AMC Industrial

Wilkinson Steel
The impact of the recession on the steel industry has been especially severe on the Group's Canadian steel service centres. Wilkinson Steel offers a full range of products and processing services from ten branches across the Prairies and British Columbia regions of western Canada. A significant proportion of Wilkinson's material is imported, with prices fixed some months ahead of delivery. Together with stock on the ground, this pipeline represents a significant tonnage potentially exposed to subsequent price fluctuations. In normal times, such price fluctuations would have been accommodated within the margin available and by the natural discipline of the market, where competitors were broadly in the same position. However, the extraordinary speed and size of the price falls had an unprecedented effect on the market and major losses were incurred as sales prices fell continually through 2009 and volumes were also severely impacted. This was exacerbated by the strengthening of the Canadian dollar, particularly in the latter part of the year when US dollar steel prices had bottomed out. However, prices have now stabilised and some modest strengthening has been seen in early 2010. Although a certain level of losses was inevitable in such circumstances, improvements have been implemented to early-warning and monitoring systems to provide added protection against a recurrence of the significant losses incurred in 2009.

Debro Steel
Debro Steel operates a plate and structural carbon steel service centre in Toronto. Debro suffered from many of the same problems as Wilkinson, although its pipeline, being close to the steel mills in eastern Canada, was smaller. However, the contraction across the manufacturing base of the Ontario economy was even more severe than that in western Canada, so 2009 was also an extremely difficult year for Debro with a significant operating loss.

Thaisarco
Thaisarco operates the Group's tin smelter in Phuket, Thailand. Operating in a sector where maintaining the continuity of supply of material is challenging, Thaisarco secured sufficient tin concentrates and metal to achieve a production level and underlying operating profit which were both in line with last year. However, the company's 2008 result included the recognition of the benefit of the then high tin price in respect of intermediate products which had accumulated over a number of years and therefore the overall profit for 2009 was well down on 2008.

National Concrete Accessories
NCA operates from eleven branches, manufacturing and distributing construction accessories to the concrete forming construction industry across Canada. NCA continued to perform strongly in both the east and west of the country, but its profit, while once again highly satisfactory, was down on last year. The reduction was mainly in the west, after several years of continuous growth, and it reflects in particular the downturn in the Oil Sands of Alberta and in the residential construction sector of British Columbia.

Consolidated Alloys
Consolidated Alloys, from its five locations in Australia, manufactures and markets non-ferrous metal products. Construction products, in particular sheet lead and flashings, along with lead anodes and solder, comprise the longstanding foundation of the company's broad product range, which it continues to develop to address evolving markets. Against a weak economic background, and increasingly competitive markets, Consolidated Alloys reported a lower profit than in 2008.

Consolidated Alloys (New Zealand)
Consolidated Alloys (New Zealand) manufactures non-ferrous metal products, including proprietary lead and aluminium flashing products, mainly for the building industry, along with solder, and the company also distributes industrial pumping equipment. Despite an extremely weak residential housing market and consequently a fall in sales, Consolidated Alloys (New Zealand) achieved another strong profit, although it was below the 2008 level.

Brookside Metal Company
Brookside Metal manufactures copper-based alloys at Willenhall in the West Midlands, and has been severely affected by falling demand from customers in its principal markets, construction and marine. As a result, Brookside instituted short-time working in May 2009. Despite this, the company reported a small operating profit for the year, which was well down on its 2008 result.

Exchanger Industries
Exchanger Industries, which is located in Calgary, Canada, manufactures heat exchangers for the oil and gas industry. While the Alberta Oil Sands is Exchanger's most significant market, it has achieved increasing success in securing contracts in the USA. The operation entered 2009 with a virtually full order book. This helped offset the impact of the downturn in the oil industry, in particular in the Oil Sands. Although there were fewer opportunities to bid for new work, and bid margins were squeezed as competition intensified, Exchanger was able to report a solid performance as a result of its existing order book. This year's result included compensation arising from the cancellation of a major contract so that the overall result was well up on the strong year of 2008.

Keeling & Walker
Keeling & Walker is based in Stoke- on-Trent. Together with its sister company Thermox Performance Materials, Keeling & Walker manufactures tin oxide and specialist tin-based powders for customers in the ceramics, electrical, electronic, and advanced technology sectors. Most of its production is exported, and whilst the global recession has impacted all served sectors, the effect was mitigated by cost benefits derived from manufacturing efficiencies. Accordingly, the combined profit represents a satisfactory outcome, similar to last year.

Mil-Ver Metal Company
Mil-Ver Metal is based in Coventry where it manufactures aluminium alloys primarily for the die casting industry, and it is the Group's operation most exposed to the fortunes of the automotive sector. In the first quarter of 2009, the slump in the auto industry continued to undermine Mil-Ver's performance but, as the industry gradually recovered, and as Mil-Ver responded to the challenges through targeted capital expenditure and cost savings, results improved. Mil-Ver made an operating profit for 2009 which, though modest in absolute terms, was a substantial improvement on last year's loss.