

**METALS INVESTMENT TRUST  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



Company no 3659285

**METALS INVESTMENT TRUST LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 2002

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Company registration number: 3659285

Registered office: 23 Berkeley Square  
London  
W1J 6HE

Directors: M E Young  
G Skoog

Secretary: J Hillman

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

# **METALS INVESTMENT TRUST LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 2002

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# METALS INVESTMENT TRUST LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with the audited financial statements for the year ended 31 December 2002.

### Principal activity

The principal activity of the group is that of steel recycling, converting galvanised steel into black scrap and zinc powder. Since incorporation the company has incurred costs associated with the development of this technology along with constructing the plant and equipment necessary to perform this procedure on a site in East Chicago, Indiana, USA. The plant commenced operations in September 2003 and will move into full production in 2004.

### Project expenditure

Expenditure on the project to date is \$16,756,658. The total cost of the project is expected to be in the region of \$20,000,000.

### Business review

There was a loss for the year after taxation amounting to \$3,823,831 (2001: \$3,208,158). The directors do not recommend the payment of a dividend.

### Directors

The present membership of the Board is set out below. All served on the Board throughout the year.

The interests of the directors and their families in the shares of the company as at 1 January 2002 and 31 December 2002 were as follows:

	Ordinary shares of £1 each		Ordinary B shares	
	31 December 2002	1 January 2002	31 December 2002	1 January 2002
M E Young	-	-	1	1
G Skoog	-	-	-	-

### Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

# METALS INVESTMENT TRUST LIMITED

## REPORT OF THE DIRECTORS

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### Directors' responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

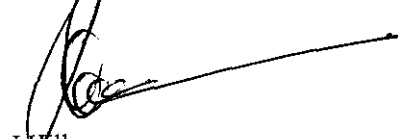
### Auditors

Grant Thornton were appointed auditors on 28 May 2003 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

### Small company exemption

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

BY ORDER OF THE BOARD



J Hillman  
Secretary  
5 January 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
METALS INVESTMENT TRUST LIMITED**

We have audited the financial statements of Metals Investment Trust Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the statement of total recognised gains and losses and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 of whether the accounting policies are appropriate to the group'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
METALS INVESTMENT TRUST LIMITED**

**Going concern**

In forming our opinion we have considered the adequacy of the disclosures made in the accounting policies of the financial statements concerning the uncertainty as to the ongoing financing of the metal recycling plant as it goes into production. In view of this uncertainty we consider that it should be drawn to your attention but our report is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton*

**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**LONDON  
5 JANUARY 2004**

# METALS INVESTMENT TRUST LIMITED

## PRINCIPAL ACCOUNTING POLICIES

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### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Since the US dollar is the main currency in which the group business is transacted the group has changed its reporting currency from sterling to US dollars with effect from 1 January 2002. For comparative purposes the 31 December 2001 financial statements have been translated using the temporal method of translation.

The directors have prepared projected cash flow information for the period ended 31 December 2004. This information indicates that the company will need to raise additional finance during the period to 31 December 2004 in order to meet its working capital requirements. The directors are working to raise the additional finance during the first quarter of the financial year ending 31 December 2004. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustment that would result from the failure to raise additional finance.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

### BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of Metals Investment Trust Limited and all its subsidiary undertakings made up to 31 December 2002 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 entity method of accounting.

### 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.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Computers	4 years straight line
Office equipment	6 years straight line
Equipment	14 years
Buildings	40 years



# **METALS INVESTMENT TRUST LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **INVESTMENTS**

Fixed asset investments are stated at cost less provision for diminution in value.

### **STOCK AND WORK IN PROGRESS**

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **CONSTRUCTION IN PROGRESS**

Construction in progress is the cost that is directly attributable to bringing the zinc extraction plant into a working condition. On completion of the plant the asset will be transferred to fixed assets.

**METALS INVESTMENT TRUST LIMITED****PROFIT AND LOSS ACCOUNT***For the year ended 31 DECEMBER 2002*

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	Note	2002 \$	2001 (As restated) \$
Administrative expenses		<u>(3,824,852)</u>	<u>(3,067,005)</u>
<b>Group operating loss</b>		<b>(3,824,852)</b>	<b>(3,067,005)</b>
Interest receivable and similar income	2	<u>1,021</u>	<u>28,846</u>
<b>Loss on ordinary activities before taxation</b>	1	<b>(3,823,831)</b>	<b>(3,038,159)</b>
Tax on loss on ordinary activities	4	<u>-</u>	<u>(169,999)</u>
<b>Retained loss for the group</b>	15	<b><u>(3,823,831)</u></b>	<b><u>(3,208,158)</u></b>

All transactions arise from continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

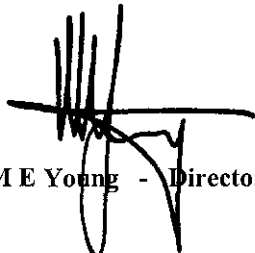
# METALS INVESTMENT TRUST LIMITED

## GROUP BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 \$	2001 (As restated) \$
<b>Fixed assets</b>			
Intangible assets	6	71,822	84,648
Tangible assets	7	<u>3,526,106</u>	<u>3,147,763</u>
		<u>3,597,928</u>	<u>3,232,411</u>
<b>Current assets</b>			
Construction in progress	9	4,668,943	2,494,928
Stock	10	44,605	-
Debtors	11	2,970	59,360
Cash at bank and in hand		<u>21,479</u>	<u>7,308</u>
		<u>4,737,997</u>	<u>2,561,596</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,513,001)</u>	<u>(2,267,899)</u>
<b>Net current assets</b>		<u>3,224,996</u>	<u>293,697</u>
<b>Total assets less current liabilities</b>		<u>6,822,924</u>	<u>3,526,108</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(7,576,452)</u>	<u>(686,458)</u>
		<u>(753,528)</u>	<u>2,839,650</u>
<b>Capital and reserves</b>			
Called up share capital	14	2,742,815	2,748,621
Share premium account	15	4,576,147	4,987,638
Capital redemption reserve	15	417,297	-
Profit and loss account	15	<u>(8,489,787)</u>	<u>(4,896,609)</u>
<b>Shareholders' funds</b>	16	<u>(753,528)</u>	<u>2,839,650</u>

The financial statements have been 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 (effective June 2002).

The financial statements were approved by the Board of Directors on 5 January 2004

  
M E Young - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

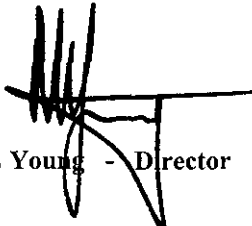
# METALS INVESTMENT TRUST LIMITED

## COMPANY BALANCE SHEET

For the year ended 31 DECEMBER 2002

	Note	2002 \$	2001 (As restated) \$
<b>Fixed assets</b>			
Intangible assets	6	50,382	50,382
Tangible assets	7	-	235,608
		<u>50,382</u>	<u>285,990</u>
<b>Current assets</b>			
Construction in progress	9	-	278,494
Debtors	11	14,866,510	8,063,167
		<u>14,866,510</u>	<u>8,341,661</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(28,270)</u>	<u>(433,438)</u>
<b>Net current assets</b>		<u>14,838,240</u>	<u>7,908,223</u>
<b>Total assets less current liabilities</b>		<u>14,888,622</u>	<u>8,194,213</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(7,576,452)</u>	<u>(359,538)</u>
		<u>7,312,170</u>	<u>7,834,675</u>
<b>Capital and reserves</b>			
Called up share capital	14	2,742,815	2,748,621
Share premium account	15	4,576,147	4,987,638
Capital redemption reserve	15	417,297	-
Profit and loss account	15	(424,089)	98,416
<b>Shareholders' funds</b>	16	<u>7,312,170</u>	<u>7,834,675</u>

The financial statements were approved by the Board of Directors on 5 January 2004

  
 M E Young - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

# METALS INVESTMENT TRUST LIMITED

## OTHER PRIMARY STATEMENTS

For the year ended 31 DECEMBER 2002

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### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002	2001
	\$	(As restated) \$
Loss for the financial year	<u>(3,823,831)</u>	<u>(3,198,132)</u>
Total recognised gains and losses for the year	<u>(3,823,831)</u>	<u>(3,198,132)</u>
Prior year adjustments	<u>98,948</u>	
Total recognised gains and losses since last financial statements	<u>(3,724,883)</u>	

The accompanying accounting policies and notes form an integral part of these financial statements.

# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 1 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after:

	2002	2001 (As restated)
	\$	\$
Auditors' remuneration:		
Audit services	24,499	14,339
Non-audit services	3,770	-
Amortisation of intangible assets	2,826	2,663
Depreciation of tangible assets	<u>260,226</u>	<u>30,433</u>

### 2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2002	2001 (As restated)
	\$	\$
Bank interest	<u>1,021</u>	<u>28,846</u>

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002	2001 (As restated)
	\$	\$
Wages and salaries	594,911	226,325
Social security costs	<u>42,929</u>	<u>29,164</u>
	<u>637,840</u>	<u>255,489</u>

The average number of employees of the company during the year was:

	2002 Number	2001 Number
Management	3	3
Operations	6	12
Administration	<u>1</u>	<u>1</u>
	<u>10</u>	<u>16</u>

# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	2002 \$	2001 \$
Emoluments	<u>126,000</u>	<u>126,000</u>

None of the directors participated in a pension scheme.

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2002 \$	2001 \$
Deferred tax	<u>-</u>	<u>169,999</u>

The tax charge is based on the loss for the year. Unrelieved tax losses remain available to offset against future taxable trading profits.

### 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 2002 showed a loss of \$753,188 (2001: profit \$19,798).

### 6 INTANGIBLE FIXED ASSETS

	Patents \$
<b>Group</b>	
Cost	
At 1 January 2002	90,329
Disposals	(10,000)
At 31 December 2002	<u>80,329</u>
Amortisation	
At 1 January 2002	5,681
Provided in the year	2,826
At 31 December 2002	<u>8,507</u>
Net book amount at 31 December 2002	<u>71,822</u>
Net book amount at 31 December 2001	<u>84,648</u>

# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### INTANGIBLE FIXED ASSETS (CONTINUED)

	<b>Patents</b> (As restated) \$
<b>Company</b>	
Cost	
At 1 January 2002 and at 31 December 2002	<u>50,382</u>
Net book amount at 31 December 2002	<u>50,382</u>
Net book amount at 31 December 2001	<u>50,382</u>

### 7 TANGIBLE FIXED ASSETS

	Land \$	Computers \$	Office equipment \$	Equipment \$	Building \$	Total \$
<b>Group</b>						
Cost	21,000	8,416	29,056	2,640,724	479,000	3,178,196
Additions	-	-	-	868,118	-	868,118
Disposals	-	-	(10,996)	-	(243,392)	(254,388)
At 31 December 2002	<u>21,000</u>	<u>8,416</u>	<u>18,060</u>	<u>3,508,842</u>	<u>235,608</u>	<u>3,791,926</u>
Depreciation						
At 1 January 2002	-	3,125	8,689	-	18,619	30,433
Provided in the year	-	3,792	3,802	252,632	-	260,226
Disposals	-	-	(6,220)	-	(18,619)	(24,839)
At 31 December 2002	<u>-</u>	<u>6,917</u>	<u>6,271</u>	<u>252,632</u>	<u>-</u>	<u>265,820</u>
Net book amount at 31 December 2002	<u>21,000</u>	<u>1,499</u>	<u>11,789</u>	<u>3,256,210</u>	<u>235,608</u>	<u>3,526,106</u>
Net book amount at 31 December 2001	<u>21,000</u>	<u>5,291</u>	<u>20,367</u>	<u>2,640,724</u>	<u>460,381</u>	<u>3,147,763</u>

	<b>Land and buildings</b> (As restated) \$
<b>Company</b>	
Cost	
At 1 January 2002	235,608
Transfer to subsidiary	(235,608)
At 31 December 2002	<u>-</u>
Net book amount at 31 December 2002	<u>-</u>
Net book amount at 31 December 2001	<u>235,608</u>



# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 8 INVESTMENTS

#### The company

	Investment in group undertakings \$
Cost	
At 31 December 2002 and 31 December 2001	<u>10,000</u>
Amounts written off	
At 31 December 2002 and 31 December 2001	<u>10,000</u>
Net book amount at 31 December 2002 and 31 December 2001	<u>-</u>

	Nature of operation	Country of incorporation	Issued share capital
Metals Investment Trust Ltd	De-zincing operation	USA	\$10,000 ordinary
Meretec Inc*	De-zincing operation	USA	\$1,000 ordinary

\*wholly owned by subsidiary

### 9 CONSTRUCTION IN PROGRESS

	2002 \$	2001 \$
<b>Group</b>		
Construction in progress	<u>4,668,943</u>	<u>2,494,928</u>
	2002	2001
<b>Company</b>	\$	(As restated) \$
Construction in progress	<u>-</u>	<u>278,494</u>

### 10 STOCK

	2002 \$	2001 \$
Raw materials	<u>44,605</u>	<u>-</u>

# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 11 DEBTORS

	2002	2001
	\$	\$
<b>Group</b>		
Other debtors	<u>2,970</u>	<u>59,360</u>
	2002	2001
	\$	(As restated) \$
<b>Company</b>		
Amounts owed by other group undertakings	14,040,220	8,063,167
Amounts due from related undertakings	<u>826,290</u>	<u>-</u>
	<u>14,866,510</u>	<u>8,063,167</u>

### 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	\$	\$
<b>Group</b>		
Trade creditors	1,164,690	1,661,746
Amounts owed to related undertakings	203,568	172,715
Other creditors	116,473	433,438
Accruals	<u>28,270</u>	<u>-</u>
	<u>1,513,001</u>	<u>2,267,899</u>
<b>Company</b>		
Other creditors	-	433,438
Accruals	<u>28,270</u>	<u>-</u>
	<u>28,270</u>	<u>433,438</u>

### 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002	2001
	\$	\$
<b>Group</b>		
Interest free loan from Meyado International Limited	-	686,458
Convertible loan stock	<u>7,576,452</u>	<u>-</u>
	<u>7,576,452</u>	<u>686,458</u>
<b>Company</b>		
Interest free loan from Meyado International Limited	-	359,538
Convertible loan stock	<u>7,576,452</u>	<u>-</u>
	<u>7,576,452</u>	<u>359,538</u>

# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

Convertible loan stock will be redeemed in whole three years after the date of issue or converted into share capital at a rate of \$2.47 per share. The loan stock is secured on the assets of the group. Interest at a rate of 10% per annum is payable on the loan stock.

#### 14 SHARE CAPITAL

	2002 \$	2001 \$
Authorised		
35,990,018 ordinary 'A' shares of £0.03126 each	1,607,449	1,607,449
23,993,345 ordinary 'B' shares of £0.03126 each	1,141,176	1,141,172
1 ordinary 'C' share of £0.01 each	-	-
1 ordinary 'D' share of £0.02 each	-	-
	<u>2,748,625</u>	<u>2,748,621</u>
Allotted, called up and fully paid		
35,990,018 ordinary 'A' shares of £0.03126 each	1,607,449	1,607,449
Buy back of 129,473 ordinary 'A' shares of £0.03126 each	(5,806)	-
23,993,345 ordinary 'B' shares of £0.03126 each	1,141,172	1,141,172
1 ordinary 'C' share of £0.02 each	-	-
1 ordinary 'D' share of £0.01 each	-	-
	<u>2,742,815</u>	<u>2,748,621</u>

The voting rights of the A and B shares have been changed to one vote per share and the voting rights of C and D shares removed from 17 October 2002. The voting rights prior to 17 October 2002 per share are shown below:

Share type	Number of votes per share
A	1.25
B	0.625
C	1.25
D	0.625

All classes of share rank pari passu in the all other rights.

# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 15 RESERVES

Group	Capital redemption reserve \$	Share premium account \$	Profit and loss account \$	Other \$
At 1 January 2002	-	4,987,638	(4,896,609)	(98,948)
Prior year adjustment	-	-	-	98,948
Restated at 1 January 2002	-	4,987,638	(4,896,609)	-
Foreign exchange differences	-	-	230,653	-
Share buy back	417,297	(411,491)	-	-
Loss for the year	-	-	(3,823,831)	-
At 31 December 2002	<u>417,297</u>	<u>4,576,147</u>	<u>(8,489,787)</u>	<u>-</u>
<b>Company</b>				
At 1 January 2002	-	4,987,638	(2,140,845)	(98,948)
Prior year adjustment	-	-	2,239,261	(98,948)
Restated at 1 January 2002	-	4,987,638	98,416	-
Foreign exchange differences	-	-	230,653	-
Share buy back	417,297	(411,491)	-	-
Loss for the year	-	-	(753,158)	-
At 31 December 2002	<u>417,297</u>	<u>4,576,147</u>	<u>(424,089)</u>	<u>-</u>

### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 \$	2001 (As restated) \$
Loss for the financial year	(3,823,831)	(3,208,158)
Issue of share capital	-	7,319,025
Foreign exchange differences	230,653	106,298
Shareholders' funds at 1 January 2002	<u>2,839,650</u>	<u>(1,377,515)</u>
Shareholders' funds at 31 December 2002	<u>(753,528)</u>	<u>2,839,650</u>

### 17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2002 or 31 December 2001.

### 18 CONTINGENT ASSETS/LIABILITIES

There were no contingent assets or liabilities at 31 December 2002 or 31 December 2001.

# METALS INVESTMENT TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

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### 19 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" for smaller entities and has not disclosed transactions with related parties.

### 20 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.

Meyado International Limited is a subsidiary of Meyado Group Holdings Limited which is its ultimate parent undertaking.

### 21 POST BALANCE SHEET EVENTS

Between 24 October 2003 and 31 December 2003 the company allotted 2,691,824 ordinary \$0.052829 shares at a price of \$0.49 per share by way of a rights issue to existing shareholders. The difference between the total consideration of \$1,318,994 and the total nominal value of \$142,207 is to be credited to share premium account (\$1,176,787).

On 24 October 2003 the company made an allotment of 1,136,364 new ordinary \$0.052829 shares at a price of \$0.44 per share. The difference between the total consideration of \$500,000 and the total nominal value of \$60,034 will be credited to share premium account (\$439,966).

Additionally, between 24 October 2003 and 31 December 2003 the company made further allotments totalling 585,423 new ordinary \$0.052829 shares at a price of \$0.49 per share. The difference between the total consideration of \$286,857 and the total nominal value of \$30,927 will be credited to share premium account (\$255,930).

Since the balance sheet date of 31 December 2002 the company has raised further convertible loan stock amounting to \$4,038,040. The convertible loan stock is either redeemable or convertible into share capital three years after the date of issue at a rate of \$2.47 per share.

In October 2003, the company approached convertible loan stock holders and offered them the opportunity to convert their loan stock to equity. Between 24 October 2003 and 30 November 2003 convertible loan stock of \$4,329,761 and accrued interest of \$211,817 was converted into 9,268,527 ordinary \$0.052829 shares. The difference between the total value of loan stock and interest converted of \$4,541,578 and the total nominal value of \$489,647 will be credited to share premium account (4,051,931).