

AMBRIAN CAPITAL

Report and Financial Statements
Year Ended 31 December 2011

Ambrian Capital plc
Report and financial statements
for the year ended 31 December 2011

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Ambrian Capital plc

Officers and advisers

Directors

Nathan Anthony Steinberg (*Non-Executive Chairman*)

Robert Norman Ashley (*Chief Executive*)

John Michael Coles (*Finance Director*)

Seng Huang Lee (*Non-Executive Director*)

Julian Alexander McIntyre (*Non-Executive Director*)

Registered Office

Old Change House, 128 Queen Victoria Street, London, EC4V 4BJ

Company Secretary

Cargil Management Services Limited, 22/23 Eastcastle street, London, W1W 8DH

Company Registration Number

3172986

Auditors

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

Registrars

Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Nominated Adviser

Macquarie Capital (Europe) Ltd, Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD

Broker

Macquarie Capital (Europe) Ltd, Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD

Legal Advisers

Maclay, Murray & Spens, One London Wall, London EC2Y 5AB

Ambrian Capital plc

Chairman's statement

Chairman's Report

2011 was a year of change and rationalisation for the Ambrian Group. In April 2011, we entered into an agreement to dispose of our LME futures broking business, Ambrian Commodities Limited ("ACL"), which was completed in August. Subsequently, in November 2011, we entered into an agreement to dispose of our corporate finance and equities business, Ambrian Partners Limited ("APL"), which was completed in March this year. In both instances, the risk and reward of the respective businesses passed at exchange of contracts and completion took place later after receipt of the requisite consents for the change of control of the respective companies.

These disposals were made in light of the deteriorating environment in the credit and equities markets and our lack of confidence in the future direction of those markets in the short to medium term. However, this rationalisation of our businesses has come at a price in terms of earnings and net assets.

Following these disposals, the Group's business is now focused principally on our commodity trading businesses in metals and biofuels. The Board has already taken significant steps to reduce the Group's cost base and continues to look for further efficiencies and savings.

Regrettably, our balance sheet has been impacted by prior year adjustments resulting from valuation inconsistencies which have arisen in our metals trading business in previous years. These were identified after an exhaustive investigation by management carried out in conjunction with our auditors, BDO. Further details of the adjustments are referred to in the Chief Executive's Report.

The Board is satisfied that these inconsistencies are problems of the past and that adequate reconciliation processes and controls are now in place to safeguard against inconsistencies of a similar nature arising in the future.

In February 2011, following Tom Gaffney's resignation, Robert Ashley took over as Chief Executive bringing extensive expertise in both commodities and treasury.

In August 2011, I took over from Lawrence Banks following his retirement from your Board after seven years service with the Group, four of which were as Chairman.

In June 2011, Charles Crick took over as acting head of corporate finance of APL. Following his assistance in selling that company to RFC Group, he retired from the Board in March 2012.

I thank all the retiring Directors for their contributions over the years.

I also take this opportunity to extend my thanks to all Ambrian Group staff for their support and considerable efforts throughout 2011.

Shareholders will note that amongst the resolutions to be proposed at the AGM convened for 29 June 2012, we are proposing a resolution to change the name of the Company to East West Resources PLC, which the Board feels better encapsulates the activities of the Group following the sale of our LME futures broking and stockbroking businesses.

Finally, I refer shareholders to the outlook statement set out at the end of the Chief Executive's Report.

Nathan A Steinberg

Chairman

Ambrian Capital plc

Chief Executive's report

Total Income and Profits

Total income from continuing operations was £5.48 million for the year ended 31 December 2011 compared with £9.60 million (restated) for the year ended 31 December 2010, a decline principally resulting from the negative performance of both our fossil fuels business and investment portfolio.

Operating and administrative costs from continuing operations of £8.14 million were marginally lower than the operating costs for the same period last year of £8.15 million.

The loss attributable to shareholders from continuing operations after tax was £4.10 million, compared with a restated profit of £1.13 million for the same period last year, principally reflecting the reversal in performance of the investment portfolio and a lack of income in our fossil fuels business relative to the significant capital invested in the start up of this activity.

As a result of the disposals of Ambrian Commodities Limited ("ACL") and Ambrian Partners Limited ("APL") during the year, we have treated the results of these two companies as discontinued activities. Having written down the intangible assets relating to our investment in APL to zero in the six months ended 30 June 2011, we incurred trading losses in that company in the second half, giving rise to a pre-tax loss of £5.11 million attributable to our investments in both APL and ACL.

The Group loss attributable to shareholders from all operations was £9.61 million after tax, compared to a restated after tax profit of £1.51 million for the year ended 31 December 2010. This loss includes a deferred tax asset in Ambrian Capital of £0.79 million which has been expensed as there is no certainty that it can be utilised within the foreseeable future (as required by International Accounting Standard 12 if it is to be recognised as an asset).

Dividend

In view of the loss reported by the Group, the Board has decided not to recommend a dividend in respect of the year ended 31 December 2011 (2010:1.5p per share).

Continuing operations

Commodities

Revenue from continuing operations in the Commodities division was £6.35 million for the year ended 31 December 2011 (2010: £5.50 million restated).

Metals – Ambrian Metals Limited ("AML")

The principal feature of 2011 was the marked volatility in copper prices, with these peaking at \$10,109 per tonne in February and then falling to \$6,695 per tonne in September. The price ended the year at \$7,554 per tonne. Consequently premiums were similarly volatile throughout the year.

In the first half of the year, Chinese demand was subdued, largely as a result of the high copper price. However, AML experienced a modest increase in activity in the second half as prices reduced. Despite this volatility, AML increased its market share in China with over 40 per cent. of total sales in the year being attributable to Chinese customers.

In the Middle East, the business was affected by the widespread political unrest and the severe market volatility in commodity prices. These factors resulted in delays in a number of utility projects which, in combination with stock holdings carried over by a number of AML's customers from 2010, led to less demand in the region than forecast at the start of the year. Nevertheless, AML increased its market share in the Middle East in 2011 and the region remains a major source of customers for the business.

The balance of sales was split between South Korea, Europe and the rest of SE Asia. The majority of the company's supplies were sourced from Russia, Zambia and India.

Ambrian Capital plc

Chief Executive's report (*Continued*)

Over the 12 months ended 31 December 2011, AML supplied a total tonnage of refined copper of 240,528 tonnes (compared with 246,050 tonnes supplied for the equivalent period in 2010).

AML continued to benefit from the strong support of its bankers and now has uncommitted trade finance facilities totalling over US\$385 million compared to US\$330 million at 31 December 2011 and US\$310 million at 31 December 2010.

Total revenues in the physical metals division were £3.75 million in the period, down from £4.16 million for the 12 months to 31 December 2010 (restated).

Profit before tax for the division for the 12 months to 31 December 2011 was £1.65 million compared with £1.80 million (restated) for the same period in 2010.

Biofuels – Ambrian Energy GmbH (“AEG”)

Total revenue in AEG for the 12 months ended 31 December 2011 was £2.20 million compared with £1.34 million in 2010. This was a strong performance for a business which was only started in September 2010 although the second half performance did not quite match the first six months due to the difficulty of reducing inventory into the winter months. The business was affected by a period of lower biodiesel premiums relative to gasoil and delayed shipments of biodiesel from Asia which led to increased storage and financing expenses in the latter stages of the year. Overall, biodiesel prices remained consistent throughout the year with premiums over gasoil trading in a range between US\$200-500 per tonne depending upon seasonality and quality.

Most of AEG's customers are located in North West Europe with occasional deliveries to Italy and Spain and as such the business is seasonal with demand affected by winter temperatures. Most of the product is sourced from South East Asia with some supplies from South America and Europe. AEG merchandises an expanded range of biodiesel grades including Rapeseed Oil Methyl Ester (“RME”), Soyabean Oil Methyl Ester (“SME”), Palm Oil Methyl Ester (“PME”) and Used Cooking Oil Methyl Ester (“UCOME”). As a recycled waste product, UCOME is considered a second generation biofuel with the highest rated greenhouse gas saving potential.

During the year, the EU Renewable Energy Directive 2009/28/EC (“Red”) was implemented in additional EU member states, leading to increased demand for certified product.

As members of the International Sustainability & Carbon Certification (“ISCC”) and the Roundtable of Sustainable Palm Oil (“RSPO”), AEG continues to be at the forefront of sustainability practices in the biofuels market with all feedstock supplied from sustainable sources.

The business has been funded to date by €2.0 million capital and a subordinated loan facility of up to US\$4.8 million provided by the Group and uncommitted trade finance facilities of US\$40 million provided by commercial banks.

Profit before tax for AEG for the 12 months to 31 December 2011 was £0.96 million, compared with a loss of £0.07 million for the same period in 2010.

Fossil fuels – Ambrian Energy Limited (“AEL”) and Strategic Energy Bank Limited (“SEB”)

Total revenue in AEL and SEB for the 12 months ended 31 December 2011 was £0.40 million (2010: £nil) and the companies recorded a loss before tax for the 12 months to 31 December 2011 of £1.31 million (2010: £0.17 million). Regrettably, the business has not fulfilled expectations primarily as a result of difficult trading conditions affecting the fossil fuel market throughout the year and high storage fees. Since the year end, the Group has ceased providing capital to AEL and is curtailing its activities in the business.

Principal Investments

In the 12 months ended 31 December 2011, investment portfolio recorded a pre-tax loss of £1.66 million compared with a pre-tax profit of £2.75 million in the 12 months ended 31 December 2010.

Ambrian Capital plc

Chief Executive's report (*Continued*)

This reflects a reduction of 27.5 per cent. in the value of the underlying investments since 31 December 2010 but compares with a decrease of 33.6 per cent. for the AIM Basic Resources Index (and increases over the same period in sterling terms of 9.4 per cent. for gold and 11.5 per cent. for crude oil).

In light of adverse market conditions and prevailing economic uncertainty, the Board decided to reduce substantially its exposure to junior resource stocks and as a result the total value of APIL's investment portfolio at 31 December 2011 was £1.73 million compared with a principal investment portfolio valued at £4.22 million at 31 December 2010.

At 31 December 2011, Ambrian Principal Investments Limited ("APIL") which holds a significant part of the investment portfolio had 15 holdings. The unlisted investments were valued at £0.45 million at 31 December 2011, compared with £0.71 million at 31 December 2010.

Ambrian Capital continues to hold a 12.5 per cent. interest in Consolidated General Minerals PLC ("CGM") which was de-listed from AIM on 1 July 2011. CGM is managed and part-owned by employees of Ambrian Resources AG ("ARAG") which was established in February 2010 in partnership with a team of three former executives of Glencore International AG. ARAG employees are now charged to CGM. CGM continues to focus on developing its clinker grinding mill and cement packaging plant in Beira, Mozambique. As at 31 December 2011, CGM's reported own cash position was US\$19.7 million.

Discontinued operations

Ambrian Commodities Limited ("ACL") and Ambrian Partners Limited ("APL")

In April 2011 we entered into an agreement for the sale to INTL Global Currencies Limited (a wholly-owned subsidiary of INTL FCStone Inc) of the whole of the issued share capital of ACL with effect from 31 March 2011. This agreement was completed on 31 August 2011 and resulted in the return to the Company of its invested capital of £4.37 million. In November 2011, we entered into an agreement for the sale to RFC Group Limited of the whole of the issued share capital of APL with effect from 31 October 2011. This agreement was completed on 30 March 2012. In both agreements, the risk and reward of the businesses passed at exchange of contracts and completion took place later after the requisite consents for the change of control of the respective companies had been obtained. As a result of these disposals, the results of ACL and APL for the periods until their disposal have been treated as discontinued operations. The disposal of APL resulted in an after tax loss of £5.51 million on our investment in APL (represented by a loss on the Group's original investment (including goodwill) of £3.71 million, a £0.40 million write-off of non-recoverable deferred tax and trading losses in the period of £1.40 million). The overall loss in Group attributable to our discontinued operations was £5.51 million.

Expenses

Group administrative expenses attributable to the Group's continuing operations for the year ended 31 December 2011 were £8.14 million (2010: £8.15 million restated), of which £7.16 million (2010: £6.67 million) were represented by fixed costs (excluding provisions for year-end profit related bonuses and share-based payment charges). Like for like expenses were broadly in line with those for last year.

Remuneration expenses attributable to continuing operations, before share-based payment charges, were £3.72 million in the 12 months ended 31 December 2011 (2010: £3.30 million) of which (i) £2.74 million was represented by salaries, employers' national insurance and benefits (2010: £1.79 million) and (ii) £0.98 million represented a provision for year-end profit related bonuses (2010: £1.51 million). The ratio of total remuneration expenses to total income relating to our continuing operations was 67 per cent. for the year compared with 37 per cent. for 2010. The variance in these two percentages is largely attributable to the reversal in performance of the investment portfolio and the lack of income in our fossil fuels business.

Total headcount in our continuing operations at 31 December 2011 was 30 (compared with a total Group headcount at 31 December 2010 of 78).

Ambrian Capital plc

Chief Executive's report (*Continued*)

Share-based payment charges were £0.16 million in the 12 months ended 31 December 2011 (2010: £0.52 million).

Non-remuneration expenses attributable to continuing operations were £4.42 million in the 12 months ended 31 December 2011 (2010: £4.88 million).

Balance Sheet

Prior year adjustment and restatement of 2010 financial results

The Group balance sheet has been adversely impacted by a prior year adjustment resulting from valuation inconsistencies in our metals trading business.

In conjunction with the Company's auditors, management carried out an exhaustive investigation into the financial reporting of the physical metals business and the manner in which transactions have been recorded in the books of AML since the acquisition of the AML business in 2008. As a result of this investigation, it was found that there were inconsistencies in the manner in which certain inventory and open sales contracts had been valued in the Group's financial statements for the previous years ended 31 December 2009 and 31 December 2010. The financial statements for the year ended 31 December 2011 have been prepared on the basis that the inventory has been valued at open market value less costs to sell and the open sales contracts (which are included in prepayments and accrued income) only include any contracted profit which is in excess of open market value. This amount is reduced by a liability for any open contracts which at the year-end are below open market value.

In the year ended 31 December 2009, open sales contracts included in prepayments and accrued income were overvalued by £4.08 million as they had not been reduced to reflect the uplift of related inventory items to fair value. After adjusting for credits to bonuses and taxation, the Group profit after tax for the year ended 31 December 2009 was overstated by £2.31 million. Group retained earnings for the year ended 31 December 2009 were overstated by the same amount.

In the year ended 31 December 2010, open sales contracts included in prepayments and accrued income were overvalued by a net amount of £1.10 million for the same reason as set out above in relation to the previous year. After adjusting for credits to bonuses and taxation, the Group profit after tax for the year ended 31 December 2010 was overstated by £0.36 million which has been restated in the financial statements for this period. Group retained earnings for the year ended 31 December 2010 were overstated by the same amount. Further details are provided in Note 5 of the consolidated financial statements.

Net assets

Total net assets at 31 December 2011 were £19.86 million, down from £30.15 million at 31 December 2010 (restated). The principal factors impacting the Group's net assets were the losses attributable to our investments in APL and ACL (£5.51 million), the losses on our investment portfolio (£1.66 million), the prior year adjustments and restatements relating to our physical metals business referred to above (£2.67 million) and the losses arising in our fossil fuels business (£1.30 million).

The Group's own cash resources totalled £15.38 million at 31 December 2011 compared with £18.97 million at 31 December 2010. As a result of the disposal of APL, the £0.9 million balance of cash due on completion of that sale which had not been received at 31 December 2011 (but which has been received since the year-end) has been treated as a debtor. The reduction in own cash amounting to £3.59 million is principally attributable to APL and ACL leaving the Group, the investment portfolio losses, the losses in the fossil fuel business, payment of professional fees and employee severance amounts and the payment of the final dividend for the year ended 31 December 2010.

Net tangible asset value per share (net of deferred tax) was 19.6p (compared with 26.4p as at 31 December 2010 (restated)). Net tangible asset value per share is based on 100,136,584 ordinary shares outstanding at 31 December 2011 (excluding Treasury shares and shares held by the Ambrian Capital Employee Benefit Trust) (2010: 98,477,751).

Ambrian Capital plc

Chief Executive's report (*Continued*)

Outlook

This has been a challenging year for the Group amidst the resurgent turmoil in the global economy. However, the Group has a strong and liquid balance sheet and the metals trading business continues to trade positively. After selling down its inventory backlog, the biofuels business is also shipping new cargoes to meet the summer demand at positive margins. When the rationalisation of the Group's cost base has been completed, the Board anticipates that the Group will return to profitability as a whole.

In view of the uncertainty in world markets, we remain focused on the risk, control and reporting environment applicable to the Group's operations and we continue to look for strategic opportunities to enhance shareholder value.

Robert Ashley
Chief Executive

Ambrian Capital plc

Report of the Directors for the year ended 31 December 2011

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2011.

Principal Activities

During the year under review the Group comprised four main operating businesses:

Ambrian Metals Limited, incorporated in Switzerland and managed from the UK, sources and markets physical metals.

Ambrian Energy GmbH, incorporated in and managed from Germany, is a provider of biofuels, predominantly into the European markets.

Ambrian Asset Management Limited, regulated by the Financial Services Authority, provides management services to the Ambrian Principal Investments fund, which is wholly-owned within the Group and Jersey-based.

Ambrian Energy Limited and Strategic Energy Bank Limited are advisers and arrangers of fossil fuel transactions.

The Group had two businesses that were disposed of during the year:

- Ambrian Commodities Limited, a broker-dealer of metals futures and options; and
- Ambrian Partners Limited, a business providing corporate finance advice, equity research, sales & trading and market making services.

Business and Review of Future Prospects

A full review of the activity of the business, key performance indicators and future prospects is contained in the Chairman's Statement and the Chief Executive's report on pages 4 to 9 which accompany these financial statements. Key performance indicators include, but are not limited to, profit before tax, revenue by segment, own cash, remuneration expense to total income ratio, tangible net asset value and tangible net asset value per share.

Results and Dividends

The Group recorded a loss after tax of £9.61m (2010: profit £1.51m as restated). Further information on the result for the period is included within the Chairman's Statement and Chief Executive's report on pages 4 to 9.

The Board is not recommending a final dividend (2010: 0.75p per share).

Directors' Indemnity Arrangements

The Group has purchased and maintained throughout the year qualifying indemnity provisions through Directors' and Officers' liability insurance.

Ambrian Capital plc
Report of the Directors
for the year ended 31 December 2011 (Continued)

Substantial Shareholders

The Directors are aware of the following that have interests of 3 per cent. or more in the Company's shares as at 31 May 2012:

	<i>Number</i>	<i>Percentage</i>
Sprott Inc.*	13,287,208	12.44%
Sun Hung Kai & Co Limited	10,006,250	9.36%
Allard Services Limited	9,313,149	8.72%
Ambrian Capital plc Employee Benefit Trust	6,609,286	6.18%
RBC Capital Markets (USA)	5,586,290	5.23%
Mirabaud Et Cie Geneva	4,280,000	4.01%
Church House Investments Limited	3,765,000	3.52%
Rule Family Trust*	4,161,810	3.89%
Tom Gaffney	3,670,053	3.43%
Selftrade	3,402,968	3.18%

* The Directors understand that Mr R Rule is a Director of Sprott Inc. and is also connected with the Rule Family Trust.

Acquisition of Own Shares

At the Annual General Meeting of the Company held on 29 June 2011 the Company was given authority to purchase up to 16,029,172 ordinary 10p shares. The authority will expire on the earlier of the conclusion of the Annual General Meeting of the Company in 2012 and 28 September 2012.

During the year the Company did not purchase any of its own ordinary 10p (2010: 118,000) shares. The number of shares held in treasury at the year-end remained unchanged at 4,500,058 (2010: 4,500,058) shares. At 31 December 2011 the Company had 111,361,208 (2010: 111,361,208) shares in issue. Therefore, at 31 December 2011, the total number of shares held in treasury represented 4.04 per cent. of the issued share capital (2010: 4.04 per cent.). Shares held in treasury may in the future contribute to staff share schemes.

Employee Benefit Trust

The Group has an Employee Benefit Trust ("EBT") for the benefit of its employees. At 31 December 2011, the EBT held 6,724,566 ordinary 10p shares in the Company (2010: 8,383,899 shares). Details of the share options granted to staff by the EBT are set out in note 21.

Risk Management and Financial Risk

The Group attaches great importance to effective risk management. Each business unit operates through its own management committee which meets at least weekly and is attended by the Group's senior management. The Group's principal exposures are monitored daily. The Group also operates a Risk Committee which is responsible for recommending risk strategy to the Board and the Group's risk management framework.

The key business risks to which the Group is exposed are as follows:

Loss of key staff

Retaining key staff, including, in particular, significant current and future revenue generators, is essential to the long-term health and growth of the business. The Group's policies on remuneration are devised to engender loyalty and promote performance by such staff. These policies include payment of bonuses and share option awards where appropriate.

Legal risk

Legal risk is inherent in most transactions affecting our businesses. This is managed by the use of external legal advisers where appropriate and the adoption of industry standard documentation.

Ambrian Capital plc
Report of the Directors
for the year ended 31 December 2011 (*Continued*)

Information technology risk

All of our businesses depend upon robust, effective and efficient IT support. We have in place appropriate back up procedures to safeguard the loss of information and records arising from IT failure. We also seek to ensure that our own material data and service providers have appropriate back up and disaster recovery procedures in place to overcome or mitigate any damage to us resulting from their failure.

Operational risk

The value of some of the Group's trades particularly in its physical businesses is significant. The Group is accordingly exposed to the risk of material loss through operational errors in conducting those trades. We manage this risk by a combination of well established procedures, an experienced and well-trained operations team, and sophisticated trade capture systems which are designed to minimise the risk of loss through such errors.

Competition

The Group operates in a competitive environment across its business units and is therefore vulnerable to losing business to third parties able and willing to offer more competitive terms. We aim to mitigate this risk by maintaining close relationships with our customers, avoiding business concentration with a limited customer base and providing differentiating services.

Disintermediation

The Group operates largely as an intermediary. The integration of services between suppliers and consumers of goods and materials could have an adverse effect upon the Group.

Commodity concentration

The Group's businesses are focused on commodities which is a cyclical sector. Any material change in demand for relevant commodities could have an adverse impact on the Group's performance.

Financial instruments – risk management

There are a number of financial risks to which the Group is exposed. The major such risks and the controls designed to manage and mitigate them are set out and explained in note 26.

Internal Control

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and Group assets and for reviewing its effectiveness.

The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute, assurance against material mis-statement or loss.

The Group's system of internal control has been actively managed throughout the year. The Board has three committees with formal terms of reference (see corporate governance section below) and the Group has a compliance function responsible for the Group's adherence to the rules of the FSA and other relevant regulators.

As part of the Chief Executive's review of the Group's business at each meeting of the Board, the results of each area of the Group's business are discussed and compared to forecast and the prior year. Market conditions are also considered and material issues affecting the Group's operations over the period under review are also discussed.

Internal financial control procedures undertaken by the Board include:

- Review of quarterly financial reports and monitoring performance.
- Prior approval of all significant expenditure including all major investment decisions.

Ambrian Capital plc
Report of the Directors
for the year ended 31 December 2011 (Continued)

The Board has reviewed the operation and effectiveness of the Group's system of internal control for the financial period and the period up to the date of approval of the financial statements.

Policy for Payment of Creditors

It is the Group's policy to settle all agreed transactions within the terms established with suppliers, which is typically thirty days' credit granted to the Group. The number of average days' purchases of the Group represented by trade creditors as at 31 December 2011 was 15 days (2010 - 15 days).

Directors and their interests

The present membership of the Board, together with details of the Directors who served during the year, and their interests in the share capital of the Company are set out below.

	Ordinary shares		Share options	
	At 31 December 2011	At 1 January 2011 or on appointment if later	At 31 December 2011	At 1 January 2011 or on appointment if later
W L Banks	661,045	661,045	225,000	225,000
J M Coles	200,000	200,000	1,374,444	1,374,444
C A Crick	400,000	400,000	225,000	225,000
T B Gaffney	3,670,053	3,670,053	—	6,750,000
Seng Huang Lee	—	—	500,000	500,000
J A McIntyre	—	—	—	—
N A Steinberg	400,000	400,000	225,000	225,000
R N Ashley	—	—	—	—

Mr S H Lee has an interest in Sun Hung Kai & Co Limited, and Mr J A McIntyre has an interest in MWB Limited and Allard Services Limited, all of which companies are substantial shareholders in the Company as detailed in the substantial shareholders analysis above.

Mr T B Gaffney resigned from the Board on 23 February 2011 and Mr R N Ashley was appointed as Director and Chief Executive on 26 February 2011.

Mr W L Banks retired from the Board on 4 August 2011 and Mr C A Crick retired from the Board on 30 March 2012.

Further details in respect of the share options are disclosed in note 21.

Political and Charitable Donations

No political donations were made by the Group during 2011 (2010: £nil). The Group made charitable donations of £200 in 2011 (2010: £22,250).

Corporate Governance

AIM companies are not required to comply with the UK Corporate Governance Code (principles of good governance and code of best practice) adopted by the London Stock Exchange but the Directors have chosen to make these disclosures to provide corporate governance information.

The Board meets at least four times a year and at such other times when necessary in order to determine the strategy and policy of the Group, its trading performance, the risks to which the Group is exposed and any other matters of significance affecting the Group. The Board has a schedule of matters specifically reserved to it for decision.

Ambrian Capital plc
Report of the Directors
for the year ended 31 December 2011 (*Continued*)

The Remuneration Committee comprises all the non-executive Directors of the Company and is chaired by Mr N A Steinberg. The Committee determines salary levels, discretionary bonuses and the terms and conditions of service of the executive Directors together with their share option awards. It also reviews the remuneration recommendations (including bonuses and share option awards) relating to other staff. The Remuneration Committee is also responsible for exercising discretions in relation to the Group's share option scheme and for the development of the Group's strategy in relation to the use of equity related remuneration for the benefit of the Group's employees.

The Audit Committee now comprises Mr N A Steinberg (Chairman) and Mr J A McIntyre, both of whom are non-executive Directors. During the year, the Committee comprised Mr C A Crick (Chairman), Mr N A Steinberg and Mr W L Banks (whilst Chairman of the Company). Mr J M Coles, although not a member of the Committee regularly attends the meetings. The Committee meets at least three times a year and is responsible for monitoring the effectiveness of the internal environment, reviews external financial reporting and monitors the framework for compliance with relevant laws and regulations. The Committee reports to the Board on the Group's full and half year results having considered the Group's accounting policies and relevant accounting principles applicable to the Group. The Committee also monitors the relationship between the Group and its auditors.

The Risk Committee now comprises Mr N A Steinberg (Chairman) and Mr R N Ashley. During the year, the Committee comprised Mr W L Banks (whilst Chairman of the Company), Mr N A Steinberg and Mr C A Crick. The Committee is responsible for recommending to the Board the Group's strategy in respect of the key risks to which the Group is exposed and the Group's appetite for those risks. The Committee is also responsible for approving the controls around those risks and monitors and reviews those controls.

Table of meetings and attendees

	<i>Board Meeting</i>	<i>Remuneration Committee</i>	<i>Audit Committee</i>	<i>Risk Committee</i>
<i>Number of meetings held</i>	10	4	8	2
W L Banks	6(6)	2(3)	2(3)	1(1)
J M Coles	9(10)	—	7(8)	2(2)
C A Crick	10(10)	4(4)	8(8)	2(2)
S H Lee	7(10)	4(4)	—	—
T B Gaffney	1(1)	—	—	—
J A McIntyre	9(10)	4(4)	—	2(2)
N A Steinberg	10(10)	4(4)	8(8)	2(2)
R N Ashley	8(9)	—	7(8)	2(2)

In the above table the numbers in brackets indicate the number of meetings which the Director concerned was eligible to attend. References to Mr Lee include attendance by his appointed alternate.

Off balance sheet arrangements

There were no off balance sheet arrangements in place during the year or at the year end.

Disclosure of information to auditors

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Ambrian Capital plc
Report of the Directors
for the year ended 31 December 2011 (*Continued*)

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Auditors

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.

Approved by the Board of Directors and signed on behalf of the Board on 8 June 2012.

J M Coles

Finance Director

Ambrian Capital plc

Statement of Directors' responsibilities

The Directors are responsible for preparing the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the 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. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Ambrian Capital plc

Independent auditor's report

The Members of Ambrian Capital Plc

We have audited the financial statements of Ambrian Capital plc for the year ended 31 December 2011 which comprised the consolidated statement of financial position and company balance sheet, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements 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 sections 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 31 December 2011 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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.

Ambrian Capital plc
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.

Daniel Taylor (*senior statutory auditor*)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

8 June 2012

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

Ambrian Capital plc
Consolidated statement of comprehensive income
for the year ended 31 December 2011

	Notes	Year to 31 December 2011 £	Year to 31 December 2010 (restated) £
Revenue		6,894,593	5,503,078
Investment portfolio (losses) and gains		(1,409,649)	4,094,224
Total income	3	5,484,944	9,597,302
Administrative expenses		(8,143,053)	(8,153,603)
(Loss)/profit before tax	4	(2,658,109)	1,443,699
Taxation	7	(1,436,937)	(313,005)
(Loss)/profit after tax from continuing operations		(4,095,046)	1,130,694
(Loss)/profit on discontinued operations before tax	30	(5,112,764)	681,822
Taxation on discontinued operations		(399,870)	(303,429)
(Loss)/profit after tax from continuing and discontinued operations		(9,607,680)	1,509,087
Other comprehensive income			
Exchange profit/(loss) arising from translation of foreign operations		245,460	(459,080)
Total other comprehensive income		245,460	(459,080)
Total comprehensive (loss)/income		(9,362,220)	1,050,007
(Loss)/profit for the period attributable to:			
Owners of the parent		(9,604,730)	1,599,532
Non-controlling interest		(2,950)	(90,445)
		(9,607,680)	1,509,087
Total comprehensive income attributable to:			
Owners of the parent		(9,359,270)	1,140,452
Non-controlling interest		(2,950)	(90,445)
		(9,362,220)	1,050,007
Earnings per share continuing and discontinued operations:			
Basic	9	(9.88) pence	1.62 pence
Continuing operations:			
Basic	9	(4.21) pence	1.23 pence

The accounting policies and notes set out on pages 23 to 54 form an integral part of these consolidated financial statements.

Ambrian Capital plc
Consolidated statement of changes in equity
for the year ended 31 December 2011

	Share capital £	Share premium account £	Merger reserve £	Share- based payments reserve £	Employee benefit trust £	Treasury shares £	Retained earnings £	Exchange reserve £	Non- controlling interest £	Total Equity £
Balance at 31 December 2009	11,136,121	11,105,383	1,245,256	3,639,675	(5,342,707)	(1,093,889)	12,357,624	(616,852)	—	32,430,611
Prior year adjustment (Note 5)	—	—	—	—	—	—	(2,305,877)	—	—	(2,305,877)
Restated balances at 31 December 2009	11,136,121	11,105,383	1,245,256	3,639,675	(5,342,707)	(1,093,889)	10,051,747	(616,852)	—	30,124,734
Profit for the period	—	—	—	—	—	—	1,963,931	—	(90,445)	1,873,486
Prior year adjustment (Note 5)	—	—	—	—	—	—	(364,399)	—	—	(364,399)
Restated profit for the year	—	—	—	—	—	—	(1,599,532)	—	(90,445)	(1,509,087)
Other comprehensive income	—	—	—	—	—	—	—	(459,080)	—	(459,080)
Non-controlling interest on incorporation of subsidiary	—	—	—	—	—	—	—	—	51,131	51,131
Share-based payment charge	—	—	—	521,833	—	—	—	—	—	521,833
Purchase of shares	—	—	—	—	(268,295)	(34,827)	—	—	—	(303,122)
Sale of shares	—	—	—	—	165,558	—	—	—	—	165,558
Dividends	—	—	—	—	—	—	(1,463,303)	—	—	(1,463,303)
Restated balances at 31 December 2010	11,136,121	11,105,383	1,245,256	4,161,508	(5,445,444)	(1,128,716)	10,187,976	(1,075,932)	(39,314)	30,146,838
(Loss) for the period	—	—	—	—	—	—	(9,604,730)	—	(2,950)	(9,607,680)
Elimination on disposal	—	—	(1,245,256)	—	—	—	924,392	—	—	(320,864)
Other comprehensive income	—	—	—	—	—	—	—	245,460	—	245,460
Share-based payment charge	—	—	—	164,000	—	—	—	—	—	164,000
Purchase of shares	—	—	—	—	(57,809)	—	—	—	—	(57,809)
Sale of shares	—	—	—	—	32,230	—	—	—	—	32,230
Dividends	—	—	—	—	—	—	(745,365)	—	—	(745,365)
Balance at 31 December 2011	11,136,121	11,105,383	—	4,325,508	(5,471,023)	(1,128,716)	762,273	(830,472)	(42,264)	19,856,810

Ambrian Capital plc
Consolidated statement of financial position
at 31 December 2011

	Note	2011 £	2010 (restated) £	2009 (restated) £
ASSETS				
Non-current assets				
Property, plant and equipment	10	177,747	288,754	317,511
Intangible assets	11	—	2,150,109	2,290,109
Deferred tax asset	19	232,071	2,038,275	1,904,968
		<u>409,818</u>	<u>4,477,138</u>	<u>4,512,588</u>
Current Assets				
Financial assets at fair value through profit or loss	12	4,841,449	7,250,816	4,698,734
Inventory	13	179,154,816	237,921,517	58,551,733
Trade and other receivables	14	59,127,665	103,413,968	51,451,699
Current tax recoverable		—	215,219	1,107,775
Cash and cash equivalents	15	15,378,657	31,121,434	37,432,135
		<u>258,502,587</u>	<u>379,922,954</u>	<u>153,242,076</u>
Total Assets		<u><u>258,912,405</u></u>	<u><u>384,400,092</u></u>	<u><u>157,754,664</u></u>
LIABILITIES				
Current liabilities				
Financial liabilities at fair value through profit or loss	16	(5,008,970)	(18,745,460)	(7,709,922)
Short term borrowings	17	(159,207,524)	(177,851,710)	(85,590,071)
Short term liabilities under sale & repurchase agreements		(45,057,643)	(82,363,606)	—
Trade and other payables	18	(29,459,659)	(74,146,542)	(34,270,265)
Current tax payable		(321,799)	(1,145,936)	(59,672)
Total liabilities		<u>(239,055,595)</u>	<u>(354,253,254)</u>	<u>(127,629,930)</u>
Total net assets		<u><u>19,856,810</u></u>	<u><u>30,146,838</u></u>	<u><u>30,124,734</u></u>
CAPITAL AND RESERVES				
Share capital	20	11,136,121	11,136,121	11,136,121
Share premium account		11,105,383	11,105,383	11,105,383
Merger reserve		—	1,245,256	1,245,256
Treasury shares		(1,128,716)	(1,128,716)	(1,093,889)
Retained earnings		762,273	10,187,976	10,051,747
Share-based payment reserve		4,325,508	4,161,508	3,639,675
Employee benefit trust		(5,471,023)	(5,445,444)	(5,342,707)
Exchange reserve		(830,472)	(1,075,932)	(616,852)
Total equity attributable to the owner of the parent		<u>19,899,074</u>	<u>30,186,152</u>	<u>30,124,734</u>
Non-controlling interest	28	(42,264)	(39,314)	—
Total equity		<u><u>19,856,810</u></u>	<u><u>30,146,838</u></u>	<u><u>30,124,734</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 June 2012.

R N Ashley
Chief Executive

J M Coles
Finance Director

The accounting policies and notes set out on pages 23 to 54 form an integral part of these consolidated financial statements.

Ambrian Capital plc
Consolidated statement of cash flows
for the year ended 31 December 2011

	Year to 31 December 2011 £	Year to 31 December 2010 (restated) £
(Loss)/profit for the year	(9,607,680)	1,509,087
Adjustments for:		
Depreciation of property, plant and equipment	52,600	217,392
Amortisation of intangible assets	2,150,109	140,000
Foreign exchange losses/(gains)	96,538	(38,311)
Taxation expense	1,836,807	616,434
Unrealised gains on financial assets designated at fair value	155,366	48,845
Realised losses on financial assets designated at fair value	2,213,170	263,567
Net cost/(income) on acquisition of financial assets designated at fair value	40,831	(2,864,494)
Decrease/(increase) in inventories	58,766,701	(179,369,785)
Decrease/(increase) in trade and other receivables	41,936,350	(51,962,269)
Unrealised (losses)/gains on financial liabilities at fair value	(13,736,490)	11,035,538
(Decrease)/increase in trade and other payables	(43,447,274)	39,876,277
(Decrease)/increase in short term liabilities under sale and repurchase agreements	(37,305,963)	82,363,606
(Decrease)/Increase in short term borrowings	(18,644,186)	92,261,639
Share-based payment charge	164,000	521,833
Loss on disposal of subsidiaries	1,500,000	—
Cash used in operations	(13,829,121)	(5,380,641)
Taxation (paid)/recovered	(481,175)	1,229,080
Net cash flow used in operating activities	(14,310,296)	(4,151,561)
Investing activities		
Cash introduced by non-controlling interest on incorporation of subsidiary	—	51,131
Disposal of subsidiary undertakings	(868,139)	—
Purchase of property, plant and equipment	(83,405)	(188,767)
Disposal of property, plant and equipment	141,115	133
Net cash (used) in investing activities	(810,429)	(137,503)
Financing activities		
Purchase of shares by employee benefit trust	(25,579)	(268,295)
Sale of shares by employee benefit trust	—	165,558
Purchase of treasury shares	—	(34,828)
Dividends paid to owners of the parent	(745,365)	(1,463,303)
Net cash used in financing activities	(770,944)	(1,600,868)
Net decrease in cash and cash equivalents	(15,891,669)	(5,889,932)
Cash and cash equivalents at the beginning of the year	31,121,434	37,432,135
Foreign exchange gains on translation of foreign subsidiaries	148,892	(420,769)
Cash and cash equivalents at the end of the year	15,378,657	31,121,434

The accounting policies and notes set out on pages 23 to 54 form an integral part of these consolidated financial statements.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011

1 Nature of operations

The Group is engaged in energy and physical metals merchanting and principal investing. A full review of the Group's activities is contained in the Chairman's Statement and Chief Executive's Report on pages 4 to 9.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The financial statements, together with comparative figures for the year ended 31 December 2010, are presented in sterling.

The consolidated financial statements have been prepared on the historical cost basis, as modified by the valuation of financial assets and liabilities, including derivative financial instruments, at fair value through profit or loss.

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in the appropriate application in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 26.

The accounting policies that have been used in the preparation of these consolidated financial statements are described below. The particular accounting policies adopted by the Directors are described below and are unchanged from the previous year unless otherwise stated.

2.2 Changes in accounting policies

The following new standards, interpretations and amendments, applied for the first time from 1 January 2011, have been applied in these financial statements, but have not had an effect on the Group's financial statements:

- Revised IAS 24 Related Party Disclosures
- Improvements to IFRSs (Issued May 2010).

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2011, and have not been applied in preparing these consolidated financial statements.

These are to be applied to financial statements with periods commencing on or after the following dates:

Standards and Interpretations Effective date

- Amendment to IAS 1 Presentation of Financial Statements – *Effective date 1 July 2012*
- IFRS 9 Financial Instruments* – *Effective date 1 January 2015*
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities – *Effective date 1 January 2014*
- Amendment to IFRS 7 – Offsetting Financial Assets and Financial Liabilities – *Effective date 1 January 2013*
- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets* – *Effective date 1 July 2011*

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

- Deferred Tax: Recovery of Underlying Assets Amendments to IAS 12* – *Effective date 1 January 2012*
- Amendments to IAS 27 Separate Financial Statements* – *Effective date 1 January 2013*
- Amendments to IAS 28 Investments in Associates and Joint Ventures* – *Effective date 1 January 2013*
- IFRS 10 Consolidated Financial Statements* *Effective date 1 January 2013*
- IFRS 11 Joint Arrangements* – *Effective date 1 January 2013*
- IFRS 12 Disclosure of Interests in Other Entities* – *Effective date 1 January 2013*
- IFRS 13 Fair Value Measurement* – *Effective date 1 January 2013*
- Annual Improvements to IFRSs (2009–2011 Cycle) – *Effective date 1 January 2013*

* These standards and interpretations are not endorsed by the EU at present.

Amendment to IAS 1 Presentation of Financial Statements

This amendment requires companies to group together items within Other Comprehensive Income (OCI) that may be reclassified to the profit or loss section of the income statement. Items in the OCI should be presented as either a single statement or two consecutive primary statements.

Amendments to IAS 27 Separate Financial Statements

The standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with the applicable financial instruments standard. The definitions and wording have been updated to be in line with IFRS 10, IFRS 11, IFRS 12 and IAS 28.

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 in its entirety. However, the process has been divided into three main components: Classification and measurement; impairment; and hedge accounting. As each phase is completed, it will delete the relevant portions of IAS 39 and create new chapters in IFRS 9.

To date IFRS 9 addresses only the classification and measurement and recognition/derecognition of financial instruments. The requirements in respect of hedge accounting and impairment are still being deliberated and are expected to be published over the course of the next few months.

The requirements for financial assets are that they should be:

- Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset;
- measured at amortised cost if it meets two conditions: (a) the entity's business model is to hold the financial asset in order to collect the contractual cash flows; and, (b) the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle outstanding; and,
- subsequently measured at amortised cost or fair value depending on the business model of the entity and the terms of the instrument.

Hybrid contracts with a host that is within the scope of IFRS 9 (i.e. a financial host) must be classified in its entirety in accordance with the classification approach stated above. This eliminates the existing IAS 39 requirements to separately account for an embedded derivative and a host contract. The embedded derivative requirements under IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

IFRS 9 includes an accounting policy choice allowing investments in equity instruments to be measured at fair value through other comprehensive income. This is an irreversible election made, on an instrument by instrument basis, at the date of initial recognition. Where this option is not taken, all equity instruments with the scope of IFRS 9 will be classified as fair value through profit or loss. Irrespective of the policy choice made, dividends received on equity instruments will always be recognised in profit or loss.

Subsequent reclassification of financial assets between the amortised cost and fair value categories is permitted only when an entity changes its business model for managing its financial assets.

The held to maturity and available for sale classifications have been eliminated.

The requirements for classifying and measuring financial liabilities are mostly unchanged from those set out in IAS 39. However, the requirements related to the fair value option for financial liabilities have been amended to address the issue of "own credit risk" in response to consistent feedback from users of financial statements and others that the effects of changes in a liability's credit risk ought not to affect profit or loss unless the liability is held for trading.

IFRS 9 requires that changes in the fair value of financial liabilities designated as at fair value through profit or loss which relate to changes in own credit risk should generally be recognised directly in other comprehensive income. Where recognising the own credit amount directly in OCI would create an accounting mismatch, however, the entity may make an irrevocable decision on initial recognition to recognise the entire fair value change (including the own credit amount) in profit or loss rather than in OCI.

IFRS 9 also requires all derivatives that are liabilities to be measured at fair value through profit or loss, including those that are physically settled by the delivery of an unquoted equity instrument.

The recognition and derecognition requirements of IFRS 9 are unchanged from the equivalent requirements in IAS 39.

Originally intended to be effective for periods beginning on or after 1 January 2013, in December 2011, the standard was amended to incorporate a 1 January 2015 mandatory effective date.

IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements will eventually replace IAS 27 in its entirety. This standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard also includes accounting requirements and consolidation procedures, which are carried over unchanged from IAS 27.

IFRS 12 Disclosure of Interests in Other Entities

The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities.

IFRS 13 Fair Value Measurement

This standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The standard applies, except in some specified cases when other IFRSs require or permit fair value measurements.

2.3 ***Basis of consolidation***

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

2.4 *Financial Instruments*

Financial Assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or available for sale.

The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives, prepayments and accrued income and equity securities. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. Prepayments and accrued income principally represent open sales contracts.

Fair value of securities listed in active markets are determined by current bid prices; where independent prices are not available, fair values have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. Prepayments and accrued income and accruals and deferred income principally represent open sales contracts and purchase contracts which are initially recognised at fair value at the end of each reporting period when the company becomes a party to the contractual provision of the instrument and are subsequently measured to fair value at the end of each reporting period with reference to recognised commodity prices. At the reporting date, ownership of the metals had not passed to the purchasing counterparty. The effect of measurement of these is presented net in either prepayments and accrued income or accruals and deferred income depending on whether the outcome of measuring these results in gains or losses at the end of each reporting period.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives and accrued and deferred income. They are carried in the consolidated statement of financial position at fair value, with changes in fair value recognised in the comprehensive statement of consolidated income. Accruals and deferred income and prepayments and accrued income principally represent open purchase and sales contracts which are initially recognised at fair value when the company becomes a party to the contractual provision of the instrument and are subsequently measured to fair value at the end of each reporting period

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

with reference to recognised commodity exchange prices. At the reporting date, ownership of the metals had not transferred to the company. The effect of measurement of these is presented net in either accruals and deferred income or prepayments and accrued income depending on whether the outcome of measuring results in gains or losses at the end of each reporting period.

Financial liabilities measured at amortised cost

All other financial liabilities include the following items:

- Short term borrowings;
- Short term liabilities under sale and repurchase agreements; and
- Other payables

All of the above are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require a classification of financial assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measured. Financial assets and liabilities are classified in their entirety into only one of the three levels.

2.5 **Total Income**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Revenue from physical metals transactions is recognised on an accruals basis where a bill of lading or equivalent security has been obtained.

Revenue from the energy business is principally recognised following performance of the services or delivery of the goods or products in question - that is once the risk has passed to the customer.

Revenue on the Investment portfolio represents the realised and unrealised profits and losses on the investment portfolio recognised on a trade date basis.

2.6 **Foreign Currencies**

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the consolidated statement of comprehensive income, within other comprehensive income.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income and maintained in a separate component of equity.

Exchange differences recognised in the consolidated statement of comprehensive income of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are recognised in the exchange reserve.

2.7 **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group Company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.8 **Goodwill**

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2011, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2011, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

For business combinations completed prior to 1 January 2011, cost comprises the fair value of assets given, liabilities assumed and equity investments issued, plus any direct costs of acquisitions. Changes in the estimated value of contingent consideration arising on business combinations completed by this date are treated as an adjustment to cost and, in consequence, result in a change in the carrying value of goodwill.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

2.9 *Externally acquired intangible assets*

Amortisation was provided against intangible assets representing customer relationships arising on business combinations. The initial carrying amount of such assets was calculated on the basis of a discounted cash flow model based on the income expected to be derived from those customer relationships at the acquisition date, which was amortised over its useful economic life.

The customer relationships asset arising on the acquisition of Nabarro Wells & Co. Limited (by Ambrian Partners Limited) was being amortised over a period of five years.

2.10 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the reducing balance method over their estimated useful economic lives. The rates generally applicable are:

Office equipment – 25%

Residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

2.11 *Impairment of non-financial assets*

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

The carrying value of goodwill is reviewed annually for impairment, by considering whether the current and projected future profitability of subsidiary undertakings is sustainable. If an indication of reduced profitability exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

The carrying value of intangible assets in relation to customer relationships is reviewed annually for impairment by considering whether the current and projected future income is sustainable. If an indication of reduced income exists the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Impairment charges are included in the administrative expenses line in the consolidated statement of comprehensive income.

2.12 *Pensions*

The Group contributes to the private pension scheme of certain Directors. The assets of the scheme are held separately from that of the Group. Contributions are charged in the consolidated statement of comprehensive income as incurred.

2.13 *Share-based payment – equity settled*

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are recognised as an expense in the consolidated statement of comprehensive income with a corresponding credit to share-based payment reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

2.14 *Inventory*

Inventory relates to commodity contracts where delivery has been taken of the underlying commodity with the intention of resale within a short period after delivery.

Inventory is held at fair value less costs to sell. Any changes in fair value less costs to sell are recognised in the consolidated statement of comprehensive income in the period of the change.

2.15 *Sale and repurchase agreements*

Inventory may be sold subject to a commitment to repurchase them (a repo). Such inventory is retained on the balance sheet when substantially all the risks and rewards of ownership remain with the Group. The transactions are treated as collateralised borrowing and the counterparty liability is presented separately on the balance sheet as short term liabilities under sale and repurchase agreements.

2.16 *Equity*

Called up share capital is determined using the nominal value of shares that have been issued.

Share premium account includes any premium received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium account, net of any related income tax benefits.

Merger reserve arises from merger relief taken under section 131 of the Companies Act 1985 in respect of the premium paid on the issue of shares to finance the acquisition of a subsidiary undertaking prior to the Group's IFRS transition date.

Equity-settled share-based employee remuneration is credited to the share-based payment reserve until related stock options are exercised.

The cost of own shares purchased under the Employee Benefit Trust is debited to the reserve for Employees Benefit Trust, and the proceeds of any sales of such shares are credited to this reserve.

The cost of treasury shares purchased is debited to the reserve for treasury shares.

Retained earnings include all current and prior period results as disclosed in the consolidated statement of comprehensive income.

2.17 *Employee benefit trust*

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group accounts. Any assets held by the EBT cease to be recognised on the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries. The costs of

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group consolidated statement of comprehensive income.

2.18 *Treasury shares*

The costs of purchasing treasury shares are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated statement of comprehensive income.

2.19 *Operating leases*

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (operating lease) the rentals payable are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

2.20 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is the Chief Executive and the management team for the relevant business segment.

2.21 *Disposal of assets*

The gain or loss on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income. The gain or loss arising from the sale of fixed assets is included in "administrative expenses" in the consolidated statement of comprehensive income.

2.22 *Discontinued operations*

Operations that are disposed of during the year are separately disclosed on the Consolidated Statement of Comprehensive Income and relevant related notes to this statement. Such disclosures relate to the period during the financial year prior to the disposal of the operation.

Comparative figures in the Consolidated Statement of Comprehensive Income and related notes have been restated to disclose equivalent figures for 2010.

3 *Segmental analysis*

The Group has four reportable segments attributable to its continuing operations and unallocated central revenues and costs:

- Physical metals – comprises Ambrian Metals Limited, a physical metals merchant.
- Biofuels – comprises Ambrian Energy GmbH, a biofuels trader
- Fossil fuels - comprises Ambrian Energy Limited, a physical fuels merchant and Strategic Energy Bank Limited, an adviser and arranger of transactions.
- Investment portfolio – comprises the Group's principal investment portfolio held in Ambrian Principal Investments Limited.
- Unallocated central revenues represent recharges of costs from Ambrian Resources AG ("ARAG"). Unallocated central costs relate to overheads incurred in connection with operating the public limited company and include the share-based payment charges in relation to the staff share option schemes, the remuneration of the Directors of Ambrian Capital plc and the costs of ARAG.

During the year, the Group disposed of its LME futures broking business and entered into an agreement to dispose of its Corporate finance & equities division (which was completed after the year end.). As a result of these disposals, the two divisions have been treated as discontinued activities of the Group.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The measurement of the segmental revenue, profit before tax, capital expenditure, depreciation, total assets, total liabilities and net assets have been prepared using consistent accounting policies across the segments. These policies are disclosed in note 2.

	2011 £	2010 £ <i>Restated</i>
Revenue/Income		
Continuing operations		
Physical metals	3,751,879	4,160,539
Biofuels	2,194,656	1,342,539
Fossil Fuels	401,285	—
Commodities division	6,347,820	5,503,078
Investment portfolio	(1,409,649)	4,094,224
Unallocated central	546,773	—
	<u>5,484,944</u>	<u>9,597,302</u>
Discontinued operations		
Corporate finance & equities	4,119,339	9,776,968
LME futures broking	513,891	2,172,107
	<u>4,633,230</u>	<u>11,949,075</u>
	<u>10,118,174</u>	<u>21,546,377</u>
Investment portfolio income represents:		
Unrealised (losses)/gains on financial assets designated at fair value	(1,260,821)	670,507
Realised gains on financial assets designated at fair value	(155,366)	1,701,177
Dividends, distributions and other	6,538	1,722,540
	<u>(1,409,649)</u>	<u>4,094,224</u>
Profit/loss before tax		
Continuing operations		
Physical metals	1,653,681	1,801,302
Biofuels	955,990	(72,433)
Fossil Fuels	(1,307,346)	(172,305)
Commodities division	1,302,325	1,556,564
Investment portfolio	(1,660,189)	2,745,674
Unallocated central	(2,300,245)	(2,858,539)
	<u>(2,658,109)</u>	<u>1,443,699</u>
Discontinued operations		
Corporate finance & equities	(5,059,127)	318,024
LME futures broking	(53,637)	363,798
	<u>(5,112,764)</u>	<u>681,822</u>
	<u>(7,770,873)</u>	<u>2,125,521</u>
Capital expenditure		
Corporate finance & equities	—	35,545
Physical metals	—	1,429
Biofuels	11,252	124,039
	<u>11,252</u>	<u>161,013</u>
Unallocated central	72,153	27,755
	<u>83,405</u>	<u>188,768</u>

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

	2011 £	2010 £ <i>Restated</i>
Depreciation		
Corporate finance & equities	—	207,012
LME futures broking	—	3,145
Physical metals	73	97
Biofuels	22,714	7,138
Unallocated central	29,813	—
	<u>52,600</u>	<u>217,392</u>
Total assets		
Corporate finance & equities	—	7,222,554
LME futures broking	—	19,370,676
Physical metals	239,251,286	337,521,347
Fossil fuels	455,183	58,506
Biofuels	10,556,315	8,622,636
Investment portfolio	2,084,079	4,862,611
Unallocated central	6,565,542	6,741,762
	<u>258,912,405</u>	<u>384,400,092</u>
Total liabilities		
Corporate finance & equities	—	2,127,080
LME futures broking	—	14,987,479
Physical metals	230,203,388	328,783,182
Biofuels	6,514,782	6,377,784
Fossil fuels	754,116	68,750
Investment portfolio	35,613	112,517
Unallocated central	1,547,696	1,796,462
	<u>239,055,595</u>	<u>354,253,254</u>

The majority of the Group's non-current assets are located in the UK. The information required to disclose the geographical analysis of revenues from customers is not available and the cost to develop it would be excessive.

4 Profit before tax and Auditors' remuneration

	2011 £	2010 £
Relating to continued operations:		
Profit before tax, all of which arises from the Group's principal activities, is stated after charging/(crediting):		
Fees payable to the company's auditors and their associates		
-Parent Company	28,000	28,000
-Subsidiaries	92,867	87,000
-Half year review	10,000	10,000
-Tax advisory	22,000	36,000
Depreciation of property, plant and equipment	52,600	217,392
Operating lease rentals – land and buildings	253,182	382,134
Staff costs	3,882,930	3,826,107
Exchange losses/(gains)	96,538	(38,311)
Interest income (included in Revenue)	26,618	68,329
	<u>2,150,109</u>	<u>140,000</u>
Relating to discontinued operations:		
Impairment of intangible assets	2,150,109	140,000
Staff costs	3,766,682	7,421,154
	<u>3,766,682</u>	<u>7,421,154</u>

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

Included in the auditors fees above are £29,867(31 December 2010: £20,700) paid to associate firms of BDO LLP.

Included in the Non-audit services from Group's auditors, are fees that include but are not limited to provision of Taxation advisory and Group employee share scheme matters.

5 Prior year adjustment

During the preparation of the 2011 financial statements a number of inconsistencies have been discovered in respect of accounting for open sales contracts and inventory. The 2011 statements have been prepared on the basis that inventory has been valued at open market value less costs to sell and that open sales contracts which are included in prepayments and accrued income only include any contracted profit which is in excess of open market value. This amount is reduced to reflect a liability for any open contracts which at the year-end are below open market value.

In the year ended 31 December 2009 open sales contracts included in prepayments and accrued income were overvalued by £4,084,392 as they had not been reduced to reflect the uplift of related inventory items to fair value. This resulted, after adjusting for administrative expenses comprising bonuses (£733,812) and related taxation charge adjustments (£1,044,703) in the Group profit after tax for the year ended 2009 being overstated by £2,305,877. Group retained earnings for the year ended 31 December 2009 were overstated by the same amount.

In the year ended 31 December 2010 open sales contracts included in prepayments and accrued income were overvalued by £1,104,459 as they had not been reduced to reflect contracted losses for open contracts which at the year-end were below market value. This resulted, after adjusting for administrative expenses comprising bonuses (£331,337) and related taxation charge adjustments (£408,723) in the Group profit after tax for the year ended 2010 being overstated by £364,399. Group retained earnings for the year ended 31 December 2010 were overstated by the same amount. This has been adjusted by a prior year adjustment in these financial statements. This adjustment reduced the Earnings per Share by 0.02 pence in the year.

In the year ended 31 December 2010 open sales contracts included in prepayments and accrued income were overvalued by £12,654,841 and inventory relating to metals was undervalued by the same amount as the allocation of open market values for inventory and prepayments and accrued income was not correctly stated. This has no impact on the results for the year ended 31 December 2010. The comparative statements for 2010 in these financial statements have been restated.

In previous years prepayments and accrued income and accruals and deferred income have been presented by showing their gross open sales and purchases commitments at the period end. In 2011 the company changed its accounting policy in relation to the presentation of prepayments and accrued income and accruals and deferred income in the statements of financial position. The effect of measurement of these is now presented net in either prepayments and accrued income or accruals and deferred income depending on whether the outcome of measuring these results in gains and losses at the end of each reporting period. The change in accounting policy was made to better reflect the fact that these instruments are derivative financial instruments which can be settled net at each reporting date on a contract by contract basis. This change has no effect on the group's net equity position.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The effect of the above adjustments has been to increase/(decrease) the reported numbers as follows:

	<i>Prior year adjusted Consolidated statement of comprehensive income</i>	
	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Revenue	(1,104,459)	(4,084,392)
Administrative expenses	331,337	733,812
Profit before tax	(773,122)	(3,350,580)
Taxation	408,723	1,044,703
(Loss)/profit after tax	(364,399)	(2,305,877)

	<i>Prior year adjusted Consolidated statement of Financial Position</i>	
	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Deferred tax asset	102,701	650,840
Prepayments	(174,701,913)	(199,824,620)
Inventory	12,654,481	—
Trade and other receivables	331,697	733,812
Total assets	(161,613,034)	(198,439,968)
Accruals	160,942,613	195,740,228
Current tax payable	306,022	393,863
Net assets	(364,399)	(2,305,877)

6 Information regarding Directors and Employees

	<i>2011</i>	<i>2010</i>
	<i>Number</i>	<i>Number</i>
<i>Number of Employees</i>		
The average monthly number of employees (including Directors) during the year was:	67	79

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
<i>Employment costs</i>		
Salaries and bonuses	6,352,117	9,435,579
Social security costs associated with salaries and bonuses	851,807	1,050,057
Defined contribution pension costs	281,688	239,792
Share-base payment charge	164,000	521,833
	<u>7,649,612</u>	<u>11,247,261</u>

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

	<i>Salary/Fees</i>	<i>Bonus</i>	<i>Pension</i>	<i>2011 Total</i>
<i>Directors' emoluments</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
T B Gaffney*	277,289	—	117,101	394,390
R N Ashley	100,000	—	—	100,000
J M Coles	140,000	—	7,000	147,000
W L Banks	50,000	—	—	50,000
C A Crick	91,906	—	—	91,906
S H Lee	—	—	—	—
J A McIntyre	—	—	—	—
Share-based payment charge**	—	—	—	20,231
	<u>659,195</u>	<u>—</u>	<u>124,101</u>	<u>803,527</u>
				<i>2010</i>
	<i>Salary/Fees</i>	<i>Bonus</i>	<i>Pension</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
T B Gaffney	175,000	100,000	112,250	387,250
J M Coles	125,000	100,000	6,250	231,250
W L Banks	75,000	—	—	75,000
C A Crick	50,000	—	—	50,000
S H Lee	25,000	—	—	25,000
J A McIntyre	—	—	—	—
R N Ashley	—	—	—	—
Share-based payment charge**	—	—	—	56,123
	<u>450,000</u>	<u>200,000</u>	<u>118,500</u>	<u>824,623</u>

* Denotes highest paid Director

** The share-based payment charge is a cost related to the Directors' emoluments but it is not apportioned individually to Directors.

Mr N A Steinberg, non-executive Chairman, is a partner in Munslovs LLP, a firm of Chartered Certified Accountants. That firm charged fees of £120,000 (2010: £135,000) excluding VAT to the Group in respect of professional services, including tax advisory in the period on an arm's-length basis. Of the fees charged, £25,000 was outstanding at the year-end and has been included in trade payables.

The increase in Mr C A Crick's remuneration in 2011 results from his appointment as acting head of corporate finance of Ambrian Partners Limited in May 2011, following the resignation of the previous head.

The amounts paid to Mr T B Gaffney include a compensation payment of £331,417 paid in satisfaction of the Group's contractual liabilities to him under his employment contract.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

7 Taxation

The tax provision for the period is lower than the standard rate of corporation tax in the UK of 26.5 per cent. (2010: 28 per cent.). The deferred tax charge resulting from the origination and reversal of temporary differences on losses brought forward includes adjustments reflecting the reduction in the rate of corporation tax. The differences are explained as follows:

	2011 £	2010 £ <i>Restated</i>
(Loss)/profit before tax	(7,770,873)	2,125,521
UK corporation tax on profit for the year at 26.5% (2010: 28%)	(2,059,282)	595,146
Expenses not deductible for tax purposes	1,729,940	65,982
Other adjustments	803,081	(43,164)
Adjustments in respect of prior years	(11,481)	(1,530)
Deferred tax on losses not recoverable	1,374,549	—
	<u>1,836,807</u>	<u>616,434</u>
Comprising		
Current tax expense	301,008	615,615
Prior year tax under/(over) provision	(349,564)	—
Deferred tax resulting from the origination and reversal of temporary differences		
-On losses brought forward	1,182,462	(154,388)
-On unrealised gains on financial assets	56,530	—
-On reserve for share-based payments	646,371	(148,222)
	<u>1,836,807</u>	<u>616,434</u>

8 Dividends

	2011 £	2010 £
Second interim dividend for the year ended 31 December 2009:		
0.75p per share	—	724,809
Interim dividend for the year ended 31 December 2010: 0.75p per share	—	738,494
Final dividend for the year ended 31 December 2010: 0.75p per share	745,365	—
	<u>745,365</u>	<u>1,463,303</u>

9 Earnings per Ordinary Share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding shares held in the Employee Benefit Trust and treasury shares.

The calculation of diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares through the share option schemes (note 21) on the assumed conversion of all dilutive options.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

Reconciliations of the earnings and weighted average number of shares in the calculations are set out below.

	(Loss)	2011	Per	Profit	2010	Per
	Attributable to	Weighted	share	Attributable	Weighted	share
	Owners of the	average	amount	to Owners of	average	amount
	Company	number	the Company	the Company	number	the Company
	£	of shares	(pence)	£	of shares	(pence)
				<i>Restated</i>		<i>Restated</i>
Continuing and discontinued operations						
Basic earnings per share	(9,604,730)	97,260,778	(9.88)	1,599,532	98,542,909	1.62
Dilutive effect of share options		—			994,960	
Diluted earnings per share	(9,604,730)	97,260,778	(9.88)	1,599,532	99,537,869	1.62
Continuing operations						
Basic earnings per share	(4,092,096)	97,260,778	(4.21)	1,221,139	98,542,909	1.23
Dilutive effect of share options		—			994,960	
Diluted earnings per share	(4,092,096)	97,260,778	(4.21)	1,221,139	99,537,869	1.23

The loss attributable to the owners of the company for continuing and discontinued operations used in the above calculations is that presented in the consolidated statement of comprehensive income. The loss attributable to the owners of the company for discontinued operations is derived from the loss from continuing operations of £4,095,046 (2010: profit £1,130,694) which is adjusted for the loss for the period attributable to the non-controlling interest of £2,950 (2010: loss £90,445).

10 Property, plant and equipment

	2011	2010
	£	£
<i>Office equipment</i>		
Cost		
At 1 January	883,774	695,306
Additions	83,405	188,768
Disposals	(742,609)	(300)
Balance at 31 December	224,570	883,774
Depreciation		
At 1 January	595,020	377,795
Charge for the year	52,599	217,392
Released on disposal	(600,796)	(167)
Balance at 31 December	46,823	595,020
Net book value		
At 31 December	177,747	288,754
At 1 January	288,754	317,511

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

11 Intangible Assets

	<i>Goodwill</i> 2011 £	<i>Customer</i> <i>Relationships</i> 2011 £	<i>Total</i> 2011 £
Cost			
At 1 January and 31 December	1,959,283	733,281	2,692,564
Amortisation and impairment			
At 1 January	122,455	420,000	542,455
Impairment	1,836,828	313,281	2,150,109
At 31 December	1,959,283	733,281	2,692,564
Net book value			
At 31 December	—	—	—
At 1 January	1,836,828	313,281	2,150,109

Goodwill arising on consolidation represents the excess of the acquisition costs over the fair value of the Group's share of identifiable net assets of subsidiaries acquired at the date of acquisition. Under IFRS, goodwill is not amortised but is tested annually for impairment. During the year, the Board became aware that the goodwill (which is wholly attributable to Ambrian Partners Limited) should be impaired in full.

Amortisation was provided against customer relationships on the basis of the reduction in expected future income arising from the client portfolio acquired with Nabarro Wells & Co. Limited in 2008. This was calculated on the basis of a discounted cash flow model, using a rate of 10 per cent. based on the entire client portfolio acquired and the revenues expected to be received from those clients during the year. In assessing the fair value of Ambrian Partners Limited prior to the disposal process, the Board became aware that the customer relationships needed to be amortised in full.

12 Financial Assets at Fair Value through Profit or Loss

	2011 £	2010 £
Listed:		
Investment portfolio	1,284,402	5,221,753
Market making positions	—	164,652
Options in quoted entities	—	715,001
Commodity futures	1,344,397	—
Unlisted:		
Investment portfolio	2,212,650	708,160
LME shareholding	—	441,250
	<u>4,841,449</u>	<u>7,250,816</u>

All amounts presented in respect of listed securities have been determined directly by reference to published price quotations on the London, Australian, US and Canadian Stock Exchanges. One investment is suspended and due to the nature of the entity is valued at the lower of cost and net realisable value.

Commodity futures relate to hedging of the inventory, sales and purchases of the biofuels business.

All amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This determination requires significant judgement in determining changes to fair value since the last valuation date. In making this judgement the Board evaluates, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

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Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

13 Inventory

	2011	2010	2009
	£	<i>Restated</i>	<i>Restated</i>
		£	£
Metals	173,412,515	231,733,164	58,551,733
Biofuels	5,742,301	6,188,353	—
	<u>179,154,816</u>	<u>237,921,517</u>	<u>58,551,733</u>

Inventory represents a combination of physical metals and biofuels in storage, warehouses and in transit.

Inventory has decreased in 2011 due to decreases in the price of copper and quantities held, and stocks of raw materials at the year end.

Metals inventory includes stock held under sale and repurchase agreements amounting to £45,057,644 (2010:£82,363,606).

14 Trade and other receivables

	2011	2010
	£	<i>Restated</i>
		£
Amounts falling due within one year		
Trade receivables	58,801,176	87,711,431
Other receivables	39,676	1,789,767
Prepayments and accrued income	172,944	13,773,849
Other taxes & social security	113,869	138,921
	<u>59,127,665</u>	<u>103,413,968</u>

The carrying value of trade receivables which is considered a reasonable approximation of fair value, includes amounts greater than three months' but not more than one year past due of £nil (2010 - £83,781). All amounts past due included in the carrying value are considered recoverable. Accordingly, no provision is made for impairment of these trade receivables.

Prepayments and accrued income principally represent open sales contracts that had been contracted but not paid for at the reporting date. This decreased in the year due to the falling price of copper. At the reporting date, ownership of the metals had not transferred to the purchasing counterparty.

15 Cash and cash equivalents

Cash and cash equivalents includes amounts of £nil (2010 - £12,149,805) held as deposits on trading positions and on behalf of third parties. These deposits related to the LME futures broking business that is now discontinued.

Within the above amounts held as deposits on trading positions, there is a restriction in the use of £213,950 (2010: £1,029,509) cash to the extent that contracts for the future physical delivery of metals move to a liability position due to adverse market price movements. Where the bank has a potential exposure in connection with that liability it has the right to withhold repayment of these cash deposits. This relates to the business of Ambrian Metals Limited.

16 Financial liabilities at fair value through profit or loss

	2011	2010
	£	£
Financial liabilities at fair value through profit or loss	<u>5,008,970</u>	<u>18,745,460</u>

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

All financial liabilities at fair value through profit or loss represent commodity futures. These are used to hedge inventory of metals and purchases and sales of metals. Hedges take into account contango and backwardation market conditions.

17 Short term financial liabilities

	2011 £	2010 £
Short term borrowings	<u>159,207,524</u>	<u>177,851,710</u>
Short term borrowings are secured upon inventory of £135,240,431 (2010:£142,920,433) and trade and other receivables of £56,853,979 (2010:£ 34,931,277).		
Short term liabilities under sale & repurchase agreements	<u>45,057,643</u>	<u>82,363,606</u>

18 Trade and other payables

	2011 £	2010 £ <i>Restated</i>
Trade payables	8,797,460	31,112,706
Other payables	366,108	1,270,770
Other taxation and social security	115,372	235,053
Accruals and deferred income	<u>20,180,719</u>	<u>41,528,013</u>
	<u>29,459,659</u>	<u>74,146,542</u>

Accruals and deferred income principally represent open purchases of metals that have been contracted for but not paid for at the reporting date. These are not classified as trade payables as the final price of the physical metals may not have been determined and ownership has not transferred to the Company.

19 Deferred taxation

Deferred tax assets represent temporary differences on:

	2011 £	2010 £ <i>Restated</i>
Losses carried forward	247,499	1,432,803
Unrealised gains on financial assets	(56,529)	(84,000)
Reserve for share-based payments	41,101	689,472
	<u>232,071</u>	<u>2,038,275</u>
Movement in the year:		
Balance at 1 January	2,038,275	1,904,968
Origination and reversal of temporary differences		
– On losses carried forward	(744,464)	(16,765)
– On unrealised gains on financial assets	(56,529)	1,850
– On reserve for share-based payments	(646,371)	148,222
– On disposal of subsidiaries	(320,712)	—
– On change in corporation tax rate	(38,128)	—
Balance at 31 December	<u>232,071</u>	<u>2,038,275</u>

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The Deferred tax asset at the year-end represents accumulated losses brought forward in respect of our subsidiary Ambrian Metals Limited, which arose as a result of the prior year adjustment. It is anticipated that the subsidiary will utilise these losses within the next financial year.

20 Called Up Share Capital

	<i>2011 Number</i>	<i>2010 Number</i>	<i>2011 £</i>	<i>2010 £</i>
Authorised				
Ordinary shares of 10p each	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Called up, allotted and fully paid				
Ordinary shares of 10p each	<u>111,361,208</u>	<u>111,361,208</u>	<u>11,136,121</u>	<u>11,136,121</u>

21 Share Options

The Company has an unapproved share option scheme under which options to subscribe for the Company's shares have been granted to the Directors and other persons. The vesting condition is the number of years' service. The share options currently in existence were granted and are exercisable as follows:

<i>Date Granted</i>	<i>Exercise Price</i>	<i>Number of shares</i>	<i>Period exercisable</i>
2 January 2008	10p	264,444	Between 2 January 2008 and 3 January 2014
16 May 2008	10p	660,000	Between 2 January 2009 and 3 January 2015
6 April 2009	25p	1,425,000	Between 6 October 2009 and 5 April 2016
2 June 2009	30p	800,000	Between 2 December 2009 and 1 June 2016
		<u>3,149,444</u>	

At the year-end the market value of the Company's shares was 16.25p (2010: 23.75p) per share. The highest price during the year was 31.125p (2010: 31.75p) and the lowest price was 14.625p (2010: 19.75p).

The number and weighted average exercise prices of share options are as follows:

	<i>Weighted average exercise price in pence 2011</i>	<i>Number of options 2011</i>	<i>Weighted average exercise price in pence 2010</i>	<i>Number of options 2010</i>
Outstanding at 1 January	—	10,866,944	24.4	10,866,944
Forfeited during the year	<u>25.0</u>	<u>7,717,500</u>	<u>—</u>	<u>—</u>
Outstanding at 31 December	<u>21.9</u>	<u>3,149,444</u>	<u>24.4</u>	<u>10,866,944</u>
Exercisable at 31 December	<u>21.9</u>	<u>3,149,444</u>	<u>24.4</u>	<u>10,866,944</u>

The options outstanding at 31 December 2011 have an exercise price in the range of 10p to 30p and a contractual life of 7 years.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The Company also has an Employee Benefit Trust unapproved share option scheme under which options to subscribe for the Company's shares have been granted to staff. Directors of Ambrian Capital plc are not eligible for awards under this scheme. Options are generally granted at 10p per ordinary share and the vesting condition is the number of years of service. The share options currently in existence were granted and are exercisable as follows:

<i>Date Granted</i>	<i>Exercise Price</i>	<i>Number of shares</i>	<i>Period exercisable</i>	
29 May 2006	10p	65,000	Between 12 January 2007 and 12 January 2013	
31 May 2006	10p	271,667	Between 29 June 2007 and 29 June 2016	
31 January 2007	10p	150,832	Between 31 January 2008 and 31 January 2017	
23 May 2007	10p	358,334	Between 23 May 2008 and 23 May 2017	
18 January 2008	10p	241,875	Between 18 January 2009 and 18 January 2018	
7 April 2008	10p	1,450,001	Between 2 January 2010 and 7 April 2015	
29 March 2009	10p	300,000	Between 23 February 2010 and 20 March 2016	
1 July 2009	10p	633,334	Between 1 July 2010 and 1 July 2016	
		<u>3,471,043</u>		
	<i>Exercise price in pence 2011</i>	<i>Number of options 2011</i>	<i>Exercise price in pence 2010</i>	<i>Number of options 2010</i>
Outstanding at 1 January	10.0	7,121,537	10.0	10,585,058
Exercised during the year	10.0	(1,898,835)	10.0	(2,879,410)
Forfeited during the year	10.0	(2,051,659)	10.0	(884,111)
Granted during the year	10.0	300,000	10.0	300,000
Outstanding at 31 December	<u>10.0</u>	<u>3,471,043</u>	<u>10.0</u>	<u>7,121,537</u>
Exercisable at 31 December	<u>10.0</u>	<u>2,837,709</u>	<u>10.0</u>	<u>4,696,089</u>

The share-based payment charge relating to the share options granted to the EBT amounted to £164,000 (2010: £521,833).

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Binomial model to calculate those fair values, are as follows:

<i>Date of grant</i>	<i>Estimated fair value pence</i>	<i>Share price pence</i>	<i>Exercise price Pence</i>	<i>Expected volatility (%)</i>	<i>Expected Life (yrs)</i>	<i>Vesting period (yrs)</i>	<i>Risk free rate (%)</i>	<i>Expected dividends (%)</i>
29.05.06	35	51	10	35.42	3	1	4.62	5.00
29.05.06	35	51	10	35.42	3	2	4.62	5.00
29.05.06	35	51	10	35.42	3	3	4.62	5.00
31.05.06	36	51	10	35.42	3	1	4.67	5.00
31.05.06	36	51	10	35.42	3	2	4.67	5.00
31.05.06	36	51	10	35.42	3	3	4.67	5.00
13.11.06	38	53	10	28.78	3	1	4.89	5.00
13.11.06	38	53	10	28.78	3	2	4.89	5.00
13.11.06	38	53	10	28.78	3	3	4.89	5.00
31.01.07	36	51	10	27.47	3	1	5.29	5.00
31.01.07	36	51	10	27.47	3	2	5.29	5.00
31.01.07	36	51	10	27.47	3	3	5.29	5.00
23.05.07	59	78	10	28.28	3	1	5.54	5.00
23.05.07	59	78	10	28.28	3	2	5.54	5.00
23.05.07	59	78	10	28.28	3	3	5.54	5.00
18.01.08	34	50	10	29.67	3	1	4.22	5.00
18.01.08	34	50	10	29.67	3	2	4.22	5.00
18.01.08	34	50	10	29.67	3	3	4.22	5.00
07.04.08	22	38	10	30.08	4	2	4.15	5.00
07.04.08	22	38	10	30.08	4	2	4.15	5.00
07.04.08	22	38	10	30.08	4	3	4.15	5.00
07.04.08	22	38	10	30.08	4	3	4.15	5.00
07.04.08	22	38	10	30.08	4	4	4.15	5.00
07.04.08	22	38	10	30.08	4	4	4.15	5.00
23.07.08	14	25	10	31.42	2	0	5.05	5.00
23.07.08	14	25	10	31.42	2	1	5.05	5.00
23.07.08	14	25	10	31.42	2	2	5.05	5.00
29.03.09	4	14	10	33.23	3	1	1.99	5.00
29.03.09	4	14	10	33.23	3	2	1.99	5.00
29.03.09	4	14	10	33.23	3	3	1.99	5.00
06.04.09	1	15	25	32.75	3	0	2.15	5.66
06.04.09	1	15	25	32.75	3	1	2.15	5.66
06.04.09	1	15	25	32.75	3	2	2.15	5.66
02.06.09	5	28	30	33.97	3	0	2.08	5.66
02.06.09	5	28	30	33.97	3	1	2.08	5.66
02.06.09	4	28	30	33.97	3	2	2.08	5.66
01.07.09	13	25	10	34.83	3	1	2.43	5.00
01.07.09	13	25	10	34.83	3	2	2.43	5.00
01.07.09	13	25	10	34.83	3	3	2.43	5.00

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of the Company's share price calculated back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

22 Lease Commitments

At 31 December 2011 the total of future minimum commitments is due as follows:

	<i>Land and buildings 2011 £</i>	<i>Land and buildings 2010 £</i>
Not later than one year	253,182	253,182
Later than one year and not later than five years	632,954	886,136
	<u>886,136</u>	<u>1,139,318</u>

Lease commitments relate to office premises.

23 Capital Commitments

There were no capital commitments as at 31 December 2011 or at 31 December 2010.

24 Contingent Liabilities

There were no contingent liabilities as at 31 December 2011 or at 31 December 2010.

25 Transactions with Related Parties

Details of transactions with the Group's key management personnel, who comprise the Directors, are given in note 6. Intra-Group transactions and balances are eliminated on consolidation. There are no other related party transactions.

26 Financial instruments – Risk management

Principal financial instruments

A summary of the financial instruments held by category is provided below:

	<i>Loans and Receivables at amortised cost 2011 £</i>	<i>At fair value through profit or loss 2011 £</i>	<i>Total 2011 £</i>
Financial assets			
Cash and cash equivalents	15,378,657	—	15,378,657
Trade receivables – current	58,801,176	—	58,801,176
Other receivables – current	39,676	—	39,676
Financial assets at fair value through profit or loss			
– equities	—	3,497,052	3,497,052
– derivatives	—	1,344,397	1,344,397
Total	<u>74,219,509</u>	<u>4,841,449</u>	<u>79,060,958</u>

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

	2010 £ <i>Restated</i>	2010 £ <i>Restated</i>	2010 £ <i>Restated</i>
Financial assets			
Cash and cash equivalents	31,121,434	—	31,121,434
Trade receivables – current	87,711,431	—	87,711,431
Other receivables – current	1,789,767	—	1,789,767
Financial assets at fair value through profit or loss			
– equities	—	6,535,815	6,535,815
– derivatives	—	715,001	715,001
Total	<u>120,622,632</u>	<u>7,250,816</u>	<u>127,873,448</u>

A certain amount of the cash and cash equivalents is held as collateral by third party banks as disclosed in note 15. Trade receivables, current of £55,567,851 (2010: £34,931,270) were pledged as collateral against short term trade finance liabilities as disclosed in note 17.

	<i>Trade and other payables at amortised cost</i> 2011 £	<i>At fair value through profit or loss</i> 2011 £	<i>Total</i> 2011 £
Financial liabilities			
Trade payables	8,797,460	—	8,797,460
Other payables – current	366,108	—	366,108
Short term borrowings	159,207,524	—	159,207,524
Accruals and deferred income	—	20,180,719	20,180,719
Short term liabilities under sale and repurchase agreements	45,057,643	—	45,057,643
Financial liabilities at fair value through profit or loss – derivatives	—	5,008,970	5,008,970
Total	<u>213,428,735</u>	<u>25,189,689</u>	<u>238,618,424</u>

	2010 £ <i>Restated</i>	2010 £ <i>Restated</i>	2010 £ <i>Restated</i>
Financial liabilities			
Trade payables	31,112,706	—	31,112,706
Other payables – current	1,270,770	—	1,270,770
Short term borrowings	177,851,710	—	177,851,710
Accruals and deferred income	—	41,528,013	41,528,013
Short term liabilities under sale and repurchase agreements	82,363,606	—	82,363,606
Financial liabilities at fair value through profit or loss – derivatives	—	18,745,460	18,745,460
Total	<u>292,598,792</u>	<u>60,273,473</u>	<u>352,872,265</u>

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

Financial instruments are measured at fair value as follows:

	<i>Fair value measurements at 31 December 2011</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Financial assets				
Equity investments	1,933,737	—	1,563,315	3,497,052
Financial assets at fair value through profit or loss – derivatives	—	1,344,397	—	1,344,397
Total	<u>1,933,737</u>	<u>1,344,397</u>	<u>1,563,315</u>	<u>4,841,449</u>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Financial liabilities				
Accruals and deferred income	20,180,719	—	—	20,180,719
Financial liabilities at fair value through profit or loss – derivatives	—	5,008,970	—	5,008,970
Total	<u>20,180,719</u>	<u>5,008,970</u>	<u>—</u>	<u>25,189,689</u>

Fair value measurements at

	<i>31 December 2010</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Financial assets				
Equity investments	4,972,500	—	1,563,315	6,535,815
Options in listed entities	—	715,001	—	715,001
Total	<u>4,972,500</u>	<u>715,001</u>	<u>1,563,315</u>	<u>7,250,816</u>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Financial liabilities				
Accruals and deferred income	41,528,013	—	—	41,528,013
Financial liabilities at fair value through profit or loss – derivatives	—	18,745,460	—	18,745,460
Total	<u>41,528,013</u>	<u>18,745,460</u>	<u>—</u>	<u>60,273,473</u>

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Effective risk management is a fundamental aspect of the Group's business operations. In the ordinary course of the Group's business it is exposed to a number of financial risks: market risk, credit risk and liquidity risk. The principal risks and the policies for managing them are summarised below:

Market Risk

The principal market risks the Group is exposed to are interest rate, foreign currency, commodity and equity risk.

Interest rate risk

The Group is exposed to interest rate risk on cash it holds and trade finance credit facilities.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

Interest rate risk is derived from interest bearing deposits in which the Group invests cash. Due to the Group's liquidity requirements, cash is generally deposited at interest rates set on a daily basis. Interest income included within revenue in the year was £33,829 (2010 - £68,329). The Group's interest bearing assets are held as cash or cash equivalents at floating interest rates as follows:

	2011	2010
	£	£
Sterling	2,603,225	7,511,536
Canadian Dollars	1,379	201,334
US Dollars	12,246,408	22,162,550
Euros	237,709	954,764
Swiss Francs	286,985	287,318
Other denominations	2,951	3,932
Cash or cash equivalents	<u>15,378,657</u>	<u>31,121,434</u>

The Group is also exposed to interest rate risk in respect of the interest rate charged by trade finance providers for its physical metals activities. Interest rates charged by the banks are typically set at a margin over US\$ LIBOR calculated on the total US dollar value of a shipment at the time of shipping. The Group has a policy of estimating its per tonne profit margin using interest rates that are above the prevailing interest rate.

The Group typically enters into arrangements to purchase and sell specific tonnages of metal up to 12 months in advance of shipment and estimates its profit margin per tonne of metal sold after all costs, including an estimate for the expected rate of interest. As the actual interest rate is not known until the time of shipping there is the risk if interest rates rise that the actual interest charge would adversely affect the profitability of the transaction.

During the period under review, we considered a proposal to mitigate our interest rate risk with the use of interest rate instruments designed to cap the interest rate at a particular level up to one year in advance. However after examining the proposal further, we concluded that the potential cost of providing the protection was uneconomic.

A change of 100 basis points upwards or downwards in interest rates at the year end would have (decreased)/increased pre-tax profit and net assets by £1,592,075/£(1,592,075) (2010: £146,646/£(323,354)). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk

The Group is exposed to currency risks from its operating and investing activities. The Group publishes its consolidated financial statements in pounds sterling. The revenue generated by Ambrian Metals Limited is for the most part denominated in US dollars while the vast majority of their operating expenses are denominated in pounds sterling. Thus the impact arising from foreign currency risk on the Group's trading activities is potentially material.

The Group mitigates the risk of a loss as a result of transactions that occur in US dollars by the purchase of forward foreign exchange contracts to sell a proportion of US dollar income forward or through the purchase of options to sell US dollars.

A 10 per cent. strengthening or weakening in the exchange rate between the pound sterling and the US dollar at 31 December 2011 would have (decreased)/increased pre-tax profit and net assets by £308,306/(308,306) (2010: £(310,947)/ £310,947), assuming that all other variables, in particular interest rates, remain constant.

As the Group publishes its consolidated financial statements in pounds sterling it is also subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its non-UK operations. Net investments in foreign countries are long-term currency investments. Their fair value changes through movements in currency exchange rates. Given the high costs of putting in place a long-term currency hedge and the tendency for long-term inflation rates to compensate for changes in currency movements over the long term, the Group does not hedge net investments in foreign subsidiaries.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

A summary of the financial instruments held by currency is provided below

	<i>Sterling</i> 2011 £	<i>US Dollars</i> 2011 £	<i>Euros</i> 2011 £	<i>Other</i> 2011 £	<i>Total</i> £
Financial Assets					
Cash at bank	2,603,225	12,246,408	237,709	291,315	15,378,657
Trade and other receivables	990,037	57,811,139	—	—	58,801,176
Other receivables – current	—	39,676	—	—	39,676
Financial assets at fair value through profit or loss					
– equities	2,457,597	—	83,473	955,982	3,497,052
– derivatives	—	1,344,397	—	—	1,344,397
Total	6,050,859	71,441,620	321,182	1,247,297	79,060,958
	<i>2010</i> £ <i>Restated</i>	<i>2010</i> £ <i>Restated</i>	<i>2010</i> £ <i>Restated</i>	<i>2010</i> £ <i>Restated</i>	<i>Total</i> £ <i>Restated</i>
Financial Assets					
Cash at bank	7,511,536	22,162,550	954,764	492,584	31,121,434
Trade and other receivables	2,943,212	84,579,052	189,167	—	87,711,431
Other receivables – current	—	1,789,761	—	—	1,789,761
Financial assets at fair value through profit or loss					
– equities	4,385,577	200,533	42,942	1,906,763	6,535,815
– derivatives	715,001	—	—	—	715,001
Total	15,555,326	108,731,896	1,186,873	2,399,347	127,873,442
	<i>2011</i> £	<i>2011</i> £	<i>2011</i> £	<i>2011</i> £	<i>Total</i> £
Financial liabilities					
Trade and other payables	859,872	8,303,695	—	—	9,163,567
Short-term borrowings	—	159,207,524	—	—	159,207,524
Short term liabilities under sale and repurchase agreements	—	45,057,643	—	—	45,057,643
Financial liabilities at fair value through profit or loss					
– derivatives	—	5,008,970	—	—	5,008,970
Accruals and deferred income	1,367,992	18,812,727	—	—	20,180,719
Total	2,227,864	236,390,559	—	—	238,618,423
	<i>2010</i> £ <i>Restated</i>	<i>2010</i> £ <i>Restated</i>	<i>2010</i> £ <i>Restated</i>	<i>2010</i> £ <i>Restated</i>	<i>Total</i> £ <i>Restated</i>
Financial liabilities					
Trade and other payables	180,491	32,202,985	—	—	32,383,476
Short-term borrowings	—	177,851,710	—	—	177,851,710
Short term liabilities under sale and repurchase agreements	—	82,363,606	—	—	82,363,606
Financial liabilities at fair value through profit or loss					
– derivatives	—	18,745,460	—	—	18,745,460
Accruals and deferred income	—	41,528,013	—	—	41,528,013
Total	180,491	352,691,774	—	—	352,872,265

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

Commodity risk

Commodity risk is the risk of financial loss resulting from movements in the price of commodities.

The Group is exposed to commodity risk arising from physical sales of base metals, primarily refined copper, and in its energy business.

This risk is principally managed through contractual arrangements with customers and the use of futures contracts. Any adverse price movement on physical positions will be offset by a positive movement on futures positions. The Group seeks to employ hedges in its biofuels business which correlate to the underlying commodity being hedged but this is not always possible with the result that the Group can have some exposure to basis risk in this business. However, this is monitored daily and the risk is managed within strict limits.

The Group is also exposed to commodity risk in the event that commodity prices rise and the US dollar value of total tonnages of commodities that it has contracted to purchase exceeds the total US dollar amount of trade finance facilities available to the Group.

The Group mitigates this risk by entering into purchase contracts assuming commodity prices above prevailing levels. The Group also has the potential to finance metal purchases with trade finance providers by entering into sale and re-purchase agreements for the commodity.

Equity risk

Equity risk arises from changes in the prices of the Group's equity investments arising through the normal course of its investing activities. An adverse movement in the fair value of the equity investments has a negative impact on the capital resources of the Group.

Equity risk exposures are primarily managed through the use of the individual stock position and overall portfolio limits.

The fund manager of Ambrian Asset Management Limited has day-to-day responsibility for investment decisions regarding the Group's investment portfolio (held by Ambrian Principal Investments Limited ("APIL")). He operates under instructions from the Board of APIL, and is required to comply with limits for individual stock positions. The performance of APIL is monitored by the Chief Executive.

A 10 per cent. increase or decrease in the underlying share price of listed financial assets of the Group at the year end would have increased/(decreased) pre-tax profit and net assets by £128,440/(128,440) (2010: £610,141/(£610,141)).

Credit and non performance Risk

The Group is exposed to credit risk from its operating activities.

The Group's cash and cash equivalents are placed with major financial institutions.

Counterparty credit risk arises from our normal business operations including purchases and sales transactions, and thus receivables, as well as transactions which may involve a performance risk, for example associated with prepayments and accrued income. These risks are addressed by individual counterparty analysis and the creation of risk limits which are monitored on an ongoing basis. Given the global nature of our business operations, which involves a diversified counterparty base, the impact of individual risk exposure is reduced. Concentration risk is regularly monitored and assesses counterparty exposure, industry sector exposure and country exposure.

Trade receivables payment risk associated with the physical metals business is reduced as almost all of our trade receivables are either backed by a letter of credit from a major financial institution or we have obtained credit insurance for substantially all of the credit exposure or we are otherwise protected through title retention arrangements.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The maximum exposure to credit risk before the consideration of collateral or other credit enhancements is represented by the carrying amounts of the financial assets that are shown on the consolidated statement of financial position, including derivatives with positive market value.

The Group is exposed to the potential risk of a supplier defaulting on delivery of a contracted shipment of metal or fuel. We mitigate this risk in our commodities businesses, by keeping a quantity of stock in storage and, by the use of performance bonds or similar instruments. Further, as the commodities businesses deal almost exclusively in readily convertible commodities, we expect to be able to source metals and fuels from alternative counterparties although this may impact the profitability of the transaction.

As at 31 December 2011, the analysis of trade receivables outstanding was as follows:

	<i>Total</i>	<i>< 30 days</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>91-120 days</i>	<i>>120 days</i>
	£	£	£	£	£	£
2011	58,801,176	58,801,176	—	—	—	—
2010	87,711,431	87,622,859	4,851	—	42,003	41,718

At 31 December 2011 and at 31 December 2010 there were no trade receivables that were considered to be impaired.

Liquidity Risk

The Group defines liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cashflow requirements.

The Group's liquidity risk management strategy includes (a) projecting cashflows from operations, (b) maintaining sufficient cash and (c) accessing a diverse number of uncommitted bi-lateral trade finance facilities.

The Group's liquidity is monitored daily within agreed procedures designed to ensure that the Group has sufficient liquidity to fully meet its obligations, including physical metal purchases and margin requirements at LME clearers and at third party brokers.

Excess liquidity is invested in cash deposits with financial institutions, typically, on an overnight basis.

As at 31 December 2011, the Group had cash and cash equivalents of £15,378,657 (2010: £31,121,434).

Two of the subsidiaries of the Group, had as at 31 December 2011, bi-lateral bank facilities with eight (2010: five) banks totalling US\$370,000,000 (2010: US\$310,000,000) under which the Group had access to cash borrowings and trade finance facilities. At 31 December 2011, US\$247,090,077 of these facilities were drawn down (2010: US\$271,488,731). The Group's policy is to maintain strong relationships with a number of alternative major providers of trade finance. The Group's commodities businesses are dependent upon the continued availability of their bank facilities. The withdrawal or a material reduction of these facilities would have a materially adverse effect on these businesses. The future growth of these businesses depends upon the availability of appropriate bank facilities and trade finance to fund them.

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted payments.

Up to 6 Months

	<i>2011</i>	<i>2010</i>
	£	£
Trade and other payables	9,163,567	32,383,476
Accruals and deferred income	20,180,719	41,528,013
Short-term trade finance	159,207,524	177,851,710
Short-term liabilities under sale & purchase agreements	45,057,643	82,363,606
Financial liabilities at fair value through profit or loss	5,008,970	18,745,460
	<u>238,618,423</u>	<u>352,872,265</u>

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

Capital Management

The primary objective of the Group's capital management is to ensure that it has sufficient capital to support its regulated and non-regulated businesses and maximise shareholder value.

For the purpose of capital management, capital is defined as share capital, share premium account, merger reserve, treasury shares and retained earnings.

The Group has one regulated subsidiary: Ambrian Asset Management Limited ("AAM"). The Group manages its capital (defined as share capital and reserves) so that AAM complies with the requirements of the regulatory authorities, as well as ensuring that AAM's capital base is adequate to cover the risks in its business as set out in its Internal Capital Adequacy Assessment Process documents.

At 31 December 2011, AAM had a regulatory capital resource of £97,651 (2010: £284,000), which was in excess of the aggregate regulatory capital requirement, of £90,000 (2010: £82,000).

To maintain or adjust the Group capital structure, the Group may return capital to shareholders or issue new shares.

27 Accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered below.

Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods. Details of property, plant and equipment are provided in note 10.

Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Details of financial assets held at fair value through profit or loss are provided in note 12.

All amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This determination requires significant judgement in determining changes to fair value since the last valuation date. In making this judgement the Board evaluates, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

Share based payments

Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the binomial lattice valuation method, on the date of grant based on certain assumptions. Those assumptions are described in note 21 and include, among others, the dividend growth rate, expected volatility and expected life of the options.

Deferred tax asset

The Group determines the recoverability of deferred tax assets based on an assessment of the future financial performance of the business and the ability to offset or recover this under the tax legislation of the jurisdictions that the Group operates in. The extent to which estimates about future performance of the business or tax legislation are different from current assessments may impact the ultimate realisation of this asset.

Legal proceedings

At the reporting date there were no known legal proceedings outstanding against any of the Group companies.

28 Non-controlling interest

The non-controlling interest disclosed in the statement of comprehensive income and statement of financial position represents a 20 per cent. minority interest in Ambrian Resources AG held by shareholders other than Ambrian Capital plc.

29 Post Balance Sheet events

On 3 November 2011 the Group entered into a conditional agreement to sell its entire interest in its subsidiary Ambrian Partners Limited ("APL") which was completed on 30 March 2012, as a result of which APL is no longer part of the Group.

30 Discontinued operations

In March 2011, the Group entered into an agreement to dispose of its entire interest in Ambrian Commodities Limited ("ACL") which was completed in September 2011 and in November 2011, the Group entered into an agreement to sell its entire interest in Ambrian Partners Limited ("APL") which was completed on 30 March 2012 but with the risk and reward passing with effect from 31 October 2011. As a result of these disposals, the operations of ACL and APL during the year ended 31 December 2011 have been treated as discontinued operations.

Trade & other receivables contain a sum of £900,000 representing the post tax consideration for the disposal of APL.

The assets attributable to the discontinued operations as at their respective effective disposal dates are set out below.

	<i>At disposal</i> 2011 £	2010 £
Property, plant and equipment	697	142,731
Trade and other receivables	3,247,998	7,893,593
Cash	5,338,335	18,877,617
Trade and other payables	<u>(1,716,834)</u>	<u>(17,415,246)</u>
Net asset position	<u>6,870,196</u>	<u>9,498,695</u>

Ambrian Capital plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2011 (*Continued*)

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations

	2011 £	2010 £
Revenue	4,633,230	11,949,075
Administrative expenses	(8,245,994)	(11,267,253)
Loss from selling discontinued operations	<u>(1,500,000)</u>	<u>—</u>
	(5,112,764)	681,822
Taxation (expense)	<u>(399,870)</u>	<u>(303,429)</u>
(Loss)/profit for the year	<u>(5,512,634)</u>	<u>378,393</u>
(Loss)/earnings per share discontinued operations		
Basic	(5.67) pence	0.38 pence
Diluted	<u>(5.67) pence</u>	<u>0.38 pence</u>

The total proceeds of the disposal of Ambrian Commodities Limited was £4,370,196 and the total proceeds of the disposal of Ambrian Partners Limited was £1,000,000.

Statement of cash flows from discontinued operations

Operating activities	(13,539,282)	(7,656,357)
Investing activities	<u>(868,139)</u>	<u>—</u>
Net cash from discontinued operations	<u>(14,407,421)</u>	<u>(7,656,357)</u>

In the above tables, the comparative information for 2010 has been restated to present income generated and expenses incurred by both discontinued operations.

Ambrian Capital plc

Company Balance Sheet

	<i>Note</i>	<i>2011</i> £	<i>2011</i> £	<i>2010</i> £	<i>2010</i> £
Fixed Assets					
Property, plant and equipment	3		71,050		27,755
Investments	4		<u>17,742,680</u>		<u>34,010,862</u>
			17,813,730		34,038,617
Current Assets					
Investments	5	1,714,367		1,714,367	
Debtors: amounts due within one year	6	1,346,197		410,490	
Deferred tax	7	41,101		964,022	
Cash at bank and in hand		<u>3,243,987</u>		<u>231,028</u>	
		6,345,652		3,319,907	
Current liabilities					
Creditors: amounts due within one year	8	<u>(5,808,085)</u>		<u>(7,981,646)</u>	
Net Current Assets					
			<u>537,567</u>		<u>(4,661,739)</u>
Total assets less current liabilities					
			<u><u>18,351,297</u></u>		<u><u>29,376,878</u></u>
CAPITAL AND RESERVES					
Called up share capital	9		11,136,121		11,136,121
Share premium account	10		11,105,383		11,105,383
Merger reserve	10		—		1,245,256
Treasury shares	10		(1,128,716)		(1,128,716)
Retained earnings	10		(1,615,976)		8,302,770
Share-based payment reserve	10		4,325,508		4,161,508
Employee benefit trust	10		<u>(5,471,023)</u>		<u>(5,445,444)</u>
Shareholders' funds					
			<u><u>18,351,297</u></u>		<u><u>29,376,878</u></u>

These financial statements were approved and authorized by the Board of Directors on 8 June 2012.

R N Ashley
Chief Executive

J M Coles
Finance Director

The accounting policies and notes set out on pages 56 to 61 form an integral part of these parent Company financial statements.

Ambrian Capital plc

Notes forming part of the Company financial statements for the year ended 31 December 2011 (*Continued*)

1 Accounting policies

The parent company financial statements of Ambrian Capital plc have been prepared in accordance with applicable UK accounting standards (UK GAAP). The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to present its individual profit and loss account and related notes. The accounting policies that have been used in the preparation of these financial statements are described below.

The Company has elected not to adopt the provisions of Financial Reporting Standard 26 "Financial Instruments: Recognition and Measurement".

1.1 *Accounting convention*

The financial statements are prepared under the historical cost convention.

1.2 *Foreign currencies*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

1.3 *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on all timing differences when the transactions or events that give the Company 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 is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

1.4 *Pensions*

The Company contributes to the private pension scheme of certain Directors. The assets of the scheme are held separately from that of the Company. Contributions are charged in the accounts as incurred.

1.5 *Share-based payment*

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are recognised as an expense in the profit and loss account with a corresponding credit to share-based payment reserves.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Ambrian Capital plc

Notes forming part of the Company financial statements for the year ended 31 December 2011 (*Continued*)

1.6 *Employee benefit trust*

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Company's accounts. Any assets held by the EBT cease to be recognised on the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account.

1.7 *Treasury shares*

The costs of purchasing treasury shares are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account.

1.8 *Investments*

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.9 *Capital contributions*

Where the Company makes a loan to a subsidiary company on a subordinated basis, this is treated as equity in the subsidiary and as fixed asset investment in the company.

2 **Company profit**

The Company has taken advantage of 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 Company's loss after tax was £10,418,637 (2010: £823,131).

3 **Property, plant and equipment**

	2011 £	2010 £
Office equipment		
<i>Cost</i>		
At 1 January	27,755	—
Additions	72,153	27,755
Balance at 31 December	<u>99,908</u>	<u>27,755</u>
<i>Depreciation</i>		
At 1 January	—	—
Charge for the year	28,858	—
Balance at 31 December	<u>28,858</u>	<u>—</u>
<i>Net book value</i>		
At 31 December	<u><u>71,050</u></u>	<u><u>27,755</u></u>

Ambrian Capital plc

Notes forming part of the Company financial statements for the year ended 31 December 2011 (*Continued*)

4 Investments held as fixed assets

	<i>Shares in subsidiary Undertakings £</i>	<i>Capital contributions £</i>	<i>Total £</i>
Cost			
At 1 January	30,510,862	3,500,000	34,010,862
Additions	881,927	3,000,000	3,881,927
Disposals	(20,150,109)	—	(20,150,109)
At 31 December	<u>11,242,680</u>	<u>6,500,000</u>	<u>17,742,680</u>
Net book value			
At 31 December 2011	<u>11,242,680</u>	<u>6,500,000</u>	<u>17,742,680</u>
At 31 December 2010	<u>30,510,862</u>	<u>3,500,000</u>	<u>34,010,862</u>

The capital contributions relate to subordinated amounts due from Ambrian Metals Limited and Ambrian Energy GmbH.

Details of the investments in subsidiary undertakings held by the Company at the year-end are as follows:

<i>Name of Company</i>	<i>Country of operation</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of shares and voting rights held</i>	<i>Nature of business</i>
Ambrian Asset Management Limited	UK	UK	Ordinary shares	100%	Investment management
Ambrian Nominees Limited	UK	UK	Ordinary shares	100%	Nominee
Ambrian Partners Limited	UK	UK	Ordinary shares	100%	Corporate finance & equities
Ambrian Principal Investments Limited	Jersey	Jersey	Ordinary shares	100%	Managed fund
Ambrian Metals Limited	UK	Switzerland	Ordinary shares	100%	Physical metals merchant
Ambrian Trading (Shanghai) Co. Limited	PRC	PRC	Ordinary Shares	100%	Physical metals merchant
Ambrian Energy Limited	UK	Switzerland	Ordinary shares	100%	Oil & oil derivatives intermediary
Ambrian Energy GmbH	Germany	Germany	Ordinary shares	100%	Energy merchant
Ambrian Resources AG	Switzerland	Switzerland	Ordinary shares	80%	Private equity
Ambrian Energy Limited	UK	UK	Ordinary Shares	100%	Oil merchant

All the other holdings have been held throughout the year and the proportion of shares and voting rights held is unchanged.

During the year the Group sold its entire holding of Ambrian Commodities Limited.

On 3 November 2011, the Group entered into a contract to dispose of Ambrian Partners Limited, which was subsequently completed on 30 March 2012. As the economic benefit was transferred to the purchaser from 31 October 2011, it has been treated as a discontinued operation at the year end.

Ambrian Capital plc

Notes forming part of the Company financial statements for the year ended 31 December 2011 (*Continued*)

5 Investments held as current assets

	2011 £	2010 £
Listed	151,052	1,714,367
Unlisted	1,563,315	—
	<u>1,714,367</u>	<u>1,714,367</u>

The market value of the listed investment, which is listed on the Canadian Stock Exchange, was £151,052 at 31 December 2011 (2010: £1,714,367). The investment acquired in October 2010 of £1,563,315, is no longer listed.

6 Debtors

	2011 £	2010 £
Amounts falling due within one year		
Trade and other debtors	917,984	189,167
Amounts owed by subsidiary undertakings	165,542	—
Corporation tax recoverable	—	—
Other taxes and social security	113,786	71,347
Prepayments and accrued income	148,885	149,976
	<u>1,346,197</u>	<u>410,490</u>

Amounts owed by subsidiary undertakings are shown after provisions of £1,329,704 (2010:£nil).

7 Deferred tax asset

	2011 £	2010 £
On losses carried forward	—	274,550
Losses for the year	—	—
Share-based payment reserve	41,101	689,472
	<u>41,101</u>	<u>964,022</u>

8 Creditors – amounts due within one year

	2011 £	2010 £
Other creditors	444,713	22,054
Other taxation and social security creditors	22,197	34,894
Accruals and deferred income	653,547	533,990
Corporation tax	35,532	37,532
Amounts owed to subsidiary undertaking	4,652,096	7,353,176
	<u>5,808,085</u>	<u>7,981,646</u>

Ambrian Capital plc

Notes forming part of the Company financial statements for the year ended 31 December 2011 (*Continued*)

9 Called up share capital

	2011 Number	2010 Number	2011 £	2010 £
Authorised				
Ordinary shares of 10p each	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Called up, allotted and fully paid				
Ordinary shares of 10p each	<u>111,361,208</u>	<u>111,361,208</u>	<u>11,136,121</u>	<u>11,136,121</u>

10 Statement of movement on reserves

	Share premium account £	Merger reserve £	Profit and loss account £	Other reserves £
At 1 January 2011	<u>11,105,383</u>	<u>1,245,256</u>	<u>8,302,770</u>	<u>(2,412,652)</u>
(Loss) for the financial year	—	—	(10,418,637)	—
Elimination on disposal	—	(1,245,256)	1,245,256	—
Share-based payment charge	—	—	—	164,000
Purchase of shares	—	—	—	(57,809)
Sale of shares	—	—	—	32,230
Dividend paid	—	—	(745,365)	—
Balance at 31 December 2011	<u>11,105,383</u>	<u>—</u>	<u>(1,615,976)</u>	<u>(2,274,231)</u>

Analysis of Other Reserves

	Share-based payment reserve £	Employee benefit trust £	Treasury shares £	Total £
At 1 January 2011	<u>4,161,508</u>	<u>(5,445,444)</u>	<u>(1,128,716)</u>	<u>(2,412,652)</u>
Share-based payment charge	164,000	—	—	164,000
Purchase of shares	—	(57,809)	—	(57,809)
Sale of shares	—	32,230	—	32,230
Balance at 31 December 2011	<u>4,325,508</u>	<u>(5,471,023)</u>	<u>(1,128,716)</u>	<u>(2,274,231)</u>

During the year the Company loaned £132,075 (2010: £25,630) to an Employee Benefit Trust set up by the Group. The Employee Benefit Trust used the loan, together with exercise proceeds, to purchase 239,502 shares (2010: 952,302) in the Company.

4,500,058 shares (2010: 4,500,058) are held in treasury and 3,471,043 shares (2010: 8,383,899) are held by the Employee Benefit Trust,

Ambrian Capital plc

Notes forming part of the Company financial statements for the year ended 31 December 2011 (*Continued*)

11 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss) for the financial year	(10,418,637)	(823,131)
Dividends paid	(745,365)	(1,463,303)
FRS 20 share option charge	164,000	521,833
Purchase of shares	(57,809)	(303,122)
Sales of shares	32,230	165,558
Net (reduction) to shareholders' funds	(11,025,581)	(1,902,165)
Opening shareholders' funds	29,376,878	31,279,043
Closing shareholders' funds	<u>18,351,297</u>	<u>29,376,878</u>

12 Share Options

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to the Directors and other persons. Full details of the share options currently in existence are set out in note 21 to the consolidated financial statements.

13 Capital Commitments

There were no capital commitments as at 31 December 2011 or at 31 December 2010.

14 Contingent Liabilities

There were no contingent liabilities as at 31 December 2011 or at 31 December 2010.

15 Guarantees and Other Financial Commitments

The Company has granted a \$10,000,000 guarantee (2010: \$10,000,000) to a consortium of banks that provide trade finance facilities to Ambrian Metals Limited.

16 Transactions with Related Parties

Details of transactions with Directors and Directors remuneration are given in note 6 to the consolidated financial statements.

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with its wholly owned subsidiaries.

There were no other related party transactions.

17 Post Balance Sheet event

On 30 March 2012, the sale of Ambrian Partners Limited was completed following regulatory approval. The entire consideration related to this disposal is included in the financial statements.

There were no other material post Balance sheet events.

Ambrian Capital plc

Notes forming part of the Company financial statements for the year ended 31 December 2011 (*Continued*)

Directors

AMBRIAN CAPITAL PLC

Nathan Steinberg

Non-executive Chairman

Nathan is a partner in Munslovs LLP, a firm of Certified Chartered Accountants. He is an experienced tax adviser and has considerable corporate experience of public companies and currently serves as a Director of Longships plc and Sovereign Mines of Africa plc. He is also a Member of Council of the Institute of Chartered Accountants in England and Wales.

Robert Ashley

Chief Executive

Robert was appointed chief executive of Ambrian Capital on 26 February 2011. He spent fifteen years as a senior Director in the NM Rothschilds Group (NMR), latterly as managing Director responsible for NMR's global treasury activities. Robert is also non-executive chairman of Galena Asset Management Limited, part of the Trafigura group.

John Coles

Finance Director

John has over 20 years' experience in investment banking and asset management. After qualifying as a chartered accountant, he worked with Robert Fleming & Co. Limited in private equity, investment banking and stockbroking. Prior to joining Ambrian, John was Deputy Managing Director of JP Morgan Fleming Asset Management in France. John holds an honours degree in business and economics from Trinity College, Dublin, and is a member of the Institute of Chartered Accountants in England and Wales.

Lee Seng Huang

Non-executive Director

Lee Seng Huang is the Executive Chairman of Sun Hung Kai & Co. Limited, the leading non-bank financial institution in Hong Kong, listed on the Hong Kong Stock Exchange ("HKex"). He is the Chairman of Mulpha International Berhad, a Malaysian-listed conglomerate with operations in Southeast Asia, Australia and China, and a Director of FKP Property Group, a leading property developer, listed on the Australian Securities Exchange. Mr Lee is a trustee of the Lee and Lee Trust, a discretionary trust that owns a controlling interest in the issued share capital of Allied Group Limited ("AGL") which is listed on The Stock Exchange of Hong Kong Limited.

Julian McIntyre

Non-executive Director

Julian is a successful entrepreneur and investor, having spent the earlier part of his career at Deutsche Bank. He was a founder and controlling shareholder of Gateway Communications Group ("Gateway"), a pan African telecommunications business that established infrastructure in over 40 African countries. He is also a member and substantial shareholder in MWB Limited, a private investment company.

Ambrian Capital plc

Notes forming part of the Company financial statements
for the year ended 31 December 2011 (*Continued*)

Ambrian Metals Limited

Directors

Mark Homer – Managing Director
Owen Bennison
John Coles
Robert Ashley
Nathan Steinberg
Raymond Felix

Ambrian Asset Management Limited

Directors

Roger Clegg – Fund Manager
John Coles
Nathan Steinberg
Robert Ashley

Ambrian Principal Investments Limited

Directors

John Coles
Robert Ashley

Ambrian Energy GmbH

Directors

Bernd Sturmheit – Geschäftsführer

Ambrian Energy SA Limited

Directors

Justus van der Spuy
Dominique Lecocq

Strategic Energy Bank Limited

Directors

John Coles
Justus van der Spuy

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