserve £	Total £
Group				
At 1 January 2001	-	(1,159,002)	(68,240)	(1,227,242)
Premium on issue of shares	47,520			47,520
(Loss) for the year		(2,201,685)		(2,201,685)
At 31 December 2001	<u>47,520</u>	<u>(3,360,687)</u>	<u>(68,240)</u>	<u>(3,381,407)</u>
Company				
At 1 January 2001	-	(913,756)	(62,917)	(976,673)
Premium on issue of shares	47,520			47,520
(Loss) for the year		(562,689)		(562,689)
At 31 December 2001	<u>47,520</u>	<u>(1,476,445)</u>	<u>(62,917)</u>	<u>(1,491,842)</u>

METALS INVESTMENT TRUST LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

14. Related party transactions

As of 31 December 2001 the Meyado International Ltd. advanced the company £3,895,418, without interest.

15. Ultimate parent undertaking

Meyado International Limited, a company registered in the United Kingdom, whose registered office is at 33a High Street, Stony Stratford, England, hold a majority interest in the shares of Metals Investment Trust Limited. The Interest is a nominee holding and the shares are held for the benefit of a number of private investors.

16. Subsidiary

Meretec Inc. is a wholly owned subsidiary of Metals Investment Trust Limited and is incorporated in the United States of America.