

Ironveld PLC

Interim Results

RNS Number : 6091L
Ironveld PLC
06 September 2012

IRONVELD PLC
(FORMERLY MERCURY
RECYCLING GROUP PLC)

INTERIM REPORT FOR THE PERIOD
ENDING 30 JUNE 2012

CHAIRMAN'S STATEMENT

These results represent the six months trading of Mercury Recycling Group Plc prior to its acquisition of the iron ore assets of Sylvania Platinum Plc and change of name to Ironveld Plc.

Trading in the recycling business has remained challenging and significantly impacted by the actions of Recolight, the industry's major compliance scheme, who have used their dominant position to exert downward pressure on recycling revenues. In addition, a number of one off costs including the establishment of a new battery processing line have adversely impacted the results in the short term. Sales for the period were £1,046,000 compared to £1,372,000 for the first six months of 2011, with the Group reporting an operating loss of £117,000 versus a profit of £82,000 for the comparable period.

Since the period end, there has been a reduction of approximately 11 per cent in volumes processed in the lamp recycling business over the comparable period last year. 60% of this reduction relates to one customer who has advised the Group that this reduction relates to a timing difference in terms of processing its orders and the additional volume is expected to be processed in the second half of year, with a corresponding uplift in revenues. Management have also taken a number of actions to reduce costs and it is anticipated that this segment of the business will return to profitability in the second half of the year.

In February 2012 the Group was granted the necessary permits to process and export batteries and new revenue from this new operation commenced in July 2012. The Group has been encouraged by the initial performance of the operation and believes there are significant opportunities for growth in the sector.

The most significant development for the Group occurred post the period end with the acquisition of the Ironveld Group, alongside a change of name to Ironveld plc, which was approved by shareholders at a General Meeting of the company on 15 August 2012.

The Ironveld Group has interests in Prospecting Rights in the Northern Limb of the Bushveld Complex north of Mokopane, South Africa. The Rights cover a group of seven adjacent farms, measuring an area of 165 km². The Ironveld Group intends to mine the Ti-magnetite iron ore as feedstock for its own pig iron plant. We have established a highly experienced Board and Management team to lead the Group in its next phase of development and significant work has been carried out on the license area and further exploration activities is well advanced.

The Board of Directors and Management Team are extremely excited by this new direction for the enlarged Group and believe it will provide a significant opportunity for both our existing and new shareholders.

Giles Clarke

Chairman

IRONVELD PLC (FORMERLY MERCURY RECYCLING GROUP PLC)

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2012

	6 Months ended 30.6.12 £'000	6 Months ended 30.6.11 Restated £'000	Year ended 31.12.11 £'000
Revenue	1,046	1,372	2,537
Cost of sales	(98)	(83)	(148)
Gross profit	948	1,289	2,389
Administrative expenses	(1,065)	(1,207)	(2,420)

Operating (loss)/profit	(117)	82	(31)
Finance costs	(1)	(2)	(4)
(Loss)/profit before taxation	(118)	80	(35)
Tax	47	13	(6)
(Loss)/profit for the period (Attributable to owners of the company)	(71)	93	(41)
(Loss)/earnings per share :			
Basic (pence)	(0.20)	0.26	(0.11)
Diluted (pence)	n/a	0.26	n/a

CONSOLIDATED STATEMENT OF COMPRENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2012

	£'000	£'000	£'000
(Loss)/profit for the period	(71)	93	(41)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	(71)	93	(41)

IRONVELD PLC (FORMERLY MERCURY RECYCLING GROUP PLC)

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2012

	As at 30.6.12 £'000	As at 30.6.11 Restated £'000	As at 31.12.11 £'000
Non-current assets			
Goodwill	4,122	4,122	4,122
Property, plant and equipment	1,246	1,364	1,265
	5,368	5,486	5,387
Current assets			
Trade and other receivables	690	532	465
Cash and bank balances	239	436	343
Current tax assets	18	-	18
	947	968	826
Total assets	6,315	6,454	6,213

Current liabilities

Trade and other payables	(355)	(298)	(234)
Bank overdrafts and loans	(189)	(77)	(68)
Current tax liabilities	-	(19)	-
	<u>(544)</u>	<u>(394)</u>	<u>(302)</u>

Non-current liabilities

Trade and other payables	(21)	(30)	(24)
Bank loans	(69)	(123)	(88)
Deferred tax liabilities	(120)	(141)	(167)
	<u>(210)</u>	<u>(294)</u>	<u>(279)</u>

Total liabilities

	<u>(754)</u>	<u>(688)</u>	<u>(581)</u>
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Net assets

	<u>5,561</u>	<u>5,766</u>	<u>5,632</u>
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Equity

Share capital	3,583	3,583	3,583
Share premium	235	235	235
Other reserves	386	386	386
Retained earnings reserve	1,357	1,562	1,428

Total equity

	<u>5,561</u>	<u>5,766</u>	<u>5,632</u>
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(Attributable to owners of the company)

IRONVELD PLC (FORMERLY MERCURY RECYCLING GROUP PLC)**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 30 JUNE 2012**

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2011 (As previously stated)	3,583	235	386	1,547	5,751
Prior period adjustment	-	-	-	(78)	(78)
Balance at 1 January 2011 (Restated)	3,583	235	386	1,469	5,673
Profit for the period	-	-	-	93	93
Balance at 30 June 2011 (Restated)	<u>3,583</u>	<u>235</u>	<u>386</u>	<u>1,562</u>	<u>5,766</u>

Balance at 1 January 2011 (Restated)	3,583	235	386	1,469	5,673
Loss for the period	-	-	-	(41)	(41)
Balance at 31 December 2011	3,583	235	386	1,428	5,632
Loss for the period	-	-	-	(71)	(71)
Balance at 30 June 2012	3,583	235	386	1,357	5,561

IRONVELD PLC (FORMERLY MERCURY RECYCLING GROUP PLC)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2012

	6 Months ended 30.6.12 £'000	6 Months ended 30.6.11 Restated £'000	Year ended 31.12.11 £'000
Net cash from operating activities	(117)	133	169
Investing activities			
Purchases of plant and equipment	(89)	(75)	(153)
Net cash used in investing activities	(89)	(75)	(153)
Financing activities			
Repayment of borrowings	(36)	(34)	(69)
Net cash used in financing activities	(36)	(34)	(69)
Net (decrease)/increase in cash and cash equivalents	(242)	24	(53)
Cash and cash equivalents at the beginning of period	343	396	396
Cash and cash equivalents at end of period	101	420	343
Note to the cash flow statement			
Operating (loss)/profit	(117)	82	(31)
Depreciation	98	120	297
Decrease in deferred income	(5)	(5)	(9)
Loss on disposal of plant and equipment	10	-	-
Operating cash flows before movements in working capital	(14)	197	257
Movement in receivables	(225)	(84)	(19)

Movement in payables	123	22	(35)
Cash generated by operations	(116)	135	203
Interest paid	(1)	(2)	(4)
Tax paid	-	-	(30)
Net cash from operating activities	(117)	133	169

IRONVELD PLC (FORMERLY MERCURY RECYCLING GROUP PLC)

NOTES TO CONSOLIDATED ACCOUNTS

FOR THE PERIOD ENDED 30 JUNE 2012

1. Basis of preparation and accounting policies

The results for the six months to 30 June 2012 have been prepared under International Financial Reporting Standards (IFRS) as adopted by the EU and International Accounting Standards Board.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those financial statements.

The financial information does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. Full accounts of the company for the year ended 31 December 2011 on which the Auditors gave an unqualified report, have been delivered to the Registrar of Companies.

2. (Loss)/earnings per share

The calculation of basic and diluted earnings per share is based upon the (loss)/profit for the period and the weighted average number of shares in issue during the period.

	6 Months to 30.6.12	6 Months to 30.6.11 Restated	Year to 31.12.11
	'000	'000	'000
Weighted average number of shares	35,827	35,827	35,827
Options - dilution	-	104	-
	35,827	35,931	35,827
	pence	pence	pence
Basic (loss)/earnings per share	(0.20)	0.26	(0.11)
Diluted earnings per share	-	0.26	-

Under IAS 33, the share warrants in issue at the 30 June 2011 were not considered diluting as the market based vesting conditions of the warrants had not been met at that date.

3. Prior period adjustment

As disclosed in the previous annual financial statements, the group changed its accounting policy for certain storage containers used in the operations of the group. The change has therefore required the comparatives for 30 June 2011 to be restated in the interim statement. The effect of the restatement on the comparatives for 30 June 2011 was an increase in profit after tax of £5,000 and a reduction in the net assets of the group of £73,000.

4. Change in registered office address

The Company has changed its registered office address to Lakeside Fountain Lane, St Mellons, Cardiff, CF3 0FB.

5. Copies of report

Copies of this interim statement will be available to the public at the Registered Office, Ironveld plc, Lakeside Fountain Lane, St Mellons, Cardiff, CF3 0FB.

INDEPENDENT REVIEW REPORT

UHY Hacker Young Manchester LLP
St. James Building
79 Oxford Street
Manchester M1 6HT

TO IRONVELD PLC (FORMERLY MERCURY RECYCLING GROUP PLC)

Introduction

We have reviewed the accompanying balance sheet of Ironveld Plc as at 30 June 2012 and the related statements of income, changes in equity, cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2012, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as applicable in the United Kingdom.

UHY Hacker Young Manchester LLP
Chartered Accountants
Manchester

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The company news service from the London Stock Exchange

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