

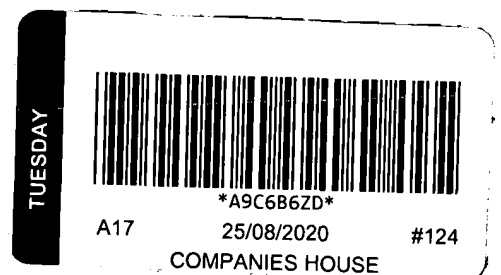
AMALGAMET LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

Company Registration No: 4005599



AMALGAMET LIMITED

GENERAL INFORMATION

Amalgamet Limited is a private limited Company, incorporated in the UK.

Directors

A I Sussmes
H Michie
D S Sher

Company Registration Number

4005599

Registered Office

55 Bishopsgate
London
EC2N 3AH

Auditors

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street,
London
EC4A 4AB

AMALGAMET LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company's principal activity is and will continue to be the trading of metals, concentrates, and minerals.

The Strategic Report on pages 3 and 4 provides information on the principal risks of the Company and the development of the Company's business.

DIRECTORS

The following Directors served during the year:

A I Sussmes
H Michie
D S Sher

The Company has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Company also indemnifies its Directors. These provisions were in force throughout the year and in force at the date of this report.

POST BALANCE SHEET EVENT

Since the year end, the Company has been monitoring the impact of the coronavirus pandemic on its business on a regular basis. See page 16 and note 15 for further details.

DIVIDEND

No final dividend in respect of 2019 is recommended by the Directors (2018: nil).

AUDITORS

The Company's previous Auditors, BDO LLP, resigned on 10 October 2019. The notice of resignation included a statement that there were no circumstances connected to their resignation that should be brought to the attention of the members or creditors of the Company. RSM UK Audit LLP were appointed auditors to fill the casual vacancy in accordance with Section 489 of the Companies Act 2006. Furthermore, a resolution proposing that RSM UK Audit LLP will be reappointed will be put to the members at the forthcoming Annual General Meeting.

AMALGAMET LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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;
- 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.

The Directors have taken all the steps necessary to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board



H. Michie
Director

Date 18 June 2020

55 Bishopsgate
London
EC2N 3AH

AMALGAMET LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

This report is a statutory requirement presented in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

REVIEW OF BUSINESS, OPERATIONS AND OUTLOOK

The results of the Company for the year are shown in the Statement of Comprehensive Income on page 7.

The profit for the year after taxation was US\$1,210,000 (2018: US\$1,286,000). Turnover for the year was US\$505,557,000 (2018: US\$495,863,000), base metal prices were lower in 2019 but traded volumes improved. The Directors are satisfied with the Company's results for the year ended 31 December 2019.

Stocks at the year end were at US\$52,336,000 (2018: US\$70,206,000) this was attributable to lower holding volumes and weaker market prices. The reduced working capital resulted in lower bank borrowing of US\$26,994,000 (2018: US\$38,443,000).

The shareholders' funds at 31 December 2019 were US\$22,464,000 (2018: US\$21,254,000), the increase being attributable to the net profit for the year.

Key performance indicators

Key financial performance indicators for the company are:

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Operating profit	3,639	3,936
Profit after taxation	1,210	1,286

The Directors expect challenging conditions in 2020 with a global economic downturn likely to result in lower demand for metals. However, given the Company's position in the market and the dedicated efforts of its staff, the Directors believe it is well positioned to continue to trade successfully.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is closely monitoring the risks and uncertainties arising from the UK's negotiations for its exit from the European Union. To the extent that these can be defined and planning can be conducted, actions have been taken to mitigate these risks.

The outbreak of the coronavirus is the dominant global issue in 2020 and has led to a public health and economic crisis. However, the Company trades metals in many countries worldwide and has a diverse supplier and customer base. To this extent, potential risks with business sectors and counterparties can be mitigated by strict adherence to robust due diligence procedures. Also, significant investment in technology has given the business a remote working capability which enables it to continue operating during the coronavirus storm.

The principal risks facing the business relate to the following:

Market risk

Market risk is the risk associated with adverse movements in the prices of commodities in which the Company holds positions.

Trading limits, which take into account volumetric and market value considerations, are established for each trading book and are subject to regular review. All positions are monitored against their respective limits and marked to market on a regular basis.

Credit risk

Credit risk is the risk that a counterparty to a trade will fail to perform an obligation to the Company.

All counterparties are assessed for credit purposes and trading facilities are established accordingly. Counterparty trading facilities are reviewed at least annually.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they become due.

The Company monitors its liquidity position daily and maintains sufficient liquidity resources to conduct its business. New banking facilities have been secured by the Company during 2019 to provide further support for its existing operations and also to take advantage of trading opportunities as they arise.

AMALGAMET LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Amalgamet Limited consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

Our People

People are a key factor for our business to succeed. We are proud of the average length of service of our employees. We intend to retain people for the long term and our recruitment strategy is based on offering long, sometimes lifetime, careers in fairly paid and stable jobs.

We encourage our employees to have both fulfilling careers and balanced lives.

We look to our employees to contribute ideas for our future growth, and share the rewards of the business where we are profitable, primarily through our discretionary annual bonus scheme.

Business Relationships

We value long term relationships with our suppliers and customers and many of our relationships span years and even decades. We employ robust "know your customer" and "know your supplier" processes across our operations, and we are typically cautious when entering into new relationships.

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers.

Community, Environment and Reputation

We believe that a positive and strong culture is the best way to ensure a high level of professional conduct when it comes to health and safety, environment, regulations or business dealings. Further details are available in our Business Standards Policy, which can be obtained from our website: www.amalgamet.co.uk.

The Company's policy is to operate in a supply chain that is free from Conflict Minerals. Further details on this policy can be accessed on our website.

Capital Allocation and Long Term Decisions

At least on an annual basis the Board reviews the financial budgets, resource plans and investment decisions for the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of stakeholders, long term consequences of our capital allocation (such as expenditure needed to ensure our long term viability whilst maintaining adequate liquidity), and reputation.

Decisions on the level of dividend take into account the general profitability, liquidity and funding needs of the Company.

By order of the Board



H. Michie
Director

Date 18 June 2020

55 Bishopsgate
London
EC2N 3AH

AMALGAMET LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMALGAMET LIMITED

We have audited the financial statements of Amalgamet Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

AMALGAMET LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMALGAMET LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Paul Watts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date: 22 June 2020

AMALGAMET LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Notes</u>	<u>2019</u> <u>US\$'000</u>	<u>2018</u> <u>US\$'000</u>
Turnover	2	505,557	495,863
Cost of goods sold		(498,908)	(488,948)
Gross profit		<u>6,649</u>	<u>6,915</u>
Operating expenses	3	(3,010)	(2,979)
Operating profit		<u>3,639</u>	<u>3,936</u>
Interest payable	5	(2,136)	(2,428)
Profit on ordinary activities before taxation		<u>1,503</u>	<u>1,508</u>
Tax on profit on ordinary activities	6	(293)	(222)
Profit for the financial year		<u>1,210</u>	<u>1,286</u>
Total comprehensive income for the financial year		<u><u>1,210</u></u>	<u><u>1,286</u></u>

All activities of the Company are continuing.

Notes on pages 10 to 16 form part of these financial statements.

AMALGAMET LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	<u>Notes</u>	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Current assets			
Stocks	8	52,336	70,206
Debtors	9	32,843	19,178
Cash at bank and in hand		-	47
Creditors			
Amounts falling due within one year	10	(62,715)	(68,177)
Net assets		<u>22,464</u>	<u>21,254</u>
Capital and reserves			
Called up share capital	11	20,000	20,000
Profit and loss account		2,464	1,254
Total shareholders' funds		<u>22,464</u>	<u>21,254</u>
Total equity		<u>22,464</u>	<u>21,254</u>

Notes on pages 10 to 16 form part of these financial statements.

Company Registration No: 4005599

The financial statements were approved by the Board of Directors and authorised for issue on 18th June 2020



H MICHIE



DS SHER

DIRECTORS

AMALGAMET LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Profit and loss	Total Equity
	US\$'000	US\$'000	US\$'000
At 1 January 2019	20,000	1,254	21,254
Total comprehensive income	-	1,210	1,210
At 31 December 2019	<u>20,000</u>	<u>2,464</u>	<u>22,464</u>

	Share Capital	Profit and loss	Total Equity
	US \$'000	US\$'000	US\$'000
At 1 January 2018	20,000	(32)	19,968
Total comprehensive income	-	1,286	1,286
At 31 December 2018	<u>20,000</u>	<u>1,254</u>	<u>21,254</u>

The purpose of each reserve within equity is as follows:

Share Capital

The nominal value of allotted and fully paid up ordinary share capital.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

AMALGAMET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

General Information

Amalgamet Limited is a private company limited by shares and incorporated and domiciled in the UK and registered in England and Wales under the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on a historical cost basis and in compliance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland except for the revaluation of certain stocks and financial instruments that are measured at revalued amounts or fair value at the end of each accounting period, as explained in the accounting policies as below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

The accounts have been prepared in the company's functional currency US Dollars, and rounded to the nearest \$1,000.

The financial statements are included within the consolidated financial statements of Amalgamated Metal Corporation PLC. The accounts have been prepared using the reduced disclosure exemptions permitted by FRS 102 and therefore do not include:

- The requirement of Section 7 Statement of Cash Flows
- The requirement of Section 11 Financial Instruments
- The requirement of Section 33 Related Party Disclosures and key management compensation

This information is included in the consolidated financial statements of Amalgamated Metal Corporation PLC and these financial statements may be obtained from the Amalgamated Metal Corporation PLC website.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

GOING CONCERN

The Company participates in the group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company also has external bank facilities all of which had available capacity at the year end together with a diverse spread of customers and suppliers across different geographical areas and industries. The Directors believe they are well placed to manage business risk successfully and, having made enquiries of Amalgamated Metal Corporation PLC, have a reasonable expectation that the Company will be able to continue in operational existence for more than twelve months following the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In coming to this conclusion the Directors have considered the coronavirus pandemic and believe that the Company has access to sufficient resources to enable it withstand the resulting economic crisis.

TURNOVER

Revenue is reported as turnover, which represents sales as principal to customers and clients. Turnover is recognised when the significant risks and rewards of ownership have passed to the buyer, and it is probable that the Company will receive the previously agreed consideration. Generally this occurs at the point of agreed delivery to the buyer and is based on recognised Incoterms.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at rates ruling at the balance sheet date. Any profit or loss arising on translation is included in the income statement. Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses are recognised in profit or loss.

AMALGAMET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES (CONTINUED)

DIVIDENDS

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting.

CURRENT AND DEFERRED TAXATION

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the profit and loss account. Current taxation is the expected tax payable on the taxable profit for the year and any adjustments to tax payable in respect of previous years.

The tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

PENSION COSTS

The Company participates in a defined benefit pension scheme operated by its UK holding company, Amalgamated Metal Corporation PLC. Contributions to the scheme are based on pension costs across the Group as a whole and are based on professional and independent actuarial advice. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities, therefore company contributions to the scheme are recognised within profit and loss on an accruals basis. The pension cost represents contributions during the period to the Group defined benefit scheme as explained in note 12, the level of which is based on the recommendations of the actuary and insurance companies.

The Company also makes contributions to various defined contribution schemes for certain employees. Amounts are charged to the profit and loss account in the year in which they become payable.

IMPAIRMENT OF FINANCIAL ASSETS CARRIED AT AMORTISED COST

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets are impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

AMALGAMET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES

Financial liabilities comprise trade creditors, other creditors, amounts owed to group undertakings, corporation tax payable, other tax and social security and accruals; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method. Financial liabilities that are payable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid.

NON-BASIC FINANCIAL INSTRUMENTS

The Company operates a risk reduction policy to restrict exposure to profits or losses arising from fluctuating currency rates and base metals prices by using financial derivatives, specifically currency and metals forward contracts entered into with a fellow Group undertaking or an external broker.

Derivatives are non-basic financial instruments. Derivatives are initially recognised at contract value on the date the derivative contract is entered into and are subsequently re-measured at their fair value based on quoted market prices in an active market. Where derivative contracts are held as part of an overall trading position on LME-traded metals, the fair value of physical sales and purchase orders is also recognised and forms part of the fair value of the overall derivative position. Changes in the fair value of derivatives are recognised in profit or loss as appropriate.

FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

STOCKS

Metal stocks are held as part of a trading position and are stated at fair value based on quoted market prices in an active market with movements in fair value recognised in profit and loss.

At each balance sheet date, stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised in profit and loss.

CASH AND CASH EQUIVALENTS

Cash comprises cash at bank.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

The Company has no judgements or estimations that are significant enough to require disclosure.

AMALGAMET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 ANALYSIS OF TURNOVER

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Analysis of turnover by geographical region:		
United Kingdom and Continental Europe	121,180	170,317
North and Central America	104,814	133,962
Asia	273,353	176,539
Australasia	2,659	5,220
South America	-	6,177
Africa	3,551	3,648
	<u>505,557</u>	<u>495,863</u>

3 OPERATING EXPENSES

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Operating costs consist of staff costs and other operating charges:		
Staff costs (including Directors):		
Wages and salaries	1,145	1,395
Social security costs	130	111
Other pension costs	179	52
Audit fees payable:		
To the Company's auditors for the current year audit	43	31
FX gains and losses	(5)	(15)
Other operating charges	1,518	1,405
	<u>3,010</u>	<u>2,979</u>

	<u>2019</u>	<u>2018</u>
The average number of employees (including Directors) throughout the year was as follows:	13	14

4 DIRECTORS REMUNERATION

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
EMOLUMENTS OF DIRECTORS		
Payments to Directors:		
Aggregate Directors emoluments	<u>356</u>	<u>342</u>
	Number	Number
Number of Directors for whom retirement benefits were accruing:	1	1

AMALGAMET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 DIRECTORS REMUNERATION (CONTINUED)

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
EMOLUMENTS OF DIRECTORS		
Highest paid Director:		
Aggregate emoluments (excluding pension contribution)	304	291
Pension contributions		
Defined benefit scheme	48	47
Defined contribution scheme	4	4
Accrued pension at 31 st December	48	47

During the period, 1 Director was remunerated US\$356,000 (2018: US\$342,000) by the Company and is included above. The remaining Directors were remunerated by other Amalgamated Metal Corporation PLC Group ("AMC Group") companies for their services to the AMC Group as a whole and it is not practicable to apportion their remuneration between the companies of which they are a Director.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Bank loans and overdrafts	1,094	860
Loans from Group companies	1,042	1,568
	<u>2,136</u>	<u>2,428</u>

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Current taxation charge	251	257
Deferred tax charge (note 7)		
Origination and reversal of timing differences	49	(35)
Adjustments in respect of prior periods	(7)	-
Total tax charge on profit from ordinary activities	<u>293</u>	<u>222</u>

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Factors affecting tax charge for year		
Profit on ordinary activities before taxation	<u>1,503</u>	<u>1,508</u>
Profit on ordinary activities at the standard rate of corporate tax in the UK of 19.00% (2018: 19.00%)	286	287
Deferred tax asset		
Effects of:		
Permanently disallowed items	(4)	4
Prior year adjustment and exchange differences	6	(69)
FX differences	5	-
Tax charge for year	<u>293</u>	<u>222</u>

AMALGAMET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 DEFERRED TAX ASSET

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
At 1 January	43	8
Timing differences	(49)	35
Adjustments in respect of prior years	7	-
Foreign exchange	<u>1</u>	<u>-</u>
At 31 December	<u><u>2</u></u>	<u><u>43</u></u>

The deferred tax asset consists of the following:

Other timing difference	<u>2</u>	<u>43</u>
	<u><u>2</u></u>	<u><u>43</u></u>

Deferred taxation is provided at rates expected to apply when the timing differences reverse, based on current tax rates and law.

8 STOCKS

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Goods for resale	<u>52,336</u>	<u>70,206</u>

9 DEBTORS

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Amounts falling due within one year:		
Trade debtors	23,718	11,765
Amounts owed by group companies	883	3,710
Other debtors and prepayments	7,612	1,761
Deferred tax asset	2	43
Derivative financial instruments	<u>628</u>	<u>1,899</u>
	<u><u>32,843</u></u>	<u><u>19,178</u></u>

10 CREDITORS

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Amounts falling due within one year:		
Bank loans and overdrafts	26,994	38,443
Trade creditors	5,039	3,422
Amounts owed to group companies	23,905	21,342
Other creditors	635	482
UK corporation tax	153	47
Accruals and deferred income	3,932	4,283
Derivative financial instruments	<u>2,057</u>	<u>158</u>
	<u><u>62,715</u></u>	<u><u>68,177</u></u>

The carrying value of bank loans and overdrafts is a reasonable approximation to fair value, and represents drawdowns under short-term loan facilities that expire less than one year after the balance sheet date.

Bank loans and overdrafts at 31 December 2019 included \$20,514,000 secured on the companies assets. These loans are short term and are repayable in less than one year after the balance sheet date. An additional \$6,480,000 of bank loans and overdrafts relate to stocks that had been sold to banks in December 2019, with an agreement to repurchase the same stocks in January 2020.

AMALGAMET LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 SHARE CAPITAL

	<u>2019</u> US\$'000	<u>2018</u> US\$'000
Allotted, called up and fully paid 20,000,000 ordinary shares of USD 1.00 each	<u>20,000</u>	<u>20,000</u>

The ordinary shares which are not redeemable, entitle the holder to one vote for each share and each share carries the same rights in respect of participating in a dividend and distribution of the capital including winding up.

12 PENSIONS

A large number of the company's staff belong to a defined contribution Group Personal Pension Plan, to which both company and the staff members make contributions. However, a small number of staff participate in a defined benefit scheme operated by its UK Holding Company, Amalgamated Metal Corporation PLC, for certain of its UK subsidiaries and financed through a separate trustee-administered scheme. Contributions to the scheme are based on pension costs across the Group as a whole and are based on professional and independent actuarial advice. Full actuarial valuations are carried out triennially. The most recent finalised valuation was at 1st January 2017.

It is not possible to identify the Company's share of the underlying assets and liabilities in the above defined benefit scheme on a consistent and reasonable basis. Further details of the scheme are contained in Note 23 of the financial statements of Amalgamated Metal Corporation PLC. The above scheme was closed to new joiners on 1st January 2003 and from that date new employees are offered a defined contribution Group Personal Pension Plan.

13 RELATED PARTY

The Company is a wholly owned subsidiary of Amalgamated Metal Corporation PLC and has taken exemption from disclosing transactions and balances with wholly owned subsidiaries included within the accounts of that company.

The Company made both purchases from and sales to one of the fellow subsidiaries in the AMC Group that was not 100% owned until 31 December 2019, Thailand Smelting and Refining Company Limited. Purchases to the value of US\$8,568,145 (2018: US\$9,755,668) and sales to the value of US\$1,092,750 (2018: nil) were made and there was an amount payable of US\$466,555 (2018: US\$1,012,268) at the year-end.

14 PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Amalgamated Metal Investment Holdings Limited, which is incorporated in England and Wales.

The Company's ultimate parent undertaking is AMCO Investments Limited ("AMCO"), a company incorporated in England and Wales. AMCO is the parent of the largest group of undertakings for which consolidated financial statements are drawn up and of which the Company is a member. Copies of the consolidated financial statements of AMCO are available from Companies House.

Amalgamated Metal Corporation PLC ("AMC") is the parent of the smallest group of undertakings for which consolidated financial statements are drawn up and of which the Company is a member. Copies of the consolidated financial statements are available at AMC's registered office: 55 Bishopsgate, London EC2N 3AH.

15 EVENTS AFTER THE REPORTING PERIOD

As explained in the Strategic Report the spread of the coronavirus pandemic in early 2020 has led to both a public health and an economic crisis. It is anticipated that it will have a negative impact on trading volumes as a consequence of lower demand for our metals. However, the Company has access to sufficient resources and remains fully operational, actively engaging with its key suppliers and customers through the use of improved technology which enables all staff to work remotely.