

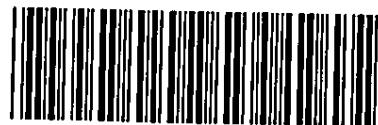
Company Registration No. 05171663 (England and Wales)

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

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OCEAN PARTNERS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Dimitrije Aksentjevic
Jeff Beck
Walter Cimowsky
Alan Paterson
Siva Pillay (appointed 31 May 2007)
Paul Smith
Ad van Halder

Secretary

Siva Pillay

Company number

05171663

Registered office

30-36 King Street
Maidenhead
Berkshire
SL6 1EF

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

FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors present their annual report with the audited financial statements of the company and the group for the year ended 30 September 2007

Principal activities and review of the business

The Ocean Partners group of companies entered its third period of trading with a sound balance sheet and a satisfactory core group of customers and suppliers. The parent company's business is to co-ordinate the trading and investment activities of the companies in the Ocean group which act, in the main, as principals in the trading of metal ores, concentrates and refined metal, primarily copper, lead and zinc.

The remarkable growth in the Far East continued during the year which enabled the group to maintain its foothold in the market.

The price of metals has continued to increase in the year under review, and this is reflected, in the main, by turnover exceeding US\$1 billion on volumes broadly similar to the previous period.

The group's physical trading covers copper concentrates, lead and zinc ores together with other non-ferrous metals. The operation is split between the United Kingdom and USA, 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 higher than 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)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

Key financial highlights

The key financial highlights are as follows

	2007 US\$'000	2006 US\$'000
Gross profit	43,957	27,893
Staff costs	13,286	9,854
Profit for the year after tax	14,839	10,550
Average number of staff	29	24

Results and dividends

The group made a profit for the year after tax of US\$14 839m (2006 - US\$10 550m)

During the year an interim dividend of US\$3,000 per ordinary share was paid. The directors do not recommend payment of a final dividend.

Outlook for the year ahead

The group hopes to maintain trading volumes at similar levels to previous years, although it is unlikely that profitability can be maintained at the extraordinary levels achieved over the past few years. The establishment of an office in South Africa promises to further strengthen the sourcing ability.

Post balance sheet events

Since the year end, the group (through its wholly-owned subsidiary Ocean Partners Investments Limited) established a new subsidiary, Okyanus Madencilik Sanayi ve Ticaret Anonim Sirketi ("Okyanus"). Okyanus is 90% owned by the group and is the vehicle through which the group now owns some additional mining licences and assets in Turkey (adjacent to the licences of the existing investment, Canakkale Madencilik). These additional licences and assets are wholly owned by Okyanus.

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. During the year ended 30 September 2007, the group made charitable contributions totalling US\$174,611 (2006 US\$110,116) of which US\$48,108 (2006 US\$41,400) was paid to UK charitable organisations.

Directors

The following directors have held office since 1 October 2006

Dimitrije Aksentijevic
Jeff Beck (Chairman)
Walter Cimowsky
Alan Paterson
Siva Pillay (appointed 31 May 2007)
John Rosenheim (resigned 23 April 2007)
Paul Smith
Ad van Halder

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT – (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Citroen Wells be reappointed auditors of the group and the company 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

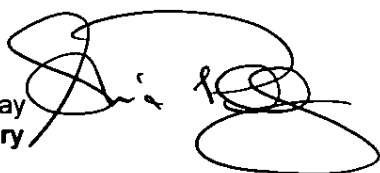
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the 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

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

By Order of the Board

Siva Pillay
Secretary



23 January 2008

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF OCEAN PARTNERS HOLDINGS LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2007

We have audited the group and parent company financial statements (the "financial statements") of Ocean Partners Holdings Limited for the year ended 30 September 2007 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 21. 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 to 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

FOR THE YEAR ENDED 30 SEPTEMBER 2007

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 2007 and of the profit of the group for the year then ended,
- the financial statements 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



Clive Wells

Chartered Accountants
Registered Auditor

28 January 2008

Devonshire House
1 Devonshire Street
London
W1W 5DR

OCEAN PARTNERS HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Notes	2007 US\$'000	2006 US\$'000
Turnover	3	1,017,490	872,208
Cost of sales		(973,533)	(844,315)
Gross profit		43,957	27,893
Administrative expenses		(16,769)	(11,028)
Operating profit	4	27,188	16,865
Interest receivable and similar income	5	3,999	4,314
Interest payable and similar charges	5	(6,251)	(5,364)
Profit on ordinary activities before taxation		24,936	15,815
Tax on profit on ordinary activities	6	(10,097)	(5,265)
Profit on ordinary activities after taxation and for the financial period	17	14,839	10,550

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

BALANCE SHEETS

AT 30 SEPTEMBER 2007

	Notes	2007		2006	
		Consolidated	Company	Consolidated	Company
		US\$'000	US\$'000	US\$'000	US\$'000
Fixed assets					
Negative goodwill	15	-	-	(2,121)	-
Tangible assets	7	489	-	538	-
Investments	8	2,541	118	-	40
		<u>3,030</u>	<u>118</u>	<u>(1,583)</u>	<u>40</u>
Current assets					
Stocks	9	80,365	-	40,303	-
Debtors amounts falling due within one year	10	86,715	2,847	72,061	6,363
Debtors amounts falling due after more than one year	10	1,836	1,836	-	-
Current asset investments	11	129	129	129	129
Cash at bank and in hand		31,561	2,422	33,020	290
		<u>200,606</u>	<u>7,234</u>	<u>145,513</u>	<u>6,782</u>
Creditors: amounts falling due within one year	12	(170,022)	(3,611)	(124,039)	(4,621)
		<u>30,584</u>	<u>3,623</u>	<u>21,474</u>	<u>2,161</u>
Net current assets					
		<u>33,614</u>	<u>3,741</u>	<u>19,891</u>	<u>2,201</u>
Total assets less current liabilities					
		<u>33,614</u>	<u>3,741</u>	<u>19,891</u>	<u>2,201</u>
Creditors: amounts falling due after more than one year					
Bank loans and overdrafts	13	(1,125)	(1,125)	-	-
		<u>32,489</u>	<u>2,616</u>	<u>19,891</u>	<u>2,201</u>
Net assets					
		<u>32,489</u>	<u>2,616</u>	<u>19,891</u>	<u>2,201</u>
Capital and reserves					
Called up share capital	16	1	1	1	1
Share premium	17	2,443	2,443	2,174	2,174
Capital redemption reserve	18	-	-	-	-
Profit and loss account	17	30,045	172	17,716	26
		<u>32,489</u>	<u>2,616</u>	<u>19,891</u>	<u>2,201</u>
Total equity shareholders' funds	17				
		<u>32,489</u>	<u>2,616</u>	<u>19,891</u>	<u>2,201</u>

Approved by the Board and authorised for issue on 23 January 2008

Paul Smith
Director



OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED CASHFLOW STATEMENT

AT 30 SEPTEMBER 2007

		2007	2006
	Notes	US\$'000	US\$'000
Net cash (outflow)/ inflow from operating activities	21	(23,433)	50,900
Returns on investments and servicing of finance			
Interest received		3,999	4,314
Interest paid		(6,251)	(5,364)
Net cash (outflow)/ inflow from operating activities, return on investments and servicing of finance		(25,685)	49,850
Taxation		(9,573)	(4,856)
Capital expenditure			
Payments to acquire tangible fixed assets		(143)	(421)
Receipts from sales of tangible fixed assets		-	35
Payments to acquire fixed asset investment		(2,541)	-
Cash (outflows)/ inflows before use of liquid resources and financing		(37,942)	44,608
Equity dividends paid		(2,586)	-
		(40,528)	44,608
Management of liquid resources			
Purchase of current asset investments		-	(129)
Financing			
Issue of ordinary share capital		269	175
Repurchase of own shares		-	(21)
(Decrease)/increase in cash in the year	21ii	(40,259)	44,633

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with the applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated)

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 2007

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 acquisition 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 -

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

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1. Accounting policies (continued)

1.7 Stock

Stock is stated at the lower of cost and net realisable value where 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 employee's 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 within 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 law. 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 the 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. The Group does not hold or issue derivative financial instruments for speculative purposes.

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 2007

1. Accounting policies – (continued)

1.13 Investments

Investments are stated at cost less provision for diminution in value or impairment, if applicable

1.14 Share-based payments

The difference in value of shares issued at less than market value to employees is recognised as an expense representing the fair value of services received in exchange for these shares

The company recognises the impact of the charge in the profit and loss account with a corresponding adjustment to shareholders' funds (Note 17)

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 year was US\$2,652,733 (2006 US\$99,879)

3. Turnover and 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

			2007		2006
	UK	USA	Other and eliminations	Total	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Turnover	732,707	371,204	(86,421)	1,017,490	872,208
Profit before taxation	6,610	18,437	(111)	24,936	15,815
Net assets	15,793	13,669	3,027	32,489	19,891

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

	2007	2006
	US\$'000	US\$'000
Europe	110,907	31,104
North America	50,421	-
South America	-	5,800
Asia	798,803	811,174
Africa	6,982	3,100
Other including commissions	50,377	21,030
Total	1,017,490	872,208

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

4. Operating profit	2007 US\$'000	2006 US\$'000
Operating profit is stated after charging		
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	30	36
Tax services to the company	6	6
Audit services to group companies	56	45
Other services to group companies	79	42
Depreciation of tangible assets	184	115
Loss on disposal of tangible assets	8	-
and after crediting		
Amortisation of goodwill	(2,121)	(2,120)
Profit on disposal of current asset investment	-	(188)
Profit on disposal of tangible assets	-	(20)
Profit on foreign exchange transactions	(11)	(100)
5. Interest receivable and payable	2007 US\$'000	2006 US\$'000
Interest receivable and similar income		
Bank and other similar income	3,999	4,314
	3,999	4,314
Interest payable and similar charges		
Bank loans and overdrafts	4,684	2,932
Letters of credit discounting and similar charges	1,567	2,432
	6,251	5,364

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

6. Taxation

	2007 US\$'000	2006 US\$'000
Current tax		
U K corporation tax	(2,309)	(3,587)
Foreign tax	(7,788)	(1,678)
Current tax charge	(10,097)	(5,265)
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	24,936	15,815
Profit on ordinary activities before taxation multiplied by standard rate of U K corporation tax of 30.00% (2006 – 30.00%)	(7,481)	(4,745)
Effects of		
Other tax adjustments	(352)	(77)
Higher tax rates on overseas earnings	(2,264)	(443)
	(2,616)	(520)
Current tax charge	(10,097)	(5,265)

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

7. Tangible fixed assets

Group	Fixtures, fittings & equipment US\$'000	Leasehold improvements US\$'000	Computer equipment & software US\$'000	Motor vehicles US\$'000	Total US\$'000
Cost					
At 1 October 2006	121	15	498	68	702
Additions	103	-	40	-	143
Disposals	(1)	-	(29)	-	(30)
At 30 September 2007	223	15	509	68	815
Depreciation					
At 1 October 2006	40	5	111	8	164
Charge for the year	29	3	130	22	184
Disposals	(1)	-	(21)	-	(22)
At 30 September 2007	68	8	220	30	326
Net book value					
At 30 September 2007	155	7	289	38	489
At 30 September 2006	81	10	387	60	538

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

8. Fixed asset investments

	Group US\$'000	Company US\$'000
Cost		
At 1 October 2006	-	40
Additions	2,541	78
At 30 September 2007	2,541	118

Subsidiary	Country of Incorporation	Description of holding	Percentage held	Business nature
Ocean Partners UK Ltd	Great Britain	Ordinary shares	100%	Trading
Ocean Partners Investments Ltd	Great Britain	Ordinary shares	100%	Investment
Ocean Partners USA Inc	USA	Ordinary shares	100%	Trading
Ocean Partners Canada Ltd	Canada	Ordinary shares	100%	Trading
OPH Cyprus Ltd	Cyprus	Ordinary shares	100%	Trading
Ocean Partners Peru S A C	Peru	Ordinary shares	100%	Trading

OPH Cyprus Ltd ("Cyprus") commenced trading during the year under review. Cyprus will prepare financial statements for the period to 31 December 2007 in accordance with local reporting requirements.

During the year, the group acquired, through its subsidiary Ocean Partners Investments Limited ("OPIL"), a 25% holding in Canakkale Madencilik Limited Sirketi, a company incorporated in Turkey. The investment has been treated as a trade investment as OPIL does not exert significant influence over the company's operating and financial policies.

During the year, the name of the company was changed from Pechiney Peru S A C to Ocean Partners Peru S A C. During the year, the group acquired, through its subsidiary Ocean Partners UK Limited, an additional 1% shareholding in Ocean Partners Peru S A C, bringing the group's total holding to 100%.

9 Stocks

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

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

10. Debtors

	2007 US\$'000	2006 US\$'000
Group		
Trade debtors	81,162	61,991
Other debtors	2,588	533
Prepayments and accrued income	4,801	8,441
Tax recoverable	-	1,096
	<u>88,551</u>	<u>72,061</u>
Company		
Amounts owed by subsidiary undertakings	2,737	-
Other debtors	1,946	6,363
	<u>4,683</u>	<u>6,363</u>

Group and Company

Amounts falling due after more than one year and included in the debtors above are

	2007 US\$'000	2006 US\$'000
Other debtors	<u>1,836</u>	<u>-</u>

11. Current asset investments

	Group 2007 US\$'000	Company 2007 US\$'000
Cost		
At 1 October 2006 and at 30 September 2007	<u>129</u>	<u>129</u>

At 30 September 2007, 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 2007

12. Creditors: amounts falling due within one year

	2007 US\$'000	2006 US\$'000
Group		
Bank loans and overdrafts	60,017	22,342
Trade creditors	79,264	61,566
Corporation tax payable	3,500	4,072
Accruals and deferred income	27,241	36,059
	170,022	124,039
Company		
Bank loans	3,375	4,500
Amounts owed to subsidiary undertakings	2	-
Corporation tax payable	21	43
Accruals and deferred income	213	78
	3,611	4,621

At 30 September 2007, the group had bank facilities totalling US\$227.5m (2006 - US\$229m) with a number of banks of which US\$98.17m (2006 - US\$141.88m) was unutilised at that date. The amount disclosed above as bank loans and overdrafts does not take into account outstanding letters of credit, which totalled \$63.3m at 30 September 2007 (2006 - \$75.1m). 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 US\$10m. The loan is secured over the shares of Ocean Partners USA, Inc., Ocean Partners Investments Limited 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

13. Creditors: amounts falling due after more than one year

Group and Company	2007 US\$'000	2006 US\$'000
Bank loans	1,125	-
Analysis of loans		
Wholly repayable within five years	4,500	4,500
Included in current liabilities	(3,375)	(4,500)
	1,125	-
Loan maturity analysis		
In more than one year but not more than two years	1,125	-

14. Pension costs

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.

15. Negative goodwill

	2007 US\$'000
Negative goodwill at 1 October 2006 and at 30 September 2007	(6,881)
Amortisation of negative goodwill at 1 October 2006	4,760
Amortisation for year	2,121
Amortisation of negative goodwill at 30 September 2007	6,881
Net book value at 30 September 2007	-
Net book value at 30 September 2006	(2,121)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

16. Share capital

	2007 US\$	2006 US\$
Authorised:		
1,250 Ordinary Shares of US\$1 each	1,250	1,250
Allotted and fully paid:		
875/862 Ordinary Shares of US\$1 each	875	862

On 15 May 2007, 7 US\$1 shares were issued at a premium of \$25,485.50 per share. Also on 15 May 2007, 3 further US\$1 shares were issued in lieu of remuneration to an employee of an overseas company. This is represented by an adjustment in respect of employment remuneration totalling \$76,456.50, included in the profit and loss account (Note 17 and Note 20).

On 28 June 2007, 3 US\$1 shares were issued at a premium of US\$30,500 per share.

17. Reconciliation of movement in shareholders' funds

Group	Issued Share Capital US\$'000	Share premium US\$'000	Profit and loss account US\$'000	Total equity shareholders' funds US\$'000
Balance at 1 October 2006	1	2,174	17,716	19,891
Shares issued in the year	-	269	-	269
Profit for the financial year	-	-	14,839	14,839
Adjustment in respect of employment share issue	-	-	76	76
Equity dividends paid	-	-	(2,586)	(2,586)
Balance at 30 September 2007	1	2,443	30,045	32,489
Company				
Balance at 1 October 2006	1	2,174	26	2,201
Shares issued in the year	-	269	-	269
Profit for the financial year	-	-	2,656	2,656
Adjustment in respect of employment share issue	-	-	76	76
Equity dividends paid	-	-	(2,586)	(2,586)
Balance at 30 September 2007	1	2,443	172	2,616

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

18. Capital Redemption Reserve

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

19. Directors' emoluments

	2007 US\$'000	2006 US\$'000
Emoluments	8,208	5,492
Pension costs	716	143
	<u>8,924</u>	<u>5,635</u>

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

Emoluments for qualifying services	1,637	1,114
Pension costs	25	23
	<u>1,662</u>	<u>1,137</u>

20. Employees

	2007 US\$'000	2006 US\$'000
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Number of employees

The average monthly number of employees (including directors) during the year was

Trading	7	6
Administrative	13	10
Financial	9	8
	<u>29</u>	<u>24</u>

Employment costs

Wages and salaries	11,391	9,044
Social security costs	996	531
Pension costs	823	279
Cost of employment share issue	76	-
	<u>13,286</u>	<u>9,854</u>

On the 15 May 2007, the company issued 3 ordinary shares to an employee of Ocean Partners USA Inc, the fair value of US\$76,456.50 was based on a further share issue, for cash, on the same day

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

21. Notes to cash flow statements

i) Reconciliation of operating profit to net cash (outflow)/ inflow from operating activities

	2007 US\$'000	2006 US\$'000
Operating profit	27,188	16,865
Depreciation of tangible fixed assets	184	115
Amortisation of negative goodwill	(2,121)	(2,120)
Loss/(profit) on sale of fixed assets	8	(20)
Cost of employment share issue	76	-
(Increase)/decrease in stocks	(40,062)	10,804
(Increase) in debtors	(17,586)	(24,042)
Increase in creditors	8,880	49,298
Net cash (outflow)/inflow from operating activities	(23,433)	50,900

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

	US\$'000
(Decrease) in cash in the year	(40,259)
Movement in net funds in the year	(40,259)
Net funds at 1 October 2006	10,678
Net funds at 30 September 2007	(29,581)

(iii) Analysis of net funds

	1 October 2006 \$'000	Cashflow US\$'000	Other non- cash movements US\$'000	30 September 2007 US\$'000
Cash in hand, at bank (including overnight deposits)	33,020	(1,459)	-	31,561
Bank loans and overdrafts	(17,842)	(38,800)	-	(56,642)
Debt due within one year	(4,500)	-	1,125	(3,375)
Debt due after one year	-	-	(1,125)	(1,125)
Total	10,678	(40,259)	-	(29,581)