

Mercury Recycling Final Results

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Mercury Recycling Group PLC
01 June 2012

1 June 2012

MERCURY RECYCLING GROUP PLC

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

CHAIRMAN'S STATEMENT

At the time of this statement, I hoped that MRG would have concluded the negotiations regarding the acquisition of iron ore assets from Sylvania Platinum Limited. Unfortunately the transaction is taking longer to conclude than we had originally anticipated, but I am hopeful that we will shortly be in a position to move forward with the acquisition.

Sales for the year were £2,537,000 compared to £2,668,000 for the previous year. Operating losses after non-recurring costs were £31,000 compared to a profit of £272,000 in 2010. The volume of lamps recycled has been consistent with the previous period but the price being paid by the sole compliance scheme company purchasing B2B lamp evidence, has been reduced. We have taken advice from Leading Competition Counsel and we have been assured that we have very strong grounds for appeal. We have done so, and are in detailed negotiations.

The results do not therefore give a full picture of our future prospects and I believe that future results will demonstrate a change for the better. On the cost side, there have been substantial non-recurring costs amounting to £160,000 including the cost of preparing the site for the battery recycling business, proposed acquisition costs and a container write down resulting from a review of our container policy in the year. This container review also resulted in a change in accounting policy for our Lampsafe containers, which was accounted for as a prior period adjustment.

The new WEEE Recast consultation process has been moving forward and, as I previously explained, this will be important to the lamp recycling sector, indeed it should further transform our position for the better.

I can also report that our preparations for the move into the battery recycling business are now complete and that interest to date is very encouraging. Unfortunately the granting of battery treatment and export permits has taken much longer than expected but we were eventually granted the permits in February 2012 and have now started processing batteries on our newly installed battery sorting line.

I am hopeful that all this will ensure that Mercury Recycling Limited will have excellent prospects in both lamp and battery recycling.

Once again I would like to thank all our staff for their contribution during these major changes to the Group.

The Rt Hon The Lord Barnett JP PC

Chairman

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CONSOLIDATED INCOME STATEMENT

	2011	2010
	£000	Restated £000
Revenue	2,537	2,668
Cost of sales	<u>(148)</u>	<u>(179)</u>
Gross profit	2,389	2,489
Administrative expenses	<u>(2,420)</u>	<u>(2,217)</u>
Operating (loss)/profit	(31)	272
Finance costs	<u>(4)</u>	<u>(7)</u>

(Loss)/profit before tax	(35)	265
Tax	<u>(6)</u>	<u>(14)</u>
(Loss)/profit for the period (Attributable to owners of the company)	<u><u>(41)</u></u>	<u><u>251</u></u>
(Loss)/earnings per share	<u>(0.11p)</u>	<u>0.73p</u>
- Basic		
- Diluted	<u>n/a</u>	<u>0.72p</u>

The income statement has been prepared on the basis that all operations are continuing operations.

There is no difference between the results as disclosed above and the results on an historical cost basis.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011	2010
	£000	Restated £000
Profit for the year	(41)	251
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year (Attributable to the owners of the Company)	<u><u>(41)</u></u>	<u><u>251</u></u>

CONSOLIDATED BALANCE SHEET

	2011	2010	2009
	£000	Restated £000	Restated £000
Non-current assets			
Goodwill	4,122	4,122	4,122

Property, plant and equipment	1,265	1,409	1,431
	5,387	5,531	5,553
Current assets			
Trade and other receivables	465	448	478
Cash and bank balances	343	412	1
Current tax assets	18	-	10
	826	860	489
Total assets	<u>6,213</u>	<u>6,391</u>	<u>6,042</u>
Current liabilities			
Trade and other payables	(234)	(270)	(249)
Borrowings	(68)	(86)	(139)
Current tax liabilities	-	(17)	(25)
	(302)	(373)	(413)
Non-current liabilities			
Trade and other payables	(24)	(33)	(42)
Borrowings	(88)	(155)	(225)
Deferred tax liabilities	(167)	(157)	(158)
	(279)	(345)	(425)
Total liabilities	<u>(581)</u>	<u>(718)</u>	<u>(838)</u>
Net assets	<u>5,632</u>	<u>5,673</u>	<u>5,204</u>
Equity			
Share capital	3,583	3,583	3,403
Share premium	235	235	242
Other reserves	386	386	365
Retained earnings	1,428	1,469	1,194
Total equity	<u>5,632</u>	<u>5,673</u>	<u>5,204</u>
(Attributable to owners of the Company)			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium £000	Other Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2010 (As previously stated)	3,403	242	365	1,263	5,273
Effect of change in accounting policy	-	-	-	(69)	(69)

As restated	3,403	242	365	1,194	5,204
Profit for the period (restated)	-	-	-	251	251
Warrants issued			21		21
Issue of share capital	180	(7)	-	-	173
Credit to equity for equity-settled share based payments	-	-	-	24	24
Balance at 31 December 2010 (Restated)	3,583	235	386	1,469	5,673
Loss for the period	-	-	-	(41)	(41)
Balance at 31 December 2011	<u>3,583</u>	<u>235</u>	<u>386</u>	<u>1,428</u>	<u>5,632</u>

CONSOLIDATED CASH FLOW STATEMENT

	2011	2010
	£000	Restated £000
Net cash from operating activities	<u>169</u>	<u>525</u>
Investing activities		
Purchases of property, plant and equipment	<u>(153)</u>	<u>(187)</u>
Net cash used in investing activities	<u>(153)</u>	<u>(187)</u>
Financing activities		
Proceeds on issue of equity	-	194
Repayment of borrowings	<u>(69)</u>	<u>(66)</u>
Net cash generated (used in)/from financing activities	<u>(69)</u>	<u>128</u>
Net (decrease)/increase in cash and cash equivalents	(53)	466
Cash and cash equivalents at the beginning of year	<u>396</u>	<u>(70)</u>
Cash and cash equivalents at end of year	<u><u>343</u></u>	<u><u>396</u></u>

NOTES

1. Basis of preparation

The information in this announcement has been extracted from the Company's audited Financial Statements which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

2. Revenue

The revenue and profit on ordinary activities before taxation arise from the Group's principal activity.

The Group's revenue has been analysed by geographic area as follows:

	2011	2010
	£000	£000
United Kingdom	<u>2,537</u>	<u>2,668</u>

3. Operating (loss)/profit

	2011	2010
	£000	Restated £000
Loss/(profit) for the year is shown after charging / (crediting):		
Depreciation on tangible assets	289	207
Government grants	(9)	(9)
Profit on disposal of tangible assets	-	1
Operating leases:		
-Land and buildings	86	84
-Other	<u>37</u>	<u>40</u>

Fees paid to the auditor are analysed as follows:

Audit fees (Group excluding parent company)	13	13
Audit fees (Parent company)	4	4
Tax consultancy	4	4
Other review reports	<u>13</u>	<u>4</u>

4. (Loss)/earnings per share

Basic - The calculation of basic earnings per share is based on a loss of £41,000 (2010 - Profit - £251,000 restated) and on 35,827,462 (2010 - 34,509,795) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Diluted - The diluted earnings per share is based on the loss for the year of £41,000 (2010 - Profit - £251,000 restated) and on 35,827,462 (2010 - 34,509,795) ordinary shares as adjusted for share options below:

	2011	2010
	Number	Number
Basic weighted average number of shares	35,827,462	34,509,795
Dilutive potential ordinary shares:		
Dilution caused by options	<u>n/a</u>	<u>117,793</u>
Diluted weighted average number	<u>n/a</u>	<u>34,627,588</u>

5. Annual General Meeting

The Annual General Meeting of Mercury Recycling Group plc ("the Company") will be held at 12 noon on 29 June 2012 at The Thistle Hotel, Cardington Street, Euston, London NW1 2LP.

6. Posting of Financial Statements

The Company's Financial Statements for the year ended 31 December 2011 together with the Notice of the Annual General Meeting are being posted to shareholders on Wednesday 6 June 2012 and will be available for download from the Company's website at www.mercuryrecycling.co.uk

This information is provided by RNS
The company news service from the London Stock Exchange

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