

Company Registration No. 05171663 (England and Wales)

**OCEAN PARTNERS HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**



# 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>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>Auditors</b>          | Citroen Wells<br>Devonshire House<br>1 Devonshire Street<br>London<br>W1W 5DR                                         |
| <b>Solicitors</b>        | Memery Crystal LLP<br>44 Southampton Buildings<br>London<br>WC2A 1AP                                                  |

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# OCEAN PARTNERS HOLDINGS LIMITED

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# OCEAN PARTNERS HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2013

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The directors present their strategic report for the year ended 31 December 2013.

#### Review of the business

The Ocean Partners group of companies entered its tenth year 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 group's physical trading covers copper, lead and zinc ores and concentrates together with other non-ferrous metals. The operation is split between the United Kingdom, US and more recently Europe, South America and Taiwan 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.

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. In addition, the group maintains a credit insurance policy.

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.

The key performance indicators for the last three accounting periods are as follows:

|                                          | 12 months<br>ended<br>31 December<br>2013<br>US\$'000 | 15 months<br>ended<br>31 December<br>2012<br>US\$'000 | 12 months<br>ended<br>30 September<br>2011<br>US\$'000 |
|------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|
| Gross profit (Page 7)                    | 66,518                                                | 65,965                                                | 27,172                                                 |
| Staff costs (Page 31)                    | 22,658                                                | 15,988                                                | 8,958                                                  |
| Profit for the financial period (Page 8) | 24,076                                                | 17,835                                                | 3,647                                                  |
| Average number of staff (Page 31)        | 147                                                   | 146                                                   | 105                                                    |

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# OCEAN PARTNERS HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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As a result of the continued expansion of the group's trading activities into Europe, South America and Taiwan, turnover and gross profit (pro-rata) increased over the period in absolute monetary terms and the gross profit percentage also increased from 3.05% to 3.54%.

By order of the board



Siva Pillay  
Secretary  
4 June 2014

# OCEAN PARTNERS HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2013

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The directors present their annual report with the audited financial statements of the company and the group for the year ended 31 December 2013.

#### Results and dividends

The consolidated profit and loss account for the year is set out on pages 7 and 8.

The group made a profit for the year after tax and minority interests of US\$24.076m (15 month period to 31 December 2012 - US\$17.835m).

During the year an interim dividend of US\$2,500 per ordinary share was paid (15 month period to 31 December 2012- US\$8,600 per ordinary share).

#### Future developments

At 31 December 2013, Ocean Partners Holdings Limited had a contractual agreement and commitment to purchase the remaining 14.38% of shares in MK Metal Trading Holding II, S.A.P.I. de C.V. which is expected to conclude in June 2014. 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 broadened business base and is therefore well placed to survive the current worldwide economic turmoil.

#### Directors

The following directors have held office since 1 January 2013:

Dimitrije Aksentijevic

Jeffrey Beck

Walter Cimowsky

Alan Paterson

Siva Pillay

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 31 DECEMBER 2013**

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### Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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:

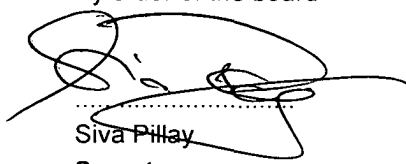
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

By order of the board



Siva Pillay

Secretary

4 June 2014

# **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 31 December 2013 set out on pages 7 to 33. 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 4, 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 31 December 2013 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

5TH JUNE 2014  
.....

Chartered Accountants  
Statutory Auditor

Devonshire House  
1 Devonshire Street  
London  
W1W 5DR

# OCEAN PARTNERS HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

|                                                      |       |           | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|------------------------------------------------------|-------|-----------|-----------------------------------------------------|-----------------------------------------------------|
|                                                      | Notes | \$'000    | \$'000                                              | \$'000                                              |
| <b>Turnover</b>                                      |       |           |                                                     |                                                     |
| Continuing operations                                |       | 1,880,511 |                                                     | 1,792,661                                           |
| Acquisitions                                         |       | -         |                                                     | 367,936                                             |
|                                                      |       |           | 1,880,511                                           | 2,160,597                                           |
| Less: share of joint venture's turnover              |       |           | -                                                   | (54)                                                |
|                                                      |       |           | 1,880,511                                           | 2,160,543                                           |
| Cost of sales                                        |       |           | (1,813,993)                                         | (2,094,578)                                         |
| <b>Gross profit</b>                                  |       |           | 66,518                                              | 65,965                                              |
| Administrative expenses                              |       |           | (37,493)                                            | (35,135)                                            |
| Other operating income                               |       |           | 1,838                                               | 119                                                 |
| <b>Operating profit</b>                              | 4     |           | 30,863                                              | 30,949                                              |
| Continuing operations                                |       | 30,863    |                                                     | 22,121                                              |
| Acquisitions                                         |       | -         |                                                     | 8,828                                               |
|                                                      |       |           | 30,863                                              | 30,949                                              |
| Share of associate's operating profit                |       |           | 2,559                                               | 849                                                 |
| Share of joint venture's operating (loss)            |       |           | (352)                                               | (105)                                               |
| Interest receivable and similar income               |       |           |                                                     |                                                     |
| Group                                                |       |           | 4,582                                               | 8,302                                               |
| Associate                                            |       |           | -                                                   | 65                                                  |
| Interest payable and similar charges                 | 5     |           |                                                     |                                                     |
| Group                                                |       |           | (10,318)                                            | (13,034)                                            |
| Associate                                            |       |           | -                                                   | (37)                                                |
| <b>Profit on ordinary activities before taxation</b> |       |           | 27,334                                              | 26,989                                              |
| Tax on profit on ordinary activities                 | 6     |           | (3,590)                                             | (8,460)                                             |

# OCEAN PARTNERS HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2013**

|                                                 |       |        | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 |        | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|-------------------------------------------------|-------|--------|-----------------------------------------------------|--------|-----------------------------------------------------|
|                                                 | Notes | \$'000 | \$'000                                              | \$'000 | \$'000                                              |
| Profit on ordinary activities after<br>taxation |       |        | 23,744                                              |        | 18,529                                              |
| Minority interests                              |       |        | 332                                                 |        | (694)                                               |
| Profit for the financial year                   |       |        | <u>24,076</u>                                       |        | <u>17,835</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 31 DECEMBER 2013**

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|                                                                         | 12 months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|-------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Profit for the financial year                                           | 24,076                                              | 17,835                                              |
| Currency translation differences on foreign<br>currency net investments | 1,109                                               | (207)                                               |
| Total recognised gains and losses relating to the year                  | <u>25,185</u>                                       | <u>17,628</u>                                       |

# OCEAN PARTNERS HOLDINGS LIMITED

## BALANCE SHEETS

AS AT 31 DECEMBER 2013

|                                                       |       | Group                |                      | Company             |                     |
|-------------------------------------------------------|-------|----------------------|----------------------|---------------------|---------------------|
|                                                       | Notes | 2013<br>\$'000       | 2012<br>\$'000       | 2013<br>\$'000      | 2012<br>\$'000      |
| <b>Fixed assets</b>                                   |       |                      |                      |                     |                     |
| Intangible assets                                     | 8     | 1,952                | -                    | -                   | -                   |
| Tangible assets                                       | 9     | 4,354                | 4,466                | -                   | -                   |
| Investments                                           | 10    | 11,111               | 7,822                | 14,410              | 9,967               |
|                                                       |       | <u>17,417</u>        | <u>12,288</u>        | <u>14,410</u>       | <u>9,967</u>        |
| <b>Current assets</b>                                 |       |                      |                      |                     |                     |
| Stocks                                                | 13    | 316,909              | 290,902              | -                   | -                   |
| Debtors                                               | 14    | 172,598              | 263,583              | 16,898              | 16,509              |
| Current asset investment                              | 15    | 101                  | 123                  | 101                 | 123                 |
| Cash at bank and in hand                              |       | 63,133               | 63,653               | 268                 | 272                 |
|                                                       |       | <u>552,741</u>       | <u>618,261</u>       | <u>17,267</u>       | <u>16,904</u>       |
| <b>Creditors: amounts falling due within one year</b> | 16    | <u>(497,879)</u>     | <u>(578,864)</u>     | <u>(27,795)</u>     | <u>(23,443)</u>     |
| <b>Net current assets</b>                             |       | <u>54,862</u>        | <u>39,397</u>        | <u>(10,528)</u>     | <u>(6,539)</u>      |
| Debtors subject to non-recourse finance arrangement   | 16    | 53,822               | 42,738               | -                   | -                   |
| Less: Non-recourse finance arrangement                | 16    | <u>(53,822)</u>      | <u>(42,738)</u>      | <u>-</u>            | <u>-</u>            |
|                                                       |       | <u>-</u>             | <u>-</u>             | <u>-</u>            | <u>-</u>            |
| <b>Provisions for liabilities</b>                     | 17    | <u>(651)</u>         | <u>(45)</u>          | <u>-</u>            | <u>-</u>            |
| <b>Total assets less current liabilities</b>          |       | <u><u>71,628</u></u> | <u><u>51,640</u></u> | <u><u>3,882</u></u> | <u><u>3,428</u></u> |
| <b>Capital and reserves</b>                           |       |                      |                      |                     |                     |
| Called up share capital                               | 19    | 1                    | 1                    | 1                   | 1                   |
| Share premium account                                 | 20    | 2,930                | 2,930                | 2,930               | 2,930               |
| Profit and loss account                               | 20    | 68,984               | 46,014               | 951                 | 497                 |
| <b>Shareholders' funds</b>                            | 22    | <u>71,915</u>        | <u>48,945</u>        | <u>3,882</u>        | <u>3,428</u>        |
| <b>Minority interests</b>                             | 21    | <u>(287)</u>         | <u>2,695</u>         | <u>-</u>            | <u>-</u>            |
| <b>Total capital employed</b>                         |       | <u><u>71,628</u></u> | <u><u>51,640</u></u> | <u><u>3,882</u></u> | <u><u>3,428</u></u> |

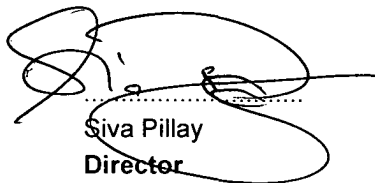
# OCEAN PARTNERS HOLDINGS LIMITED

## BALANCE SHEETS (CONTINUED)

**AS AT 31 DECEMBER 2013**

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Approved by the Board and authorised for issue on 4<sup>th</sup> JUNE 2014



Siva Pillay  
Director

Company Registration No. 05171663

# OCEAN PARTNERS HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

|                                                                               |        |          | 12 Months<br>ended<br>31 December<br>2013 |          | 15 Months<br>ended<br>31 December<br>2012 |
|-------------------------------------------------------------------------------|--------|----------|-------------------------------------------|----------|-------------------------------------------|
|                                                                               | Note   | \$'000   | \$'000                                    | \$'000   | \$'000                                    |
| Net cash inflow/(outflow) from operating activities                           | 28     |          | 65,922                                    |          | (100,355)                                 |
| Returns on investments and servicing of finance                               |        |          |                                           |          |                                           |
| Interest received                                                             |        | 4,582    |                                           | 8,232    |                                           |
| Interest paid                                                                 |        | (10,318) |                                           | (13,033) |                                           |
| Dividend from associate undertaking                                           |        | 360      |                                           | 634      |                                           |
| Net cash outflow for returns on investments and servicing of finance          |        |          | (5,376)                                   |          | (4,167)                                   |
| Taxation                                                                      |        |          | (2,420)                                   |          | (4,120)                                   |
| Capital expenditure and financial investment                                  |        |          |                                           |          |                                           |
| Payments to acquire tangible assets                                           |        | (1,302)  |                                           | (556)    |                                           |
| Payments to acquire investments                                               |        | (2,839)  |                                           | (3,695)  |                                           |
| Receipts from sales of tangible assets                                        |        | -        |                                           | 781      |                                           |
| Net cash (outflow) for capital expenditure                                    |        |          | (4,141)                                   |          | (3,470)                                   |
| Acquisitions and disposals                                                    |        |          |                                           |          |                                           |
| Purchase of subsidiary undertakings                                           |        | (1,340)  |                                           | (8,730)  |                                           |
| Net cash outflow for acquisitions and disposals                               |        |          | (1,340)                                   |          | (8,730)                                   |
| Equity dividends paid                                                         |        |          | (2,215)                                   |          | (7,620)                                   |
| Net cash inflow/(outflow) before management of liquid resources and financing |        |          | 50,430                                    |          | (128,462)                                 |
| Financing                                                                     |        |          |                                           |          |                                           |
| Issue of ordinary share capital                                               |        | -        |                                           | 128      |                                           |
| (Decrease)/increase in bank finance                                           |        | (50,950) |                                           | 147,887  |                                           |
| Net cash (outflow)/inflow from financing                                      |        |          | (50,950)                                  |          | 148,015                                   |
| Increase/(decrease) in cash in the year                                       | 29, 30 |          | (520)                                     |          | 19,553                                    |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2013

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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 31 December 2013. Acquisitions are accounted for under the acquisition method.

##### **1.4 Associated undertaking**

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 the associate's profits less losses while the group's share of the net assets of the associate's is shown in the consolidated balance sheet. Goodwill arising on the acquisition of the associate 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 the associate.

##### **1.5 Joint venture**

In the group's financial statements, the investment in the joint venture is accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of the joint venture's turnover and profits less losses. The group's share of the net assets of the joint venture are shown separately on the balance sheet. Goodwill arising on the acquisition of the joint venture 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 the joint venture.

##### **1.6 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 where the risks and rewards of ownership have not passed to the customer and are estimated losses are provided for in full at the balance sheet date. Forward matched commitments where the risks and rewards of ownership have not passed to the customer and 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.

##### **1.7 Goodwill**

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

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1 Accounting policies

(continued)

##### 1.8 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 |

##### 1.9 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.

##### 1.10 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.

##### 1.11 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 period. 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 they are regarded as more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

##### 1.12 Currency

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

##### 1.13 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.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 1 Accounting policies

(continued)

##### 1.14 Prepayments and accrued income

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

##### 1.15 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 recognised in the profit and loss account upon finalisation of 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.

##### 1.16 Investments

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

##### 1.17 Share-based payments

The difference in the 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.

#### 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:-

|                                                            | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Parent company's profit after corporation tax for the year | 2,669                                               | 7,595                                               |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 3 Turnover

In the opinion of the directors it would be seriously prejudicial to the business of the group to disclose the geographical spread of turnover.

#### 4 Operating profit

|  | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|--|-----------------------------------------------------|-----------------------------------------------------|
|--|-----------------------------------------------------|-----------------------------------------------------|

Operating profit is stated after charging:

|                                                  |       |     |
|--------------------------------------------------|-------|-----|
| Amortisation of intangible assets                | 115   | 122 |
| Depreciation of tangible assets                  | 906   | 828 |
| Provision for diminution in value of investments | 971   | 70  |
| Loss on foreign exchange transactions            | 4,044 | -   |
| Operating lease rentals                          | 501   | 606 |

and after crediting:

|                                           |   |         |
|-------------------------------------------|---|---------|
| (Profit) on disposal of tangible assets   | - | (64)    |
| (Profit) on foreign exchange transactions | - | (1,194) |

#### Auditors' remuneration

Fees payable to the group's auditor for the audit of the group's annual accounts (company \$6,000; 2012 \$5,000)

|                                   |     |     |
|-----------------------------------|-----|-----|
| Tax services to group companies   | 62  | 53  |
| Audit services to group companies | 45  | 89  |
| Other services to group companies | 129 | 115 |
|                                   | -   | 21  |
|                                   | 236 | 278 |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

| 5 | Interest payable                                   | 12 Months                              | 15 Months                              |
|---|----------------------------------------------------|----------------------------------------|----------------------------------------|
|   |                                                    | ended<br>31 December<br>2013<br>\$'000 | ended<br>31 December<br>2012<br>\$'000 |
|   | Bank loans and overdrafts                          | 9,439                                  | 11,979                                 |
|   | Letters of credit discounting and similiar charges | 879                                    | 1,092                                  |
|   |                                                    | <u>10,318</u>                          | <u>13,071</u>                          |
|   |                                                    |                                        |                                        |
|   | Group                                              | 10,318                                 | 13,034                                 |
|   | Associate                                          | -                                      | 37                                     |
|   |                                                    | <u>10,318</u>                          | <u>13,071</u>                          |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 6 Taxation

|                                                                                                                              | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>Domestic current year tax</b>                                                                                             |                                                     |                                                     |
| U.K. corporation tax                                                                                                         | 6,360                                               | 4,884                                               |
| Adjustment for prior years                                                                                                   | (173)                                               | -                                                   |
|                                                                                                                              | <u>6,187</u>                                        | <u>4,884</u>                                        |
| Foreign corporation tax                                                                                                      | 808                                                 | 2,885                                               |
|                                                                                                                              | <u>6,995</u>                                        | <u>7,769</u>                                        |
| <b>Current tax charge</b>                                                                                                    |                                                     |                                                     |
| <b>Deferred tax</b>                                                                                                          |                                                     |                                                     |
| Origination and reversal of timing differences (see Note 17)                                                                 | (3,405)                                             | 691                                                 |
|                                                                                                                              | <u>3,590</u>                                        | <u>8,460</u>                                        |
| <b>Tax on profit on ordinary activities</b>                                                                                  |                                                     |                                                     |
| <b>Factors affecting the tax charge for the year</b>                                                                         |                                                     |                                                     |
| Profit on ordinary activities before taxation                                                                                | <u>27,334</u>                                       | <u>26,989</u>                                       |
| Profit on ordinary activities before taxation multiplied by the average rate of UK corporation tax of 23.25% (2012 - 24.82%) | <u>6,355</u>                                        | <u>6,698</u>                                        |
| Effects of:                                                                                                                  |                                                     |                                                     |
| Higher tax rates on overseas earnings                                                                                        | 598                                                 | 463                                                 |
| Other tax adjustments                                                                                                        | 42                                                  | 608                                                 |
|                                                                                                                              | <u>640</u>                                          | <u>1,071</u>                                        |
| <b>Current tax charge</b>                                                                                                    | <u>6,995</u>                                        | <u>7,769</u>                                        |

|                       | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|-----------------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>7 Dividends</b>    |                                                     |                                                     |
| Ordinary interim paid | <u>2,215</u>                                        | <u>7,620</u>                                        |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 8 Intangible fixed assets

##### Group

|                       | Goodwill<br>\$'000 |
|-----------------------|--------------------|
| <b>Cost</b>           |                    |
| At 1 January 2013     | 122                |
| Additions             | 2,067              |
|                       | <hr/>              |
| At 31 December 2013   | 2,189              |
|                       | <hr/>              |
| <b>Amortisation</b>   |                    |
| At 1 January 2013     | 122                |
| Charge for the year   | 115                |
|                       | <hr/>              |
| At 31 December 2013   | 237                |
|                       | <hr/>              |
| <b>Net book value</b> |                    |
| At 31 December 2013   | 1,952              |
|                       | <hr/> <hr/>        |
| At 31 December 2012   | -                  |
|                       | <hr/> <hr/>        |

On 30 June 2013, Ocean Partners Holdings Limited acquired a further 6.75% of the issued share capital of MK Metal Trading Holding II, S.A. P. I. de C.V. and its subsidiaries ('MK II') at a cost of \$1.34m, which resulted in goodwill arising of \$0.649m which is being amortised over its estimated useful economic life.

At 31 December 2013, Ocean Partners Holdings Limited had a contractual agreement and commitment to purchase the remaining 14.38% of the issued share capital of MK II at a cost of \$3.103m and therefore the accounts of the group have been prepared on the basis that MK II is a wholly owned subsidiary of the group. The purchase price of the remaining shareholding is based on the audited accounts of MK II for the year ended 31 December 2013. As a result of this transaction, further goodwill of \$1.418m has arisen and is being amortised over its estimated useful economic life. The completion of the sale is expected to take place in June 2014.

The additional purchase price for all of the additional shares purchased in MK II during the year amounted to \$4.443m which has been shown as an additional cost of investment in the company accounts of Ocean Partners Holdings Limited (see note 10 'Company').

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 9 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  |
|------------------------|--------------------------------------|--------------------------------------------------------------------------|-------------------------------------|-------------------|---------------------------------------------------|--------|
|                        | \$'000                               | \$'000                                                                   | \$'000                              | \$'000            | \$'000                                            | \$'000 |
| <b>Cost</b>            |                                      |                                                                          |                                     |                   |                                                   |        |
| At 1 January 2013      | 2,191                                | 1,720                                                                    | 1,793                               | 282               | 1,911                                             | 7,897  |
| Exchange differences   | (275)                                | (480)                                                                    | -                                   | (16)              | (88)                                              | (859)  |
| Additions              | 203                                  | 863                                                                      | 206                                 | 26                | 4                                                 | 1,302  |
| Disposals              | (9)                                  | -                                                                        | (93)                                | (33)              | (4)                                               | (139)  |
| At 31 December 2013    | 2,110                                | 2,103                                                                    | 1,906                               | 259               | 1,823                                             | 8,201  |
| <b>Depreciation</b>    |                                      |                                                                          |                                     |                   |                                                   |        |
| At 1 January 2013      | 1,184                                | 393                                                                      | 920                                 | 197               | 737                                               | 3,431  |
| Exchange differences   | (145)                                | (164)                                                                    | -                                   | (13)              | (49)                                              | (371)  |
| Eliminated on disposal | (6)                                  | -                                                                        | (98)                                | (15)              | -                                                 | (119)  |
| Charge for the year    | 239                                  | 105                                                                      | 217                                 | 29                | 316                                               | 906    |
| At 31 December 2013    | 1,272                                | 334                                                                      | 1,039                               | 198               | 1,004                                             | 3,847  |
| <b>Net book value</b>  |                                      |                                                                          |                                     |                   |                                                   |        |
| At 31 December 2013    | 838                                  | 1,769                                                                    | 867                                 | 61                | 819                                               | 4,354  |
| At 31 December 2012    | 1,007                                | 1,327                                                                    | 873                                 | 85                | 1,174                                             | 4,466  |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

| 10 | Fixed asset investments<br>Group          | Listed &<br>unlisted<br>investments<br>\$'000 | Share in<br>associated<br>undertaking<br>\$'000 | Share<br>in joint<br>venture<br>\$'000 | Total<br>\$'000 |
|----|-------------------------------------------|-----------------------------------------------|-------------------------------------------------|----------------------------------------|-----------------|
|    | <b>Cost</b>                               |                                               |                                                 |                                        |                 |
|    | At 1 January 2013                         | 15,257                                        | 101                                             | -                                      | 15,358          |
|    | Additions                                 | 2,839                                         | 1,421                                           | (606)                                  | 3,654           |
|    | Reclassification of investments           | -                                             | -                                               | 606                                    | 606             |
|    | At 31 December 2013                       | 18,096                                        | 1,522                                           | -                                      | 19,618          |
|    | <b>Provisions for diminution in value</b> |                                               |                                                 |                                        |                 |
|    | At 1 January 2013                         | 7,536                                         | -                                               | -                                      | 7,536           |
|    | Provision for diminution in value         | 971                                           | -                                               | -                                      | 971             |
|    | At 31 December 2013                       | 8,507                                         | -                                               | -                                      | 8,507           |
|    | <b>Net book value</b>                     |                                               |                                                 |                                        |                 |
|    | At 31 December 2013                       | 9,589                                         | 1,522                                           | -                                      | 11,111          |
|    | At 31 December 2012                       | 7,721                                         | 101                                             | -                                      | 7,822           |

#### Company

|                       | Shares in<br>group<br>undertakings<br>\$'000 |
|-----------------------|----------------------------------------------|
| <b>Cost</b>           |                                              |
| At 1 January 2013     | 9,967                                        |
| Additions             | 4,443                                        |
| At 31 December 2013   | 14,410                                       |
| <b>Net book value</b> |                                              |
| At 31 December 2013   | 14,410                                       |
| At 31 December 2012   | 9,967                                        |

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.

The company's investments of \$14.410m (2012: \$9.967m) relate to the subsidiary undertakings listed below and are fully eliminated upon consolidation.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 10 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 Peru 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, S. A. de C.V.                                    | Mexico                   | Ordinary shares | 100   | Dormant            |
| Okyanus Mineral Madencilik Sanayi ve Ticaret Anonim Sirketi *           | Turkey                   | Ordinary shares | 90    | Mining             |
| MK Metal Trading Holding II, S. A. P. I. de C. V.                       | Mexico                   | Ordinary shares | 85.62 | Holding company    |
| MK Metal Trading Mexico, S. A. de C.V. *                                | Mexico                   | Ordinary shares | 85.61 | Trading            |
| MK Metal Resources, S. A. C. *                                          | Peru                     | Ordinary shares | 85.52 | Payroll services   |
| MK Metal Trading GmbH *                                                 | Switzerland              | Ordinary shares | 85.62 | Trading            |
| MK Metal Trading Peru, S. A. C. *                                       | Peru                     | Ordinary shares | 85.61 | Trading            |
| APN Tech, S. A. C. *                                                    | Peru                     | Ordinary shares | 85.62 | Financing          |
| MK Metal Basis, S. A. C *                                               | Peru                     | Ordinary shares | 85.52 | Trading            |
| Joint venture                                                           |                          |                 |       |                    |
| CBay Minerals Inc *                                                     | Canada                   | Ordinary shares | 50    | Mining             |
| Associate                                                               |                          |                 |       |                    |
| Atlantis Mineral Arama ve Madencilik Sanayi ve Ticaret Anonim Sirketi * | Turkey                   | Ordinary shares | 45    | Mining             |
| Other significant interests                                             |                          |                 |       |                    |
| Canakkale Madencilik Sanayi ve Ticaret Anonim Sirketi *                 | Turkey                   | Ordinary Shares | 25    | Mining             |

\* denotes held indirectly

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 10 Fixed asset investments

(continued)

The investment in Canakkale Madencilik Sanayi ve Ticaret Anonim Sirketi has been treated as a trade investment as the 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 expiring in April 2016. During the year, the company did not exercise any options. During 2012, the Company exercised 50% of the options.

Included in the above are listed investments with a market value of \$1.043m (2012: \$0.018m).

#### 11 Investment in Associate

The following information is given in respect of the group's share of the results of the associated undertaking:

|                                   | 12 Months<br>ended<br>31 December<br>2013<br>Group share<br>\$'000 | 12 Months<br>ended<br>31 December<br>2013<br>Total<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>Group share<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>Total<br>\$'000 |
|-----------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|
| Profit before tax                 | 2,291                                                              | 5,092                                                        | 872                                                                | 1,938                                                        |
| Net profit after tax              | 1,802                                                              | 4,005                                                        | 706                                                                | 1,570                                                        |
| Fixed assets                      | 1                                                                  | 2                                                            | 2                                                                  | 4                                                            |
| Current assets                    | 1,806                                                              | 4,013                                                        | 120                                                                | 267                                                          |
| (Liabilities) due within one year | (285)                                                              | (633)                                                        | (47)                                                               | (104)                                                        |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 12 Investment in Joint Venture

The following information is given in respect of the group's share of the results of the joint venture:

|                                   | 12 Months<br>ended<br>31 December<br>2013<br>Group share<br>\$'000 | 12 Months<br>ended<br>31 December<br>2013<br>Total<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>Group share<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>Total<br>\$'000 |
|-----------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|
| Turnover                          | -                                                                  | -                                                            | 54                                                                 | 108                                                          |
| (Loss) before tax                 | (352)                                                              | (704)                                                        | (105)                                                              | (210)                                                        |
| Net (loss) after tax              | (352)                                                              | (704)                                                        | (105)                                                              | (210)                                                        |
| Fixed assets                      | 876                                                                | 1,752                                                        | 977                                                                | 1,955                                                        |
| Current assets                    | 4,887                                                              | 9,774                                                        | 4,350                                                              | 8,699                                                        |
| (Liabilities) due within one year | (3,506)                                                            | (7,011)                                                      | (2,978)                                                            | (5,955)                                                      |
| (Liabilities) due after one year  | (224)                                                              | (448)                                                        | (214)                                                              | (428)                                                        |

#### 13 Stocks

|                  | Group<br>2013<br>\$'000 | 2012<br>\$'000 | Company<br>2013<br>\$'000 | 2012<br>\$'000 |
|------------------|-------------------------|----------------|---------------------------|----------------|
| Goods for resale | 316,909                 | 290,902        | -                         | -              |

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 31 DECEMBER 2013

### 14 Debtors

|                                    | Group          |                | Company       |               |
|------------------------------------|----------------|----------------|---------------|---------------|
|                                    | 2013           | 2012           | 2013          | 2012          |
|                                    | \$'000         | \$'000         | \$'000        | \$'000        |
| Trade debtors                      | 119,598        | 181,754        | -             | -             |
| Amounts owed by group undertakings | -              | -              | 14,060        | 14,081        |
| Corporation tax                    | 656            | 4,368          | -             | -             |
| Other debtors                      | 29,039         | 59,781         | 2,838         | 2,428         |
| Prepayments and accrued income     | 18,425         | 16,205         | -             | -             |
| Deferred tax asset (see note 17)   | 4,880          | 1,475          | -             | -             |
|                                    | <u>172,598</u> | <u>263,583</u> | <u>16,898</u> | <u>16,509</u> |

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

|               | 2013         | 2012         | 2013     | 2012     |
|---------------|--------------|--------------|----------|----------|
|               | \$'000       | \$'000       | \$'000   | \$'000   |
| Other debtors | <u>1,164</u> | <u>1,193</u> | <u>-</u> | <u>-</u> |

### 15 Current asset investment

|                   | Group      |            | Company    |            |
|-------------------|------------|------------|------------|------------|
|                   | 2013       | 2012       | 2013       | 2012       |
|                   | \$'000     | \$'000     | \$'000     | \$'000     |
| Listed investment | <u>101</u> | <u>123</u> | <u>101</u> | <u>123</u> |

At 31 December 2013 and 31 December 2012 the value of the current asset investment was in excess of its book cost.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 16 Creditors : amounts falling due within one year

|                                       | Group          |                | Company       |               |
|---------------------------------------|----------------|----------------|---------------|---------------|
|                                       | 2013           | 2012           | 2013          | 2012          |
|                                       | \$'000         | \$'000         | \$'000        | \$'000        |
| Bank loans and overdrafts             | 386,866        | 437,816        | 2,345         | 5,681         |
| Trade creditors                       | 69,323         | 109,404        | -             | -             |
| Amounts owed to group undertakings    | -              | -              | 21,910        | 15,924        |
| Corporation tax                       | 5,873          | 3,536          | 133           | -             |
| Other taxes and social security costs | 60             | 648            | -             | -             |
| Other creditors                       | 12,168         | 10,705         | 75            | 485           |
| Accruals and deferred income          | 23,589         | 16,755         | 3,332         | 1,353         |
|                                       | <u>497,879</u> | <u>578,864</u> | <u>27,795</u> | <u>23,443</u> |

Included in bank loans and overdrafts is an amount of \$7.43m (2012: \$6.6m) being the maximum recourse to the group 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 \$53.82m (2012: \$42.74m) and the equivalent debtor from the supplier.

At 31 December 2013, the group had utilised bank facilities of \$386.87m (2012: \$437.82m). All bank loans are repayable within one year, are subject to a number of covenants and are secured by liens and charges over the assets of the company and group.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

### 17 Provision for liabilities Group

|                                       | Other<br>provision<br>\$'000 |
|---------------------------------------|------------------------------|
| Balance at 1 January 2013             | 45                           |
| Investment in Joint venture (Note 10) | 606                          |
|                                       | <hr/>                        |
| Balance at 31 December 2013           | 651                          |
|                                       | <hr/>                        |

The above provision of \$0.65m relates to the group's 50% share of the post-acquisition reserves of CBay Minerals Inc.

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

|                          | Group<br>2013<br>\$'000 |                | Company<br>2013<br>\$'000 |
|--------------------------|-------------------------|----------------|---------------------------|
| Profit and loss account  | 3,405                   |                | -                         |
|                          | <hr/>                   |                | <hr/>                     |
|                          | Group<br>2013<br>\$'000 | 2012<br>\$'000 | Company<br>2013<br>\$'000 |
|                          |                         |                | 2012<br>\$'000            |
| Other timing differences | (1,407)                 | -              | -                         |
| Tax losses available     | (3,473)                 | (1,475)        | -                         |
|                          | <hr/>                   | <hr/>          | <hr/>                     |
|                          | (4,880)                 | (1,475)        | -                         |
|                          | <hr/>                   | <hr/>          | <hr/>                     |

### 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 \$0.89m (2012:\$0.99m).

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

|                                    |               |               |
|------------------------------------|---------------|---------------|
| <b>19 Share capital</b>            | <b>2013</b>   | <b>2012</b>   |
|                                    | <b>\$'000</b> | <b>\$'000</b> |
| Allotted, called up and fully paid |               |               |
| 886 Ordinary shares of \$1 each    | 1             | 1             |

#### 20 Statement of movements on reserves Group

|                                          | Share<br>premium<br>account<br>\$'000 | Profit and<br>loss account<br>\$'000 |
|------------------------------------------|---------------------------------------|--------------------------------------|
| Balance at 1 January 2013                | 2,930                                 | 46,014                               |
| Profit for the year                      | -                                     | 24,076                               |
| Foreign currency translation differences | -                                     | 1,109                                |
| Dividends paid                           | -                                     | (2,215)                              |
| Balance at 31 December 2013              | 2,930                                 | 68,984                               |

#### Company

|                             | Share<br>premium<br>account<br>\$'000 | Profit and<br>loss account<br>\$'000 |
|-----------------------------|---------------------------------------|--------------------------------------|
| Balance at 1 January 2013   | 2,930                                 | 497                                  |
| Profit for the year         | -                                     | 2,669                                |
| Dividends paid              | -                                     | (2,215)                              |
| Balance at 31 December 2013 | 2,930                                 | 951                                  |

|                                                                                    |               |               |
|------------------------------------------------------------------------------------|---------------|---------------|
| <b>21 Minority interests</b>                                                       | <b>2013</b>   | <b>2012</b>   |
|                                                                                    | <b>\$'000</b> | <b>\$'000</b> |
| Minority interests' share of net assets and liabilities in subsidiary undertakings | (287)         | 2,695         |

As a result of the contractual agreement and commitment at 31 December 2013 to purchase the remaining 14.38% of the issued share capital of MK II, the minority interest balance relating to MK II has been removed. See Note 8.

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

| 22 Reconciliation of movements in shareholders' funds | 2013          | 2012          |
|-------------------------------------------------------|---------------|---------------|
|                                                       | \$'000        | \$'000        |
| Group                                                 |               |               |
| Profit for the financial year                         | 24,076        | 17,835        |
| Foreign currency translation differences              | 1,109         | (207)         |
|                                                       | <u>25,185</u> | <u>17,628</u> |
| Dividends paid                                        | (2,215)       | (7,620)       |
| Proceeds from issue of shares                         | -             | 128           |
|                                                       | <u>22,970</u> | <u>10,136</u> |
| Net addition to shareholders' funds                   | 48,945        | 38,809        |
| Opening shareholders' funds                           | <u>71,915</u> | <u>48,945</u> |
| Closing shareholders' funds                           | <u>71,915</u> | <u>48,945</u> |
|                                                       |               |               |
|                                                       | 2013          | 2012          |
| Company                                               | \$'000        | \$'000        |
| Profit for the financial year                         | 2,669         | 7,595         |
| Dividends paid                                        | (2,215)       | (7,620)       |
|                                                       | <u>454</u>    | <u>(25)</u>   |
| Proceeds from issue of shares                         | -             | 128           |
|                                                       | <u>454</u>    | <u>103</u>    |
| Net addition to shareholders' funds                   | 3,428         | 3,325         |
| Opening shareholders' funds                           | <u>3,882</u>  | <u>3,428</u>  |
| Closing shareholders' funds                           | <u>3,882</u>  | <u>3,428</u>  |

## 23 Financial commitments

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

|                            | Land and buildings |            |
|----------------------------|--------------------|------------|
|                            | 2013               | 2012       |
|                            | \$'000             | \$'000     |
| Expiry date:               |                    |            |
| Between two and five years | <u>325</u>         | <u>263</u> |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

| 24 Directors' emoluments | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|--------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Emoluments               | 6,694                                               | 6,778                                               |
| Pension costs            | 98                                                  | 189                                                 |
|                          | <u>6,792</u>                                        | <u>6,967</u>                                        |

At 31 December 2013, the number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2012 - 4).

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

|                                                         | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|---------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Emoluments                                              | 1,705                                               | 1,547                                               |
| Company pension contributions to money purchase schemes | 20                                                  | 38                                                  |
|                                                         | <u>1,725</u>                                        | <u>1,585</u>                                        |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 25 Employees

##### Number of employees

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

|                | 2013<br>Number | 2012<br>Number |
|----------------|----------------|----------------|
| Trading        | 31             | 23             |
| Administrative | 43             | 43             |
| Financial      | 37             | 36             |
| Production     | 36             | 44             |
|                | <u>147</u>     | <u>146</u>     |

##### Employment costs

|                       | 12 Months<br>ended<br>31 December<br>2013<br>\$'000 | 15 Months<br>ended<br>31 December<br>2012<br>\$'000 |
|-----------------------|-----------------------------------------------------|-----------------------------------------------------|
| Wages and salaries    | 20,696                                              | 14,098                                              |
| Social security costs | 1,068                                               | 902                                                 |
| Other pension costs   | 894                                                 | 988                                                 |
|                       | <u>22,658</u>                                       | <u>15,988</u>                                       |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 26 Financial Instruments

As explained in the accounting policy note on page 15, the group's policy is to hedge exposures arising from its principal activity using forward and future metal contracts for copper, zinc, lead, gold and silver.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged, is itself recognised. Unrecognised gains and losses on instruments used for hedging and the movements therein, are as follows:-

|                                                                                                                   | Gains    | (Losses) | Total net      |
|-------------------------------------------------------------------------------------------------------------------|----------|----------|----------------|
|                                                                                                                   | US\$'000 | US\$'000 | gains/(losses) |
|                                                                                                                   |          |          | US\$'000       |
| Unrecognised gains and losses on hedges at 31 December 2012 (all recognised in the period ended 31 December 2013) | 67,557   | (57,835) | 9,772          |
| Unrecognised gains and losses on hedges at 31 December 2013                                                       | 25,191   | (24,812) | 378            |
| Of which:                                                                                                         |          |          |                |
| Gains and losses on hedges expected to be recognised in the year ended 31 December 2014.                          | 25,191   | (24,812) | 378            |

#### 27 Control

There is no overall controlling party.

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

|                                                            | 2013          | 2012             |
|------------------------------------------------------------|---------------|------------------|
|                                                            | \$'000        | \$'000           |
| Operating profit                                           | 30,863        | 30,949           |
| Depreciation of tangible assets                            | 906           | 828              |
| Impairment of investments                                  | 971           | 70               |
| Profit on disposal of tangible assets                      | -             | (64)             |
| Amortisation                                               | 115           | 122              |
| Increase in stocks                                         | (26,007)      | (126,953)        |
| Decrease/(increase) in debtors                             | 90,677        | (64,285)         |
| (Decrease)/Increase in creditors within one year           | (32,372)      | 58,849           |
| Net effect of foreign exchange differences                 | 769           | 129              |
| <b>Net cash inflow/(outflow) from operating activities</b> | <b>65,922</b> | <b>(100,355)</b> |

# OCEAN PARTNERS HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

| 29 | Analysis of net debt              | 1 January 2013 | Cash flow | 31 December 2013 |
|----|-----------------------------------|----------------|-----------|------------------|
|    |                                   | \$'000         | \$'000    | \$'000           |
|    | Net cash:                         |                |           |                  |
|    | Cash at bank and in hand          | 63,653         | (520)     | 63,133           |
|    | Debts falling due within one year | (437,816)      | 50,950    | (386,866)        |
|    | Net debt                          | (374,163)      | 50,430    | (323,733)        |

| 30 | Reconciliation of net cash flow to movement in net debt | 2013      | 2012      |
|----|---------------------------------------------------------|-----------|-----------|
|    |                                                         | \$'000    | \$'000    |
|    | (Decrease)/increase in cash in the year                 | (520)     | 19,553    |
|    | Cash outflow/(inflow) from decrease/(increase) in debt  | 50,950    | (147,887) |
|    | <b>Movement in net debt in the year</b>                 | 50,430    | (128,334) |
|    | Opening net (debt)                                      | (374,163) | (245,829) |
|    | <b>Closing net debt</b>                                 | (323,733) | (374,163) |

### 31 Related party relationships and transactions

#### Group

At the year-end, Siva Pillay, a director of the company owed Ocean Partners Holdings Limited \$1.8m (2012: \$1.49m). The loan bears interest at 3% per annum and has no set date for repayment. The maximum amount outstanding during the year was \$1.8m.

During the year, a group company provided further investment to CBay Minerals Inc, a company in which the group owns 50%. At the year end, CBay Minerals Inc, owed a group company \$0.46m (2012 \$0.251m).

During the year Ocean Partners Holdings Limited paid an interim dividend of \$2,500 per share (15 months to 31 December 2012 - \$8,600 per share) to the following directors of the company:-

Jeffrey Beck (150 shares)  
 Alan Paterson (150 shares)  
 Siva Pillay (100 shares)

An 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).