

Chief Executive's Review

The AMC Group's businesses operate in a broad range of markets and performed strongly, particularly in the middle part of 2008.

Following a strong first half, metal prices reacted quickly and dramatically to the unfolding liquidity crisis confronting the worldwide banking system, as the markets anticipated the consequences of impending global recession. Group companies were able to minimise the impact of the change in prices through hedging facilities for non-ferrous metal offered by the Group, restricting the need for year end inventory and purchase pipeline provisions to the carbon steel and minor metal activities.

Notwithstanding the provisions made at the year end for these activities, the operating result for the last quarter was still ahead of that produced in the first quarter. Given the rapidly changing market conditions the Group should be considered to have done well to achieve an operating profit well ahead of 2007.

The AMC Trading Division's operating profit was 9% above last year, with each business profitable and reporting an acceptable result. Profits of the AMC Industrial Division were more than double the 2007 level, a result that is attributable to strong operating performances in each of the Group's Canadian operations and to the profit from intermediate tin products accumulated in Thaisarco's production process over a number of years. Further comments on the performances of each of the individual Group businesses are set out on pages 6 to 9 of this report.

The Group's balance sheet has been further strengthened in the year. Strong profits underlie the 22% increase in shareholder's funds to £208 million. The net after tax cash flow generated after funding all capital expenditure, working capital and dividends was £47 million, which, when added to the previous year's net after tax cash flow of £36 million, has enabled the Group to move from a net debt position of £10 million to a net funds position of £72 million, leaving the Group well placed to meet liquidity requirements.

The outlook for 2009 is challenging, as the impact of the global recession continues to be felt. AMC has retained resources generated over what has been a strong economic cycle, and enters 2009 in a strong financial position and well placed to serve customers who wish to deal with a reliable and stable partner in such turbulent markets. I am confident that, with the continued hard work and commitment of all its staff, whom I thank for their efforts, the Group will continue to perform in what will undoubtedly be a testing year.

V H Sher

Chief Executive

31 March 2009