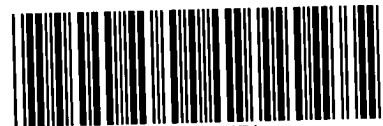


Company Registration No. 05171663 (England and Wales)

OCEAN PARTNERS HOLDINGS LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

OCEAN PARTNERS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Jeffrey Beck (Chairman)
Sinisa Bogicevic
Devin Burnett
Walter Cimowsky
Alan Paterson
Siva Pillay
Ad van Halder
Brent Omland (Appointed 1 December 2016)

Secretary

Stephen Ball

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 2016

The directors present their strategic report for the year ended 31 December 2016.

Fair review of the business

The Ocean Partners group of companies entered its thirteenth 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 2016

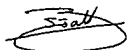
Development and performance

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

	31 December 2016 US\$'000	31 December 2015 US\$'000	31 December 2014 US\$'000
Gross profit (Page 7)	50,135	52,689	55,721
Profit and total comprehensive income for the year (Page 7)	9,748	6,185	21,617
Staff costs (Page 22)	16,695	15,609	18,982
Average number of staff (Page 21)	114	128	149

In 2016 compared to 2015, the Company's trading volumes and turnover decreased slightly with copper trading at significantly lower averages than the prior year offsetting all other metals trading at higher averages than the previous year. Gross profit percentage from continuing operations slightly increased to 2.80% (2015: 2.60%).

On behalf of the board



Stephen Ball
Company Secretary
2/05/2017

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report with the audited financial statements of the company and the group for the year ended 31 December 2016.

Directors

The following directors have held office since 1 January 2016:

Jeffrey Beck (*chairman*)

Sinisa Bogicevic

Devin Burnett

Walter Cimowsky

Alan Paterson

Siva Pillay

Ad Van Halder

Brent Omland

(Appointed 1 December 2016)

Results and dividends

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

During the year, the company paid a dividend of US\$3,750 per ordinary share (2015 - US\$5,900 per ordinary share).

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.

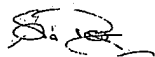
Auditors

The auditors, Citroën 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

2/05/2017

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 set out on pages 7 to 35. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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

Chartered Accountants
Statutory Auditor

3/05/2017

Devonshire House
1 Devonshire Street
London
W1W 5DR

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 Total	2015 Total
	Note	US\$'000	US\$'000
Turnover	3	1,822,153	2,016,822
Cost of Sales		(1,772,018)	(1,964,133)
Gross profit		<u>50,135</u>	<u>52,689</u>
Administrative expenses		(29,574)	(30,611)
Other operating gain/(loss)		776	(3,348)
Operating profit	4	<u>21,337</u>	<u>18,730</u>
Interest receivable and similar income	8	5,030	3,352
Interest payable and similar charges	9	(11,792)	(11,925)
Profit before taxation		<u>14,575</u>	<u>10,157</u>
Taxation	10	(4,827)	(3,972)
Profit and total comprehensive income for the financial year		<u><u>9,748</u></u>	<u><u>6,185</u></u>

The profit and loss account for 2016 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. There was a loss for the company of \$106,000 (2015: profit of \$9,842,000).

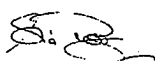
OCEAN PARTNERS HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	US\$'000	US\$'000	US\$'000	US\$'000
Fixed assets					
Intangible assets	12	699	566	-	-
Tangible assets	13	2,316	2,728	-	-
Investments	14	1,414	14	14,659	14,659
		<u>4,429</u>	<u>3,308</u>	<u>14,659</u>	<u>14,659</u>
Current assets					
Stocks	15	343,455	382,274	-	-
Debtors: amounts falling due within one year	16	203,899	180,735	15,387	15,811
Debtors: amounts falling due after more than one year	17	53,143	46,820	7,727	7,204
Cash at bank and in hand		72,106	89,591	2,062	1,119
		<u>672,603</u>	<u>699,420</u>	<u>25,176</u>	<u>24,134</u>
Creditors: amounts falling due within one year	19	(583,876)	(614,132)	(14,496)	(8,160)
Net current assets		<u>88,727</u>	<u>85,288</u>	<u>10,680</u>	<u>15,974</u>
Debtors subject to non-recourse finance arrangement	19	72,000	-	-	-
Less: Non-recourse finance arrangement	19	(72,000)	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due after more than one year	20	(5,094)	(7,200)	(5,094)	(7,200)
Net assets		<u>88,062</u>	<u>81,396</u>	<u>20,245</u>	<u>23,433</u>
Capital and reserves					
Called up share capital	23	1	1	1	1
Share premium account		17,304	17,304	17,304	17,304
Profit and loss account		70,757	64,091	2,940	6,128
Total equity		<u>88,062</u>	<u>81,396</u>	<u>20,245</u>	<u>23,433</u>

The financial statements were approved by the board of directors and authorised for issue on 2/05/2017 and were 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 2016

Group	Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance at 1 January 2015	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
Year ended 31 December 2016				
Profit and total comprehensive income for the year	-	-	9,748	9,748
Dividends	-	-	(3,082)	(3,082)
Balance at 31 December 2016	1	17,304	70,757	88,062

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Company	Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance at 1 January 2015	1	4,131	14,899	19,031
Year ended 31 December 2015				
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
Year ended 31 December 2016				
Profit and total comprehensive income for the year	-	-	(106)	(106)
Dividends	-	-	(3,082)	(3,082)
Balance at 31 December 2016	1	17,304	2,940	20,245

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	US\$'000	2016 US\$'000	US\$'000	2015 US\$'000
Cash inflow/(outflow) from operating activities	29	84,257		(33,601)	
Tax paid		(4,898)		(2,379)	
Net cash inflow/(outflow) from operating activities			79,359		(35,980)
Cash flow from investing activities					
Interest received		5,030		3,352	
Payments to acquire tangible assets		(475)		(824)	
Payments to acquire intangible assets		(300)		-	
Payments to acquire investments		(1,424)		(10)	
Receipts from sales of tangible assets		-		511	
Purchase of subsidiary undertaking		-		(35)	
Net cash flow from investing activities			2,831		2,994
Cash flow from financing activities					
Interest paid		(11,497)		(11,925)	
Loans notes issued		-		9,600	
Dividends paid		(3,082)		(4,850)	
Shares issued		-		14,772	
Shares repurchased		-		(15,362)	
(Decrease)/increase in bank finance		(85,096)		68,154	
Net cash flow from financing activities			(99,675)		60,389
Net (decrease)/ increase in cash and cash equivalents			(17,485)		27,403
Cash and cash equivalents at beginning of year			89,591		62,188
Cash and cash equivalents at the end of the year	29		72,106		89,591

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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 2016.

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 2016

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 2016

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 Intangible fixed assets other than goodwill

Computer software is recognised at cost, and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost of the assets less their residual values over their useful lives of 3-5 years. Where software is developed internally, it is only capitalised when a future economic benefit to the Group is likely to arise from its use.

1.5 Tangible fixed assets

Tangible fixed assets are stated at 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	-	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.

1.6 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.

1.7 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.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

1.7 Business combinations and goodwill (Continued)

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.

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.

1.8 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 2016

1 Accounting policies (Continued)

1.9 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.

1.10 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 2016

1 Accounting policies (Continued)

1.10 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 forward LME contracts 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 metal price 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 2016

1 Accounting policies (Continued)

1.11 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.

1.12 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.

1.13 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 2016

1 Accounting policies (Continued)

1.14 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.

1.15 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.'

1.16 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.

1.17 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 2016

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, allows 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 2016

3 Turnover (Continued)

	2016 US\$'000	2015 US\$'000
Turnover		
Sale of goods	1,821,891	2,014,727
Commissions and other income receivable	262	2,095
	<u>1,822,153</u>	<u>2,016,822</u>
Other significant revenue		
Interest income	<u>5,030</u>	<u>3,352</u>

4 Operating profit

Operating profit for the year is stated after charging:

	2016 US\$'000	2015 US\$'000
Depreciation of tangible fixed assets	355	472
Amortisation of intangible assets	634	815
Impairment of other debtors	-	4,750
Foreign exchange differences	1,846	1,704
Operating lease charges	<u>733</u>	<u>909</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	93	87
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries	233	225
Audit-related assurance services	48	53
Tax compliance services	<u>47</u>	<u>23</u>
Total amount payable to the company's auditors and its associates	<u>421</u>	<u>388</u>

5 Employees

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

	2016	2015
Trading	29	30
Administrative	47	57
Financial	38	41
	<u>114</u>	<u>128</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees (continued)

Their aggregate remuneration comprised:

	2016 US\$'000	2015 US\$'000
Wages and salaries	15,114	14,156
Social security costs	954	823
Pension costs	627	630
	<u>16,695</u>	<u>15,609</u>

6 Directors' remuneration

	2016 US\$'000	2015 US\$'000
Remuneration for qualifying services	4,245	4,498
Company pension contributions	105	121
	<u>4,350</u>	<u>4,619</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2015: 6)

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

	2016 US\$'000	2015 US\$'000
Remuneration for qualifying services	974	1,004
Company pension contributions	26	36
	<u>1,000</u>	<u>1,040</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:

	2016 US\$'000	2015 US\$'000
Salaries and other short-term benefits	7,427	8,320
Post-employment benefits	202	219
	<u>7,629</u>	<u>8,539</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest receivable and similar income

	2016 US\$'000	2015 US\$'000
Interest income		
Interest on bank deposits	2,035	1,750
Other interest income	2,995	1,602
	<u>5,030</u>	<u>3,352</u>

9 Interest payable and similar charges

	2016 US\$'000	2015 US\$'000
Interest on short term bank loans	11,244	11,124
Interest on other loans	548	801
	<u>11,792</u>	<u>11,925</u>

10 Taxation

	2016 US\$'000	2015 US\$'000
Current tax:		
UK corporation tax on profits for the current period	2,308	4,304
Tax (over)/underprovided in previous years	(501)	568
	<u>1,807</u>	<u>4,872</u>
Foreign tax	3,765	(1,297)
Total current tax	<u>5,572</u>	<u>3,575</u>
Deferred tax		
Origination and reversal of timing differences (note 21)	(745)	397
Total tax charge	<u>4,827</u>	<u>3,972</u>

From 1 April 2016, the main rate of UK Corporation tax remained at 20%. Deferred tax balances at 31 December 2016 and 31 December 2015 are measured at 20%.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation (Continued)

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

	2016 US\$'000	2015 US\$'000
Current tax:		
Profit on ordinary activities before tax	14,575	10,157
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	2,915	2,057
Tax effect of expenses that are not deductible in determining taxable profit	452	1,694
Gains not taxable	-	(17)
Adjustments in respect of prior years	508	(48)
Permanent capital allowances in excess of depreciation	12	182
Deferred tax adjustments in respect of prior years	-	221
Exchange differences arising on currency translation	(544)	709
Other timing differences	(53)	588
Higher tax rates on overseas earnings	1,249	33
Unutilised tax losses carried forward	288	(1,447)
Total tax expense	4,827	3,972

11 Dividends

	2016 US\$'000	2015 US\$'000
Dividend paid	3,082	4,850

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Intangible assets

Group	Computer Software US\$'000	Goodwill US\$'000	Total US\$'000
Cost			
At 1 January 2016	-	2,437	2,437
Transfers	739	-	739
Additions	300	-	300
At 31 December 2016	1,039	2,437	3,476
Amortisation			
At 1 January 2016	-	1,871	1,871
Transfer	272	-	272
Charge for the year	68	566	634
At 31 December 2016	340	2,437	2,777
Net book value			
At 31 December 2016	699	-	699
At 31 December 2015	-	566	566

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 has been 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 2016

13 Tangible fixed assets

Group

	Fixtures, fittings & equipment	Mineral properties, buildings, land & leasehold additions	Computer equipment	Motor vehicles	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
At 1 January 2016	863	1,636	2,111	209	4,819
Transfers	-	-	(739)	-	(739)
Additions	91	206	178	-	475
Disposals	(134)	-	(388)	(93)	(615)
At 31 December 2016	820	1,842	1,162	116	3,940
Depreciation					
At 1 January 2016	652	392	913	134	2,091
Transfers	-	(272)	-	-	(272)
Depreciation charged in the year	72	40	205	38	355
Eliminated in respect of disposals	(124)	-	(336)	(90)	(550)
At 31 December 2016	600	160	782	82	1,624
Net book value					
At 31 December 2016	220	1,682	380	34	2,316
At 31 December 2015	211	1,244	1,198	75	2,728

See note 30 for details of assets sold after the year end.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Investments

Group

	Listed and unlisted investments US\$'000
Cost	
At 1 January 2016	80
Additions	1,424
At 31 December 2016	1,504
Provisions for diminution in value	
At 1 January 2016	66
Provided during the year	24
At 31 December 2016	90
Net Book Value	
At 31 December 2016	1,414
At 31 December 2015	14

Included in the above are listed investments with a market value of US\$1,151,000 (2015: US \$4,000)

Included in investment additions above is a joint venture with a carrying value of \$253,000. The joint venture made a loss in the year of \$3,000 which has not been accounted for in the financial statements as it is not material to the group. The fair value of the joint venture is considered by the directors to be the same as the carrying value. At the year end the Group had committed \$1,316,000 of further investment to the joint venture. There were no joint ventures in the comparative period.

Company

	Shares in group undertakings US\$'000
Cost	
At 1 January 2016 and 31 December 2016	14,659
Net Book Value	
At 31 December 2016	14,659
At 31 December 2015	14,659

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Investments (Continued)

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of Business
<u>Subsidiaries</u>				
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
<u>Joint Ventures</u>				
Commodities Terminal Verbrugge BV (Netherlands)	Netherlands	Ordinary Shares	50	Trading

* Investment held indirectly

15 Stock

Group

	2016	2015
	US\$'000	US\$'000
Finished goods and goods for resale	343,455	382,274

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Debtors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors	129,793	114,126	187	-
Amount owed by group undertakings	-	-	15,179	15,692
Derivative financial instruments	3,499	19,407	-	-
Corporation tax	3,080	6,039	-	-
Supplier advances	30,458	12,250	-	-
Other debtors	6,244	2,376	21	119
Prepayments and accrued income	27,075	23,532	-	-
Deferred tax asset (note 21)	3,750	3,005	-	-
	<u>203,899</u>	<u>180,735</u>	<u>15,387</u>	<u>15,811</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	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Supplier advances	6,000	990	-	-
Shareholder loans	17,659	14,906	6,695	6,014
Other loans and debtors	29,484	30,924	1,032	1,190
	<u>53,143</u>	<u>46,820</u>	<u>7,727</u>	<u>7,204</u>

A provision of US\$6,175,000 (2015: US\$6,175,000) has been recognised against the balances due from the Resources Investment Co. Limited Group, which has been included in other debtors above. See note 28 for further details.

18 Loans

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans payable within one year	<u>419,544</u>	<u>504,640</u>	<u>2,333</u>	<u>2,333</u>

At the year end the group had short term borrowings amounting to US\$419,544,000 (2015: US\$504,640,000). The group uses short-term borrowings to finance specific material purchase contracts. The loans are generally secured on the value of the future delivery obligations or underlying material already purchased and bear commercial rates of interest individually agreed with each finance provider. The loans are generally repayable on the subsequent sale of the materials. The group has a total finance facility of US\$805,000,000.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Loans (note 18)	419,544	504,640	2,333	2,333
Trade creditors	133,133	85,547	11	-
Amounts owed to group undertakings	-	-	6,598	2,550
Derivative financial instruments	6,163	-	-	-
Corporation tax	2,042	4,325	28	476
Other creditors	6,959	4,071	4,800	2,400
Accruals and deferred income	16,035	15,549	726	401
	<u>583,876</u>	<u>614,132</u>	<u>14,496</u>	<u>8,160</u>

Included in loans at 31 December 2016 is an amount of US\$8,000,000 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\$72,000,000 and the equivalent debtor from the supplier.

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Other creditors	<u>5,094</u>	<u>7,200</u>	<u>5,094</u>	<u>7,200</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 2016

21 Deferred taxation

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

	Group 2016 US\$'000		Company 2016 US\$'000
Profit and loss account (note 10)	(745)		-
	<u> </u>		<u> </u>

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Other timing differences	554	554	-	-
Tax losses available	3,196	2,451	-	-
	<u>3,750</u>	<u>3,005</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\$627,000 (2015: US\$630,000).

23 Share capital

Group and company

	2016 US\$'000	2015 US\$'000
Allotted and fully paid		
822 (2015: 822) Ordinary shares of US\$1 each	1	1
	<u> </u>	<u> </u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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:

	2016 US\$'000	2015 US\$'000
Within one year	496	133
Between two and five years	1,129	352
In more than 5 years	48	-
	<u>1,673</u>	<u>485</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. The group has a commitment to fund its joint venture that has been disclosed in note 14.

26 Financial instruments

Group

The group has the following financial instruments:

	Note	2016 US\$'000	2015 US\$'000
Financial assets at fair value through profit or loss			
Listed investments	14	1,151	4
LME futures contracts	16	3,499	19,407
Trade debtors	16	129,793	114,126
		<u>134,443</u>	<u>133,537</u>
Financial assets that are debt instruments measured at amortised cost			
Corporation tax recoverable	16	3,080	6,039
Other debtors & supplier advances	16	36,702	14,626
Other debtors – due after more than one year	17	53,143	46,820
Prepayments and accrued income	16	27,075	23,532
Deferred tax asset	16	3,750	3,005
		<u>123,750</u>	<u>94,022</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2016

26 Financial instruments (Continued)

	Note	2016 US\$'000	2015 US\$'000
Financial liabilities measured at amortised cost			
Bank loans	19	419,544	504,640
Corporation tax	19	2,042	4,325
Other creditors	19	6,959	4,071
Other creditors – due after more than one year	20	5,094	7,200
Accruals	19	16,035	15,549
		<u>449,674</u>	<u>535,785</u>

	Note	2016 US\$'000	2015 US\$'000
Financial liabilities at fair value through profit or loss			
Trade creditors	19	<u>133,133</u>	<u>85,547</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

	2016 US\$'000	2015 US\$'000
Financial assets that are debt instruments measured at amortised cost		
Amounts owed by group undertakings	15,179	15,692
Other debtors	21	119
Other debtors – due after more than one year	7,727	7,204
Trade debtors	187	-
	<u>23,114</u>	<u>23,015</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2016

26 Financial instruments (Continued)

	2016 US\$'000	2015 US\$'000
Financial liabilities measured at amortised cost		
Bank loans	2,333	2,333
Amounts owed to group undertakings	6,598	2,550
Corporation tax	28	476
Other creditors	4,800	9,600
Accruals	726	401
	<u>14,485</u>	<u>15,360</u>

27 Control

There is no overall controlling party.

28 Related party relationships and transactions

Group

At the year-end, 3 directors (2015: 2) of the company owed Ocean Partners Holdings Limited US\$10,042,000 (2015: US\$7,332,000). The loans bear interest at 3% per annum and are due for repayment by 7 June 2022 and 31 December 2024. The maximum amount outstanding during the year was US\$10,199,000.

At the year-end 4 directors, who are also shareholders, were each owed US\$2,400,000 (2015: US\$2,400,000). 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 a dividend totalling \$2,678,000 (2015: \$4,732,000) to directors of the company, companies controlled by directors of the company and a company in which a director has significant interest.

During the year the group received interest of \$659,000 (2015: \$484,000) from companies in the Resource Investment Co. Limited group ('RICL'), a group under common control. The group also made purchases from RICL amounting to \$591,000 (2015: \$1,476,000). At 31 December 2016, RICL owed the group \$34,734,000 (2015: \$34,033,000). No provision (2015: \$4,750,000) has been recognised directly against these loans in the year, with cumulative provisions of \$6,175,000 (2015: \$6,175,000) recognised against these loans at the year end.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 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.

29 Notes to cash flow statement

(a) Cash inflow/(outflow) from operating activities

	2016 US\$'000	2015 US\$'000
Profit for the financial year:	9,748	6,185
Adjustments for:		
Tax on profit on ordinary activities	4,827	3,972
Interest payable	11,792	11,925
Interest receivable	(5,030)	(3,352)
Operating profit	21,337	18,730
Depreciation of tangible fixed assets	355	472
Amortisation of intangible fixed assets	634	815
Loss on disposal	66	-
Impairments of fixed asset investments	24	146
Impairment of other debtors	-	4,750
Working capital movements:		
Decrease in stock	38,820	8,739
(Increase) in debtors	(31,701)	(10,426)
Increase/(decrease) in creditors	54,722	(56,827)
Cash inflow/(outflow) from operating activities	84,257	(33,601)

(b) Reconciliation of net debt

	2016 US\$'000	2015 US\$'000
Cash at bank and in hand	72,106	89,591
Debts falling due within one year	(419,544)	(504,640)
Net debt	(347,438)	(415,049)

30 Post balance sheet events

In February 2017 the Group entered into an agreement to sell its land, engineering studies and licenses in Pisco to an unconnected third party at market value. These assets are included in the Mineral properties, buildings, land & leasehold additions in note 13 at a net book value of \$1,482,000.