

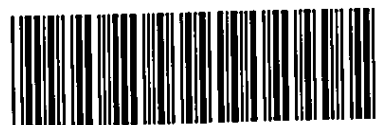
Company Registration No 05171663 (England and Wales)

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006

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OCEAN PARTNERS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Dimitrije Aksentijevic Jeff Beck Walter Cimowsky Alan Paterson John Rosenheim Paul Smith Ad van Halder
Secretary	Paul Smith
Company number	05171663
Registered office	Park House Park Street Maidenhead Berkshire SL6 1SL
Auditors	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
Solicitors	Denton Wilde Sapte Solicitors 1 Fleet Place London EC4M 7WS

OCEAN PARTNERS HOLDINGS LIMITED

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OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report with the audited financial statements of the Company and the Group for the year ended 30 September 2006

Principal activities and review of the business

Ocean Partners Holdings Limited entered its second period of trading with a sound balance sheet and a satisfactory core group of customers and suppliers. The Company business is to act as principal in the trading of metal ores, concentrates and refined metal, primarily copper, lead and zinc.

The continued remarkable growth in the Far East enabled the Group to maintain its foothold in the market utilising both its worldwide supplier base to meet demand and its presence in the Far East through its Hong Kong office.

The price of metals has increased two-fold in the year under review, and this is reflected, in the main, by the doubling of turnover as volumes were broadly maintained at a similar level to the previous period.

The Group's physical trading covers copper, zinc, lead concentrates and ores together with other non-ferrous metals. The operation is split between the United Kingdom and Connecticut, with the US office additionally providing a large element of administrative support. The Group's strong sourcing capacity was able to satisfy good demand across the range of metals, resulting in a profit which was significantly up on last year.

Principal risks and uncertainties

Financial instruments of significance to Ocean Partners Holdings Limited comprise primary financial instruments (mainly cash, borrowings, debtors and creditors) and derivative financial instruments (mainly London Metal Exchange (LME) contracts and foreign exchange contracts).

The main financial risks to which the Group is exposed are market risk, counterparty risk and liquidity risk.

Market risk is the risk that movements in metal prices or foreign exchange rates will cause fluctuations in the values of, or cash flows arising from, financial assets and liabilities, and from other contracts for the future delivery of metal. Exposures to metal price movements and foreign exchange rate fluctuations are restricted by the imposition of trading position limits by the Ocean Partners board, and by the use of LME contracts and foreign exchange contracts.

Credit control policies are approved centrally, including the use of credit limits, volume of business limits and the margining of customers, which are used to mitigate the risk of loss.

The risk that adequate funding is not available to the Company to meet its commitments associated with financial instruments is liquidity risk. The Group plans its future business in conjunction with its borrowing facilities to avoid liquidity problems, and maintains relationships with lenders to ensure facility levels, including facilities for the derivatives noted above. These are adequate and can be adjusted to address any changes in the Group's requirements.

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT - (continued)

Key financial highlights

The key financial highlights are as follows

	2006 US\$'000	2005 US\$'000
Gross profit	27,893	15,148
Staff costs	9,854	6,198
Retained profit for the period	10,550	7,187
 Average number of staff	 24	 24

Results and dividends

The Group made a profit for the year after tax of US\$10 550m (2005 - US\$7 187m) At this time, the directors have not declared payment of a dividend

Purchase of own shares

On 1 November 2005, 51 US\$1 Ordinary shares representing 5.7% of the 901 US\$1 Ordinary shares in issue, were repurchased by the Company for a consideration of US\$20,876

Outlook for the year ahead

The prospects are for a continuation of modest growth. The skill and commitment of staff at all levels is evident from the achievements of 2006. The Group expects to continue trading similar volumes in the forthcoming year.

Post balance sheet events

Since the year end, the Group has established a wholly-owned subsidiary, Ocean Partners Investments Limited, through which it has made an investment in an overseas mining company.

Charitable contributions

It is the Group's policy to allocate a proportion of its profits each year to charitable organisations. The staff contribute to the decision-making process, and donations are paid during the year following that allocation. The year ended 30 September 2006 was the first year in which payments were made.

The Group made charitable contributions totalling US\$110,116 of which US\$41,400 was paid to UK charitable organisations.

Directors and their interests

The directors in office in the year, and their direct interests in the shares of the Company at the balance sheet date and the beginning of the year, were as follows:

	Ordinary US\$1 Shares	
	30 September 2006	1 October 2005
Dimitrije Aksentijevic	Nil	Nil
Jeff Beck (Chairman)	150	150
Walter Cimowsky	150	150
Alan Paterson	150	150
John Rosenheim	Nil	Nil
Paul Smith	150	150
Ad van Halder	Nil	Nil

Dimitrije Aksentijevic has an interest in the Company through his one third shareholding of Mineco AG, which in turn owns 100 shares in the Company.

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT – (continued)

Directors and their interests (continued)

Ad van Halder has an interest in the Company through his 100% ownership of Dafree Holdings Limited, which in turn owns 150 shares in the Company

Auditors

Citroen Wells were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be reappointed will be put to the Annual General Meeting

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

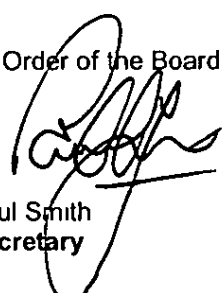
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By Order of the Board


Paul Smith
Secretary

16 January 2007

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OCEAN PARTNERS HOLDINGS LIMITED

We have audited the Group and parent Company financial statements (the "financial statements") of Ocean Partners Holdings Limited for the year ended 30 September 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance sheets, the Group Cash Flow Statement and the related notes set out on pages 6 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OCEAN PARTNERS HOLDINGS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 30 September 2006 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Citroen Wells

Chartered Accountants
Registered Auditor

17 JANUARY 2007

Devonshire House
1 Devonshire Street
London
W1W 5DR

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 \$'000	6 July 2004 to 30 September 2005 \$'000
Turnover	3	872,208	393,905
Cost of sales		(844,315)	(378,757)
Gross profit		27,893	15,148
Administrative expenses		(11,028)	(7,671)
Operating profit	5	16,865	7,477
Interest receivable and similar income	4	4,314	6,177
Interest payable and similar charges	4	(5,364)	(3,446)
Profit on ordinary activities before taxation		15,815	10,208
Tax on profit on ordinary activities	8	(5,265)	(3,021)
Profit on ordinary activities after taxation and for the financial period	17	10,550	7,187

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2006

		2006		2005	
		Consolidated	Company	Consolidated	Company
	Notes	\$'000	\$'000	\$'000	\$'000
Fixed assets					
Negative goodwill	15	(2,121)	-	(4,241)	-
Tangible assets	9	538	-	247	-
Investments	10	-	40	-	40
		(1,583)	40	(3,994)	40
Current assets					
Stocks	11	40,303	-	51,107	-
Debtors	12	72,061	6,363	46,923	5,742
Cash at bank and in hand		33,020	290	8,977	692
Current asset investments	13	129	129	-	-
		145,513	6,782	107,007	6,434
Creditors' amounts falling due within one year	14	(124,039)	(4,621)	(89,326)	(27)
Net current assets		21,474	2,161	17,681	6,407
Total assets less current liabilities		19,891	2,201	13,687	6,447
Creditors: amounts falling due after more than one year					
Bank loans and overdrafts	14	-	-	(4,500)	(4,500)
Net assets		19,891	2,201	9,187	1,947
Capital and reserves					
Called up share capital	16	1	1	1	1
Share premium	17	2,174	2,174	1,999	1,999
Capital redemption reserve		-	-	-	-
Profit and loss account		17,716	26	7,187	(53)
Total equity shareholders' funds	17	19,891	2,201	9,187	1,947

Approved by the Board and authorised for issue on

Paul Smith
Director

16 January 2007

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED CASHFLOW STATEMENT AT 30 SEPTEMBER 2006

		2006	2005
	Notes	\$'000	\$'000
Net cash inflow/(outflow) from operating activities	18	50,900	(13,522)
Returns on investments and servicing of finance			
Interest received		4,314	1,688
Interest paid		(5,364)	(3,341)
Net cash inflow/(outflow) from operating activities, return on investments and servicing of finance		49,850	(15,175)
Taxation		(4,856)	(454)
Capital expenditure			
Payments to acquire tangible fixed assets		(421)	(314)
Receipts from sales of tangible fixed assets		35	-
Cash inflows/(outflows) before use of liquid resources and financing		44,608	(15,943)
Acquisitions and disposals			
Cash paid on acquisition		-	(15,012)
Management of liquid resources			
Purchase of current asset investments		(129)	-
Financing			
Issue of ordinary share capital		175	2,000
Repurchase of own shares		(21)	-
Repayment of debt		-	(5,000)
Increase/(decrease) in cash in the year	18 II	44,633	(33,955)

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared in accordance with the applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below, and have been applied consistently throughout the period.

1.2 Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.3 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries for the year ended 30 September 2006.

1.4 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Turnover is recognised on the passing of risks and rewards of ownership. To the extent that weights or assays are not determined at the balance sheet date, provisional amounts are used.

Forward matched commitments that are estimated losses are provided for at the balance sheet date. Forward matched commitments that are estimated profits are not recorded in the results at the balance sheet date.

Profit is recognised on sales if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs. Where provisional weights and assays have been used, an appropriate retention is made until such amounts are finally determined and agreed.

1.5 Goodwill

Goodwill arising on the acquisitions of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are written off over their estimated useful lives on a straight line basis. Expected useful lives are as follows -

Fixtures, fittings & equipment	5 years
Leasehold improvements	5 years
Computer equipment & software	3 - 5 years
Motor vehicles	3 years

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1. Accounting policies (continued)

1.7 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes materials and direct related costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.8 Pensions

The Company operates a defined contribution pension plan. The cost to the Company is a percentage of the employees' salary and is charged to the profit and loss account as incurred. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

1.9 Deferred taxation

The profit and loss account charge is calculated at current rates of corporation tax and overseas tax on the taxable profits for the year. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Foreign Currency translation

Transactions denominated in foreign currencies are translated at the rate ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, except when these items are covered by foreign exchange contracts, when the contracted rate is used. Differences on translation are included in the profit and loss account.

1.11 Prepayments and accrued income

All costs and credits pertaining to shipments where no transfer of title has occurred are held on the balance sheet as part of the prepayments and accrued income balance.

1.12 Financial Instruments

Derivative instruments utilised by the Group are forward and future metal contracts for copper, zinc, lead, gold and silver as well as forward and future foreign currency contracts. Such instruments are used for hedging purposes to alter the risk profile of an underlying exposure of the Group in line with the Group's risk management policies.

For a forward or future contract to be treated as a hedge the instrument must be related to physical contracts. It must involve the same or similar quantities and time periods as the hedged item and must also reduce the risk of price movements on the Group's operations. Gains and losses arising on these contracts are only recognised in the profit and loss account at the same time as the underlying hedged transaction.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 Accounting policies – (continued)

1.13 Investments

Investments are stated at cost, less any provisions for impairment

2 Profit and loss account

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's profit after corporation tax for the period was \$99,879 (loss for the period from incorporation on 6 July 2004 to 30 September 2005 was \$53,490)

3 Segment Information

The Group is primarily run from two locations – Maidenhead, Berkshire, UK and Wilton, Connecticut, USA. While the underlying business of the two locations is similar, these are managed separately and the following information is therefore provided

	2006			2005	
	UK	USA	Other and eliminations	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	644,535	407,892	(180,219)	872,208	393,905
Profit before taxation	11,554	3,871	390	15,815	10,208
Net assets	14,126	2,899	2,866	19,891	9,187

The geographical analysis of the Group's turnover during the period was as follows -

	2006 \$'000	2005 \$'000
Europe	31,104	35,451
North America	-	3,939
South America	5,800	7,878
Asia	811,174	326,941
Africa	3,100	3,939
Other including commissions	21,030	15,757
Total	872,208	393,905

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

4 Interest receivable and payable

	2006 \$'000	2005 \$'000
Interest receivable and similar income		
Discounted repurchase of debt	-	4,000
Bank and other similar income	4,314	2,177
	<u>4,314</u>	<u>6,177</u>
Interest payable and similar charges		
Bank loans and overdrafts	2,932	2,250
Letters of credit discounting and similar charges	2,432	1,196
	<u>5,364</u>	<u>3,446</u>

5 Operating profit

	2006 \$'000	2005 \$'000
Operating profit is stated after charging		
Auditors' remuneration		
Audit fees	42	188
Other services	87	311
Depreciation	115	67
Foreign exchange loss	-	28
Operating lease payments (other)	-	116
and after crediting		
Amortisation of goodwill	(2,120)	(2,640)
Profit on sale of fixed asset investment	(188)	-
Profit on sale of fixed assets	(20)	-
Foreign exchange profit	(100)	-
	<u></u>	<u></u>

6. Directors' emoluments

	2006 \$'000	2005 \$'000
Emoluments	5,492	3,879
Pension costs	143	107
	<u>5,635</u>	<u>3,986</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	1,114	782
Group pension contributions	23	24
	<u></u>	<u></u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

7. Employees costs during the period, including directors

	2006 \$'000	2005 \$'000
Average number of persons employed by the Group in the period		
Trading	6	8
Administrative	10	8
Financial	8	8
	<u>24</u>	<u>24</u>
Employment costs		
Wages and salaries	9,044	5,620
Social security costs	531	398
Other pension costs	279	180
	<u>9,854</u>	<u>6,198</u>

8. Taxation

Analysis of charge in period	2006 \$'000	2005 \$'000
Current tax		
UK corporation tax at 30%	(3,587)	(2,598)
Foreign tax	(1,678)	(423)
	<u>(5,265)</u>	<u>(3,021)</u>
Tax charge for the period		
Factors affecting tax charge for year		
Profit on ordinary activities before taxation	15,815	10,208
UK corporation tax at 30%	(4,745)	(3,062)
Other factors affecting tax charge including expenses not deductible for tax purposes	(77)	156
Higher tax rates on overseas earnings	(443)	(115)
	<u>(5,265)</u>	<u>(3,021)</u>
Current tax charge for the period		

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

9 Tangible fixed assets

Group	Fixtures, fittings & equipment \$'000	Leasehold improvements \$'000	Computer equipment & software \$'000	Motor vehicles \$'000	Total \$'000
Cost					
At 1 October 2005	113	15	154	32	314
Additions	8	-	345	68	421
Disposals	-	-	(1)	(32)	(33)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2006	<u>121</u>	<u>15</u>	<u>498</u>	<u>68</u>	<u>702</u>
Depreciation					
At 1 October 2005	17	2	38	10	67
Charge for the year	23	3	74	15	115
Disposals	-	-	(1)	(17)	(18)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2006	<u>40</u>	<u>5</u>	<u>111</u>	<u>8</u>	<u>164</u>
Net book value					
At 30 September 2006	<u>81</u>	<u>10</u>	<u>387</u>	<u>60</u>	<u>538</u>
At 30 September 2005	<u>96</u>	<u>13</u>	<u>116</u>	<u>22</u>	<u>247</u>

10 Fixed asset investments

\$'000

Cost

At 1 October 2005 and at
30 September 2006

40

Subsidiary	Country of Incorporation	Description of holding	Percentage held	Business nature
Ocean Partners UK Limited	Great Britain	Ordinary shares	100%	Trading
Ocean Partners USA Inc	USA	Ordinary Shares	100%	Trading
Ocean Partners Canada Limited	Canada	Ordinary Shares	100%	Trading
Pechiney Peru	Peru	Ordinary Shares	99%	Trading

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

11. Stocks

Stocks comprise metal ores, concentrates and metal, where title has transferred to the Group and which are held for resale

12 Debtors

	2006 \$'000	2005 \$'000
Group		
Trade debtors	61,991	34,478
Other debtors	533	269
Prepayments and accrued income	8,441	12,176
Tax recoverable	1,096	-
	<u>72,061</u>	<u>46,923</u>
Company		
Trade debtors	-	2
Other debtors	6,363	5,488
Notes receivable	-	250
Prepayments and accrued income	-	2
	<u>6,363</u>	<u>5,742</u>

13 Current asset investments

	Group 2006 \$'000	Company 2006 \$'000
Cost		
At 1 October 2005	-	-
Additions	190	190
Disposals	(61)	(61)
	<u>129</u>	<u>129</u>
At 30 September 2006	129	129

At 30 September 2006, the value of the current asset investment was in excess of its book cost

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

14. Creditors: amounts falling due within one year

	2006 \$'000	2005 \$'000
Group		
Bank loans and overdrafts	22,342	38,432
Trade creditors	61,566	39,186
Corporation tax payable	4,072	2,567
Accruals and deferred income	36,059	9,141
	<u>124,039</u>	<u>89,326</u>
Company		
Bank loans	4,500	-
Corporation tax payable	43	-
Accruals and deferred income	78	27
	<u>4,621</u>	<u>27</u>

At 30 September 2006, the Group had bank facilities totalling \$229 million with a number of banks. The amount disclosed above as bank loans and overdrafts does not take into account outstanding letters of credit, which totalled \$75.1 million (2005 - \$23.9 million). The bank facilities are subject to a number of covenants and are secured by liens and charges over the assets of the Group.

The Company has debt in the form of an ongoing loan facility with Fortis Bank in the amount of \$4,500,000. The amount was drawn in August 2005 and is repayable in two years from that date, with an option to be paid earlier, but not earlier than one year from the drawdown date. The loan is secured over the shares of Ocean Partners USA, Inc. and Ocean Partners UK Limited, although these rank below the rights of liens arising in the ordinary course of trading by operation of law and the right of banks that have extended loans or letters of credit under the bank facilities as disclosed above.

15. Negative goodwill

	2006 \$'000
Negative goodwill 1 October and at 30 September 2006	(6,881)
Amortisation of negative goodwill at 1 October 2005	2,640
Amortisation for year	2,120
Amortisation of negative goodwill at 30 September 2006	<u>4,760</u>
Net book value at 30 September 2006	<u>(2,121)</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

16 Share capital

	2006 \$	2005 \$
Authorised:		
1,250 / 1,000 Ordinary Shares of US\$1 each	1,250	1,000
Allotted and fully paid:		
862 / 901 Ordinary Shares of US\$1 each	862	901

51 US\$1 shares were repurchased by the Company for US\$20,876 on 1 November 2005 and cancelled in accordance with the shareholders' agreement

On 25 July 2006, the Company increased its authorised share capital to US\$1,250, by the creation of 250 voting ordinary shares of US\$1 each, ranking pari passu in all respects with the other existing shares in the Company

On 25 July 2006, 12 US\$1 shares were issued for a total of US\$174,717

17. Reconciliation of movement in shareholders' funds

	Issued Share Capital \$'000	Share premium \$'000	Capital Redemption reserve \$'000	Profit and loss account \$'000	Total equity shareholders' funds \$'000
Group					
Balance at 1 October 2005	1	1,999	-	7,187	9,187
Shares issued in the year	-	175	-	-	175
Repurchase of shares in the year	-	-	-	(21)	(21)
Profit for the financial year	-	-	-	10,550	10,550
Balance at 30 September 2006	1	2,174	-	17,716	19,891
Company					
Balance at 1 October 2005	1	1,999	-	(53)	1,947
Shares issued in the year	-	175	-	-	175
Repurchase of shares in the year	-	-	-	(21)	(21)
Profit for the financial year	-	-	-	100	100
Balance at 30 September 2006	1	2,174	-	26	2,201

The Capital Redemption Reserve comprises US\$51 representing the shares repurchased by the Company during the year

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

18. Notes to cash flow statements

i) Reconciliation of operating profit to net cash outflow from operation activities

	2006 \$'000	2005 \$'000
Operating profit	16,865	7,477
Depreciation of tangible fixed assets	115	67
Amortisation of negative goodwill	(2,120)	(2,640)
Profit on sale of fixed assets	(20)	-
Decrease/(increase) in stocks	10,804	(42,149)
Increase in debtors	(24,042)	(24,382)
Increase in creditors	49,298	48,105
Net cash inflow/(outflow) from operating activities	50,900	(13,522)

ii) Reconciliation of net cash flow to movement in net funds (note iii)

	\$'000
Increase in cash in the period	44,633
Movement in net funds in the period	44,633
Opening net funds	(33,955)
Net funds at 30 September 2006	10,678

(iii) Analysis of net funds

	1 October 2005 \$'000	Cashflow \$'000	Other non- cash movements \$'000	30 September 2006 \$'000
Cash in hand, at bank (including overnight deposits)	8,977	24,043	-	33,020
Bank loans and overdrafts	(38,432)	20,590	-	(17,842)
Debt due within one year	-	-	(4,500)	(4,500)
Debt due after one year	(4,500)	-	4,500	-
Total	(33,955)	44,633	-	10,678

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

19 Defined contribution pension plan

The Group operates a defined contribution pension plan for employees. Funds are deposited with financial institutions into an account for each employee. The institutions manage those funds on behalf of the employee. Funds are deposited for each pay period. At the end of the financial period there were no unpaid or prepaid contributions.