

Company Registration No 05171663 (England and Wales)

**OCEAN PARTNERS HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

THURSDAY



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COMPANIES HOUSE

# OCEAN PARTNERS HOLDINGS LIMITED

## COMPANY INFORMATION

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|                            |                                                                                                                                     |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>           | Dimitrije Aksentijevic<br>Jeffrey Beck (Chairman)<br>Walter Cimowsky<br>Alan Paterson<br>Siva Pillay<br>Paul Smith<br>Ad van Halder |
| <b>Secretary</b>           | Siva Pillay                                                                                                                         |
| <b>Company number</b>      | 05171663                                                                                                                            |
| <b>Registered office</b>   | 30-36 King Street<br>Maidenhead<br>Berkshire<br>SL6 1EF                                                                             |
| <b>Registered auditors</b> | Citroen Wells<br>Devonshire House<br>1 Devonshire Street<br>London<br>W1W 5DR                                                       |
| <b>Solicitors</b>          | SNR Denton<br>One Fleet Place<br>London<br>EC4M 7WS                                                                                 |

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# OCEAN PARTNERS HOLDINGS LIMITED

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# OCEAN PARTNERS HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2011

The directors present their annual report with the audited financial statements of the company and the group for the year ended 30 September 2011

#### Principal activities and review of the business

The Ocean Partners group of companies entered its seventh 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 Partners group which act, in the main, as principals in the trading of metal ores, concentrates and refined metal, primarily copper, lead and zinc.

The price of metals has increased in the year under review, and this is reflected, in the main, by the increase in turnover with 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 US, 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 full range of metals.

#### 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.

Counterparty risk is the risk that a customer or supplier will fail to fulfil their contractual obligations. Exposure to counterparty risk is reduced by use of credit control policies, which 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 Ocean Partners 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 Ocean Partners group's requirements.

#### Key financial highlights

The key performance indicators are as follows

|                                        | 2011<br>US\$ | 2010<br>US\$ |
|----------------------------------------|--------------|--------------|
| Gross profit (Page 6)                  | 27,171,834   | 34,891,387   |
| Staff costs (Page 26)                  | 8,958,348    | 10,435,279   |
| Profit for the financial year (Page 6) | 3,646,872    | 8,692,716    |
| Average number of staff (Page 26)      | 105          | 97           |

# OCEAN PARTNERS HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

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### Results and dividends

The group made a profit for the year after tax and minority interests of US\$3,646,872 (2010 - US\$8,692,716)

During the year an interim dividend of US\$5,500 per ordinary share was paid (2010 - US\$11,000 per ordinary share) The directors do not recommend payment of a final dividend (2010 - \$Nil)

### Outlook for the year ahead

In the current market circumstances, it is unlikely that trading volumes can be maintained at the level of previous years. Equally, it is unlikely that profitability can be maintained at the extraordinary levels achieved over the past few years. However, the company has a sound financial position and is therefore well placed to survive the current turmoil which may well bring new opportunities as other companies struggle.

### Charitable contributions

It is the group's policy to allocate a proportion of its profits each year to charitable organisations. Staff contribute to the decision-making process, and donations are paid during the year following that allocation. During the year ended 30 September 2011, the group made charitable contributions totalling US\$179,640 (2010 US\$208,099) of which US\$53,883 (2010 US\$60,411) was paid to UK charitable organisations.

The charitable donations paid in the year were given for the following purposes -

|                                | 2011    | 2010    |
|--------------------------------|---------|---------|
|                                | \$      | \$      |
| Social Welfare and Development | 146,999 | 110,109 |
| Education                      | 8,815   | 36,040  |
| Health and Medicine            | 23,826  | 61,950  |
|                                | <hr/>   | <hr/>   |
|                                | 179,640 | 208,099 |
|                                | <hr/>   | <hr/>   |

### Directors

The following directors have held office since 1 October 2010

Dimitrije Aksentijevic  
Jeffrey Beck (Chairman)  
Walter Cimowsky  
Alan Paterson  
Siva Pillay  
Paul Smith  
Ad van Halder

### Auditors

The auditors, Citroen Wells, are deemed to be reappointed under section 487(2) of the Companies Act 2006

# OCEAN PARTNERS HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2011**

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### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

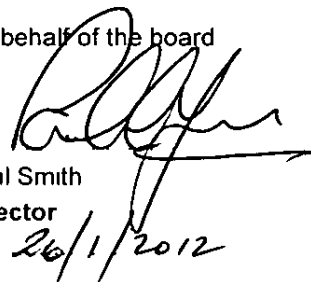
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group'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 group's auditors are aware of that information.

On behalf of the board

  
Paul Smith  
Director

26/1/2012

# **OCEAN PARTNERS HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Ocean Partners Holdings Limited for the year ended 30 September 2011 set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# OCEAN PARTNERS HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED

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#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

  
Jonathan Prevezer FCA (Senior Statutory Auditor)  
for and on behalf of Citroen Wells

Chartered Accountants  
Statutory Auditor

1/2/12

Devonshire House  
1 Devonshire Street  
London  
W1W 5DR

# OCEAN PARTNERS HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2011

|                                                      | Notes | 2011<br>\$              | 2010<br>\$              |
|------------------------------------------------------|-------|-------------------------|-------------------------|
| Turnover                                             | 3     | 1,455,301,286           | 928,376,516             |
| Cost of sales                                        |       | (1,428,129,452)         | (893,485,129)           |
| <b>Gross profit</b>                                  |       | <u>27,171,834</u>       | <u>34,891,387</u>       |
| Administrative expenses                              |       | (19,064,153)            | (19,313,439)            |
| <b>Operating profit</b>                              | 4     | 8,107,681               | 15,577,948              |
| Exceptional item                                     | 5     | <u>506,843</u>          | <u>-</u>                |
| <b>Profit on ordinary activities before interest</b> |       | 8,614,524               | 15,577,948              |
| Share of associate's operating loss                  | 6     | (66,380)                | (25,696)                |
| Interest receivable and similar income               |       |                         |                         |
| Group                                                |       | 3,538,405               | 1,456,922               |
| Associate                                            |       | 1,288                   | 3,014                   |
| Interest payable and similar charges                 | 7     |                         |                         |
| Group                                                |       | (4,766,083)             | (2,294,895)             |
| Associate                                            |       | <u>(4,683)</u>          | <u>(2,671)</u>          |
| <b>Profit on ordinary activities before taxation</b> |       | 7,317,071               | 14,714,622              |
| Tax on profit on ordinary activities                 | 8     | <u>(3,670,199)</u>      | <u>(6,021,906)</u>      |
| <b>Profit on ordinary activities after taxation</b>  |       | 3,646,872               | 8,692,716               |
| Minority interests                                   | 21    | -                       | -                       |
| <b>Profit for the financial year</b>                 | 2     | <u><u>3,646,872</u></u> | <u><u>8,692,716</u></u> |

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

# OCEAN PARTNERS HOLDINGS LIMITED

## STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2011

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|                                                                     | 2011             | 2010             |
|---------------------------------------------------------------------|------------------|------------------|
|                                                                     | \$               | \$               |
| Profit for the financial year                                       | 3,646,872        | 8,692,716        |
| Currency translation differences on foreign<br>currency investments |                  |                  |
| Group                                                               | 1,610,281        | (118,651)        |
| Associate                                                           | 13,885           | -                |
| Total recognised gains and losses relating to the year              | <u>5,271,038</u> | <u>8,574,065</u> |

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# OCEAN PARTNERS HOLDINGS LIMITED

## BALANCE SHEETS

AS AT 30 SEPTEMBER 2011

|                                                         | Notes | Group<br>2011<br>\$ | 2010<br>\$         | Company<br>2011<br>\$ | 2010<br>\$       |
|---------------------------------------------------------|-------|---------------------|--------------------|-----------------------|------------------|
| <b>Fixed assets</b>                                     |       |                     |                    |                       |                  |
| Tangible assets                                         | 10    | 3,755,389           | 4,817,095          | -                     | -                |
| Investments                                             | 11    | 4,095,967           | 3,659,367          | 120,399               | 120,399          |
|                                                         |       | <u>7,851,356</u>    | <u>8,476,462</u>   | <u>120,399</u>        | <u>120,399</u>   |
| <b>Current assets</b>                                   |       |                     |                    |                       |                  |
| Stocks                                                  | 13    | 163,946,697         | 20,017,063         | -                     | -                |
| Debtors                                                 | 14    | 193,905,433         | 90,925,037         | 9,292,211             | 6,224,532        |
| Current asset investments                               | 15    | 122,578             | 148,731            | 122,578               | 148,731          |
| Cash at bank and in hand                                |       | 44,098,371          | 63,010,836         | 1,135,746             | 1,849,908        |
|                                                         |       | <u>402,073,079</u>  | <u>174,101,667</u> | <u>10,550,535</u>     | <u>8,223,171</u> |
| <b>Creditors amounts falling due within one year</b>    | 16    | (371,072,583)       | (144,180,899)      | (7,347,164)           | (4,853,290)      |
| <b>Net current assets</b>                               |       | <u>31,000,496</u>   | <u>29,920,768</u>  | <u>3,203,371</u>      | <u>3,369,881</u> |
| <br>Debtors subject to non-recourse finance arrangement | 16    | 15,457,631          | 43,250,000         | -                     | -                |
| Less Non-recourse finance arrangement                   | 16    | (15,457,631)        | (43,250,000)       | -                     | -                |
|                                                         |       | <u>-</u>            | <u>-</u>           | <u>-</u>              | <u>-</u>         |
| <b>Provisions for liabilities</b>                       | 17    | (40,084)            | -                  | -                     | -                |
|                                                         |       | <u>-</u>            | <u>-</u>           | <u>-</u>              | <u>-</u>         |
| <b>Total assets less current liabilities</b>            |       | <u>38,811,768</u>   | <u>38,397,230</u>  | <u>3,323,770</u>      | <u>3,490,280</u> |
| <br><b>Capital and reserves</b>                         |       |                     |                    |                       |                  |
| Called up share capital                                 | 19    | 883                 | 883                | 883                   | 883              |
| Share premium account                                   | 20    | 2,801,049           | 2,801,049          | 2,801,049             | 2,801,049        |
| Profit and loss account                                 | 20    | 36,005,605          | 35,591,067         | 521,838               | 688,348          |
|                                                         |       | <u>38,807,537</u>   | <u>38,392,999</u>  | <u>3,323,770</u>      | <u>3,490,280</u> |
| <b>Shareholders' funds</b>                              | 22    | 38,807,537          | 38,392,999         | 3,323,770             | 3,490,280        |
| <b>Minority interests</b>                               | 21    | 4,231               | 4,231              | -                     | -                |
|                                                         |       | <u>38,811,768</u>   | <u>38,397,230</u>  | <u>3,323,770</u>      | <u>3,490,280</u> |
| <b>Total capital employed</b>                           |       | <u>38,811,768</u>   | <u>38,397,230</u>  | <u>3,323,770</u>      | <u>3,490,280</u> |

# OCEAN PARTNERS HOLDINGS LIMITED

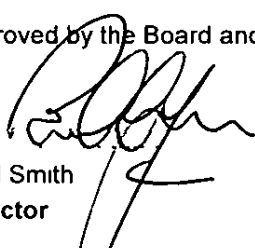
## BALANCE SHEETS (CONTINUED)

AS AT 30 SEPTEMBER 2011

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Approved by the Board and authorised for issue on

26/1/2012

  
Paul Smith  
Director

Company Registration No 05171663

# OCEAN PARTNERS HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

|                                                                                      | Note          | \$          | 2011<br>\$    | \$          | 2010<br>\$  |
|--------------------------------------------------------------------------------------|---------------|-------------|---------------|-------------|-------------|
| <b>Net cash (outflow)/inflow from operating activities</b>                           | <b>26</b>     |             | (243,873,049) |             | 45,543,168  |
| <b>Returns on investments and servicing of finance</b>                               |               |             |               |             |             |
| Interest received                                                                    |               | 3,538,405   |               | 1,456,922   |             |
| Interest paid                                                                        |               | (4,766,083) |               | (2,294,895) |             |
| <b>Net cash outflow for returns on investments and servicing of finance</b>          |               |             | (1,227,678)   |             | (837,973)   |
| <b>Taxation</b>                                                                      |               |             | (4,495,333)   |             | (6,386,955) |
| <b>Capital expenditure and financial investment</b>                                  |               |             |               |             |             |
| Payments to acquire tangible assets                                                  |               | (629,836)   |               | (1,413,427) |             |
| Payments to acquire investments                                                      |               | (608,826)   |               | (41,159)    |             |
| Receipts from sales of tangible assets                                               |               | 11,968      |               | -           |             |
| Receipts from sales of investments                                                   |               | 575,064     |               | -           |             |
| <b>Net cash outflow for capital expenditure</b>                                      |               |             | (651,630)     |             | (1,454,586) |
| <b>Equity dividends paid</b>                                                         |               |             | (4,856,500)   |             | (9,713,000) |
| <b>Net cash (outflow)/inflow before management of liquid resources and financing</b> |               |             | (255,104,190) |             | 27,150,654  |
| <b>Financing</b>                                                                     |               |             |               |             |             |
| Increase in bank finance                                                             |               | 236,191,725 |               | (4,482,324) |             |
| <b>Net cash inflow/(outflow) from financing</b>                                      |               |             | 236,191,725   |             | (4,482,324) |
| <b>(Decrease)/increase in cash in the year</b>                                       | <b>27, 28</b> |             | (18,912,465)  |             | 22,668,330  |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011

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### 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 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 2011. Acquisitions are accounted for under the acquisition method

#### 1.4 Associated undertakings

In the Group's financial statements, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of associates' profits less losses while the Group's share of the net assets of the associates are shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out below. Any unamortised balance of goodwill is included in the carrying value of the investment in associates

#### 1.5 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

#### 1.6 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

#### 1.7 Tangible fixed assets and depreciation

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

|                                                          |                 |
|----------------------------------------------------------|-----------------|
| Computer equipment & software                            | 3-5 years       |
| Fixtures, fittings & equipment                           | 3-5 years       |
| Mineral properties, building, land & leasehold additions | 5-15 years      |
| Motor vehicles                                           | 3 years         |
| Construction in progress                                 | 7 years         |
| Exploration                                              | Not depreciated |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

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### 1 Accounting policies

(continued)

#### 1.8 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.

#### 1.9 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.

#### 1.10 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.

#### 1.11 Currency

The financial statements have been prepared in U.S. Dollars instead of sterling as this is the functional currency of the company.

#### 1.12 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.

The results of overseas operations are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on the translation of the opening net assets are reported in the statement of total recognised gains and losses.

#### 1.13 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.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 1 Accounting policies

(continued)

#### 1.14 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, the instrument is marked to market and any resulting profit or loss recognised at that time.

#### 1.15 Investments

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

#### 1.16 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' fund.

### 2 Profit for the financial year

As permitted by section 408 Companies Act 2006 the profit and loss account of the parent company is not presented as part of the accounts. The parent company's profit after corporation tax for the year was -

|                                                            | 2011      | 2010       |
|------------------------------------------------------------|-----------|------------|
|                                                            | \$        | \$         |
| Parent company's profit after corporation tax for the year | 4,689,990 | 10,854,546 |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 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

|                               | UK          | 2011<br>USA | Adjustments on<br>consolidation<br>& other locations | 2011<br>Total | 2010<br>Total |
|-------------------------------|-------------|-------------|------------------------------------------------------|---------------|---------------|
|                               | \$          | \$          | \$                                                   | \$            | \$            |
| Turnover                      | 843,550,594 | 528,205,044 | 83,545,648                                           | 1,455,301,286 | 928,376,516   |
| Profit/(loss) before taxation | 14,679,501  | (2,090,095) | (5,272,335)                                          | 7,317,071     | 14,714,622    |
| Net assets                    | 17,863,683  | 26,577,972  | (5,629,887)                                          | 38,811,768    | 38,397,230    |

#### Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below

|                             | 2011<br>\$           | 2010<br>\$         |
|-----------------------------|----------------------|--------------------|
| Europe                      | 97,838,848           | 71,640,965         |
| North America               | 153,693,212          | 36,419,410         |
| South America               | 45,302,694           | 12,171,730         |
| Australia                   | 96,946,026           | 9,726,080          |
| Asia                        | 1,055,376,252        | 794,089,196        |
| Africa                      | 4,414,458            | 3,265,242          |
| Other including commissions | 1,729,796            | 1,063,893          |
|                             | <u>1,455,301,286</u> | <u>928,376,516</u> |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

|          |                                                                                                                               |                |                |
|----------|-------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>4</b> | <b>Operating profit</b>                                                                                                       | <b>2011</b>    | <b>2010</b>    |
|          |                                                                                                                               | <b>\$</b>      | <b>\$</b>      |
|          | Operating profit is stated after charging                                                                                     |                |                |
|          | Depreciation of tangible assets                                                                                               | 730,932        | 815,291        |
|          | Loss on disposal of tangible assets                                                                                           | -              | 480,709        |
|          | Loss/(profit) on foreign exchange transactions                                                                                | 2,824,915      | (43,839)       |
|          | and after crediting                                                                                                           |                |                |
|          | (Profit) on disposal of tangible assets                                                                                       | (5,333)        | -              |
|          |                                                                                                                               | <u>168,836</u> | <u>182,404</u> |
|          | <b>Auditors' remuneration</b>                                                                                                 |                |                |
|          | Fees payable to the group's auditor for the audit of the group's annual accounts (company \$46,339, 2010 \$37,444)            | 138,714        | 141,485        |
|          | Tax services to the company                                                                                                   | 17,452         | 40,119         |
|          | Audit services to group companies                                                                                             | -              | 800            |
|          | Other services to group companies                                                                                             | 12,670         | -              |
|          |                                                                                                                               | <u>168,836</u> | <u>182,404</u> |
| <b>5</b> | <b>Exceptional item</b>                                                                                                       |                |                |
|          | During the year the group sold certain investments for \$575,064 (cost \$68,221) giving rise to a profit on sale of \$506,843 |                |                |
| <b>6</b> | <b>Share of associate's operating loss</b>                                                                                    | <b>2011</b>    | <b>2010</b>    |
|          |                                                                                                                               | <b>\$</b>      | <b>\$</b>      |
|          | Operating loss from existing operations                                                                                       | 66,380         | 25,696         |
|          |                                                                                                                               | <u>66,380</u>  | <u>25,696</u>  |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

| 7 Interest payable and similiar charges                                                                                   | 2011<br>\$              | 2010<br>\$              |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Bank loans and overdrafts                                                                                                 | 4,161,809               | 1,926,622               |
| Letters of credit discounting and similiar charges                                                                        | 608,957                 | 370,944                 |
|                                                                                                                           | <u>4,770,766</u>        | <u>2,297,566</u>        |
|                                                                                                                           | <u><u>4,770,766</u></u> | <u><u>2,297,566</u></u> |
| Group<br>Associate                                                                                                        | 4,766,083               | 2,294,895               |
|                                                                                                                           | 4,683                   | 2,671                   |
|                                                                                                                           | <u>4,770,766</u>        | <u>2,297,566</u>        |
|                                                                                                                           | <u><u>4,770,766</u></u> | <u><u>2,297,566</u></u> |
| 8 Taxation                                                                                                                | 2011<br>\$              | 2010<br>\$              |
| <b>Domestic current year tax</b>                                                                                          |                         |                         |
| U K corporation tax                                                                                                       | 4,176,076               | 3,919,808               |
| Foreign corporation tax                                                                                                   | (610,596)               | 2,214,064               |
|                                                                                                                           | <u>3,565,480</u>        | <u>6,133,872</u>        |
| <b>Current tax charge</b>                                                                                                 |                         |                         |
| <b>Deferred tax</b>                                                                                                       |                         |                         |
| Origination and reversal of timing differences                                                                            | 104,719                 | (111,966)               |
|                                                                                                                           | <u>3,670,199</u>        | <u>6,021,906</u>        |
| <b>Tax on profit on ordinary activities</b>                                                                               |                         |                         |
|                                                                                                                           | <u><u>3,670,199</u></u> | <u><u>6,021,906</u></u> |
| <b>Factors affecting the tax charge for the year</b>                                                                      |                         |                         |
| Profit on ordinary activities before taxation                                                                             | 7,317,071               | 14,714,622              |
|                                                                                                                           | <u>7,317,071</u>        | <u>14,714,622</u>       |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 27.00% (2010 - 28.00%) | 1,975,609               | 4,120,094               |
|                                                                                                                           | <u>1,975,609</u>        | <u>4,120,094</u>        |
| Effects of                                                                                                                |                         |                         |
| Higher tax rates on overseas earnings                                                                                     | 1,305,768               | 1,292,639               |
| Other tax adjustments                                                                                                     | 284,103                 | 721,139                 |
|                                                                                                                           | <u>1,589,871</u>        | <u>2,013,778</u>        |
|                                                                                                                           | <u><u>1,589,871</u></u> | <u><u>2,013,778</u></u> |
| <b>Current tax charge</b>                                                                                                 | 3,565,480               | 6,133,872               |
|                                                                                                                           | <u><u>3,565,480</u></u> | <u><u>6,133,872</u></u> |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

| 9 | Dividends             | 2011<br>\$       | 2010<br>\$       |
|---|-----------------------|------------------|------------------|
|   | Ordinary interim paid | <u>4,856,500</u> | <u>9,713,000</u> |

### 10 Tangible fixed assets

#### Group

|                       | Fixtures,<br>fittings &<br>equipment | Mineral<br>properties,<br>buildings,<br>land &<br>leasehold<br>additions | Computer<br>equipment<br>& software | Motor<br>vehicles | Construction<br>in progress<br>and<br>Exploration | Total            |
|-----------------------|--------------------------------------|--------------------------------------------------------------------------|-------------------------------------|-------------------|---------------------------------------------------|------------------|
|                       | \$                                   | \$                                                                       | \$                                  | \$                | \$                                                | \$               |
| <b>Cost</b>           |                                      |                                                                          |                                     |                   |                                                   |                  |
| At 1 October 2010     | 2,060,570                            | 1,624,009                                                                | 627,314                             | 183,686           | 2,360,793                                         | 6,856,372        |
| Exchange differences  | (395,245)                            | (329,041)                                                                | -                                   | (29,688)          | (591,690)                                         | (1,345,664)      |
| Additions             | 161,215                              | 192,781                                                                  | 267,278                             | 8,562             | -                                                 | 629,836          |
| Disposals             | -                                    | -                                                                        | (32,972)                            | -                 | -                                                 | (32,972)         |
| At 30 September 2011  | <u>1,826,540</u>                     | <u>1,487,749</u>                                                         | <u>861,620</u>                      | <u>162,560</u>    | <u>1,769,103</u>                                  | <u>6,107,572</u> |
| <b>Depreciation</b>   |                                      |                                                                          |                                     |                   |                                                   |                  |
| At 1 October 2010     | 795,013                              | 243,107                                                                  | 538,278                             | 130,907           | 331,972                                           | 2,039,277        |
| Exchange differences  | (207,878)                            | (89,469)                                                                 | -                                   | (23,425)          | (70,917)                                          | (391,689)        |
| On disposals          | -                                    | -                                                                        | (26,337)                            | -                 | -                                                 | (26,337)         |
| Charge for the year   | <u>207,809</u>                       | <u>91,938</u>                                                            | <u>96,367</u>                       | <u>19,572</u>     | <u>315,246</u>                                    | <u>730,932</u>   |
| At 30 September 2011  | <u>794,944</u>                       | <u>245,576</u>                                                           | <u>608,308</u>                      | <u>127,054</u>    | <u>576,301</u>                                    | <u>2,352,183</u> |
| <b>Net book value</b> |                                      |                                                                          |                                     |                   |                                                   |                  |
| At 30 September 2011  | <u>1,031,596</u>                     | <u>1,242,173</u>                                                         | <u>253,312</u>                      | <u>35,506</u>     | <u>1,192,802</u>                                  | <u>3,755,389</u> |
| At 30 September 2010  | <u>1,265,557</u>                     | <u>1,380,902</u>                                                         | <u>89,036</u>                       | <u>52,779</u>     | <u>2,028,821</u>                                  | <u>4,817,095</u> |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 11 Fixed asset investments Group

|                                           | Unlisted Investment in<br>investments | associate | Total     |
|-------------------------------------------|---------------------------------------|-----------|-----------|
|                                           | \$                                    | \$        | \$        |
| <b>Cost</b>                               |                                       |           |           |
| At 1 October 2010                         | 5,619,802                             | 15,806    | 5,635,608 |
| Additions                                 | 608,826                               | -         | 608,826   |
| Share of retained loss for the year       |                                       | (55,890)  | (55,890)  |
| Reclassification of investment            | -                                     | 40,084    | 40,084    |
| Disposals                                 | (42,068)                              |           | (42,068)  |
| At 30 September 2011                      | 6,186,560                             | -         | 6,186,560 |
| <b>Provisions for diminution in value</b> |                                       |           |           |
| At 1 October 2010                         | 1,976,241                             | -         | 1,976,241 |
| Charge for the year                       | 114,352                               | -         | 114,352   |
| At 30 September 2011                      | 2,090,593                             | -         | 2,090,593 |
| <b>Net book value</b>                     |                                       |           |           |
| At 30 September 2011                      | 4,095,967                             | -         | 4,095,967 |
| At 30 September 2010                      | 3,643,561                             | 15,806    | 3,659,367 |

### Company

|                                          | Shares in<br>group<br>undertakings<br>\$ |
|------------------------------------------|------------------------------------------|
| <b>Cost</b>                              |                                          |
| At 1 October 2010 & at 30 September 2011 | 120,399                                  |
| <b>Net book value</b>                    |                                          |
| At 30 September 2011                     | 120,399                                  |
| At 30 September 2010                     | 120,399                                  |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 11 Fixed asset investments

(continued)

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

| Company                                                               | Country of incorporation | Shares held     |     | Principal activity |
|-----------------------------------------------------------------------|--------------------------|-----------------|-----|--------------------|
|                                                                       |                          | Class           | %   |                    |
| Subsidiary undertakings                                               |                          |                 |     |                    |
| 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 S A C                                                  | Peru                     | Ordinary shares | 100 | Trading            |
| Ocean Partners Zambia Ltd                                             | Zambia                   | Ordinary shares | 100 | Trading            |
| Ocean Partners Australia Pty Ltd                                      | Australia                | Ordinary shares | 100 | Trading            |
| Ocean Partners Mexico                                                 | Mexico                   | Ordinary shares | 100 | Dormant            |
| Okyanus Mineral Madencilik Sanayi ve Ticaret Anonim Sirketi           | Turkey                   | Ordinary shares | 90  | Mining             |
| Associates                                                            |                          |                 |     |                    |
| Atlantis Mineral Arama ve Madencilik Sanayi ve Ticaret Anonim Sirketi | Turkey                   | Ordinary shares | 45  | Mining             |
| Other significant interests                                           |                          |                 |     |                    |
| Canakkale Madencilik Limited Sirketi                                  | Turkey                   | Ordinary        | 25  | Mining             |

The investment in Canakkale Madencilik Limited Sirketi has been treated as a trade investment as the Ocean Partners Group does not exert a significant influence over the company's operating and financial policies

Ocean Partners USA, Inc was granted an Option Certificate to purchase 100,000 shares of a publicly held mining corporation. Under the terms of the Certificate, the options may be exercised at a price of C\$1.38 per share, vested over various periods and expires in April 2016. During 2011, the Company exercised 25% of this option.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 12 Investment in Associate

The following information is given in respect of the Group's share of all associates

|                                 | 2011<br>Group share<br>\$ | 2011<br>Total<br>\$ |
|---------------------------------|---------------------------|---------------------|
| Turnover                        | -                         | -                   |
| Loss before tax                 | 69,774                    | 155,053             |
| Taxation                        | -                         | -                   |
| Loss after tax                  | 69,774                    | 155,053             |
| Fixed assets                    | 3,944                     | 8,765               |
| Current assets                  | 33,432                    | 74,293              |
| Liabilities due within one year | 112,427                   | 249,838             |

### 13 Stocks

|                  | Group<br>2011<br>\$ | 2010<br>\$ | Company<br>2011<br>\$ | 2010<br>\$ |
|------------------|---------------------|------------|-----------------------|------------|
| Goods for resale | 163,946,697         | 20,017,063 | -                     | -          |

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 14 Debtors

|                                       | Group              |                   | Company          |                  |
|---------------------------------------|--------------------|-------------------|------------------|------------------|
|                                       | 2011               | 2010              | 2011             | 2010             |
|                                       | \$                 | \$                | \$               | \$               |
| Trade debtors                         | 169,006,526        | 68,031,373        | -                | -                |
| Amounts owed by group undertakings    | -                  | -                 | 6,272,848        | 6,221,111        |
| Amounts owed by associate undertaking | 193,241            | 184,208           | -                | -                |
| Other debtors                         | 19,042,494         | 6,294,763         | 3,019,363        | 3,421            |
| Prepayments and accrued income        | 5,187,650          | 15,834,452        | -                | -                |
| Deferred tax asset (see note 17)      | 475,522            | 580,241           | -                | -                |
|                                       | <u>193,905,433</u> | <u>90,925,037</u> | <u>9,292,211</u> | <u>6,224,532</u> |

### 15 Current asset investments

|                    | Group          |                | Company        |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | 2011           | 2010           | 2011           | 2010           |
|                    | \$             | \$             | \$             | \$             |
| Listed investments | <u>122,578</u> | <u>148,731</u> | <u>122,578</u> | <u>148,731</u> |

At 30 September 2011 and 30 September 2010 the value of the current asset investments was in excess of their book cost

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 16 Creditors amounts falling due within one year

|                                    | Group              |                    | Company          |                  |
|------------------------------------|--------------------|--------------------|------------------|------------------|
|                                    | 2011               | 2010               | 2011             | 2010             |
|                                    | \$                 | \$                 | \$               | \$               |
| Bank loans and overdrafts          | 289,929,749        | 53,738,024         | -                | -                |
| Trade creditors                    | 55,565,955         | 63,741,682         | -                | 13,777           |
| Amounts owed to group undertakings | -                  | -                  | 6,399,083        | 2,927,627        |
| Corporation tax                    | 2,508,692          | 3,438,545          | -                | -                |
| Directors' current accounts        | -                  | 1,263,382          | -                | 1,263,382        |
| Other creditors                    | 550,292            | 529,118            | 550,000          | 529,118          |
| Accruals and deferred income       | 22,517,895         | 21,470,148         | 398,081          | 119,386          |
|                                    | <u>371,072,583</u> | <u>144,180,899</u> | <u>7,347,164</u> | <u>4,853,290</u> |

Included in bank loans and overdrafts is \$3,500,000 (2010 \$4,250,000) being the maximum recourse to the company in respect of a bank loan used to make an advance to a supplier. Due to the limited recourse, the bank loans and overdrafts do not include bank loans outstanding at the year end of \$15,457,631 (2010 \$43,250,000) and the equivalent debtor from the supplier.

At 30 September 2011, the group had utilised bank facilities of \$289,929,749 (2010 \$53,738,024). The bank facilities are subject to a number of covenants and are secured by liens and charges over the assets of the company.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 17 Provision for liabilities Group

|                                   | Other<br>provision<br>\$ |
|-----------------------------------|--------------------------|
| Investment in Associate (Note 11) | 40,084                   |
| Balance at 30 September 2011      | <u>40,084</u>            |

The above provision of \$40,084 relates to the group's 45% share of the net liabilities of Atlantis Mineral Arama ve Madencilik Sanayi ve Ticaret Anonim Sirketi

The deferred tax asset (included in debtors, note 14) is made up as follows:

|                              | Group<br>2011<br>\$ | Company<br>2011<br>\$ |
|------------------------------|---------------------|-----------------------|
| Balance at 1 October 2010    | (580,241)           | -                     |
| Profit and loss account      | 104,719             | -                     |
| Balance at 30 September 2011 | <u>(475,522)</u>    | <u>-</u>              |

|                                | Group<br>2011<br>\$ | 2010<br>\$       | Company<br>2011<br>\$ | 2010<br>\$ |
|--------------------------------|---------------------|------------------|-----------------------|------------|
| Decelerated capital allowances | (18,648)            | (32,515)         | -                     | -          |
| Other timing differences       | (456,874)           | (547,726)        | -                     | -          |
|                                | <u>(475,522)</u>    | <u>(580,241)</u> | <u>-</u>              | <u>-</u>   |

### 18 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. The pension cost charge represents contributions payable by the group to the fund and amounted to \$577,757 (2010: \$544,216).

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

|                                    |             |             |
|------------------------------------|-------------|-------------|
| <b>19 Share capital</b>            | <b>2011</b> | <b>2010</b> |
|                                    | <b>\$</b>   | <b>\$</b>   |
| Allotted, called up and fully paid |             |             |
| 883 Ordinary shares of \$1 each    | 883         | 883         |

### 20 Statement of movements on reserves Group

|                                          | Share<br>premium<br>account<br>\$ | Profit and<br>loss account<br>\$ |
|------------------------------------------|-----------------------------------|----------------------------------|
| Balance at 1 October 2010                | 2,801,049                         | 35,591,067                       |
| Profit for the year                      | -                                 | 3,646,872                        |
| Foreign currency translation differences | -                                 | 1,624,166                        |
| Dividends paid                           | -                                 | (4,856,500)                      |
| Balance at 30 September 2011             | 2,801,049                         | 36,005,605                       |

### Company

|                              | Share<br>premium<br>account<br>\$ | Profit and<br>loss account<br>\$ |
|------------------------------|-----------------------------------|----------------------------------|
| Balance at 1 October 2010    | 2,801,049                         | 688,348                          |
| Profit for the year          | -                                 | 4,689,990                        |
| Dividends paid               | -                                 | (4,856,500)                      |
| Balance at 30 September 2011 | 2,801,049                         | 521,838                          |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

|           |                                                              |                   |                   |
|-----------|--------------------------------------------------------------|-------------------|-------------------|
| <b>21</b> | <b>Minority interests</b>                                    |                   | <b>2010</b>       |
|           |                                                              |                   | <b>\$</b>         |
|           | At 1 October 2010                                            |                   | 4,231             |
|           | Loss on ordinary activities after taxation                   |                   | (524,553)         |
|           | Provision against loss on ordinary activities after taxation |                   | 524,553           |
|           | At 30 September 2011                                         |                   | <u>4,231</u>      |
| <b>22</b> | <b>Reconciliation of movements in shareholders' funds</b>    | <b>2011</b>       | <b>2010</b>       |
|           | <b>Group</b>                                                 | <b>\$</b>         | <b>\$</b>         |
|           | Profit for the financial year                                | 3,646,872         | 8,692,716         |
|           | Foreign currency translation differences                     | 1,624,166         | (118,651)         |
|           |                                                              | <u>5,271,038</u>  | <u>8,574,065</u>  |
|           | Dividends                                                    | (4,856,500)       | (9,713,000)       |
|           | Net addition to/(depletion in) shareholders' funds           | 414,538           | (1,138,935)       |
|           | Opening shareholders' funds                                  | 38,392,999        | 39,531,934        |
|           | Closing shareholders' funds                                  | <u>38,807,537</u> | <u>38,392,999</u> |
|           |                                                              | <b>2011</b>       | <b>2010</b>       |
|           | <b>Company</b>                                               | <b>\$</b>         | <b>\$</b>         |
|           | Profit for the financial year                                | 4,689,990         | 10,854,546        |
|           | Dividends                                                    | (4,856,500)       | (9,713,000)       |
|           | Net (depletion in)/addition to shareholders' funds           | (166,510)         | 1,141,546         |
|           | Opening shareholders' funds                                  | 3,490,280         | 2,348,734         |
|           | Closing shareholders' funds                                  | <u>3,323,770</u>  | <u>3,490,280</u>  |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2011

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| <b>23 Directors' emoluments</b> | <b>2011</b>      | <b>2010</b>      |
|                                 | <b>\$</b>        | <b>\$</b>        |
| Emoluments                      | 4,848,390        | 5,928,021        |
| Pension costs                   | 149,441          | 142,617          |
|                                 | <u>4,997,831</u> | <u>6,070,638</u> |

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

|               |                |                  |
|---------------|----------------|------------------|
| Emoluments    | 887,360        | 1,098,376        |
| Pension costs | 30,068         | 27,827           |
|               | <u>917,428</u> | <u>1,126,203</u> |

## 24 Employees

### Number of employees

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

|                |               |               |
|----------------|---------------|---------------|
|                | <b>2011</b>   | <b>2010</b>   |
|                | <b>Number</b> | <b>Number</b> |
| Trading        | 11            | 11            |
| Administrative | 14            | 14            |
| Financial      | 18            | 19            |
| Production     | 62            | 53            |
|                | <u>105</u>    | <u>97</u>     |

|                         |                  |                   |
|-------------------------|------------------|-------------------|
| <b>Employment costs</b> | <b>2011</b>      | <b>2010</b>       |
|                         | <b>\$</b>        | <b>\$</b>         |
| Wages and salaries      | 7,778,429        | 9,326,034         |
| Social security costs   | 602,161          | 565,029           |
| Other pension costs     | 577,758          | 544,216           |
|                         | <u>8,958,348</u> | <u>10,435,279</u> |

## 25 Post Balance Sheet Events

### Group

On 16 December 2011, Ocean Partners Holdings Limited acquired 78.87% of the issued share capital of MK Metal Trading Holding II, S A P I de C V

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

| 26 | Reconciliation of operating profit to net cash (outflow)/inflow from operating activities | 2011                 | 2010              |
|----|-------------------------------------------------------------------------------------------|----------------------|-------------------|
|    |                                                                                           | \$                   | \$                |
|    | Operating profit                                                                          | 8,107,681            | 15,577,948        |
|    | Depreciation of tangible assets                                                           | 730,932              | 815,291           |
|    | Impairment of investments                                                                 | 114,352              | -                 |
|    | Profit/(loss) on disposal of tangible assets                                              | (5,333)              | 480,709           |
|    | (Increase)/decrease in stocks                                                             | (143,929,634)        | 22,763,322        |
|    | (Increase)/decrease in debtors                                                            | (103,085,115)        | 804,920           |
|    | (Decrease)/Increase in creditors within one year                                          | (8,370,188)          | 5,219,629         |
|    | Net effect of foreign exchange differences                                                | 2,564,256            | (118,651)         |
|    | <b>Net cash (outflow)/inflow from operating activities</b>                                | <b>(243,873,049)</b> | <b>45,543,168</b> |

| 27 | Analysis of net (debt)/funds      | 1 October 2010 | Cash flow     | 30 September 2011 |
|----|-----------------------------------|----------------|---------------|-------------------|
|    |                                   | \$             | \$            | \$                |
|    | Net cash                          |                |               |                   |
|    | Cash at bank and in hand          | 63,010,836     | (18,912,465)  | 44,098,371        |
|    | Debts falling due within one year | (53,738,024)   | (236,191,725) | (289,929,749)     |
|    | Net funds/(debt)                  | 9,272,812      | (255,104,190) | (245,831,378)     |

| 28 | Reconciliation of net cash flow to movement in net debt | 2011                 | 2010              |
|----|---------------------------------------------------------|----------------------|-------------------|
|    |                                                         | \$                   | \$                |
|    | (Decrease)/increase in cash in the year                 | (18,912,465)         | 22,668,330        |
|    | Cash (inflow)/outflow from (increase)/decrease in debt  | (236,191,725)        | 4,482,324         |
|    | <b>Movement in net (debt)/funds in the year</b>         | <b>(255,104,190)</b> | <b>27,150,654</b> |
|    | Opening net funds/(debt)                                | 9,272,812            | (17,877,842)      |
|    | <b>Closing net (debt)/funds</b>                         | <b>(245,831,378)</b> | <b>9,272,812</b>  |

# **OCEAN PARTNERS HOLDINGS LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 SEPTEMBER 2011**

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### **29 Related party relationships and transactions**

#### **Group**

During the year, a group company paid rent of US\$48,880 (2010 US\$51,929) to Pillay & Associates Limited, a company controlled by Siva Pillay

At the year end the following amounts were due to the directors -

Jeffrey Beck \$Nil (2010 \$304,342)  
Walter Cimowsky \$Nil (2010 \$304,342)  
Alan Paterson \$Nil (2010 \$304,342)  
Siva Pillay \$Nil (2010 \$46,014)  
Paul Smith \$Nil (2010 \$304,342)

Also, at the year the end the following amounts were due to shareholders of the company -

Mineco A G \$550,000 (2010 \$202,895)  
Devin Burnett \$Nil (2010 \$21,881)  
Dafree Holdings Limited \$Nil (2010 \$304,342)

All of the above amounts are interest free and repayable on demand

The Company paid an interim dividend during the year of \$5,500 per share (2010 - \$11,000 per share) to the following directors of the company -

Jeffrey Beck (150 shares)  
Paul Smith (150 shares)  
Alan Paterson (150 shares)  
Siva Pillay (23 shares)

The interim dividend was also paid to the following companies -

2113743 Ontario Inc, of which Walter Cimowsky is the overall controlling party, (150 shares)  
Dafree Holdings Limited, of which Ad van Halder is the overall controlling party, (150 shares)