Mentum Inc.

Annual Report and Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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FOR THE YEAR ENDED 31 DECEMBER 2010

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Company Information

FOR THE YEAR ENDED 31 DECEMBER 2010

Directors	**David Phipps** (Chief Executive Officer) **Chris Adams** (Group Investment Director) **Graham Porter** (Non-Executive Chairman) **Andrew Dobie** (Operations Director) **Adrian Collins** (Non-Executive Director)
Registered office	**Walkers SPV Limited** Walker House Mary Street PO Box 908GT George Town Grand Cayman Cayman Islands
Group secretary	**Kitwell Consultants Limited** Kitwell House The Warren Radlett Hertfordshire WD7 7DU
Nominated adviser	**Strand Hanson Limited** 26 Mount Row London W1K 3SQ
Broker	**Liberum Capital Limited** One Ropemaker Street London EC2Y 9HT
Transfer agent	**Capita Registrars** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Auditors	**Grant Thornton UK LLP** Registered Auditor Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ

Chief Executive's Statement

FOR THE YEAR ENDED 31 DECEMBER 2010

Mentum Inc. is an international commodities trading and asset management group. The following is a summary of its results for the year ended 31 December 2010.

Financial summary

- Total Group revenues of US$15.6 million (2009: US$20.1 million)
- Loss for the year US$(5.5)million (2009: US$(14.7) million)
- Total of non-cash items of US$2.9 million (2009: US$8.2 million)
- As at 31 December 2010 the Group had no debt and its cash balances stood at US$1.7million (2009: US$1.3 million)

Results

Operating income in 2010 was US$6.1 million (2009: Loss US$(4.4) million), reflecting the lower costs associated with the renegotiated agreement with Sucden Financial Limited and the completion of the amortisation of that agreement in 2009. The LME floor revenues were US$14.9 million compared to US$19.3 million generated in 2009. The reduction in revenues is largely attributable to the change in Sucden agreement terms, whereby Sucden paid Mentum 75% of floor revenues throughout 2010, whereas for the majority of 2009, Mentum received 100% of revenues, but with an associated materially higher cost base.

Administrative expenses for the year ended 31 December 2010 of US$6.5 million compared to US$6.9 million in 2009. The impact of cost reduction measures will be felt in 2011.

During the second half of the year, the Group accounted for the remaining expense associated with the share option scheme. Non-cash expense items are substantially lower than in the previous year, reflecting the completion of amortisation of the Tambelan agreement and the fully written down goodwill in 2009.

No dividend is proposed.

As at 31 December 2010 the Group had no debt and its cash balances stood at US$1.7 million compared to US$1.3 million at the previous year end.

Operating review

During 2010 the Group's main source of revenues continued to be derived from LME floor trading. Despite the headlines achieved by the directional price gains of a number of commodity groups, the underlying trading conditions, particularly in metals trading, remained challenging. Substantive, volatile price moves were not accompanied by a commensurate increase in liquidity, and this lack of liquidity proved a challenge throughout 2010. However, despite these underlying difficult trading conditions the Group's core revenues remained steady.

During the first six months of the year the Group saw an improvement in revenues over the same period in 2009, predominantly in LME floor trading revenues. These revenues exceeded the average monthly revenues achieved during 2009 and it was also encouraging to see an improvement in net margins over the same period. The improvement in margins from LME Floor Trading came as a result of the significantly lower fixed operating cost payable by Mentum during the first half of 2010 which continued into the second half as part of the amendments to the aforementioned Sucden agreement. Whilst revenues in the second half of the year were lower than the first half, a period in which the more volatile price moves referred to above were experienced, LME Floor Trading revenues nevertheless performed solidly for the remainder of the year. Of these revenues commission based income remained strong throughout the year.

Cost reduction – focus on profitable revenue stream

The Board has undertaken a thorough review of the business and has decided that given the continued challenging market conditions for commodities based funds and products the Group's asset management business will be closed and the focus of the business will revert to the core revenue stream derived from trading on the London Metal Exchange. Due to a decrease in the assets under management during the prior year, the value of the asset management business was already prudently written down to nil value in the year end accounts to 31 December 2009 and the Group has now commenced a programme to reduce costs in the business, in a continuation of a previously announced cost reduction exercise.

As a result we would expect to see the benefits of a 30% per cent reduction in costs over the remainder of 2011 as obligations under contracts are phased out and increase to a 60% per cent reduction in costs on a full year basis as we enter 2012. This after netting revenues generated from sub-let office space in London. In addition, share option costs (US$2.9 million in 2010) and direct trading costs associated with the first year of the renegotiated Tambelan deal (US$0.8 million in 2010) will not recur in 2011.

Current trading and outlook

Our LME Floor Trading revenues continue to form the core of the Group's income. The Board has concluded a fundamental review of the business which has resulted in the complete reshaping of the Group's cost base which will be considerably lower going forward and take it back to its profitable core trading revenue stream. We are in the process of minimising all other costs of the related Group businesses including asset management and non-metals trading desks.

In the first couple of months of the current financial year we continued to experience the highly volatile trading conditions that were demonstrated by commodities markets during 2010 and expect these to persist throughout 2011. As such we will to continue to prudently employ our risk parameters, which served to deliver a solid core revenue stream during the last year.

David Phipps
Chief Executive

10 March 2011

Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their report and audited financial statements for the year ended 31 December 2010.

Principal activities

The principal activities of the Group are that of a metal and energy brokerage and commodity trading group.

Results, dividends and review of business

The results for the Group are set out on page 13. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2010.

A review of the results for the year is provided in the Chief Executive's Statement on pages 3 and 4.

The key performance indicators the Directors utilise to assess the performance of the Group is the return from the London Metals Exchange (LME) trading team and the gross trading profit or loss on commodity trading. They set a target budget revenue for the year from the LME trading team of US$22.5 million, equivalent to US$1.4 million per month (Mentum Inc entitled to 75%, Sucden entitled to 25%). The revenues of the LME trading team during the year averaged US$1.2 million per month, falling short of the target largely due to the more difficult trading conditions in the second half of the year.

Risk management policies and objectives

The Group's principal financial instruments comprise cash, investment in associated business, available for sale assets, net amounts due for settlement under commodities contracts and equity. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group's income is derived largely from trading on the LME. Common to other commodity trading companies its business activities expose the Group to a number of financial risks. These include credit, liquidity, market, interest rate, currency, and operational associated risks. The monitoring and controlling of risk is a fundamental part of the management process. All risks are monitored and controlled by the Board through approved risk control policies and approved parameters and monitored daily by the risk committee. This committee sets the appropriate level of risk per trader and monitors this daily through internal risk control and monitoring systems as well as third party reports. The evaluation of these risks and the setting of policies is the responsibility of the Board.

The most significant risks to which the Group is exposed are described below.

Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

Liquidity risk

The Group seeks to manage financial risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by the use of financing facilities on unsettled commodities trading positions, the raising of equity and the use of bank current and money market accounts.

Risk management policies and objectives continued

Market risk

The Group's exposure to market risk from the LME trading team consists mainly of uncertainty concerning future movements in the level or volatility of market prices of metals traded on the LME in which the LME team hold a position. This risk arises due to the Group bearing the full losses, if incurred, of the LME trading team. This risk is managed by the use of various mechanisms, including the use of Value at Risk (VAR) models which put limits on the level of losses that could be incurred. These mechanisms are put in place by Sucden Financial Limited who control the LME trading team. The Group monitors the exposure via regular reports from Sucden Financial Limited.

The Mentum Investments Limited business is exposed to adverse movements in commodity prices and volatility from taking proprietary positions in base metals and energy products. The Group manages this by operating within trading and initial margin limits imposed by the Group's Risk Committee and the initial margin limit set by Sucden Financial Limited, the provider of LME clearing services to the Group.

Interest rate risk

The Group is exposed to interest rate risk on its cash deposits. Exposures are managed by depositing funds in short term bank accounts and on the money market. Interest rates are regularly reviewed in order to ensure that the most favourable rate of return is being achieved.

Currency risk

The primary exposure to currency risk arises from two sources; firstly, the Group's trading costs through the LME are denominated in Sterling (GBP), and secondly the Group consolidates two subsidiary entities, Mentum LLP and Mentum Management Services Limited, whose functional currency is GBP. It is not currently the policy of the Group to hedge its currency exposure through the use of derivative instruments.

Operational risk

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Group manages this risk by the setting of appropriate operational policies, procedures and controls. These are reviewed and updated on a regular basis.

The Group's approach to the risks set out above is detailed in Note 21.

Directors

The Directors who served during the year are set out below.

Andrew Dobie
Adrian Collins
David Phipps
Chris Adams
Graham Porter

Substantial shareholdings

The only interests in excess of 3% of the issued share capital of the Group which have been notified at 25 February 2011, were as follows:

	Ordinary shares of 0.1p each Number	Percentage of capital %
Bluecrest Capital Management	93,896,330	26.88%
Brewin Nominees	76,857,706	22.01%
Credit Agricole	23,525,000	6.74%
Mineworkers Pension Scheme	16,764,931	4.80%
TD Waterhouse	15,194,872	4.35%
British Coal Staff Superannuation	15,025,457	4.30%
James Capel (Nominees) Limited	11,514,920	3.30%

Payments to suppliers

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code for dealing with the payment of suppliers.

Statement of Directors' responsibilities

The Group was incorporated as a corporation in the Cayman Islands, which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board have resolved that the Group will follow International Financial Reporting Standards, as adopted by the European Union, when preparing its annual financial statements.

The Directors prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Group and of the profit or loss for the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and which disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- There is no relevant audit information of which the Group's auditors are 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 auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information held on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The Annual General Meeting of the Group will be held at Company's Geneva offices, Place Chevelu 6, 1211 Geneva 1, Switzerland on 7 April 2011 at 11.30am CEST (Geneva time).

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors.

By order of the Board

Andrew Dobie
Director

10 March 2011

Directors

The Group supports the concept of an effective Board leading and controlling the Group. The Board is responsible for approving Group policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Consultants supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Group's expense.

The Board consists of the Chief Executive Officer, who holds a key operational position in the Group, a Group Investment Director and an Operations Director and two non-executive directors, who bring a breadth of experience and knowledge.

Relations with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has considered the need for an internal audit function but has decided the size of the Group does not justify it at present. However, it will keep the decision under annual review.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details of the going concern basis of preparing the financial statements is provided in note 1(b).

Directors' remuneration

The Group operates within a competitive environment. Performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

Policy on Executive Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives. A separate remuneration committee has been established comprising Graham Porter, Chris Adams and Adrian Collins and is chaired by Adrian Collins.

The remuneration of the Directors, for their employment with the Group, was as follows:

	David Phipps US$	Adrian Collins US$	Graham Butt US$	Graham Porter US$	Chris Adams US$	Andrew Dobie US$	Total US$
Year to 31.12.10							
Salary and fees	278,502	18,581	–	14,935	330,526	234,987	877,531
	278,502	**18,581**	**–**	**14,935**	**330,526**	**234,987**	**877,531**
Year to 31.12.09							
Salary and fees	234,504	18,722	18,722	8,931	363,405	176,666	820,950
Joining Bonus	242,262	–	–	–	–	–	242,262
	476,766	18,722	18,722	8,931	363,405	176,666	1,063,212

The above amounts have been paid in GBP and translated at the average rate of 1.54 (2009: 1.57).

Pensions and benefits in kind

There are no pension schemes in operation and the Directors do not receive any benefits in kind.

Bonuses

There were no contractual nor discretionary bonuses paid to the Directors during the year ended 31 December 2010 (2009: discretionary bonuses US$242,262).

Notice periods

The Executive Directors have letters of appointment which are terminable on three months to twelve months' notice on either side, with the exception of one Director, Chris Adams, who is unable to give six months' notice until February 2012.

Share option incentives

During the year ended 31 December 2010 the following options were held by Directors.

Name	Date of grant	At 1 January 2010	Exercised in year	Granted in year	At 31 December 2010	Exercise price
Andrew Dobie	01.05.2007	500,000	–	–	500,000	0.1p
Chris Adams	01.05.2007	7,500,000	–	–	7,500,000	0.1p
David Phipps	08.05.2009	16,000,000	–	–	16,000,000	5p

The share options existing at 1 January 2010 are exercisable at any time between 3 years and 10 years from the date of grant.

There are no performance conditions attached to any of the share options.

Independent Auditors' Report

TO THE MEMBERS OF MENTUM INC.

We have audited the Group financial statements of Mentum Inc. for the year ended 31 December 2010 which comprises of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body. 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 Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion the Group 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 Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Mark Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

10 March 2011

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010 US$'000**	2009 US$'000
Continuing operations			
Net surplus/(deficit) from associated business	11	**5,361**	(5,270)
Gains on derivative financial instruments		**718**	825
Operating income/(loss)		**6,079**	(4,445)
Administrative expenses		**(6,517)**	(6,917)
Share based payments (charged)/written back	19	**(2,862)**	1,815
Loss on disposal of available-for-sale assets		**(166)**	–
Impairment of goodwill	9	**–**	(2,925)
Direct trading costs		**(1,996)**	(1,447)
Finance costs	4	**(12)**	(743)
Finance income	4	**–**	2
Loss before tax		**(5,474)**	(14,660)
Income tax expense	6	**–**	–
Loss for the year		**(5,474)**	(14,660)
Other comprehensive income			
Exchange differences on translating foreign operations		**139**	(35)
Net (loss)/gain on available-for-sale financial assets		**(163)**	328
Other comprehensive (loss)/income for the year, net of tax		**(24)**	293
Total comprehensive income for the year, attributable to owners of the company		**(5,498)**	(14,367)
Loss per share	7		
Basic and diluted (cents per share)		**(1.6)**	(4.2)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital US$'000	Share premium account US$'000	Other reserves Capital redemption reserve US$'000	Other reserves Translation reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2009	629	66,496	92	–	(39,607)	27,610
Recognition of share-based payments	–	–	–	–	(1,815)	(1,815)
Transactions with owners	–	–	–	–	(1,815)	(1,815)
Loss for the year	–	–	–	–	(14,660)	(14,660)
Other comprehensive income for the year	–	–	–	(35)	328	293
Total comprehensive income for the year	–	–	–	(35)	(14,332)	(14,367)
Balance at 31 December 2009	629	66,496	92	(35)	(55,754)	11,428
Recognition of share-based payments	–	–	–	–	2,862	2,862
Transactions with owners	–	–	–	–	2,862	2,862
Loss for the year	–	–	–	–	(5,474)	(5,474)
Other comprehensive income for the year	–	–	–	139	(163)	(24)
Total comprehensive income for the year	–	–	–	139	(5,637)	(5,498)
Balance at 31 December 2010	**629**	**66,496**	**92**	**104**	**(58,529)**	**8,792**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

AT 31 DECEMBER 2010

	Note	**31 December 2010 US$'000**	31 December 2009 US$'000
Assets			
Non-current			
Property, plant and equipment	10	**356**	534
Other receivables	14	**2,000**	2,000
		2,356	2,534
Current			
Cash and cash equivalents		**1,730**	1,278
Balance due from brokers	8	**176**	5,340
Other financial assets	13	**3,077**	3,831
Trade and other receivables	14	**3,006**	3,722
Total current assets		**7,989**	14,171
Total assets		**10,345**	16,705
Liabilities			
Current			
Balance due to brokers	8	**299**	–
Trade and other payables	15	**1,239**	1,848
Other financial liabilities	16	**15**	3,429
Total liabilities		**1,553**	5,277
Equity			
Issued share capital	19	**629**	629
Share premium		**66,496**	66,496
Other reserves		**196**	57
Retained earnings		**(58,529)**	(55,754)
Equity attributable to owners of the company		**8,792**	11,428
Total equity and liabilities		**10,345**	16,705

The financial statements were approved by the Board of Directors on 10 March 2011.

D Phipps
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 US$'000	2009 US$'000
Operating activities		
Loss after tax	**(5,474)**	(14,660)
Loss on disposal of available-for-sale assets	**166**	–
Amortisation of investment in associated business	**–**	7,070
Impairment of goodwill	**–**	2,925
Depreciation of property, plant and equipment	**184**	125
Share based payment charged/(written back)	**2,862**	(1,815)
Decrease in trade and other receivables	**716**	3,174
(Decrease)/increase in trade and other payables	**(609)**	1,232
(Increase)/decrease in derivative financial instruments	**(3,288)**	4,133
Decrease/(increase) in balance due from broker	**5,164**	(5,312)
Increase in balance due to broker	**299**	–
Foreign exchange	**139**	(35)
Net cash inflow/(outflow) from operating activities	**159**	(3,163)
Investing activities		
Sale of available for sale financial assets	**134**	–
Purchase of available-for-sale financial assets	**–**	(300)
Purchase of subsidiary	**–**	(3,059)
Purchase of property, plant and equipment	**(6)**	(646)
Loans repaid/(advanced)	**165**	(165)
Net cash inflow/(outflow) from investing activities	**293**	(4,170)
Net increase/(reduction) in cash and cash equivalents	**452**	(7,333)
Cash acquired on acquisition	**–**	337
Cash and cash equivalents at beginning of year	**1,278**	8,274
Cash and cash equivalents at end of year	**1,730**	1,278

The accompanying notes form an integral part of these financial statements.

1 Accounting policies

(a) Basis of preparation

The Company was incorporated as a Corporation in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. The Board has therefore adopted and complied with International Financial Reporting Standards as adopted by the European Union (IFRS).

The Group's shares are listed on the AIM market of the London Stock Exchange.

The principal accounting policies of the Group, which have been applied consistently, are set out below.

(b) Going concern

The Directors have considered the liquidity of the Group and prepared cash flow forecasts to June 2012, which take account of the cost reduction measures outlined in the Chief Executive's Statement which have been implemented and which demonstrate that the Group has adequate resources to continue to fund the working capital and operating activities of the Company and its subsidiary undertakings for the foreseeable future. The Directors have made several assumptions in the financial forecasts, including the assumption that the only ongoing income is from the Tambelan Agreement, which have been sensitised to reflect the current uncertain economic conditions. The Directors manage the liquidity and cash flow risks faced by the Group as outlined in note 21.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings made up to 31 December each year. Material intra group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiary undertakings are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Acquired subsidiary undertakings are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary undertaking, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary undertaking prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary undertaking are included in the consolidated statement of financial position at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

(d) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill arising in a business combination is initially recognised as an asset at cost at the date that control is acquired (the acquisition date).

Goodwill is not amortised but is reviewed for impairment at least annually. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the cost of acquisition is less than the fair value of the net assets and contingent liabilities of the subsidiary undertaking acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

1 Accounting policies continued

(e) Associated businesses

Associated businesses are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associated businesses are initially recognised at cost and subsequently accounted for using the equity method.

On initial acquisition of associated businesses, the investor's share of the net fair value of the associated businesses identifiable assets, liabilities and contingent liabilities is accounted for using the purchase method. Any goodwill arising, which represents the excess of the cost of acquisition over fair value of the identifiable assets and liabilities acquired, is not amortised but instead is subject to an annual impairment review. Included in the identifiable assets are intangible assets which meet the relevant recognition criteria. The underlying intangible assets are thereafter amortised over their useful life.

All subsequent changes to the share of interest in the equity of associated businesses are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associated businesses are charged against "net surplus/(deficit) from associated businesses" in the statement of comprehensive income and therefore affect net results of the Group. These changes include impairment or the fair value adjustments of assets and liabilities.

When the Group's share of deficits in associated businesses equals or exceeds its interest in the associated business, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated businesses. Once the associated businesses then become profit making, surpluses are not recognised until they exceed the share of the deficit that had not previously been recognised.

Unrealised gains on transactions between the Group and its associated businesses are eliminated to the extent of the Group's interest in the associated businesses. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(f) Intangible assets

Expenditure on intangible assets, including those in the Group's associated businesses, is capitalised at cost, which represents fair value at the acquisition date, and amortised over its estimated useful economic life. After initial recognition intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

(g) Dividends

Dividend distributions to shareholders are included in 'other short term financial liabilities' when the dividends are approved by the shareholders' meeting.

1 Accounting policies continued

(h) Impairment reviews

The Group's assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include goodwill or other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Any impairment loss is charged initially against goodwill and then any balance pro rata to the other assets in the cash generating unit.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss on other assets is reversed if there has been a favourable change in the estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

(i) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

1 Accounting policies continued

(i) **Financial assets** continued

Classification continued

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

The Group's financial assets at fair value through profit or loss include futures contracts and exchange traded option contracts. At 31 December 2010 the Group solely held open futures contracts. Derivative instruments are always categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, originated loans, balances due from broker and cash and cash equivalents in the statement of financial position.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit or loss for the year in the statement of comprehensive income in the year in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

1 Accounting policies continued

(i) Financial assets continued

Recognition and measurement continued

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset classified as a loan or receivable is impaired. The financial asset is considered impaired when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial assets classified as available-for-sale are initially recognised at fair value, plus transaction costs and subsequently measured at fair value unless otherwise disclosed, with changes in fair value recognised in other comprehensive income, net of any effects arising from income taxes. Losses arising from securities classified as available-for-sale financial assets are recognised in the result for the year in the statement of comprehensive income when the investment is impaired. Any losses previously recognised in other comprehensive income are transferred to the result for the year in the statement of comprehensive income. On de-recognition of an available for sale asset any loss on de-recognition is recognised in the profit or loss. Any amounts previously recognised in other comprehensive income as fair value adjustments, are re-classified through the profit or loss.

When a decline in the fair value of an available-for-sale investment has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in other comprehensive income is removed and recognised in the result for the year in the statement of comprehensive income even though the financial asset has not been derecognised. Impairment losses previously recognised in other comprehensive income are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition. An impairment loss is recognised in the result for the year in the statement of comprehensive income when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1 Accounting policies continued

(j) Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or 'other financial liabilities'.

Classification

(a) *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

The Group's financial liabilities at fair value through profit or loss include futures contracts and exchange traded options contracts. At 31 December 2010 the Group solely held open futures contracts. Derivative instruments are always categorised as held for trading unless they are designated as hedges. Liabilities in this category are classified as current.

(b) *Other financial liabilities*

Financial liabilities that are not at fair value through profit or loss are trade and other payables.

1 Accounting policies continued

(j) Financial liabilities and equity instruments issued by the Group continued

Recognition and measurement

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any interest paid on the financial liability.

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(k) Futures contracts

A futures contract is an agreement between two parties to buy or sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Group is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as "initial cash margin". Subsequent payments ("variation margin") are made or received by the Group each day, depending upon the daily fluctuation in the value of a contract. The daily changes in contract value are recorded as unrealised gains or losses and the Group recognises a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognised in the statement of comprehensive income. The assets and liabilities in respect of such contracts are included in the statement of financial position as financial assets or financial liabilities at fair value through profit or loss.

(l) Exchange traded options contracts

When options are purchased, an amount equal to the premium paid is recorded as a financial asset or liability at fair value through profit or loss, and is subsequently valued to reflect the current market value at period end. The difference between these two amounts is recognised in the statement of comprehensive income. Premiums paid on the purchase of options which subsequently expire unexercised are treated as realised losses. If a purchase call option is exercised, the premium will increase the cost of the contract.

(m) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and amounts repayable on demand with banks and short-term highly liquid investments which are readily convertible into known amounts of cash without notice, are subject to the insignificant risk of changes in value and which were within three months of maturity when acquired.

1 Accounting policies continued

(n) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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

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

The capital redemption reserve represents the nominal value of shares cancelled on the purchase of own shares in order to maintain the capital base of the Group.

Foreign currency translation differences recognised directly in equity are included in the translation reserve.

Retained earnings includes all current and prior period results as disclosed in the statement of comprehensive income together with the cumulative amount of share based expenses and the fair value movement in available-for-sale assets.

(o) Share based payments

The Group operates equity settled share based remuneration plans for the remuneration of a number of key stakeholders and has issued a share warrant.

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates.

No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options/warrants are ultimately exercised than originally estimated.

Upon exercise of share options/warrants, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

(p) Revenue/gains on derivative financial instruments

Revenue/gains on derivative financial instruments represent gross trading profit or loss on commodity dealings. Gross trading gains or losses are the realised and unrealised profits and losses from trading long and short positions on a trade date basis. It also included management fee income relating to the management of AMCO Commodities Fund Ltd by Mentum LLP, which was recognised on the basis of the contractual agreements, during year ended 31 December 2009. The amount is minimal for the year ended 31 December 2010.

1 Accounting policies continued

(q) Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with subsidiary undertakings and the investment in associated businesses is not provided if reversal of the temporary differences can be controlled by the Group and it is probable the reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

(r) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

1 Accounting policies continued

(s) Leasing

Leases where substantially all the risks and rewards of ownership of the assets remain with the lessor are treated as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the life of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(t) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises the purchase price and any directly attributable costs of bringing the asset to the working condition and location of its intended use. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following estimated useful lives are currently used in the calculation of depreciation:

Computer equipment	over 3 years
Leasehold improvements	over 5 years
Office furniture	over 3 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(u) Foreign currency

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency 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 reporting date. Non-monetary items that are measured at historic cost in a foreign currency are translated at the exchange rate at the date of transaction and are not re-translated. Non-monetary assets that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

1 Accounting policies continued

(u) Foreign currency continued

Exchange differences on non-monetary items measured at fair value are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in the statement of comprehensive income.

In the consolidated financial statements all individual financial statements that are originally presented in a currency different from the Group's presentational currency have been converted into USD. Assets and liabilities have been translated into USD at the closing rates at the reporting date. Income and expenses have been converted into USD at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this process have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity. Goodwill arising on the acquisition of an operation reporting in a currency other than USD is treated as an asset of that operation and translated into USD at the closing rate.

(v) Critical judgments and key sources of estimation uncertainty

The key sources of estimation uncertainty the Directors have made in preparing these financial statements are as follows:

- the fair value of the available for sale financial assets. Details of how the fair value is arrived at is provided in note 13; and
- the number of share options expected to vest as detailed in note 19.

The Directors consider that the critical judgments in applying the accounting policies, as detailed above, in preparing these financial statements are as follows:

- the accounting for the Tambelan Interest as an associated business on the basis the Group has significant influence, but not control, as detailed in note 11; and
- the categorisation of certain financial assets as available for sale as detailed in note 13.

(w) Adoption of new or amended IFRS

(a) **Standards, amendments and interpretations to published standards effective in 2010:**

The application of these new and revised standards has not had any material impact on the Group's amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Standard	Narrative
IAS 1 (amendment)	Presentation of financial statements
IAS 7	Statement of cash flows
IAS 27 (revised)	Consolidated and separate financial statements
IAS 28 (revised)	Investments in associates
IAS 39 (amendments)	Financial instruments recognition and measurement – eligible hedged items
IFRS 1 (revised 2009)	First time adoption of IFRS
IFRS 2 (amendment)	Share-based payment – Group cash-settled share-based payment transactions
IFRS 3 (revised)	Business combinations
IFRS 5 (amendment)	Measurement of non-current assets (or disposal groups) classified as held-for-sale
IFRS 7	Financial instruments: disclosures

1 Accounting policies continued

(w) Adoption of new or amended IFRS continued

(b) **Standards, amendments and interpretations to published standards that are not yet effective:**

The following standards and amendments to existing standards have been issued to date and are not yet effective for the consolidated financial statements of the Group for the year ended 31 December 2010 and have not been applied or early adopted in preparing these consolidated financial statements.

Standard	Narrative	Effective Date
IAS 24 (revised)	Related party disclosure	1 January 2011
IAS 32 (amendment)	Financial instruments : presentation – Amendments relating to accounting for rights issues	1 February 2010
IFRS 7 (amendment)	Financial instruments: disclosure – amendments relating to enhancing disclosures about transfer of financial assets	1 July 2011
IFRS 9	Financial instruments; and Other IAS's effected by the Improvements Projects	1 January 2013 1 January 2011
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010

Management of the Group anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these consolidated financial statements, but not yet effective, will have no material impact on the consolidated financial statements of the Group in the period of initial application.

IFRS 9 *Financial Instruments* was issued in November 2009 and represents the first part of a three-part project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 *Financial Instruments* introduced new requirements for the classification and measurement of financial assets. The standard is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. IFRS 9 is required to be applied retrospectively. If the standard is adopted prior to 1 January 2012, an entity will be exempt from the requirement to restate prior period comparative information.

IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortised cost or fair value, replacing the four category classification in IAS 39. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

The next steps in the International Accounting Standard Board's (IASB's) project will address the impairment of financial assets measured at amortised cost and hedge accounting. The IASB has indicated that it aims to finalise the replacement of IAS 39 by the second quarter of 2011. In addition, the IASB is working with the US Financial Accounting Standards Board to reduce inconsistencies between the generally accepted accounting principles in the US and IFRS in accounting for financial instruments. The impact of IFRS 9 may change as a consequence of further developments resulting from the IASB's financial instruments project. As a result, it is impracticable to quantify the impact of IFRS 9 as at the date of publication of these financial statements.

2 Subsidiary undertakings

The Group has the following subsidiary undertakings which have been consolidated:

Subsidiary undertaking	Country of incorporation	Principal activity	Share Class	Shares held %
Mentum Investment Limited (i)	Cayman	Commodity trading	Ordinary	100
Mentum Management Services Limited (ii)	UK	Services company	Ordinary	100
Mentum Partner Limited (iii)	UK	Investment company	Ordinary	100
Mentum LLP* (iii)	UK	Asset management	–	–
AMCO SAM	Monaco	Investment company	Ordinary	100

*indirectly held

(i) Mentum Investment Limited was formerly Commoditrade Asset Management Limited.

(ii) Mentum Management Services Limited was formerly Commoditrade Limited.

(iii) Mentum Partner Limited is the corporate partner in Mentum LLP (formerly AMCO Commodities LLP), a Limited Liability Partnership, and is entitled to 99% of the partnership profits.

3 Segmental reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

The chief operating decision maker of the Group is the Chief Executive Officer (CEO). Financial information used internally by the CEO for evaluating performance and deciding how to allocate resources does not identify separable geographical or operating segments but rather presents information for the Group as a whole. For this reason, the Group reports financial information in its financial statements on the basis of the Group as a whole and does not report by operating or geographic segment.

4 Finance income and costs

	31/12/10 US$'000	31/12/09 US$'000
Finance income		
Interest on bank deposits	**–**	2
Finance costs		
Bank interest and charges	**(12)**	(32)
Interest on LME finance facility	**–**	(711)
	(12)	(743)

5 Loss from operations

(a) Employee benefits expense

Expense recognised for benefits of employees of the Group, including Directors emoluments, is analysed below:

	31/12/10 US$'000	31/12/09 US$'000
Directors salary and fees	**878**	1,063
Salaries	**1,738**	1,374
Share based payment charged/(written back)	**2,862**	(1,815)
	5,478	622

The average number of persons (including Directors) employed by the Group during the year was	**9**	9

The key management personnel of the Group are considered to be the Directors and the LME Trading Team. Remuneration for these key management personnel is analysed below:

	31/12/10 US$'000	31/12/09 US$'000
Salary and bonus	**3,731**	2,046
Share based payment	**(2,862)**	(2,367)
	869	(321)

Details of the Directors' remuneration is provided in the report on remuneration.

(b) Auditor's remuneration

Operating loss includes auditors' remuneration as follows:

	31/12/10 US$'000	31/12/09 US$'000
Fees payable to the Group's auditor for audit of the Group's financial statements	**62**	65
Fees payable to the Group's auditors for other services – other advisory	**43**	134
	105	199

6 Tax

There is no tax charge for the year (2009: US$nil). The acquisition of Mentum Partners Limited and Mentum LLP in 2009 has meant that a proportion of the Group's operations were taxable in the UK.

The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	2010		2009	
	US$'000	**%**	US$'000	%
Loss before taxation	**(5,474)**		(14,660)	
Loss multiplied by standard rate of corporation tax in the UK	**(1,533)**	**28**	(4,105)	28
Effect of: Loss not assessable for tax	**1,533**	**(28)**	4,105	(28)
Total tax charge for year	**–**		–	

Any tax losses available to carry forward in relation to the UK entities are not significant to the Group.

7 Loss per share

The calculation of the basic loss per share is based on the net loss for the year of $(5,474,000) (2009: loss $14,660,000) divided by the weighted average number of shares in issue during the year of 349,268,114 (2009: 349,268,114). This results in a loss per share of $0.016 (2009: $0.042).

The impact of the share options and warrant is anti-dilutive on the basic loss per share in 2010 and 2009.

8 Balance due from/to brokers

Due from/to brokers includes cash held with the Group's clearing brokers to cover margin requirements for its derivative transactions including futures and option contracts. This comprises an amount of US$176,000 (2009: US$254,000) held with Mizuho Securities USA Inc. and $299,000 due to Sucden Financial Limited at 31 December 2010 (2009 due from Sucden Financial Limited: US$5,086,000). The balances also relate to security transactions that have not yet settled at the year end.

9 Goodwill

In 2009 goodwill of US$2,925,000 was recognised on the acquisition of Mentum Partner Limited. The goodwill represented the difference between the consideration paid and the fair value of the assets and liabilities acquired. Management reviewed the goodwill for impairment and determined that the balance be fully impaired. The activities of the acquired business had virtually ceased at 31 December 2009. It therefore had no value in use. Details of the goodwill arising on acquisition are included in note 21.

10 Property, plant and equipment

	Computer equipment US$'000	Office furniture US$'000	Improvement to leasehold premises US$'000	Total US$'000
Cost				
At 1 January 2009	–	–	–	–
Additions	174	135	337	646
Acquisitions through business combinations	11	2	–	13
At 31 December 2009	185	137	337	659
Additions	6	–	–	6
At 31 December 2010	**191**	**137**	**337**	**665**
Depreciation				
At 1 January 2009	–	–	–	–
Depreciation expense	45	30	50	125
At 31 December 2009	45	30	50	125
Depreciation expense	67	52	65	184
At 31 December 2010	**112**	**82**	**115**	**309**
Net book value				
Balance at 31 December 2009	140	107	287	534
Balance at 31 December 2010	**79**	**55**	**222**	**356**

11 Investment in associated business

The following table details the income and expenses arising from the investment in associated business:

	31/12/10 Total US$'000	31/12/09 Total US$'000
LME trading revenues	**14,867**	19,298
Clearing and related costs	**(3,759)**	(10,565)
Direct costs, financing charges and trader bonuses	**(5,747)**	(6,933)
Amortisation of intangible asset	**–**	(7,070)
Net surplus/(deficit) from associated business	**5,361**	(5,270)

The investment in associated business included in the statement of financial position is analysed as follows:

	31/12/10 US$'000	31/12/09 US$'000
Profit for the financial year	**5,361**	1,800
Amortisation	**–**	(7,070)
	5,361	(5,270)
Increase/(reduction) in amounts included in trade and other receivables	**698**	3,137
Cash paid to associated business	**–**	945
Cash received from associated business	**(6,059)**	(5,882)
Net movement in year	**–**	(7,070)
Net book value brought forward	**–**	7,070
Net book value carried forward	**–**	–

The investors underlying share of the assets of the associated business acquired represented an intangible asset of $63,633,389 against which total amortisation of $63,633,389 has been charged, leaving a net book value of $Nil. It was fully amortised in 2009.

Mentum Inc. entered into an agreement with Sucden (UK) Limited ("Sucden") in 2006 having acquired the Tambelan Interest, a net profit sharing agreement between Sucden and Tambelan Group Limited ("Tambelan") pertains to a London Metals Exchange ("LME") Floor Trading Team.

11 Investment in associated business continued

The current key terms of the agreement with Sucden relating to the investment in associated business (which were revised in 2009) are:

- The agreement has an indefinite term but can be terminated after 12 months by either party giving 12 months notice to the other or by Sucden immediately upon the occurrence of an event of default (as described in the agreement);
- Mentum Inc undertakes to compensate Sucden for all trading losses after direct costs, without limit, incurred as a result of trading LME contracts;
- Sucden employs the LME Trading Team, and authorises the LME Trading Team to trade instruments and investments on behalf of Sucden. Trading by the LME Trading Team is subject to FSA requirements, the rules of the LME and Sucden's internal rules; and
- Sucden will pay Mentum Inc 75% of:

  (i) the amount calculated by Sucden as representing the net profit resulting from buying and selling contracts (which include both open positions and realised positions); and

  (ii) commission received from clients,

  less:

  (iii) direct personnel costs of the LME Trading Team (including bonuses), execution charges, credit facility charges and the cost of maintaining the required initial margin funding plus a fixed contribution payable to Sucden.

The Directors consider that the Group acquired a business as they acquired an integrated set of activities, in that they have the access to a seat on the LME through Sucden and their consequential access to the LME Trading Team, from which the Group obtains a return. Therefore the substance of the transaction between the Group and Sucden is that the Group acquired an interest in a business in accordance with IFRS 3 Business combinations. The Group now has the rights to terminate the agreement by exercising due notice. The Group does not employ the LME Trading Team, nor can it direct how they operate. As a consequence the Group is in a position to exercise significant influence, but not control, over the business and therefore the acquisition of the Tambelan Interest has been accounted for as an associated business.

IFRS 3 requires the fair value of the underlying statement of financial position value of the associated business to be considered on acquisition. The assets of the business are a combination of access to an exclusive license to allow it to earn income from the LME together with access to the services of a specialist team of traders. The Directors consider that the only intangible asset acquired is the exclusive licence to allow it to earn income from the LME, the fair value of which also comprises the back-up, including the LME Trading Team, required to exploit the value of that licence.

As the Group's activities include that of an investment Group the Directors consider the share of the profit of the associated business forms part of the operating activities and have therefore included it as part of the operating result in the statement of comprehensive income.

12 Financial assets and liabilities by category

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	Loans and receivables US$'000	Available-for-sale financial assets US$'000	Financial assets at fair value through profit or loss US$'000	Non Financial assets US$'000	Balance sheet total US$'000
At 31 December 2010					
Other receivables	2,000	–	–	–	2,000
Cash and cash equivalents	1,730	–	–	–	1,730
Balance due from brokers	176	–	–	–	176
Other financial assets	–	2,833	244	–	3,077
Trade and other receivables	2,712	–	–	294	3,006
Total	**6,618**	**2,833**	**244**	**294**	**9,989**

	US$'000	US$'000	US$'000	US$'000	US$'000
At 31 December 2009					
Other receivables	2,000	–	–	–	2,000
Cash and cash equivalents	1,278	–	–	–	1,278
Balance due from brokers	5,340	–	–	–	5,340
Other financial assets	165	3,296	370	–	3,831
Trade and other receivables	3,527	–	–	195	3,722
Total	**12,310**	**3,296**	**370**	**195**	**16,171**

Financial liabilities by category

All financial liabilities are held at amortised cost, with the exception of the other financial liabilities heading, which contains derivative financial instruments held at fair value through profit or loss as detailed in note 16.

13 Other financial assets

	31/12/10 US$'000	31/12/09 US$'000
Financial assets carried at fair value through profit or loss – held for trading		
Futures contracts (i)	**244**	370
Available-for-sale financial assets		
Investment in AMCO Commodities Fund Ltd (ii)	**–**	269
Interest in LME Holdings Ltd (iii)	**2,833**	3,027
	2,833	3,296
Loans carried at amortised cost		
Originated loans (iv)	**–**	165
	3,077	3,831
Current	**3,077**	3,831
	3,077	3,831

(i) Further details with regards to futures contracts are provided in note 21.

(ii) The Investment in AMCO Commodities Fund was purchased in 2009 for consideration of US$300,000. In December 2010 management redeemed their investment in return for US$134,000. This has resulted in a loss on this investment of US$166,000 which has been recognised as a loss on disposal in the statement of comprehensive income.

(iii) The Group acquired 25,000 B shares in LME Holdings Limited (LME Holdings) during 2007. The only fair value movement has resulted from movements in the exchange rate and has been recognised in other comprehensive income.

(iv) The loan was non-interest bearing and was repayable by June 2010. The loan was repaid in full by 31 March 2010.

14 Trade and other receivables

	31/12/10 US$'000	31/12/09 US$'000
Non-current		
Other receivable	**2,000**	2,000
Current		
Amounts due from associated business	**2,320**	3,018
Other receivables	**392**	509
Prepayments and accrued income	**294**	195
Trade and other receivables	**3,006**	3,722

The non-current other receivable represents a deposit held by Sucden to support any losses which the LME trading team may incur. It is repayable on termination of the agreement with Sucden. Amounts due from the associated business and other receivables are usually due within 120 days and bear an effective interest rate of nil. At 31 December 2010, no amounts are past due or impaired (2009: nil).

The amounts due from the associated business at the year end are aged as follows:

	31/12/10 US$'000	31/12/09 US$'000
Current	**1,218**	1,396
>90 days	**1,102**	1,622
	2,320	3,018

The fair value of these financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

15 Trade and other payables

	31/12/10 US$'000	31/12/09 US$'000
Trade and other payables	**186**	1,211
Other creditors	**–**	60
Accruals and deferred income	**1,053**	577
Trade and other payables	**1,239**	1,848

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statement of financial position to be a reasonable approximation of their fair value.

16 Other financial liabilities

	31/12/10 US$'000	31/12/09 US$'000
Financial liabilities carried at fair value through profit or loss – held for trading		
Futures contracts (see note 21)	**15**	2,980
Options contracts (see note 21)	**–**	449
	15	3,429
Current	**15**	3,429
	15	3,429

17 Operating lease arrangements

The Group leases its offices under an operating lease agreement, which is subject to renegotiations at various intervals specified in the lease agreement. The lease term is five years with a rent free period of two years and subject to break and review in April 2014. The Group also leases computer equipment and office furniture under operating lease agreements, with lease terms of three years.

The following payments under operating leases have been recognised in administrative expenses:

	31/12/10 US$'000	31/12/09 US$'000
Minimum lease payments	**696**	458

The amounts due under non-cancellable operating lease commitments at the reporting date are as follows:

	31/12/10 US$'000	31/12/09 US$'000
Not later than 1 year	**576**	565
Later than 1 year and not later than 5 years	**782**	1,477
Later than 5 years	**–**	–
	1,358	2,042

18 Deferred tax assets and liabilities

There are no deferred tax assets or liabilities arising from temporary differences at 31 December 2010 (31 December 2009: nil).

19 Share capital

The share capital of the Group is denominated in GBP. Following the change in reporting currency in 2009, the share capital has been translated into USD at the historic rate.

	31/12/10 US$'000	31/12/09 US$'000
Authorised		
1,000,000,000 ordinary shares of 0.1p	**1,875,100**	1,875,100
Allotted, issued and fully paid		
349,268,114 (2009: 349,268,114) ordinary shares of 0.1p	**629**	629

The movement in the number of shares is as follows:

	Number of ordinary shares
At 31 December 2008, 31 December 2009 and 31 December 2010	**349,268,114**

The ordinary shares carry one vote each and on a winding up of the Group the balance of assets available for distribution will, subject to any relevant restrictions, be divided amongst the members.

(a) Warrants

On 8 March 2005 a warrant was issued to Strand Partners Limited, the Group's Nominated Advisor, in connection with their role in the admission of the Group to the AIM market. The warrant entitles Strand Partners Limited to subscribe, at a price of 10p per share, for such number of ordinary shares as are equivalent (on a fully diluted basis) to one per cent of the issued ordinary share capital of the Group at that time. The issued warrant may be exercised at any time during the period from 8 March 2006 to 8 March 2010. The warrant was not exercised and has therefore lapsed as at 8 March 2010.

The fair value of warrants granted was determined using the Black-Scholes valuation model. Significant inputs into the calculations were:

- share price of 5p per share at date of grant of warrant;
- exercise price of 10p per warrant as detailed above;
- 50% volatility based on expected share price; and
- a risk free interest rate of 5.0%.

19 Share capital continued

(b) Share options

The Group has adopted an employee Share Option Scheme in order to incentivise key management and staff and consultants.

The fair value of options granted up to 31 December 2008 was determined using the Black-Scholes valuation model. Significant inputs into the calculations were as follows:

- 400% volatility based on expected share price (ascertained by reference to historic share prices of both the Group and comparable listed companies);
- share price of 54p per share at date of grant of options;
- exercise price of 0.1p per share;
- a risk free interest rate of 5.25%;
- no dividend yield; and
- estimated options lives of three years.

The fair value of options granted during the year ended 31 December 2009 was determined using the Black-Scholes valuation model. Significant inputs into the calculations were as follows:

- 400% volatility based on expected share price (ascertained by reference to historic share prices of both the Group and comparable listed companies);
- share price of 5.1p per share at date of grant of options;
- exercise price of 5p per share;
- a risk free interest rate of 5.5%;
- no dividend yield; and
- estimated options lives of 18 months.

There were no share options granted during the year ended 31 December 2010.

Amounts disclosed below have been translated into USD from GBP using the rate prevailing at the date that the options were granted.

At 31 December 2010, the Group had the following options outstanding:

All amounts GBP

Date of grant	Dates first exercisable	Exercise price	Market price at date of issue	Number	Fair value
1 May 2007	3 years from date of grant	0.1p	54p	17,925,000	53.992p
8 May 2009	18 months from date of grant	5p	5.1p	16,000,000	4.218p

In line with the requirements of IFRS 2 (Share-based payments) the Directors reviewed the number of share options they expect to vest. At 31 December 2007 and 31 December 2008 the Directors expected that 100% of the options would vest. At 31 December 2009 the Directors expected that 55% of the share options granted in 2007 and 100% of the share options granted in 2009 would vest. As a result the cumulative amount charged to the statement of comprehensive income in respect of these options, based on 55% of the options vesting, is US$17,360,444. US$7,891,111 was charged in 2007 and US$11,836,666 in 2008 leading to a write back in 2009 of US$2,367,333. The remaining expense of US$2,862,000 was charged in the statement of comprehensive income over the remaining vesting period. The vesting period ceased in October 2010.

19 Share capital continued

(b) Share options continued

The movement on share options and their weighted average exercise price are as follows:

	Number '000	Weighted average exercise price
Balance at 1 January 2007	–	
Granted during the year	45,500	0.1p
Forfeited during the year	–	
Exercised during the year	–	
Balance at 31 December 2007	45,500	
Granted during the year	–	
Forfeited during the year	–	
Exercised during the year	(12,500)	0.1p
Balance at 31 December 2008	33,000	
Granted during the year	16,000	5p
Forfeited during the year	(7,575)	0.1p
Exercised during the year	–	
Balance at 31 December 2009	41,425	
Forfeited during the year	(7,500)	0.1p
Balance at 31 December 2010	33,925	

There were no share options granted and 7,500,000 were forfeited during the year ended 31 December 2010. Of the 33,925,000 share options in existence at 31 December 2010, none are exercisable.

No options have been exercised or lapsed or fresh options granted after 31 December 2010. Where the Group has absolute discretion over the vesting of the options then an estimate of the likelihood of vesting is revised at each accounting period end.

20 Related party transactions

There were no transactions with related parties during the year ended 31 December 2010 or 31 December 2009. Details of the remuneration of Directors are disclosed in note 5, and the Director's remuneration is disclosed in the report on remuneration.

21 Financial instruments and associated risks

The Group's income is derived largely from trading on the LME and IPE exchanges. Common to other commodity trading companies, its business activities expose the Group to a number of financial risks such as market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk, liquidity risk and operational risk.

The Board is responsible for setting and monitoring the Group's risk appetite and for the setting of appropriate risk policies, controls and parameters. The Group's objective is to have comprehensive and timely control and disclosure of risk measures and exposures. The evaluation of these risks is the responsibility of senior internal management and the risk controls committee.

The Group uses financial instruments comprising cash, investment in associated businesses, available for sale assets and, net amounts due for settlement under commodities contracts and equity. The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

(a) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk.

All financial assets that are held for trading are recognised at fair value and all changes in market conditions directly affect the net income. The Group is susceptible to market risk arising from uncertainties about future prices. Market risk is the risk that changes in interest rates, foreign currency rates and market volatility will affect the positions held by the Group.

The Group's exposure to market risk from the LME Floor Trading Team consists mainly of uncertainty concerning future movements in the level or volatility of market prices of metals in which the LME team hold a position. This risk arises due to the Group bearing the full losses, if incurred, of the LME trading team.

The LME Floor risk is managed by the use of various mechanisms, including value at risk ("VAR") models, initial margin and outright position limits. These controls are put in place by the risk committee and managed by Sucden, who control the LME trading team. The Group monitors these exposures via regular reports from Sucden.

The Group is also exposed to market risk resulting from taking proprietary commodity positions through Mentum Investment Limited (MIL). The Group sets approved trading limits to manage its exposure to commodity price risk including a policy of limit control and exception reporting. The Group also operates within the initial margin limit set by the Group's clearer.

(i) Foreign currency risk

As detailed in note 1, the Group elected to change its reporting currency from GBP to USD in 2009. The reason for the change was that the Group's main revenue stream is denominated in USD.

The primary exposure to currency risk arises from two sources; firstly, the Group's trading costs through the LME are denominated in Pound Sterling (GBP), and secondly the Group consolidates two subsidiary entities, Mentum LLP and Mentum Management Services Limited, whose functional currency is GBP.

Consequently, the Group is exposed to risks that the exchange rate to its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Group's assets or liabilities denominated in currencies other than US$. It is not the policy of the Group to hedge its currency exposure through the use of derivative instruments.

21 Financial instruments and associated risks continued

(a) Market risk continued

(i) Foreign currency risk continued

The Group's net exposure to fluctuations in foreign exchange rates at the reporting date was as follows:

Currency	**Fair value at 31/12/10 US$'000**	Fair value at 31/12/09 US$'000
Net assets		
Pound Sterling (GBP)	**(1,460)**	(1,817)
Euro (EUR)	**425**	621

The amounts disclosed above represent the fair value exposure of the assets and liabilities at the reporting date. The Group does not hold any currency underlying derivatives at 31 December 2010 (2009: Nil).

The following table illustrates the sensitivity of the net result for the year and of equity to a reasonably possible change of 10% in the exchange rates between USD and the currencies to which the Group is exposed.

	31/12/10 +/–10% US$'000	31/12/09 +/–10% US$'000
Increase/(decrease) in net result and equity	**104/(104)**	120/(120)

(ii) Interest rate risk

The Group is not exposed to significant interest rate risk as it holds no interest bearing financial assets or liabilities. An immaterial amount of interest rate exposure exists in respect of cash and broker balances.

(iii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Group's derivative financial instruments, which comprise futures and options contracts, are carried at fair value with fair value changes recognised in the statement of comprehensive income, meaning that changes in market conditions will directly affect net investment income. The Group solely held futures contracts at 31 December 2010.

The Group's exposure to other price risk from the LME Trading Team consists mainly of uncertainty concerning future movements in level or volatility of market prices of metals traded on the London Metals Exchange in which the LME team hold a position. This risk arises due to the Group bearing the full losses, if incurred, of the LME trading team. This risk is managed by the use of various mechanisms put in place by Sucden who control the LME trading team. The Group monitors the exposure via regular reports from Sucden.

The Group is exposed to other price risk resulting from taking proprietary positions. The Group sets approved trading limits to manage its exposure to commodity price risk.

21 Financial instruments and associated risks continued

(a) Market risk continued

(iii) Other price risk continued

The risk as at 31 December 2010 relates to a number of open commodity positions at that date, representing a net asset of US$0.2million (2009: liability of US$3.06million). The following table illustrates the sensitivity of the net result for the year and of equity to a reasonably possible change of 10% in those open positions.

	31/12/10 +10% US$'000	**31/12/10 –10% US$'000**	31/12/09 +10% US$'000	31/12/09 –10% US$'000
Increase/(decrease) in net result and equity	**23**	**(23)**	(306)	306

The 10% change in open positions, as they relate to derivative contracts, would result from a lower change in the underlying commodity price. There are no concentrations of risk with particular metals.

Some limitations of sensitivity analysis are:

- the analysis is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. At 31 December 2010 and 31 December 2009 the Group's financial assets exposed to credit risk amounted to the following:

	31/12/10 US$'000	31/12/09 US$'000
Cash and cash equivalents	**1,730**	1,278
Balance due from brokers	**176**	5,340
Trade and other receivables	**3,006**	3,722
	4,912	10,340

None of the financial assets of the Group were past due or impaired during the current and the previous year.

21 Financial instruments and associated risks continued

(b) Credit risk continued

Cash balances are held with banks that are reputable institutions and the Group ensures that there are no indicators that would challenge their credit worthiness.The long term credit rating, as determined by Standard & Poor's, of the Group's payment banks was as follows:

	Standard & Poor's credit rating*
Barclays Plc	A+
Royal Bank of Scotland Group Plc	A
ING Groep N.V.	A
HSBC Holdings Plc	AA–

*The credit ratings represent those of the institutions or their immediate parent company, and are correct at the date of issue of these financial statements.

As at 31 December 2010 the Group's exchange traded derivatives were cleared by two clearing brokers, Mizuho and Sucden, to whom the Group has a credit risk exposure. The clearing brokers hold the Group's open derivative positions and cash deposits as collateral in respect of these positions. Exchange-traded futures and options are not deemed to have significant credit exposure as the trades are cleared through the London Clearing House, which guarantees that every contract will be properly settled on a daily basis.

The Group's trade receivables and payables with the clearing brokers as at 31 December 2010 comprise realised amounts and mark to market profit or loss on futures positions.

Other than outlined above, there was no other significant concentration of counterparty credit risk at 31 December 2010 and 31 December 2009.

(c) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with its financial liabilities. A portion of the Group's assets is maintained as cash and cash equivalents in order to meet its liabilities. Management monitor liquidity regularly through the preparation and review of cash flow forecasts and budgets.

Exchange-traded futures and options contracts are considered to be highly liquid as they are actively traded.

As detailed in note 13, the Group holds shares in LME Holdings Ltd. The shares in LME holdings Ltd are relatively thinly traded and as such the market for these shares may not be as liquid as for similar instruments.

The following table shows the contractual, undiscounted cash flows of the Group's financial liabilities at 31 December 2010.

	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	More than 1 year US$'000
Financial liabilities				
Balance due to brokers	299	–	–	–
Trade and other payables	1,239	–	–	–
Inflows	7,637	24,748	36,329	21,765
Outflows	(1,467)	(39,864)	(27,707)	(21,212)

21 Financial instruments and associated risks continued

(c) Liquidity risk continued

The following table shows the contractual, undiscounted cash flows of the Group's financial liabilities at 31 December 2009.

	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	More than 1 year US$'000
Financial liabilities				
Trade and other payables	1,848	–	–	–
Inflows	148,478	303,568	805,856	350,547
Outflows	(151,056)	(315,385)	(798,646)	(346,422)

(d) Specific instruments

The fair value of the specific instruments is disclosed in notes 13 and 16.

Futures contracts

Futures contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a future date for a specified price and may be settled in cash or another financial asset. Futures contracts are standardised exchange-traded contracts. Initial margin requirements for futures contracts are met in cash or other instruments, and changes in the future contract values are settled daily. Futures contracts have little credit risk because the counterparties are futures exchanges.

Futures contracts result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency, exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally related to contract sizes, a high degree of leverage may be typical of a futures or forward trading account. As a result, a relatively small price movement in an underlying futures contract may result in substantial losses to the Group.

Futures contracts trading may be illiquid. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Group could be prevented from promptly liquidating unfavourable positions and could be subject to substantial losses.

Options contracts

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell to (put option) the writer a specified underlying instrument at a specified price on or before a specified date. The Group enters into exchange traded option contracts in the course of its trading activities.

For exchange-traded option contracts the stock exchange act as the counterparty to specific transactions and therefore, bears the risk of delivery to and from counterparties of specific positions.

The risk in writing a call option is that the Group may incur a loss if the market price of the underlying instrument increases and the option is exercised. The risk in writing a put option is that the Group may incur a loss if the market price of the underlying instrument decreases and the option is exercised. The risk in buying an option is that the Group pays a premium whether or not the option is exercised. The Group also has the additional risk of not being able to enter into a closing transaction if a liquid secondary market does not exist.

21 Financial instruments and associated risks continued

(e) Operational risk

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, people or systems or from external events. It is inherent in every business organisation and covers a wide spectrum of issues.

The Group has an operational system with control procedures covering the monitoring and reconciliation of trading transactions.

(f) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment.

Investments

The Group's investment in shares in LME Holdings Ltd has been classified as Level 2, as market prices are available but the market in these instruments is not considered an active, liquid market due to infrequent trading.

Derivative Instruments

Derivative instruments can be exchange-traded or privately negotiated over-the-counter ("OTC"). The Group only holds exchange-traded derivatives, such as futures contracts which have been classified within level 1 as they are deemed to be actively traded.

	Total US$'000	Level 1 US$'000	Level 2 US$'000
Investment in LME Holdings Ltd	2,833	–	2,833
profit or loss – held for trading			
Futures contracts	244	244	–
profit or loss – held for trading			
Futures contracts	(15)	(15)	–

There were no transfers between levels 1 and 2 during the year. No financial instruments have been categorised as level 3.

22 Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders;
- to support the Group's stability and growth;
- to provide capital for the purpose of strengthening the Group's risk management capability; and
- to provide capital for the purpose of further investments.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and to maximise equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The management regards capital as total equity and reserves, for capital management purposes.

Notice of Annual General Meeting

Notice is given that the annual general meeting of the members of Mentum Inc. will be held at the Company's Geneva offices, Place Chevelu 6, 1211 Geneva 1, Switzerland on 7 April 2011 at 11.30am CEST (Geneva time) to consider and, if thought fit, to pass the resolutions set out below:

Ordinary resolutions

1. To receive the accounts and reports for the year ended 31 December 2010.
2. To re-elect David Phipps as a director who is retiring by rotation in accordance with the articles of association of the Company and being eligible offers himself for re-election.
3. To re-elect Andy Dobie as a director who is retiring by rotation in accordance with the articles of association of the Company and being eligible offers himself for re-election.
4. To re-appoint Grant Thornton UK LLP as auditors and to authorise the directors to determine their remuneration.
5. That the directors be authorised to disapply the pre-emption rights set out in article 17 of the Company's articles of association, such power to expire at the conclusion of the Company's next annual general meeting, and the directors may allot equity securities following an offer or agreement made before the expiry of the authority and provided that the authority is limited to:
   - 5.1 the allotment of equity securities pursuant to the exercise of any of the options either granted or to be granted under the company's share option scheme;
   - 5.2 the allotment of equity securities, otherwise than in accordance with paragraph 5.1 up to an aggregate nominal amount of £69,853.62 being twenty per cent of the company's issued share capital on the date of this notice.

By order of the board

Kitwell Consultants Limited
Secretary

Registered Office:
Walker House
Mary Street
PO Box 908GT George Town
Grand Cayman
Cayman Islands

Date: 10 March 2011

Notes to the notice of annual general meeting:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote in his place. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and (in the case of an instrument signed by an agent of the member who is not a corporation) the authority under which such instrument is signed or an office copy of duly certified copy must be deposited at the office of Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU, not less than 48 hours before the time appointed for the meeting or any adjourned meeting. A prepaid form of proxy for use in respect of the meeting is enclosed.
3. Completion of a form of proxy will not prevent a member from attending and voting in person.
4. Members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjourned meeting.
5. In the case of joint holders of the shares in the Company, the vote of the senior holder shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names appear in the Company's register of shareholders (or in the Company's registrars' records).
6. In the case of holders of depositary interests representing ordinary shares in the capital of the Company, a form of direction must be completed in order to instruct Capita IRG Trustees Limited, to vote on the holder's behalf at the meeting, or if the meeting is adjourned, at any adjourned meeting. To be effective, a completed and signed form of direction must be delivered to Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU, by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.
7. As at 11:30am on 10 March 2011, the Company's issued share capital comprised 349,268,114 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company, as at 11:30 am on 10 March 2011 is 349,268,114.

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