

Company Registration No. 05171663 (England and Wales)

OCEAN PARTNERS HOLDINGS LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

THURSDAY



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OCEAN PARTNERS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Jeffrey Beck (Chairman)
Sinisa Bogicevic *Appointed 1 January 2015*
Devin Burnett *Appointed 12 May 2015*
Walter Cimowsky
Alan Paterson
Siva Pillay
Ad van Halder

Secretary

Brent Omland

Company number

05171663

Registered office

30-36 King Street
Maidenhead
Berkshire
SL6 1EF

Auditors

Citroen Wells
Chartered Accountants
Devonshire House
1 Devonshire Street
London
W1W 5DR

Solicitors

Memery Crystal LLP
44 Southampton Buildings
London
WC2A 1AP

OCEAN PARTNERS HOLDINGS LIMITED

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OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report for the year ended 31 December 2015.

Fair review of the business

The Ocean Partners group of companies entered its twelfth year of trading with a sound balance sheet and a 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 secondary materials, primarily copper, lead, zinc, gold and silver.

The group trades worldwide and its strong sourcing capacity satisfied good demand across the full range of metals.

Principal risks and uncertainties

Financial instruments of significance to the group 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, interest rate 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.

Interest rate risk is the risk that increases or decreases in floating interest rates will adversely affect the parent company's performance. Exposure to interest rate risk is reduced by using short term financing dedicated to specific business and factoring interest charges into the prices it charges its customers and receives from its suppliers to cover this expense.

The risk that adequate funding is not available to the group 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.

OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Development and performance

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

	31 December 2015 US\$'000	31 December 2014 US\$'000	31 December 2013 US\$'000
Gross profit (Page 7)	52,689	55,721	66,518
Staff costs (Page 22)	15,609	18,982	22,658
Profit and total comprehensive income for the year (Page 7)	6,185	21,617	24,076
Average number of staff (Page 21)	128	149	147

As a result of the continued expansion of the group's trading activities into Asia, Europe and South America, turnover from continuing operations, remained level in absolute monetary terms despite significant decreases in the underlying metal prices. Gross profit percentage from continuing operations reduced slightly to 2.60% (2014: 2.80%).

On behalf of the board



Brent Omland

Company Secretary

26 April 2016

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report with the audited financial statements of the company and the group for the year ended 31 December 2015.

Principal activities

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 secondary materials, primarily copper, lead, zinc, gold and silver.

Directors

The following directors have held office since 1 January 2015:

Jeffrey Beck (*chairman*)
Sinisa Bogicevic (*appointed 1 January 2015*)
Devin Burnett (*appointed 12 May 2015*)
Nelson Pastor (*resigned 30 June 2015*)
Walter Cimowsky
Alan Paterson
Siva Pillay
Ad Van Halder

Results and dividends

The results for the year are set out on page 7.

During the year an interim dividend of US\$5,900 per ordinary share was paid (2014 - US\$8,400 per ordinary share). During the year, the company repurchased and cancelled a total of 164 shares (2014 – 76 shares repurchased and cancelled) from shareholders and issued 164 shares (2014 – 12 shares issued) to new and existing shareholders.

In 2014, the company sold a wholly owned subsidiary, Ocean Partners Investments Limited, resulting in a gain of US\$15.63M.

Future developments

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 levels achieved over the past few years. However, the group has a sound financial position and a broad business base and is therefore well placed to manage uncertainties within the economic environment.

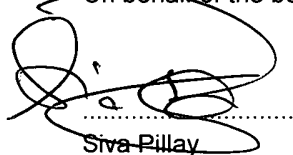
Auditors

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

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



Siva Pillay

Chief Executive Officer

26 April 2016

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

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 group and of the profit or loss of the company and 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 the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- 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 transactions of the company and group 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.

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED

We have audited the group and the parent company financial statements of Ocean Partners Holdings Limited for the year ended 31 December 2015 set out on pages 7 to 38. The financial reporting framework that has been applied in their preparation is applicable law and (United Kingdom Accounting Standards) including Financial Reporting Standard 102).

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 auditor's 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

28/4/16
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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 2015

	Note	2015 Total US\$'000	Continuing operations US\$'000	2014 Discontinued operations US\$'000	Total US\$'000
Turnover	3	2,016,822	2,018,741	3,261	2,022,002
Cost of Sales		(1,964,133)	(1,962,354)	(3,927)	(1,966,281)
Gross profit/(loss)		52,689	56,387	(666)	55,721
Administrative expenses		(30,611)	(34,233)	(1,226)	(35,459)
Other operating (loss)		(3,348)	(2,249)	(243)	(2,492)
Operating profit/(loss)	4	18,730	19,905	(2,135)	17,770
Share of associate's operating profit		-	-	239	239
Share of joint venture's operating (loss)		-	-	(154)	(154)
Profit on disposal of subsidiary		-	-	15,629	15,629
Interest receivable and similar income	8	3,352	6,365	-	6,365
Interest payable and similar charges	9	(11,925)	(13,663)	(102)	(13,765)
Profit before taxation		10,157	12,607	13,477	26,084
Taxation	10	(3,972)	(4,451)	(13)	(4,464)
Profit on ordinary activities after taxation		6,185	8,156	13,464	21,620
Minority interests		-	-	(3)	(3)
Profit and total comprehensive income for the financial year		6,185	8,156	13,461	21,617

The profit and loss account for 2015 has been prepared on the basis that all operations are continuing operations.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The profit for the company for year was \$9,842,000 (2014:\$28,030,000).

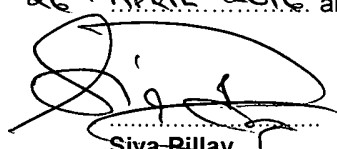
OCEAN PARTNERS HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2015

		Group 2015	2014 (as restated)	Company 2015	2014
	Note	US\$'000	US\$'000	US\$'000	US\$'000
Fixed assets					
Intangible assets	12	566	1,517	-	-
Tangible assets	13	2,728	2,889	-	-
Investments	14	14	10	14,659	14,794
		<u>3,308</u>	<u>4,416</u>	<u>14,659</u>	<u>14,794</u>
Current assets					
Stocks	15	382,274	391,016	-	-
Debtors: amounts falling due within one year	16	180,735	183,747	15,811	18,971
Debtors: amounts falling due after more than one year	17	46,820	33,118	7,204	-
Cash at bank and in hand		89,591	62,188	1,119	166
		<u>699,420</u>	<u>670,069</u>	<u>24,134</u>	<u>19,137</u>
Creditors: amounts falling due within one year	19	(614,132)	(593,834)	(8,160)	(14,900)
Net current assets		<u>85,288</u>	<u>76,235</u>	<u>15,974</u>	<u>4,237</u>
Debtors subject to non-recourse finance arrangement	19	-	45,690	-	-
Less: Non-recourse finance arrangement	19	-	(45,690)	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due after more than one year	20	(7,200)	-	(7,200)	-
Net assets		<u>81,396</u>	<u>80,651</u>	<u>23,433</u>	<u>19,031</u>
Capital and reserves					
Called up share capital	23	1	1	1	1
Share premium account		17,304	4,131	17,304	4,131
Profit and loss account		64,091	76,519	6,128	14,899
Total equity		<u>81,396</u>	<u>80,651</u>	<u>23,433</u>	<u>19,031</u>

The financial statements were approved by the board of directors and authorised for issue on 26th April 2016 and are signed on its behalf by:



Siva Pillay
Chief Executive Officer

Company Registration No. 05171663

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENT OF CHANGES-IN-EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance at 1 January 2014	1	2,930	68,984	71,915
Year ended 31 December 2014				
Profit and total comprehensive income for the year	-	-	21,617	21,617
Proceeds from share issues	-	1,282	-	1,282
Share redemptions	-	(81)	(6,640)	(6,721)
Dividends	-	-	(7,442)	(7,442)
Balance at 31 December 2014	1	4,131	76,519	80,651
Year ended 31 December 2015				
Profit and total comprehensive income for the year	-	-	6,185	6,185
Proceeds from share issues	-	14,772	-	14,772
Share redemptions	-	(1,599)	(13,763)	(15,362)
Dividends	-	-	(4,850)	(4,850)
Balance at 31 December 2015	1	17,304	64,091	81,396

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENT OF CHANGES-IN-EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

Company	Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance at 1 January 2014	1	2,930	951	3,882
Profit and total comprehensive income for the year	-	-	28,030	28,030
Proceeds from share issues	-	1,282	-	1,282
Share redemptions	-	(81)	(6,640)	(6,721)
Dividends	-	-	(7,442)	(7,442)
Balance at 31 December 2014	1	4,131	14,899	19,031
Profit and total comprehensive income for the year	-	-	9,842	9,842
Proceeds from share issues	-	14,772	-	14,772
Share redemptions	-	(1,599)	(13,763)	(15,362)
Dividends	-	-	(4,850)	(4,850)
Balance at 31 December 2015	1	17,304	6,128	23,433

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	US\$'000	2015 US\$'000	US\$'000	2014 US\$'000
Cash outflow from operating activities	30	(33,601)		(15,770)	
Tax paid		(2,379)		(11,115)	
Net cash outflow from operating activities			(35,980)		(26,885)
Cash flow from investing activities					
Interest received		3,352		6,365	
Dividend from associate undertaking		-		1,404	
Payments to acquire tangible assets		(824)		(1,791)	
Payments to acquire investments		(10)		(1,158)	
Sales of investments		-		131	
Receipts from sales of tangible assets		511		32	
Purchase of subsidiary undertaking		(35)		(384)	
Proceeds from sale of subsidiary undertaking		-		(1,633)	
Net cash flow from investing activities			2,994		2,966
Cash flow from financing activities					
Interest paid		(11,925)		(13,765)	
Loans notes issued		9,600		-	
Equity dividends paid		(4,850)		(7,442)	
Shares issued		14,772		1,282	
Shares repurchased		(15,362)		(6,721)	
Increase in bank finance		68,154		49,620	
Net cash flow from financing activities			60,389		22,974
Net increase/(decrease) in cash and cash equivalents			27,403		(945)
Cash and cash equivalents at beginning of year			62,188		63,133
Cash and cash equivalents at the end of the year	30		89,591		62,188

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Ocean Partners Holdings Limited is the parent company of a group that acts as a principal in the trading of metal ores, concentrates and secondary materials, primarily copper, lead, zinc, gold and silver.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of the registered office is 30-36 King Street, Maidenhead, Berks, SL6 1EF.

1.1 Accounting convention

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis, under the historical cost convention, modified to include the revaluation of stock and certain financial instruments at fair value through profit or loss.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements for the year ended 31 December 2015 are the first financial statements of Ocean Partners Holdings Limited prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 31.

Basis of preparation

No profit and loss account is presented for Ocean Partners Holdings Limited as permitted by section 408 of the Companies Act 2006.

1.2 Basis of consolidation

The group consolidated financial statements include the financial statements of the parent company and all of its subsidiary undertakings together with the group's share of the results of associates made up to 31 December 2015.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which gives it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and where the group has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

A joint venture is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the profit and loss account.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

1.2 Basis of consolidation (Continued)

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the group control is accounted for as a business combination. Thereafter where the group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of any discounts and rebates allowed by the group and value added taxes.

The group recognises revenue when:-

- the significant risks and rewards of ownership have been transferred to the buyer;
- the group retains no continuing involvement or control over the goods;
- the amount of revenue can be measured reliably;
- it is probable that future economic benefits will flow to the group; and
- when the specific criteria relating to the each of the group's sales channels have been met, as described below.

Sale of goods

Sales of concentrates are recognised when the group has transferred to the customer significant risks and rewards of ownership of the concentrates. In most instances this is recognised once the product is despatched to the destination specified by the customer and the bill of lading has been released.

For certain concentrates, the sales price is determined on a provisional basis at the date of the sale, as the final selling price is subject to movements in market prices up to the date of the final pricing, normally ranging from 30 to 90 days after initial delivery. Sales prices on provisionally priced sales are recognised based on the estimated fair value of the total consideration receivable. Where provisional weights and assays have been used, an appropriate retention is made until such amounts are finally determined and agreed.

Forward matched commitments that are estimated to produce a loss are provided for in full at the balance sheet date.

Sale of services

The group from time to time provides services on a consultancy basis. Turnover is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated readily.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

1.3 Turnover (Continued)

Interest income

Interest income is recognised using the effective interest rate method when the right to receive interest has been established and it is probable that the economic benefits will flow to the group.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and amounts directly attributable in bringing the asset to its working conditions for its intended use.

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

Computer equipment & software	-	3-5 years
Fixtures, fittings & equipment	-	3-5 years
Mineral properties, building, land & leasehold additions	-	5-15 years
Motor vehicles	-	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the profit and loss account, in the year of disposal.

1.5 Fixed asset investments

In the parent company's individual balance sheet, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

1.6 Business combinations and goodwill (Continued)

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination. Goodwill is amortised over its expected useful life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

The group has taken advantage of the exemption under section 35.10 (a) of FRS 102 from adopting this policy on any business combinations effected before the date of transition to FRS 102.

1.7 Impairment of fixed assets

At each reporting end date, the parent company and the group review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

1.8 Stocks

Stocks are stated at fair value less costs to sell through profit or loss. Stocks are recognised as an expense in the period in which the related revenue is recognised. Fair value is calculated using published prices of the London Metal Exchange and London Bullion Market Association. Unrealised gains and losses from changes in fair value are reported in cost of goods sold through profit or loss. Financing and storage costs are expensed as incurred.

1.9 Financial instruments

The group has chosen to adopt the provisions of Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit or loss, except those investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably, which are measured at cost less impairment.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss.

Derecognition of financial assets

Financial assets are derecognised when:

- the contractual rights to the cash flows from the asset expire or are settled, or
- substantially all the risks and rewards of the ownership of the asset are transferred to another party, or
- control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

1.9 Financial instruments (Continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each period end. Changes in the fair value of derivatives are recognised in the profit or loss, in finance costs or finance income as appropriate.

The group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Derecognition of financial liabilities

Financial liabilities are derecognised when the liability is extinguished; that is when the contractual obligation is discharged, cancelled or has expired.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 the group's underlying exposure in line with the group's risk management policies. The group does not hold or issue derivative financial instruments for speculative purposes.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

1.10 Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

1.11 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In these cases tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in the tax assessments during periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.12 Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period during which the service is received.

Other benefits include long-service benefits payable to certain individuals on retirement from their employment. The cost of this benefit is recognised over the period of service of the employee, discounted to net present value, and funded through cash reserves.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

1.13 Retirement benefits

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid, the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals on the balance sheet. The assets of the plan are held separately from the group in an independently administered fund.

1.14 Foreign exchange

The financial statements are prepared in US dollars which is the functional currency of the group and the parent company. Monetary amounts in these financial statements are rounded to the nearest US\$'000.

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction, and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

All foreign exchange gains and losses are presented in the profit and loss account within 'losses of foreign exchange.'

1.15 Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

1.16 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

FOR THE YEAR ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are addressed below.

Stock

Included in stock are metal concentrates which have been provisionally invoiced by the supplier due to uncertainties surrounding the final pricing and assays of the materials. Pricing is normally based on the published London Metal Exchange prices from 30 to 90 days after the initial delivery. Assays and weights are often estimated by the supplier and confirmed within 90 days of delivery by official assayers. As a result it is necessary to consider the recoverability of the value of stock and the associated provision required. When calculating the fair value of the stock, management considers the nature of the stock, as well as the assumptions around the final quality of the assays, and from knowledge and experience of the industry allow a suitable provision against the full price of the material included.

Sales

For certain sales contracts, where the sales price is determined on a provisional basis, the final selling price is subject to movements in market prices up to the date of the final pricing. It is also subject to changes in the final assay results of the materials sold. At each reporting period end any unfinalised contracts are reviewed and an appropriate retention is made until such amounts are finally determined and agreed.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtor and historical experience. See notes 16 and 17 for the net carrying amount of the debtors and associated impairment provision.

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.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover (Continued)

	2015 US\$'000	2014 US\$'000
Turnover		
Sale of goods	2,014,727	2,020,262
Commissions and other income receivable	2,095	1,740
	<u>2,016,822</u>	<u>2,022,002</u>
 Other significant revenue		
Interest income	<u>3,352</u>	<u>6,365</u>

4 Operating profit

Operating profit for the year is stated after charging:

	2015 US\$'000	2014 US\$'000
Depreciation of tangible fixed assets	472	749
Amortisation of intangible assets	815	819
Impairment of other debtors	4,750	1,425
Foreign exchange differences	1,704	2,191
Operating lease charges	<u>909</u>	<u>691</u>
 Auditors' remuneration		
Fees payable to company's auditors and its associates for the audit of the parent company and the group's consolidated financial statements	87	144
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries	225	196
Audit-related assurance services	53	25
Tax advisory services	-	58
Tax compliance services	<u>23</u>	<u>23</u>
Total amount payable to the company's auditors and its associates	<u>388</u>	<u>446</u>

5 Employees

The average monthly number of employees (including directors) during the year was made up as follows:

	2015	2014
Trading	30	31
Administrative	57	55
Financial	41	43
Production	-	20
	<u>128</u>	<u>149</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

5 Employees (continued)

Their aggregate remuneration comprised:

	2015 US\$'000	2014 US\$'000
Wages and salaries	14,156	17,404
Social security costs	823	966
Pension costs	630	612
	<u>15,609</u>	<u>18,982</u>

6 Directors' remuneration

	2015 US\$'000	2014 US\$'000
Remuneration for qualifying services	4,498	4,668
Company pension contributions	121	102
	<u>4,619</u>	<u>4,770</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2014: - 5)

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

	2015 US\$'000	2014 US\$'000
Remuneration for qualifying services	1,004	1,007
Company pension contributions	36	26
	<u>1,040</u>	<u>1,033</u>

7 Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2015 US\$'000	2014 US\$'000
Salaries and other short-term benefits	8,320	6,102
Post-employment benefits	219	112
	<u>8,539</u>	<u>6,214</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

8 Interest receivable and similar income

	2015 US\$'000	2014 US\$'000
Interest income		
Interest on bank deposits	1,750	2,793
Other interest income	1,602	3,572
	<u>3,352</u>	<u>6,365</u>

9 Interest payable and similar charges

	2015 US\$'000	2014 US\$'000
Interest on short term bank loans	11,124	12,633
Interest on other loans	801	1,132
	<u>11,925</u>	<u>13,765</u>

10 Taxation

	2015 US\$'000	2014 US\$'000
Current tax:		
UK corporation tax on profits for the current period	4,304	4,167
Tax underprovided in previous years	568	-
	<u>4,872</u>	<u>4,167</u>
Foreign tax	(1,297)	(2,136)
Total current tax	<u>3,575</u>	<u>2,031</u>
Deferred tax		
Origination and reversal of timing differences (note 21)	397	2,433
Total tax charge	<u>3,972</u>	<u>4,464</u>

From 1 April 2015, the main rate of UK Corporation tax decreased from 21% to 20%. Deferred tax balances at 31 December 2015 and 31 December 2014 are measured at the revised rate of 20%.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Taxation (Continued)

The charge for the year can be reconciled to the profit for the year, as follows:

	2015 US\$'000	2014 US\$'000
Current tax:		
Profit on ordinary activities before tax	10,157	26,084
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%)	2,057	5,608
Tax effect of expenses that are not deductible in determining taxable profit	1,694	1,997
Gains not taxable	(17)	(2,983)
Adjustments in respect of prior years	(48)	-
Permanent capital allowances in excess of depreciation	182	194
Deferred tax adjustments in respect of prior years	221	32
Exchange differences arising on currency translation	709	(85)
Other timing differences	588	(2,944)
Higher tax rates on overseas earnings	33	(456)
Unutilised tax losses carried forward	(1,447)	3,101
Total tax expense	3,972	4,464

11 Dividends

	2015 US\$'000	2014 US\$'000
Interim dividend paid	4,850	7,442

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

12 Intangible assets

Group	Goodwill US\$'000
Cost	
At 1 January 2015	2,573
Differences arising on deferred consideration	(136)
At 31 December 2015	2,437
Amortisation	
At 1 January 2015	1,056
Charge for the year	815
At 31 December 2015	1,871
Net book value	
At 31 December 2015	566
At 31 December 2014	1,517

Goodwill is being amortised as follows:

Goodwill arising on the acquisition of MK Metal Trading Holding II, S.A.P.I. de C.V. and its subsidiaries is being amortised evenly over the directors' estimate of its useful life of 3 years.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

13 Tangible fixed assets

Group

	Fixtures, fittings & equipment	Mineral properties, buildings, land & leasehold additions	Computer equipment & software	Motor vehicles	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
At 1 January 2015	810	1,618	2,319	188	4,935
Additions	60	18	670	76	824
Disposals	(7)	-	(878)	(55)	(940)
At 31 December 2015	863	1,636	2,111	209	4,819
Depreciation					
At 1 January 2015	544	108	1,256	138	2,046
Depreciation charged in the year	109	284	35	44	472
Eliminated in respect of disposals	(1)	-	(378)	(48)	(427)
At 31 December 2015	652	392	913	134	2,091
Net book value					
At 31 December 2015	211	1,244	1,198	75	2,728
At 31 December 2014	266	1,510	1,063	50	2,889

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

14 Investments

Group

	Listed and unlisted investments US\$'000
Cost	
At 1 January 2015	70
Additions (unlisted)	10
Disposals	-
At 31 December 2015	<u>80</u>
Provisions for diminution in value	
At 1 January 2015	60
Provided during the year	6
At 31 December 2015	<u>66</u>
Net Book Value	
At 31 December 2015	<u>14</u>
At 31 December 2014	<u>10</u>

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 2012, the company exercised 50% of the options. During 2015 and 2014, the company did not exercise any options.

Included in the above are listed investments with a market value of US\$4,000 (2014:US \$10,000)

Company

	Shares in group undertakings US\$'000
Cost	
At 1 January 2015	14,794
Differences arising on deferred consideration	(135)
At 31 December 2015	<u>14,659</u>
Net Book Value	
At 31 December 2015	<u>14,659</u>
At 31 December 2014	<u>14,794</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

14 Investments (Continued)

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of Business
Ocean Partners UK Ltd.	UK	Ordinary Shares	100	Trading
Ocean Partners UK Trading Ltd.	UK	Ordinary Shares	100	Trading
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
Trading Partners Peru S. A. C. *	Peru	Ordinary Shares	100	Trading
Ocean Partners Australia Pty Ltd.	Australia	Ordinary Shares	100	Trading
BHS Logistics B. V. *	Netherlands	Ordinary Shares	100	Trading
Ocean Partners Mexico, S. A. de C.V.	Mexico	Ordinary Shares	100	Dormant
MK Metal Trading Holding II, S. A. P. I. de C. V.	Mexico	Ordinary Shares	100	Holding company
MK Metal Trading Mexico, S. A. de C.V. *	Mexico	Ordinary Shares	100	Trading
MK Metal Resources, S. A. C. *	Peru	Ordinary Shares	100	Payroll services
MK Metal Trading GmbH *	Switzerland	Ordinary Shares	100	Trading
MK Metal Trading Peru, S. A. C. *	Peru	Ordinary Shares	100	Trading
APN Tech, S. A. C. *	Peru	Ordinary Shares	100	Financing
MK Metal Basis, S. A. C *	Peru	Ordinary Shares	100	Trading

* Investment held indirectly

15 Stock

Group

	2015 US\$'000	2014 (as restated) US\$'000
Finished goods and goods for resale	382,274	391,016

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

16 Debtors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	(as restated)			
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors	114,126	100,197	-	-
Amount owed by group undertakings	-	-	15,692	16,038
Derivative financial instruments	19,407	27,254	-	-
Corporation tax	6,039	5,380	-	-
Other debtors	14,626	17,568	119	2,933
Prepayments and accrued income	23,532	29,946	-	-
Deferred tax asset (note 21)	3,005	3,402	-	-
	<u>180,735</u>	<u>183,747</u>	<u>15,811</u>	<u>18,971</u>

Trade debtors disclosed above are measured at amortised cost.

Amounts owed by group undertakings are unsecured and have no fixed date of repayment. The balances attract interest at 2% above LIBOR.

17 Debtors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	(as restated)			
	US\$'000	US\$'000	US\$'000	US\$'000
Other debtors	46,820	33,118	7,204	-
	<u>46,820</u>	<u>33,118</u>	<u>7,204</u>	<u>-</u>

A provision of US\$6,175,000 (2014: US\$1,425,000) has been recognised against the balances due from the Resources Investment Co. Limited Group, which has been included in other debtors above. See note 29 for further details.

18 Loans

	Group		Company	
	2015	2014	2015	2014
	(as restated)			
	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans payable within one year	504,640	436,486	2,333	13,072
	<u>504,640</u>	<u>436,486</u>	<u>2,333</u>	<u>13,072</u>

At the year end the group had short term borrowings amounting to US\$504,640,000 (2014: US\$436,486,000). The group uses short-term borrowings to finance specific material purchase contracts. The loans are secured on the value of specific contracts and bear commercial rates of interest individually agreed with each finance provider. The loans are repayable on the subsequent sale of the materials. The group has a total finance facility of US\$865,000,000.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

19 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	(as restated)			
	US\$'000	US\$'000	US\$'000	US\$'000
Loans (note 18)	504,640	436,486	2,333	13,072
Trade creditors	85,547	127,853	-	-
Amounts owed to group undertakings	-	-	2,550	1,219
Corporation tax	4,325	2,468	476	196
Other taxes and social security costs	-	21	-	-
Other creditors	4,071	6,193	2,400	-
Accruals and deferred income	15,549	20,813	401	413
	<u>614,132</u>	<u>593,834</u>	<u>8,160</u>	<u>14,900</u>

Included in loans at 31 December 2014 is an amount of US\$8,062,430 being the maximum recourse to the group in respect of bank loans used to make advances to a supplier. Due to the limited recourse to the group, the bank loans do not include bank loans outstanding at the year end of US\$45,690,170 and the equivalent debtor from the supplier. There are no such balances at 31 December 2015.

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	(as restated)			
	US\$'000	US\$'000	US\$'000	US\$'000
Other creditors	7,200	-	7,200	-
	<u>7,200</u>	<u>-</u>	<u>7,200</u>	<u>-</u>

Included in other creditors are amounts due to certain shareholders which bear interest at the rate of 3% per annum and are repayable in four equal annual instalments, with the final repayment due on 30 June 2019.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

21 Deferred taxation

The deferred tax asset (included in debtors, note 16) is made up as follows:

	Group 2015 US\$'000	Company 2015 US\$'000
Profit and loss account (note 10)	397	-
	<u> </u>	<u> </u>

	Group 2015 US\$'000	2014 US\$'000	Company 2015 US\$'000	2014 US\$'000
Other timing differences	(554)	(657)	-	-
Tax losses available	(2,451)	(2,745)	-	-
	<u>(3,005)</u>	<u>(3,402)</u>	<u>-</u>	<u>-</u>

22 Retirement benefit schemes

Defined benefit schemes

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was US\$630,000 (2014: US\$612,000).

23 Share capital

Group and company

	2015 US\$'000	2014 US\$'000
Allotted and fully paid		
822 (2014: 822) Ordinary shares of US\$1 each	1	1
	<u> </u>	<u> </u>

On 5 June 2015 and 1 July 2015, the company re-purchased and cancelled 164 Ordinary \$1 shares at a cost to the company of US\$15,356,000. On 5 June 2015 and 1 July 2015, the company issued 164 Ordinary shares at a premium of US\$90,074 per share.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

24 Operating leasing commitments

At the year end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 US\$'000	2014 US\$'000
Within one year	133	5
Between two and five years	352	425
	<u> </u>	<u> </u>

The company has no operating lease obligations.

25 Financial commitments, guarantees and contingent liabilities

The company is a guarantor of borrowing facilities utilised by other members of the Ocean Partners group of companies.

26 Capital Commitments

	2015 US\$'000	2014 US\$'000
At 31 December 2015, the group had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	-	340
	<u> </u>	<u> </u>

27 Financial instruments

Group

The group has the following financial instruments:

	Note	2015 US\$'000	2014 US\$'000
Financial assets at fair value through profit or loss			
LME futures contracts	16	19,407	27,254
Trade debtors	16	114,126	100,197
		<u>133,533</u>	<u>127,451</u>
Financial assets that are debt instruments measured at amortised cost			
Corporation tax recoverable	16	6,039	5,380
Other debtors	16	14,626	17,568
Other debtors – due after more than one year	17	46,820	33,118
Prepayments and accrued income	16	23,532	29,946
Deferred tax asset	16	3,005	3,402
		<u>94,022</u>	<u>89,414</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

27 Financial instruments (Continued)

	Note	2015 US\$'000	2014 US\$'000
Financial liabilities measured at amortised cost			
Bank loans	19	504,640	436,486
Corporation tax	19	4,325	2,468
Other taxes and social security costs	19	-	21
Other creditors	19	4,071	6,193
Other creditors – due after more than one year	20	7,200	-
Accruals	19	15,549	20,813
		<u>535,785</u>	<u>465,981</u>

	Note	2015 US\$'000	2014 US\$'000
Financial liabilities at fair value through profit or loss			
Trade creditors	19	<u>85,547</u>	<u>127,853</u>

Derivative financial instruments

The group enters into LME futures contracts to mitigate the commodity price risk of the physical concentrates traded. The group only trades in futures as a hedging mechanism for physical concentrate and never as a speculative trading platform.

The fair value of the futures contracts is calculated as the difference between the strike price of the contract and the spot price of the metal based on the LME price, an active market, at the year end.

Company

The company has the following financial instruments

	2015 US\$'000	2014 US\$'000
Financial assets that are debt instruments measured at amortised cost		
Amounts owed by group undertakings	15,692	16,038
Other debtors	119	2,933
Other debtors – due after more than one year	7,204	-
	<u>23,015</u>	<u>18,971</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

27 Financial instruments (Continued)

	2015 US\$'000	2014 US\$'000
Financial liabilities measured at amortised cost		
Bank loans	2,333	13,072
Amounts owed to group undertakings	2,550	1,219
Corporation tax	476	196
Other creditors	9,600	-
Accruals	401	413
	<u>15,360</u>	<u>14,900</u>

28 Control

There is no overall controlling party.

29 Related party relationships and transactions

Group

At the year-end, Siva Pillay, a director of the company owed Ocean Partners Holdings Limited US\$2,332,000 (2014: US\$1,803,000). The loan bears interest at 3% per annum and is due for repayment by no later than 7 June 2022. The maximum amount outstanding during the year was US\$2,332,000.

At the year-end, Devin Burnett, a director of the company owed Ocean Partners USA, Inc., a wholly owned subsidiary, US\$5,000,000 (2014: US\$477,000). The loan bears interest at 3% per annum and is due for repayment by no later than 31 December 2024. The maximum amount outstanding during the year was US\$5,041,000.

At the year-end, Jeffrey Beck, Alan Paterson, Walter Cimowsky and Dafree Holdings, of which Ad Van Halder is the overall controlling party, were each owed US\$2,400,000 (2014: US\$nil). The loans bear interest at the rate of 3% per annum and are repayable in four equal annual instalments on 30 June of each year, with the final repayment due on 30 June 2019.

During the year Ocean Partners Holdings Limited paid an interim dividend totalling \$4,732,000 (2014: \$6,913,000) to directors of the company, companies controlled by directors of the company and a company in which a director has significant interest.

On 5 June 2015, the company re-purchased 152 ordinary US\$1 shares from directors of the company, companies controlled by directors of the company, and a company in which a director has significant interest, for a total cost of \$14,138,000. On 5 June 2015, 45 Ordinary US\$1 shares were issued to a director of the company.

On 1 July 2015, the company re-purchased 12 ordinary US\$1 shares from a company controlled by a former director of the company, for a total cost of \$1,217,000. On 1 July 2015, 6 Ordinary US\$1 shares were issued to a director of the company.

During the year the group received interest of \$484,000 (2014: \$338,000) from companies in the Resource Investment Co. Limited group ('RICL'), a group under common control. The group also made purchases from RICL amounting to \$1,476,000 (2014: \$2,681,000). At 31 December 2015, RICL owed the group \$34,033,000 (2014: \$33,593,000). A provision of \$4,750,000 (2014: \$1,425,000) has been recognised directly against these loans in the year, with cumulative provisions of \$6,175,000 (2014: \$1,425,000) recognised against these loans at the year end.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

29 Related party relationships and transactions (Continued)

Company

Other than the transactions disclosed above, the company's other related party transactions were with wholly owned subsidiaries and consequently have not been disclosed.

30 Notes to cash flow statement

(a) Cash (outflow) from operating activities

	2015 US\$'000	2014 US\$'000
Profit for the financial year:	6,185	21,620
Adjustments for:		
Tax on profit on ordinary activities	3,972	4,464
Interest payable	11,925	13,765
Interest receivable	(3,352)	(6,362)
Income from investments	-	(88)
Profit from disposal of subsidiary	-	(15,629)
Operating profit	18,730	17,770
Depreciation of tangible fixed assets	472	749
Amortisation of intangible fixed assets	815	819
Impairments of fixed asset investments	146	-
Impairment of other debtors	4,750	1,425
Working capital movements:		
Decrease/(increase) in stock	8,739	(67,930)
(Increase) in debtors	(10,426)	(7,378)
(Decrease)/increase in creditors	(56,827)	38,775
Cash outflow from operating activities	(33,601)	(15,770)

(b) Reconciliation of net debt

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Cash at bank and in hand	89,591	62,188	1,119	166
Debts falling due within one year	(504,640)	(436,486)	(2,333)	(13,702)
Net debt	(415,049)	(374,298)	(1,214)	(13,536)

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

31 Reconciliation on adoption of FRS102

This is the first year that the group and company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102:

	At 1 January 2014			At 31 December 2014		
	As previously stated US\$'000	Effect of transition US\$'000	FRS 102 (as restated) US\$'000	As previously stated US\$'000	Effect of transition US\$'000	FRS 102 (as restated) US\$'000
Fixed assets						
Intangible assets	1,952	-	1,952	1,517	-	1,517
Tangible assets	4,354	-	4,354	2,889	-	2,889
Investments	11,111	-	11,111	10	-	10
	<u>17,417</u>	<u>-</u>	<u>17,417</u>	<u>4,416</u>	<u>-</u>	<u>4,416</u>
Current assets						
Stocks	316,909	7,264	324,173	401,043	(10,027)	391,016
Debtors: within one year	172,598	10,728	183,326	177,426	6,321	183,747
Debtors: after more than one year	-	-	-	33,118	-	33,118
Current asset investment	101	-	101	-	-	-
Cash at bank and in hand	63,133	-	63,133	62,188	-	62,188
	<u>552,741</u>	<u>17,992</u>	<u>570,733</u>	<u>673,775</u>	<u>(3,706)</u>	<u>670,069</u>
Creditors: within one year						
Loans	(386,866)	-	(386,866)	(436,486)	-	(436,486)
Taxation	(5,933)	-	(5,933)	(2,487)	-	(2,487)
Derivatives	-	(5,939)	(5,939)	-	-	-
Other creditors	(105,080)	(12,053)	(117,133)	(158,567)	3,706	(154,861)
	<u>(497,879)</u>	<u>(17,992)</u>	<u>(515,871)</u>	<u>(597,540)</u>	<u>3,706</u>	<u>(593,834)</u>
Net current assets	<u>54,862</u>	<u>-</u>	<u>54,862</u>	<u>76,235</u>	<u>-</u>	<u>76,235</u>
Non-recourse finance arrangement debtors	53,822	-	53,822	45,690	-	45,690
Less: Non-recourse finance arrangement	(53,822)	-	(53,822)	(45,690)	-	(45,690)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provisions for liabilities	(651)	-	(651)	-	-	-
Total assets less current liabilities	<u><u>71,628</u></u>	<u><u>-</u></u>	<u><u>71,628</u></u>	<u><u>80,651</u></u>	<u><u>-</u></u>	<u><u>80,651</u></u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

31 Reconciliation on adoption of FRS102

	At 1 January 2014			At 31 December 2014		
	As previously stated US\$'000	Effect of transition US\$'000	FRS 102 (as restated) US\$'000	As previously stated US\$'000	Effect of transition US\$'000	FRS 102 (as restated) US\$'000
Capital and reserves						
Called up share capital	1	-	1	1	-	1
Share premium account	2,930	-	2,930	4,131	-	4,131
Profit and loss account	68,984	-	68,984	76,519	-	76,519
Shareholders' funds	71,915	-	71,915	80,651	-	80,651
Minority interests	(287)	-	(287)	-	-	-
Total equity	71,628	-	71,628	80,651	-	80,651

The impact of FRS 102 on the group profit and loss is as follows:

	At 31 December 2014		
	As previously stated US\$'000	Effect of transition US\$'000	FRS 102 (as restated) US\$'000
Turnover	2,022,002	-	2,022,002
Cost of sales	(1,966,281)	-	(1,966,281)
Gross profit	55,721	-	55,721
Administrative expenses	(35,459)	-	(35,459)
Other operating (loss)	(2,492)	-	(2,492)
Operating profit	17,770	-	17,770
Share of associate's operating profit	239	-	239
Share of joint venture's operating loss	(154)	-	(154)
Profit on disposal of subsidiary	15,629	-	15,629
Interest receivable and similar income	6,365	-	6,365
Interest payable and similar charges	(13,765)	-	(13,765)
Profit on ordinary activities before taxation	26,084	-	26,084
Tax on profit on ordinary activities	(4,464)	-	(4,464)
Profit on ordinary activities after taxation	21,620	-	21,620
Minority interests	(3)	-	(3)
Profit for the financial year	21,617	-	21,617

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

31 Transition to FRS 102 (Continued)

Notes to reconciliations on adoption of FRS 102

FRS 102 requires derivative financial instruments to be recognised at fair value. Previously, under UK GAAP, the group did not recognise these instruments in the financial statements. On transition to FRS 102 the fair value of the financial instruments have been recognised in debtors and creditors. At 1 January 2014 debtors increased by US\$10,728,000 and at 31 December 2014 debtors increased by US\$6,321,000. At 1 January 2014 creditors increased by US\$17,992,000 and at 31 December 2014 creditors decreased by US\$3,706,000.

Previously, under UK GAAP, stock held by the group at the balance sheet date was accounted for at the lower of cost or net realisable value. Under FRS 102 paragraph 13.3, the group has elected to hold its stock at fair value. Accordingly, at 1 January 2014 stock increased by a value of US\$7,264,000 and at 31 December 2014 decreased by US\$10,027,000.

The result of these transitional adjustments has no effect on the profit or net equity of the group at either 1 January 2014 or 31 December 2014. The adjustments only affect the presentation of certain items on the balance sheet.