5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS OF THREE MONTHS ENDED MARCH 31, 2012 AND FEBRUARY 28, 2011 (UNAUDITED)

5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All figures in thousands of United States dollars)
(Unaudited)

	March 31, 2012	December 31, 2011
	$	$
ASSETS		
Current		
Cash and cash equivalents	12,044	29,449
Temporary investments (restricted) (Note 6)	33,915	51,882
Accounts receivable	96,820	76,641
Inventories (Note 4)	267,827	315,333
Income tax receivable	11,015	11,022
Other current assets	3,583	2,762
Total current assets	425,204	487,089
Property, plant and equipment	89,300	86,483
Intangible assets	65,278	68,148
Deferred tax asset	7,200	6,646
Goodwill (Note 5)	124,910	124,910
Investments accounted for using the equity method	1,349	1,513
Other assets	11,409	11,495
Total non-current assets	299,446	299,195
Total assets	**724,650**	**786,284**
LIABILITIES AND EQUITY		
Current		
Bank indebtedness and short-term debt (Note 6)	52,031	73,430
Trade and accrued liabilities	56,110	59,029
Income tax payable	3,332	354
Derivative financial liabilities	1,222	3,814
Long-term debt due within one year (Note 6)	15,659	14,757
Total current liabilities	128,354	151,384
Long-term debt (Note 6)	210,408	253,719
Deferred tax liability	23,779	23,083
Retirement benefit obligation	12,829	12,315
Derivative financial liabilities	2,299	1,902
Other liabilities	1,954	4,171
Total liabilities	379,623	446,574
Shareholders' equity	344,639	339,241
Non-controlling interest	388	469
Total equity	345,027	339,710
Total liabilities and equity	**724,650**	**786,284**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS
For the period of three months ended March 31, 2012 with comparative figures for the period of three months ended February 28, 2011
(All figures in thousands of United States dollars, except per share information)
(Unaudited)

	March 31, 2012	February 28, 2011 (Note 12)
	$	$
Revenues	162,235	20,663
Cost of sales (Note 13)	132,247	12,609
Selling, general and administrative expenses (Note 13)	12,012	1,794
Other expenses, net (Note 13)	6,521	984
Share of loss from joint ventures	164	-
	150,944	15,387
Operating income	11,291	5,276
Financial expenses (income)		
Interest on long-term debt	2,386	165
Other interest expense (income)	611	(163)
Foreign exchange loss (gain) and derivative	1,682	(1,100)
	4,679	(1,098)
Earnings before income tax	6,612	6,374
Income tax	1,721	823
Net earnings for the period	**4,891**	**5,551**
Attributable to:		
Equity holders of 5N Plus Inc.	4,972	5,526
Non-controlling interest	(81)	25
	4,891	**5,551**
Earnings per share attributable to equity holders of 5N Plus Inc. (Note 10)	0.07	0.12
Basic earnings per share	0.07	0.12
Diluted earnings per share	0.07	0.12

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the period of three months ended March 31, 2012 with comparative figures for the period of three months ended February 28, 2011
(All figures in thousands of United States dollars)
(Unaudited)

	March 31, 2012	February 28, 2011 (Note 12)
	$	$
Net earnings for the period	4,891	5,551
Other comprehensive income		
Cash flow hedges, net of income tax of $39	(108)	-
Currency translation adjustment	195	-
Comprehensive income for the period	**4,978**	**5,551**
Attributable to equity holders of 5N Plus Inc.	5,059	5,526
Attributable to non-controlling interest	(81)	25

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period of three months ended March 31, 2012 with comparative figures for the period of three months ended February 28, 2011
(All figures in thousands of United States dollars)
(Unaudited)

	March 31, 2012	February 28, 2011
	$	$
Operating activities		
Net earnings for the period	4,891	5,551
Adjustments to reconcile net earnings to cash flows		
Depreciation and amortization of property, plant and equipment and intangible assets	5,098	724
Amortization of other assets	258	-
Share-based compensation expense	190	169
Deferred income tax	142	182
Share of loss from joint ventures	164	-
Unrealized gain on non-hedge financial instruments	(2,527)	-
Unrealized foreign exchange loss on temporary investments (restricted) and liabilities	3,020	-
	11,236	6,626
Net change in non-cash working capital balances related to operations (Note 9)	26,971	(12,208)
Cash flows from (used in) operating activities	38,207	(5,582)
Investing activities		
Cash acquired in a business acquisition	-	512
Acquisition of property, plant and equipment	(4,763)	(2,925)
Acquisition of intangible assets	(70)	(615)
Temporary investments (restricted) (Note 6)	18,120	-
Other	-	(1,614)
Cash flows from (used in) investing activities	13,287	(4,642)
Financing activities		
Repayment of long-term debt	(45,000)	(91)
Net decrease in bank indebtedness and short-term debt	(21,403)	-
Issuance of common shares	149	124
Financial instruments – net	184	558
Others	(2,406)	70
Cash flows from (used in) financing activities	(68,476)	661
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	(423)	294
Net decrease in cash and cash equivalents	(17,405)	(9,269)
Cash and cash equivalents, beginning of period	29,449	53,223
Cash and cash equivalents, end of period	**12,044**	**43,954**

Supplemental information(1)		
Income tax paid	718	1,164
Interest paid	2,700	50

(1) Amounts paid for interest and income tax were reflected as cash flows from operating activities in the condensed interim consolidated statements of cash flows.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period of three months ended March 31, 2012 with comparative figures for the period of three months ended February 28, 2011
(All figures in thousands of United States dollars, except number of shares)
(Unaudited)

Total Equity	**Number of shares March 31, 2012**	**March 31, 2012**	**Number of shares February 28, 2011**	**February 28, 2011 (Note 12)**
		$		**$**
Shareholders' Equity				
Share Capital				
Balance at beginning of period	70,961,125	305,928	45,847,975	82,487
Common shares issued on exercise of stock options	43,531	218	37,525	188
Balance at end of period	71,004,656	306,146	45,885,500	82,675
Contributed Surplus				
Balance at beginning of period		2,691		2,172
Share-based compensation expense		190		169
Exercise of stock options		(69)		(64)
Balance at end of period		2,812		2,277
Retained Earnings				
Balance at beginning of period		30,850		45,073
Net earnings attributable to equity holders of 5N Plus Inc. for the period		4,972		5,526
Balance at end of period		35,822		50,599
Accumulated Other Comprehensive Loss				
Balance at beginning of period		(228)		-
Cash flow hedges, net of income tax of $39		(108)		-
Currency translation adjustment		195		-
Balance at end of period		(141)		-
Total shareholders' equity at end of period		**344,639**		**135,551**
Non-Controlling Interest				
Balance at beginning of period		469		-
Share of (loss) profit		(81)		25
Non-controlling interest acquired through business acquisition		-		1,507
Balance at end of period		388		1,532
Total Equity		**345,027**		**137,083**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NOTE 1 – GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

Nature of operations

5N Plus Inc. (the "Company") is a Canadian-based international company whose shares are listed on the Toronto Stock Exchange ("TSX"). The head office is located at 4385 Garand, Ville St-Laurent, Quebec H4R 2B4. 5N Plus Inc. and its subsidiaries represent the "Company" mentioned throughout these unaudited condensed interim consolidated financial statements. The Company has two reportable business segments, namely Electronic Materials and Eco-Friendly Materials. Corresponding operations and activities are managed accordingly by the Company's key decision-makers.

The Electronic Materials segment is headed by a vice president who oversees locally managed operations in North America, Europe and Asia. Main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These metals are sold as elements, alloys, chemicals and compounds.

The Eco-Friendly Materials segment is associated mainly with bismuth. This segment is headed by a vice president who oversees locally managed operations in Europe and China. The segment manufactures and sells refined bismuth and bismuth chemicals, low melting-point alloys as well as refined selenium and selenium chemicals.

In 2011, the Company changed its financial year-end from May 31 to December 31. These unaudited condensed interim consolidated financial statements are for the period of three months ended March 31, 2012 with comparative figures for the period of three months ended February 28, 2011.

These unaudited condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's December 31, 2011 annual consolidated financial statements prepared in accordance with IFRS and in consideration of the IFRS transition disclosures included in Note 12 to these unaudited condensed interim consolidated financial statements.

Certain comparative figures have been reclassified to conform to the current period presentation.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 14, 2012.

NOTE 2 – BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements for the period of three months ended March 31, 2012 have been prepared in accordance with IAS 34, as issued by the IASB under IFRS, and using the accounting policies the Company adopted in its consolidated financial statements as at and for the period ended December 31, 2011.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

We expect the income tax rate of the most recent quarter to be more representative of the future expected income tax rates.

NOTE 3 – BUSINESS ACQUISITIONS

The Company acquired two businesses in the year ended May 31, 2011. These acquisitions were recorded under the purchase method and the earnings of the acquired businesses were consolidated from the date of their acquisition.

a) MCP Group SA

On April 8, 2011, the Company acquired 100% of MCP Group SA (“MCP”). MCP is a producer and distributor of specialty metals and their chemicals, including bismuth, indium, gallium, selenium and tellurium. It was acquired for the following considerations: cash consideration: $149,226 (€105,794); promissory note and holdback to vendors: $89,335 (€61,879); and common shares of the Company: 11,377,797 common shares at CA$7.73 per share for a consideration of $91,917, for a total consideration of $330,478. Transaction costs were approximately $1,810 and were recorded as an expense. The price of CA$7.73 per share was established by taking the closing market price of the Company’s shares on April 8, 2011 minus a 20% discount, based on the value of a put option estimated using the Black-Scholes pricing model to reflect the lock-up period on these shares.

The goodwill arising from the MCP acquisition is attributable to supply chain, expected synergies and the assembled workforce. None of the goodwill recognized is deductible for income tax purposes.

The acquisition of MCP enhances the Company’s leadership position in the clean technology market, creating a worldwide sourcing, production and distribution platform. It allows the Company to significantly expand its offering of metals, chemicals and compounds to the clean technology market with a worldwide platform. It is also expected to create a number of opportunities to source raw materials, reduce production costs and develop new markets.

For the allocation of goodwill to the different cash generating units (“CGU”), see Note 5.

b) Sylarus Technologies LLC

On June 21, 2010, the Company acquired, for an amount of $3,000, a convertible note from Sylarus Technologies LLC (“Sylarus”), a producer of germanium substrates for solar cells and located in St. George, Utah. This convertible note bore interest at 6% annually and was repayable on May 31, 2015 at the latest. This note, including accrued interest, was convertible at the Company’s option into 18% of voting and participating units of Sylarus. This convertible debenture was a hybrid financial instrument, for which the loan and the embedded derivative components included therein are measured separately. The loan component was classified as loan and receivable and the embedded derivative representing the conversion option included therein was classified as held for trading.

On January 10, 2011, the Company converted the debenture into a 66.67% majority interest in Sylarus. The Company also agreed to provide additional funding of $767 in the form of secured debt to enable the repayment of short-term debt contracted by Sylarus.

(Figures in thousands and in United States dollars, unless otherwise indicated)

The following table summarizes the consideration paid for MCP and Sylarus and the amount of the assets acquired and liabilities assumed recognized at the acquisition date as well as the fair value at the acquisition date of the non-controlling interest:

	MCP	**Sylarus**	**Total**
	$	**$**	**$**
Assets acquired			
Temporary investments (restricted)	18,919	-	18,919
Non-cash working capital	305,399	680	306,079
Property, plant and equipment	44,130	8,030	52,160
Goodwill	120,639	-	120,639
Intangible assets	70,049	-	70,049
Deferred income tax	3,797	-	3,797
Other assets	4,540	200	4,740
	567,473	8,910	576,383
Liabilities assumed			
Non-cash working capital	80,604	2,700	83,304
Bank indebtedness and short-term debt	130,269	-	130,269
Long-term debt	21,123	1,094	22,217
Retirement benefit obligation	13,145	-	13,145
Deferred income tax	22,355	-	22,355
Note payable to 5N Plus Inc.	-	767	767
Non-controlling interest	-	1,557	1,557
	267,496	6,118	273,614
TOTAL IDENTIFICATION NET ASSETS	**299,977**	**2,792**	**302,769**
Total consideration			
Cash paid to vendors	149,226	3,300	152,526
Shares issued to vendors	91,917	-	91,917
Balance of purchase price and holdback	89,335	-	89,335
Cash and cash equivalents acquired	(30,501)	(508)	(31,009)
Purchase consideration net of cash acquired	**299,977**	**2,792**	**302,769**

NOTE 4 – INVENTORIES

Inventories consist of the following:

	March 31, 2012	**December 31, 2011**
	$	**$**
Raw materials	63,184	75,511
Work-in-progress and finished goods	204,643	239,822
Total	**267,827**	**315,333**

For the period of three months ended March 31, 2012, a total of $118,662 of inventories was included in cost of sales as an expense (three months ended February 28, 2011 – $7,697).

Most of the inventories are pledged as security for the revolving credit facility (Note 6).

(Figures in thousands and in United States dollars, unless otherwise indicated)

NOTE 5 – GOODWILL

Goodwill is allocated to the following CGUs for the purpose of impairment testing:

	March 31, 2012	December 31, 2011
	$	$
Electronic Materials segment	110,460	110,460
Eco-Friendly Materials segment	14,450	14,450
Total goodwill allocated	**124,910**	**124,910**

As at March 31, 2012, the carrying amount of the net assets of the company was higher that its market capitalisation. Therefore, the company performed an assessment of its goodwill for impairment as at March 31, 2012.

In assessing goodwill for impairment, the Company performed testing for both the Electronic Materials and Eco-Friendly Materials business units in accordance with its policy and based on conditions at that date. The Company determined that the segments Eco-Friendly and Electronic were the lowest level at which it monitors its goodwill. The recoverable amounts of those segments were determined based on a fair value less costs to sell method which uses a discounted cash flow model. The projections used in the cash flow covers a two year period. The key assumptions used are those of a market participant and are consistent with external sources of information and historical data. Key assumptions included the following:

	Eco-Friendly Materials	Electronic Materials
Weighted average growth rate	5.79%	3.40%
Pre-tax discount rate	10.46%	10.70%

In both business units, reasonably possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value. In the Eco-Friendly Materials Business Unit, the recoverable amount exceeded the carrying amount by $8,696 as at March 31, 2012 ($8,158 as at December 31, 2011). In the Electronic Materials Business Unit, the recoverable amount exceeded the carrying amount by $26,312 as at March 31, 2012 ($22,472 as at December 31, 2011). The Company performed its impairment tests as at March 31, 2012 and December 31, 2011.

(Figures in thousands and in United States dollars, unless otherwise indicated)

NOTE 6 – BANK INDEBTEDNESS, SHORT- AND LONG-TERM DEBT

a) Bank indebtedness and short-term debt

The Company has credit lines with financial institutions in China and Hong Kong. These credit lines are guaranteed by other group companies and by the temporary investments (restricted) in Hong Kong. Credit available under these lines totalled $64,298 as at March 31, 2012, which includes a line of credit of approximately $32,000 (HK$248,000) and relates to temporary investments (restricted) (see below).

As at March 31, 2012

Contractual currency	**HK$**	**RMB**	**Total**
Facility available	247,825	203,983	n/a
Amount drawn	247,825	126,983	n/a

As at March 31, 2012

Reporting currency	**US$**	**US$**	**Total**
Facility available	31,917	32,381	64,298
Amount drawn	31,917	20,114	52,031

As at December 31, 2011

Contractual currency	**HK$**	**RMB**	**Total**
Facility available	390,000	194,000	n/a
Amount drawn	390,000	146,440	n/a

As at December 31, 2011

Reporting currency	**US$**	**US$**	**Total**
Facility available	50,205	30,826	81,031
Amount drawn	50,205	23,225	73,430

The loan in Hong Kong dollars bears interest at three-month HIBOR plus 1.00%. This rate is covered by an instrument to fix the rate at 2.48% until maturity. Chinese renminbi (“RMB”) loans bear interest from 105% to 110% of the RMB base rate.

Hong Kong dollar loans are secured by deposits in RMB, which are recorded in the condensed interim consolidated statements of financial position as a temporary investments (restricted). The deposits have the same maturity as the loans. At maturity, in May 2012 at the latest, the deposits will be cashed in and translated into Hong Kong dollars, and the proceeds will be used to reimburse the related loans. The Company has derivative instruments to fix the translation from Hong Kong dollars into RMB to cover the Company against currency risk. The deposit of $31,610 bears interest at a rate of 2.55%.

The loans in Hong Kong dollars mature in April 2012 and May 2012.

(Figures in thousands and in United States dollars, unless otherwise indicated)

b) Long-term debt

	March 31, 2012	December 31, 2011
	$	$
Unsecured balance of purchase price and holdback to the former shareholders of MCP for an amount of €61,879 (€46,908 as a promissory note and €14,971 as holdback), bearing interest at interest rate swap three-year rate plus 3.00%. The promissory note is repayable in three annual instalments beginning April 2012 (Note 3) and the holdback is repayable in April 2014. The balance of purchase price and holdback includes an amount of €31,925 payable to two Board members of the Company	82,646	80,066
Senior secured revolving facility of $200,000 with a syndicate of banks, maturing in August 2015[1]	140,000	185,000
Term loan, non-interest bearing, repayable under certain conditions, maturing in 2023. If the loan has not been repaid in full by the end of 2023, the remaining balance will be forgiven	824	824
Debt in the amount of $1,541, bearing interest at a rate of three-month LIBOR plus 3.00%, repayable in two equal instalments of 50% in April 2012 and December 2012, and obligation under a capital lease, bearing interest at 12.30%, repaid on April 2012.	1,820	1,836
Other loans	777	750
	226,067	268,476
Less: Current portion of long-term debt	15,659	14,757
	210,408	**253,719**

[1] This revolving credit facility can be drawn in US dollars, Canadian dollars or euros. The interest rate depends on a debt/EBITDA ratio and can vary from LIBOR, bankers' acceptance or EURIBOR plus 1.25% to 2.75% or US base rate or prime rate plus 0.25% to 1.75%. Also, standby fees from 0.31% to 0.69% are paid on the unused portion of the credit. The revolving credit facility can be increased to $300,000 subject to acceptance by the lenders, and is guaranteed by a pledge on almost all of the assets of certain entities of the Company. The total amount drawn is in US dollars as at March 31, 2012 and December 31, 2011. The facility is subject to covenants. As at March 31, 2012, the Company met all covenants.

(Figures in thousands and in United States dollars, unless otherwise indicated)

NOTE 7 – CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value

All financial assets classified as loans and receivables, as well as financial liabilities classified as other liabilities are initially measured at their fair values and subsequently at their amortized cost using the effective interest method. All financial assets and financial liabilities classified as held for trading are measured at their fair values. Gains and losses related to periodic revaluations are recorded in net earnings.

The Company has determined that the carrying value of its short-term financial assets and financial liabilities, including cash and cash equivalents, temporary investments, accounts receivable, bank indebtedness and short-term debt, and trade and accrued liabilities, approximates their carrying value due to the short-term maturities of these instruments.

As at March 31, 2012, the fair value of long-term debt approximates its carrying value and is calculated using the present value of future cash flows at the period-end rate for similar debt with the same terms and maturities.

The following table presents financial assets and financial liabilities measured at fair value in the condensed interim consolidated statements of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and financial liabilities measured at fair value in the condensed interim consolidated statements of financial position are grouped into the fair value hierarchy as follows as at March 31, 2012:

March 31, 2012	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial liabilities			
Derivative financial instruments	-	(3,521)	-

December 31, 2011	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial liabilities			
Derivative financial instruments	-	(5,716)	-

(Figures in thousands and in United States dollars, unless otherwise indicated)

Derivative assets and liabilities

The Company currently has derivative financial instruments which relate to the following:

- Interest rate swap to fix the interest rate on part of its revolving credit facility (interest rate swap);
- Foreign exchange forward contracts to cover non-US future cash flows (forward foreign exchange contracts); and
- Options sold to a financial institution related to hedge strategies.

The derivatives are measured at fair value as follows:

Liability	**March 31, 2012**	**December 31, 2011**
	$	**$**
Interest rate swap(i)	2,545	2,326
Foreign exchange forward contracts(ii)	93	517
Options(iii)	883	2,873
Total	**3,521**	**5,716**

(i) The interest rate swap has a nominal value of $100,000 commencing in January 2013 and ending in August 2015. This interest rate swap fixed the LIBOR interest rate at 1.82%. The Company received $1,700 when entering into this interest rate swap in September 2011. The amount has been recorded as a long-term liability and will be amortized during the contract period as interest expense. The Company designated this contract as a cash flow hedge of future payments of interest and the change in its fair value was recorded in the condensed interim consolidated statements of comprehensive income.

(ii) The foreign exchange forward contracts are to sell US dollars in exchange of Canadian dollars. The nominal value of the Canadian forward was $3,000 for a period of six months starting after March 31, 2012 at a US$/CA$ rate of 1.0114. The Company designated this contract as a cash flow hedge of future payments of salaries, and the change in its fair value was recorded in the condensed interim consolidated statements of comprehensive income.

(iii) The Company sold options to a financial institution giving it the right to put euros to the Company on specific dates. The options have a nominal value of €51,500 with a euro/US$ rate ranging from 1.3325 to 1.3495 with maturity from April 20, 2012 to April 25, 2012.

(Figures in thousands and in United States dollars, unless otherwise indicated)

NOTE 8 – OPERATING SEGMENTS

A comparative breakdown of business segment information is as follows:

March 31, 2012	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment revenues	88,870	73,365	-	162,235
Operating income (loss) excluding amortization and restructuring costs	10,766	10,066	(3,965)	16,867
Interest on long-term debt and other interest expense, net	-	-	2,997	2,997
Restructuring costs	-	-	478	478
Foreign exchange loss and derivative	-	-	1,682	1,682
Amortization	-	-	5,098	5,098
Earnings (loss) before income tax	**10,437**	**12,246**	**(16,071)**	**6,612**
Capital expenditures	**907**	**3,988**	**79**	**4,974**

February 28, 2011	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment revenues	-	20,663	-	20,663
Operating income excluding amortization	-	6,524	(524)	6,000
Interest on long-term debt and other interest expense, net	-	-	2	2
Foreign exchange gain and derivative	-	-	(1,100)	(1,100)
Amortization	-	-	724	724
Earnings before income taxes	-	6,524	(150)	6,374
Capital expenditures	-	1,566	-	1,566

As at March 31, 2012	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Total assets excluding goodwill	265,957	311,880	21,903	599,740
Goodwill	14,450	110,460	-	124,910

As at December 31, 2011	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Total assets excluding goodwill	321,283	324,710	15,381	661,374
Goodwill	14,450	110,460	-	124,910

(Figures in thousands and in United States dollars, unless otherwise indicated)

The geographic distribution of the Company's revenues based on the location of the customers for the periods of three months ended March 31, 2012 and February 28, 2011, and the identifiable non-current assets as at March 31, 2012 and December 31, 2011 are summarized as follows:

Revenues	**March 31, 2012**	**February 28, 2011**
	$	**$**
Asia		
China	17,950	-
Other	23,682	-
United States	35,410	10,951
Europe		
Germany	26,928	8,962
United Kingdom	15,368	-
France	11,635	-
Others	17,973	-
Others	13,289	750
Total	**162,235**	**20,663**

Non-current assets as at	**March 31, 2012**	**December 31, 2011**
	$	**$**
Asia		
Hong Kong	88,985	95,929
Other	16,831	13,429
United States	15,152	15,242
Europe		
Germany	71,956	74,654
Belgium	49,036	42,515
Others	16,518	17,608
Canada	40,968	39,818
Total	**299,446**	**299,195**

(Figures in thousands and in United States dollars, unless otherwise indicated)

NOTE 9 – SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital balances related to operations consists of the following:

	March 31, 2012	February 28, 2011
	$	$
Decrease (increase) in assets:		
Accounts receivable	(19,917)	(1,593)
Inventories	47,506	(11,615)
Income tax receivable	46	726
Other current assets	(821)	62
Increase (decrease) in liabilities:		
Trade and accrued liabilities	(3,017)	1,147
Income tax payable	3,174	(935)
Net change	**26,971**	**(12,208)**

The condensed interim consolidated statements of cash flows exclude or include the following transactions:

	March 31, 2012	February 28, 2011
a) Exclude additions that were unpaid at end of period:		
	$	$
Additions to property, plant and equipment	401	1,863
b) Include additions that were unpaid at beginning of period:		
	$	$
Additions to property, plant and equipment	190	504

(Figures in thousands and in United States dollars, unless otherwise indicated)

NOTE 10 – EARNINGS PER SHARE

The following table reconciles the numerators and denominators used for the computation of basic and diluted earnings per share:

Numerators	**March 31, 2012**	**February 28, 2011**
	$	**$**
Net earnings attributable to equity holders of 5N Plus Inc.	**4,972**	**5,526**
Net earnings for the period	**4,891**	**5,551**

Weighted average number of shares outstanding (denominator):

	March 31, 2012	**February 28, 2011**
Weighted average number of shares outstanding – **Basic**	70,981,780	45,859,418
Effect of dilutive securities	113,182	561,362
Weighted average number of shares outstanding – Diluted	**71,094,962**	**46,420,780**

(Figures in thousands and in United States dollars, unless otherwise indicated)

NOTE 11 – FINANCIAL RISK MANAGEMENT

In the normal course of operations, the Company is exposed to various financial risks. These risk factors include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, equity prices and interest rates, will affect the Company's net earnings or the value of financial instruments.

The objective of market risk management is to mitigate exposures within acceptable limits, while maximizing returns.

Currency risk

Currency risk refers to the fluctuation of financial commitments, assets, liabilities, revenues or cash flows due to changes in foreign exchange ("FX") rates. The Company conducts business transactions and owns assets in several countries; as a result, the Company is subject to fluctuations in the currencies in which it operates. The Company's income is exposed to currency risk largely in the following ways:

- Translation of foreign currency-denominated revenues and expenses into US dollars, the Company's functional currency – When the foreign currency changes in relation to the US dollar, earnings reported in US dollars will change. The impact of a weakening foreign currency in relation to the US dollar for foreign currency-denominated revenues and expenses will result in lower net earnings (higher net loss) because the Company has more foreign currency-based revenues than expenses.

- Translation of foreign currency-denominated debt and other monetary items – A weakening foreign currency in respect of the Company's foreign currency-denominated debt will decrease the debt in US dollar terms and generate a FX gain on bank advances and other short-term debt, which is recorded in earnings. The Company calculates the FX on short-term debt using the difference in FX rates at the beginning and end of each reporting period. Other foreign currency-denominated monetary items will also be impacted by changes in FX rates.

The following table summarizes in US dollar equivalents the Company's major currency exposures as at March 31, 2012:

	CA$	EUR	GBP	RMB	HK$
Cash and cash equivalents	-	3,600	209	2,218	15
Temporary investments (restricted)	-	2,265	-	31,650	-
Accounts receivable	1,305	19,830	3,383	-	-
Other assets	-	4,007	-	-	-
Bank indebtedness and short-term debt	-	-	-	(20,114)	(31,917)
Trade and accrued liabilities	(2,907)	(10,863)	(6,357)	-	-
Long-term debt	(1,098)	(82,646)	-	-	-
Retirement benefit obligation	-	(12,829)	-	-	-
Net financial assets (liabilities)	**(2,700)**	**(76,636)**	**(2,765)**	**13,754**	**(31,902)**

(Figures in thousands and in United States dollars, unless otherwise indicated)

The following table shows the impact on earnings before income tax of a one-percentage point strengthening or weakening of foreign currencies against the US dollar as at March 31, 2012 for the Company's financial instruments denominated in non-functional currencies:

	CA$	EUR	GBP	RMB	HK$
1% Strengthening					
Earnings (loss) before tax	(27)	(766)	(28)	138	(319)
1% Weakening					
Earnings (loss) before tax	27	766	28	(138)	319

Occasionally, the Company will enter into short-term foreign exchange forward contracts to sell US dollars in exchange for Canadian dollars, euros, Hong Kong dollars and British pounds sterling. These contracts would hedge a portion of ongoing foreign exchange risk on the Company's cash flows since much of its non-US dollar expenses outside of China are incurred in Canadian dollars, euros, Hong Kong dollars and British pounds sterling.

Foreign exchange forward contract

As at March 31, 2012, the Company has entered into a forward contract to sell US dollars in exchange for Canadian dollars. The nominal value of $3,000 for a period of six months after March 31, 2012 was fixed at a US$/CA$ rate of 1.0114. The fair value of the contract is $(93) as at March 31, 2012 and is recorded as part of derivative financial liabilities in the condensed interim consolidated statement of financial position.

Interest rate risk

This refers to the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its revolving credit facility, which bears a floating interest rate.

As at March 31, 2012, the Company has an outstanding interest rate swap contract to hedge part of its interest rate risk on the revolving credit facility. The nominal value is $100,000 commencing in January 2013 and ending in August 2015. This interest rate swap fixed the LIBOR interest rate at 1.82%. The Company received $1,700 when entering into this interest rate swap in September 2011, which was the fair value of the instrument on signing. The fair value of the contract is $(2,545) as at March 31, 2012 and is recorded as part of derivative financial liabilities in the condensed interim consolidated statement of financial position.

Credit risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and, as a result, create a financial loss for the Company. The Company has a credit policy that defines standard credit practice. This policy dictates that all new customer accounts be reviewed prior to approval and establishes the maximum amount of credit exposure per customer. The creditworthiness and financial well-being of the customer are monitored on an ongoing basis.

The Company establishes an allowance for doubtful accounts as determined by management based on its assessment of collection; therefore, the carrying amount of accounts receivable generally represents the maximum credit exposure. As at March 31, 2012 and December 31, 2011, the Company has an allowance for doubtful accounts of $287 and $482 respectively. The provision for doubtful accounts, if any, will be included in Selling, general and administrative expenses in the condensed interim consolidated statements of earnings and will be net of any recoveries that were provided for in prior periods.

(Figures in thousands and in United States dollars, unless otherwise indicated)

Counterparties to financial instruments may expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an ongoing basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. As at March 31, 2012, the Company does not anticipate non-performance that would materially impact the Company's unaudited condensed interim consolidated financial statements.

No financial assets are past due except for trade receivables. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. It also manages liquidity risk by continually monitoring actual and projected cash flows, taking into account the Company's sales and receipts and matching the maturity profile of financial assets and financial liabilities. The Board of Directors reviews and approves the Company's annual operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions and other major investments.

The following table reflects the contractual maturity of the Company's financial liabilities as at March 31, 2012:

	Carrying amount	**1 year**	**2-3 years**	**4-5 years**	**Beyond 5 years**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Bank indebtedness and short-term debt	52,031	54,309	-	-	-	54,309
Trade and accrued liabilities	56,110	56,110	-	-	-	56,110
Derivative financial instruments	3,521	1,222	-	2,299	-	3,521
Long-term debt	226,067	22,918	79,133	141,569	247	243,867
Total	**337,729**	**134,559**	**79,133**	**143,868**	**247**	**357,807**

NOTE 12 – TRANSITION TO IFRS

In preparing these IFRS unaudited condensed interim consolidated financial statements, the Company has adjusted amounts reported previously in consolidated financial statements prepared in accordance with Canadian GAAP. The effects of the transition to IFRS on the Company's equity, net earnings and total comprehensive income are set out in the following tables and the accompanying notes.

The Company has applied the following transition exceptions and exemptions to full retrospective application of IFRS:

- cumulative translation adjustment;
- business combination; and
- borrowing costs.

(Figures in thousands and in United States dollars, unless otherwise indicated)

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The impact of converting to IFRS on the Company's consolidated statements of cash flows compared with its previously released Canadian GAAP consolidated statements of cash flows is directly related to the impacts on the consolidated statements of earnings and comprehensive income as described below. The items of the consolidated statements of cash flows most affected by the conversion to IFRS are: net earnings, business acquisitions, deferred income tax expense and change in functional currency.

The following table represents the reconciliation of equity from Canadian GAAP to IFRS as at February 28, 2011:

	February 28, 2011
	$
Total equity under Canadian GAAP (CA$)	136,896
Total equity under Canadian GAAP (US$)	140,570
Differences reported to equity (US$)	
Business combinations (Note 12(a))	(913)
Share-based compensation reported in contributed surplus (Note 12(b))	842
Share-based compensation reported in retained earnings (Note 12(b))	(842)
Functional currency impact (Note 12(c))	(4,072)
Amortization of property, plant and equipment (Note 12(d))	(36)
Total equity under IFRS (US$)	**135,549**

The following table represents the reconciliation of net earnings from Canadian GAAP to IFRS for the period of three months ended February 28, 2011:

	February 28, 2011
	$
Net earnings under Canadian GAAP (CA$)	3,540
Net earnings under Canadian GAAP (US$)	8,357
Business combinations (Note 12(a))	(913)
Share-based compensation expense (Note 12(b))	28
Functional currency impact (Note 12(c))	(1,910)
Amortization of property, plant and equipment (Note 12(d))	(36)
Net earnings under IFRS (US$)	**5,526**

(Figures in thousands and in United States dollars, unless otherwise indicated)

The following table summarizes the reconciliations of total comprehensive income:

	February 28, 2011				
	Canadian GAAP	**Canadian GAAP**	**Effect of transition to IFRS**	**Functional currency impact**	**IFRS**
	CA$	**US$**	**US$**	**US$**	**US$**
Net income for the period	3,540	8,357	(921)	(1,910)	5,526
Net gain on translation of financial statements of self-sustaining foreign operations	(85)	(85)	-	85	-
Cash flow hedges, net of tax	(1,255)	(1,260)	-	1,260	-
Comprehensive income for the period	**2,200**	**7,012**	**(921)**	**(565)**	**5,526**

The following are the notes to the reconciliations:

a) Business combinations

In accordance with IFRS transitional provisions, the Company elected to apply IFRS relating to business combinations prospectively from June 1, 2010. As such, Canadian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without adjustment.

Acquisition-related costs: Under Canadian GAAP, direct and incremental costs incurred to effect a business combination are included in the cost of purchases. Under IFRS, acquisition-related costs paid to third parties are expensed as incurred unless they are costs related to the issue of debt or equity instruments. The effect is to decrease other assets by $913 and increase acquisition-related costs by the same amount for the period of three months ended February 28, 2011.

b) Share-based compensation expense

i) Recognition of expense: Under Canadian GAAP, share-based compensation expense is recognized in net earnings on a straight-line basis over the vesting period of the awards. Under IFRS, each tranche in an award is considered a separate grant with a different vesting period and fair value.

ii) Cash-settled share-based compensation expense: Under Canadian GAAP, share-based compensation expense is recognized in net earnings on a straight-line basis over the vesting period of the awards. Under IFRS, each tranche in an award is considered a separate grant with a different vesting period and fair value.

The effects of the above changes are to:

- increase contributed surplus by $842 and decrease retained earnings by $842 for the period of three months ended February 28, 2011
- increase net earnings by $28 for the period of three months ended February 28, 2011.

c) Presentation and functional currency impact

i) Presentation currency

The Company elected to change its presentation currency from the Canadian dollar to the US dollar. Accordingly, the Canadian GAAP financial information previously expressed in Canadian dollars has been presented in US dollars for all periods shown using the exchange rate applicable at the financial position dates for assets and liabilities, and the average exchange rate of the corresponding periods for the condensed interim consolidated statements of earnings, comprehensive income and cash flows. Equity transactions have been translated at historical rates. The net adjustment arising from the effect of the translation was included in equity.

ii) Functional currency

Under IFRS, the framework used to determine the functional currency is similar to that used to determine the currency of measurement under Canadian GAAP; however, under IAS 21, *The Effects of Changes in Foreign Exchange Rates*, the indicators for determining the functional currency are broken down into primary and secondary indicators when determining the functional currency. Primary indicators are closely linked to the primary economic environment in which the entity operates and are given more weight. Secondary indicators provide supporting evidence to determine an entity's functional currency. Primary indicators receive more weight under IFRS than Canadian GAAP.

On transition, the Company performed an assessment of the historical functional currencies for all group companies based on the requirements of IFRS. Based on that assessment, all group companies retained the US dollar as the functional currency except for some foreign operations in Asia, where it was deemed that the local currency should be the functional currency. The change in historical functional currency required the retroactive restatement of these subsidiaries into their functional currencies using the methodology prescribed under IAS 21.

In accordance with IFRS transitional provisions, the Company has elected not to reset the cumulative translation adjustment account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS.

d) Income taxes

Certain deferred tax balances are affected by changes to the carrying value of the related assets or liabilities arising from IFRS treatment. Under Canadian GAAP, non-taxable grants related to property, plant and equipment give rise to a deferred tax asset and a reduction of property, plant and equipment. Under IFRS, a non-taxable grant is a permanent difference. The effects of the changes to the carrying values of property, plant and equipment are as follows:

i) increase in property, plant and equipment by $826 and decrease in deferred tax assets by $826 for the period of three months ended February 28, 2011.
ii) decrease in net earnings and property, plant and equipment by $36 for the period of three months ended February 28, 2011.

(Figures in thousands and in United States dollars, unless otherwise indicated)

e) Reclassification

i) IFRS requires items of dissimilar nature or function to be presented separately on the financial statements unless the item is not in itself material. The Company has elected to present the condensed interim consolidated statements of earnings by function. Therefore, adjustments to the classification of expenses were made for the period of three months ended February 28, 2011. As a result, there are numerous presentation changes in the Company's unaudited condensed interim consolidated financial statements. There is no impact on the Company's net earnings as a result of these changes. Note 13 presents expenses by nature for the periods of three months ended March 31, 2012 and February 28, 2011 as required by IFRS in financial statements when a statement of earnings is presented by function.

ii) There is further break-out of balances on the face of the condensed interim consolidated statements of financial position including investments accounted for using the equity method, income tax payable and derivative financial liabilities.

iii) Under IFRS, it is not appropriate to classify deferred income tax balances as current, irrespective of the classification of the assets or liabilities to which the deferred income tax relates or the expected timing of reversal. Under Canadian GAAP, deferred income tax relating to current assets or current liabilities must be classified as current.

NOTE 13 – EXPENSE BY NATURE

Expense by nature	**March 31, 2012**	**February 28, 2011**
	$	**$**
Wages and salaries	10,370	3,188
Share-based compensation	190	169
Depreciation and amortization of property, plant and equipment and intangible assets	5,098	724
Research and development (net of tax credit)	2,004	920
Restructuring costs	478	-

NOTE 14 – SUBSEQUENT EVENT

The Company is currently undergoing an audit by United States federal and state (Connecticut) environmental and occupational health agencies with respect to one of the former MCP facilities. Several areas of potential non-compliance with applicable regulations have been identified, for which the Company may be fined. The exact amount of the potential fines is unknown at this time, but is estimated to be approximately $695 000.