

Company Registration No. 05171663 (England and Wales)

OCEAN PARTNERS HOLDINGS LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SATURDAY



AB9CFHM3

A05

30/07/2022

#182

COMPANIES HOUSE

OCEAN PARTNERS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Siva Pillay (Chairman)
Stephen Ball
Jeffrey Beck
Sinisa Bogicevic
Devin Burnett
Walter Cimowsky
Alan Paterson
Ad van Halder
Brent Omland
John Foley

Secretary

John Foley

Company number

05171663

Registered office

The Pearce Building
West Street
Maidenhead
SL6 1RL

Auditor

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

Solicitors

Memery Crystal LLP
165 Fleet Street
London
EC4A 2DY

OCEAN PARTNERS HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Directors' responsibilities statement	7
Independent auditor's report	8 – 10
Consolidated profit and loss account	11
Balance sheets	12
Statements of changes in equity	13
Statement of group cash flows	14
Notes to the financial statements	15 - 36

OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

Fair review of the business

The Ocean Partners Group of companies entered its eighteenth year of trading with a sound balance sheet and a healthy core group of customers and suppliers. The group's business is to act as principal between miners and smelters around the world, in the trading of metal ores, concentrates and secondary materials, primarily copper, lead, zinc, gold and silver, with the group also being a significant blender of concentrates in multiple locations. The group has also continued its expansion into the low value, high volume bulk commodities such as manganese, chrome and iron ore and to increase its focus on minor metals.

The parent company's business is to co-ordinate the trading and investment activities of the other companies in the group.

The group's core business model has remained fairly consistent over recent years but the industry remains one in which volumes and profitability are extremely volatile across every commodity the group trades, which can lead to significant fluctuations month on month. The group also continues to face increased competition from new entrants and existing participants looking to increase market share in the general ores and concentrate markets. Notwithstanding this, the tight market conditions experienced from mid-2019 which were intensified by the Covid-19 pandemic particularly in copper, zinc and gold concentrates, continued into the first half of this year and whilst market conditions returned more to equilibrium in the second half of the year the market conditions combined with a low interest rate environment, led the group to have one of its strongest years to date for the second year running.

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") and London Bullion Market Association ("LBMA") 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 board, and by the use of metal futures contracts such as those offered by the LME and LBMA, 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 group'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 group is reliant on US dollar LIBOR in its dealings with finance providers and counterparties but the FCA has announced that US dollar LIBOR settings will be discontinued after 30 June 2023. The FCA has confirmed that the US dollars LIBOR rate settings will remain fully representative of underlying rates until that date and the group is working closely with its finance providers and counterparties to ensure an alternative is adopted in good time.

The risk that adequate funding is not available to the group to meet its commitments associated with financial instruments is liquidity risk. The group plans its future business in conjunction with its borrowing facilities to avoid liquidity problems, and maintains relationships with lenders to ensure facility levels, including facilities for the derivatives noted above. These are adequate and can be adjusted to address any changes in the group's requirements.

OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The concentrate trading market, including concentrate blending, in which the group operates is inherently volatile and competitive but whilst the weakening market conditions experienced in the second half of the year have continued into the new financial year, and whilst it is inherently difficult to forecast trading volumes and margins the group expects a positive outlook for the time being although this could be challenged if interest rates rise significantly, spot treatment charge markets continue to weaken significantly, ocean freight markets deteriorate significantly or there are material reductions in liquidity from financial counterparties. Whilst a repeat of the 2020 and 2021 result is considered unlikely, profitability is expected to remain above 2018 and 2019 levels unless market conditions significantly deteriorate. The group continues to have a sound financial position and a diversified business base and is well positioned to operate the business positively in any market conditions which will continue to be inherently volatile and challenging.

Development and performance

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

	31 December 2021 US\$'000	31 December 2020 US\$'000	31 December 2019 US\$'000
Gross profit (Page 11)	68,485	76,687	46,926
Profit and total comprehensive income for the year (Page 11)	21,552	24,446	4,313
Staff costs (Page 23)	21,312	22,250	12,207
Average number of staff (Page 23)	121	111	112

The copper, zinc, lead, gold and silver prices all traded above the average prices compared to the prior year. Whilst gold was only marginally up in price, the other commodities saw large average price increases. There was an increase in both the company's volumes and turnover as a result of an increase in bulk materials and the increase in prices as compared to 2020. The gross profit percentage from continuing operations decreased to 1.78% (2020: 2.73%).

Section 172(1) Statement

During the preparation of these financial statements the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duties under section 172.

Under the Act a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly, as between members of the company.

OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Group board objective

The board's primary objective remains the long-term, sustainable success of the group including an ongoing succession strategy.

Most of the board have executive roles within the organisation, primarily on the trading side, which ensures it remains highly engaged with the day to day business, senior management and the trading team. Regular reviews of the group's performance ensure that the group continues to move forward whilst avoiding the type of risks that can realise short term gains but threaten the very existence of the group. The board also continue to fulfil their other core duties to oversee the group's culture, governance, financial controls, risk and change management.

The group has an extensive code of conduct which establishes the fair manner in which the board expect the group's staff to engage with others both within the organisation and outside it.

The group's core values are:

- a) Honesty
- b) Character and integrity
- c) Respect for others

Since the commencement of business, many communities have benefitted from the policy to donate a percentage of the group's profits to charitable causes each year. The staff nominate the beneficiaries ensuring a diversified and global reach.

The board support the drive for sustainable business to reduce the impact on the environment as discussed further in the carbon reporting section of the directors report.

Stakeholders

Our people

We have between 120 - 130 colleagues spread worldwide and aim to be a group where people are energised and take the lead in all areas of the business.

Engagement with our colleagues throughout the business is vital in ensuring a more productive, efficient and low risk environment.

Forms of engagement

We have senior managers heading up each of the six Ocean Partners global teams and they regularly engage with team members throughout the organisation and report back to the board where necessary. The teams are as follows:

- Trading
- Research
- Traffic and Administration
- Risk (inc. Hedging and IT)
- Accounting and Financial Reporting
- Treasury

Outcomes

Incentive schemes are centrally controlled by the board and, with input from senior managers, it ensures fairness throughout the group.

The group enjoys a high level of staff retention.

OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Our Counterparties

These include mines, producers, refiners, smelters, warehouses and shipping brokers. By dealing in a transparent and responsive way our counterparties trust us to be fair in our dealings leading to long term relationships which are mutually beneficial.

Forms of Engagement

Strong, long term relationships are sought with our counterparties to build up trust not only between the commercial teams but also the support staff.

Outcomes

The group enjoys many excellent long term relationships with counterparties with some going back to the birth of the group more than 15 years ago. Issues are resolved swiftly by amicable discussions and rarely become litigious.

The flexible approach and regular interaction means counterparties can be helped out of the most challenging of situations.

Our Banks

There are currently 15 banks giving finance to the group and all have a strong commodity pedigree with most based in Europe.

By dealing in a transparent and responsible way our banks trust us to return value to them at a relatively low risk.

Forms of Engagement

Strong, long term, face to face relationships are pursued with our banks from CEO to junior level.

Outcomes

The group has a good reputation amongst commodity banks and is able to finance deals that other companies may not be able to, bringing additional rewards to the banks and the group.

Brexit

The commodities industry is US dollar based and the group's global spread, European presence and low UK volume means the risk to the business as a result of Brexit remains low.

Ukraine

Without doubt the war in Ukraine has caused disruptions in most global markets. However, the group does not transact with Russia or the Ukraine and continues to operate without any direct adverse effect on the business. Upstream smelter energy costs could affect the markets in which the business operates.

Covid-19

The group's underlying operations and core financial performance have so far remained largely unaffected by the coronavirus pandemic but macro-economic conditions can change rapidly and if, for example, new vaccine resistant strains caused the outbreak to worsen, the group may experience disruption in operations as well as a decline in sales activities. As a result, this could adversely affect the group's business, financial condition and results of operations on a short term basis.

On behalf of the board



Brent Omland
Director

22/4/2022

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report with the audited financial statements of the company and the group for the year ended 31 December 2021.

Directors

The directors who held office during the year, and up to the date of the signing of the financial statements, were as follows:

Siva Pillay (*Chairman*)
Stephen Ball
Jeffrey Beck
Sinisa Bogicevic
Devin Burnett
Walter Cimowsky
Alan Paterson
Ad Van Halder
Brent Omland
John Foley

Results

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to US\$12,165,000 (2020: US\$nil). The directors do not recommend payment of a final dividend.

Carbon reporting and the environment

The board support the drive for sustainable business to reduce the impact on the environment and worked closely with one of its main banks in developing a sustainability policy that can be viewed on the group's website. The board's vision on sustainability is "to conduct our business responsibly, to the benefit of all stakeholders and with reference to relevant Sustainable Development Goals as set by the United Nations".

The group is required to make disclosures under Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The Group engages third party companies to provide the majority of services, the largest of which is freight and logistics and so the reportable carbon usage is relatively small and limited to administrative offices within the UK. There are no UK company cars and private car usage is minimal. The UK office is subject to a four year Esos audit and at the last review based on the 2018 calendar year the following was reported:

Electricity usage per year	64,360kWh	16,450kg CO2e
Heating and cooling	54%	
Hot water	23%	
Office equipment	17%	
Lighting	6%	

The key ratio used by the directors is kWh per UK employee, which was estimated to be 1,393kWh in 2021 (2020 – 1,478kWh). The office building is relatively new (<10 years) and hence the scope for savings is limited but a potential 2,896kWh saving was identified in the Esos report for a modest capital expenditure which has been taken up with the Landlord.

Statement of disclosure to auditor

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 auditor is 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 auditor is aware of that information.

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Other matters

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's strategic report information, required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

On behalf of the board



Brent Omland
Director

22/4/2022

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Opinion

We have audited the financial statements of Ocean Partners Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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.

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

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006) and the relevant direct and indirect tax compliance regulations. In addition, the group is required to comply with relevant MARPOL Annex V and shipping regulations, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation.
- We understood how the group is complying with those frameworks by making enquiries of management and seeking representations from those charged with governance to understand how management maintains and communicates its policies and procedures in these areas. We corroborated this by reviewing supporting documentation including directors' meeting minutes.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of internal control and by designating revenue recognition as a fraud risk.

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED

- We performed journal entry testing by specific risk criteria, with a focus on journals indicating large or unusual transactions based on our understanding of the business. We tested specific transactions reconciling to source documentation or independent confirmations, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses and review of directors' meeting minutes.
- The senior statutory auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Citroen Wells

Mark Bailey FCA CTA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

Chartered Accountants
Statutory Auditor

22/4/2022

.....

Devonshire House
1 Devonshire Street
London
W1W 5DR

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED

- We performed journal entry testing by specific risk criteria, with a focus on journals indicating large or unusual transactions based on our understanding of the business. We tested specific transactions reconciling to source documentation or independent confirmations, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses and review of directors' meeting minutes.
- The senior statutory auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Bailey FCA CTA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

Chartered Accountants
Statutory Auditor

22 April 2022

Devonshire House
1 Devonshire Street
London
W1W 5DR

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$'000	2020 US\$'000
Turnover	3	3,848,479	2,810,432
Cost of Sales		(3,779,994)	(2,733,745)
Gross profit		68,485	76,687
Administrative expenses		(36,065)	(46,524)
Operating profit	4	32,420	30,163
Interest receivable and similar income	8	13,531	11,038
Interest payable and similar charges	9	(23,046)	(19,955)
Other gains and losses	10	3,663	8,131
Profit before taxation		26,568	29,377
Taxation	11	(5,016)	(4,931)
Profit and total comprehensive income for the financial year		21,552	24,446

The consolidated profit and loss account for 2021 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. During the year under review, the company made a profit after tax of US\$15,368,000 (2020: loss of US\$503,000).

OCEAN PARTNERS HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2021

		2021	Group 2020	2021	Company 2020
	Note	US\$'000	US\$'000	US\$'000	US\$'000
Fixed assets					
Intangible assets	12	4,152	4,474	-	-
Tangible assets	13	956	580	-	-
Investments	14	25,758	19,860	15,617	14,117
		<u>30,866</u>	<u>24,914</u>	<u>15,617</u>	<u>14,117</u>
Current assets					
Stock	15	989,303	632,842	-	-
Debtors: amounts falling due within one year	16	391,641	458,317	25,146	17,892
Debtors: amounts falling due after more than one year	17	63,014	54,098	10,012	7,904
Cash at bank and in hand		38,278	56,018	1,555	258
		<u>1,482,236</u>	<u>1,201,275</u>	<u>36,713</u>	<u>26,054</u>
Creditors: amounts falling due within one year	18	(1,384,164)	(1,107,558)	(27,925)	(18,969)
Net current assets		<u>98,072</u>	<u>93,717</u>	<u>8,788</u>	<u>7,085</u>
Total assets less current liabilities		<u>128,938</u>	<u>118,631</u>	<u>24,405</u>	<u>21,202</u>
Provisions for liabilities					
Deferred tax liability	20	(920)	-	-	-
Net assets		<u>128,018</u>	<u>118,631</u>	<u>24,405</u>	<u>21,202</u>
Capital and reserves					
Called up share capital	22	1	1	1	1
Share premium account		21,444	21,444	21,444	21,444
Profit and loss account		106,573	97,186	2,960	(243)
Total equity		<u>128,018</u>	<u>118,631</u>	<u>24,405</u>	<u>21,202</u>

The financial statements were approved by the board of directors and authorised for issue on 22/4/2022 and were signed on its behalf by:

Siva Pillay

Siva Pillay
Director

Company Registration No. 05171663

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Group	Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance at 1 January 2020	1	21,444	72,740	94,185
Profit and total comprehensive income for the year	-	-	24,446	24,446
Balance at 31 December 2020	1	21,444	97,186	118,631
Profit and total comprehensive income for the year	-	-	21,552	21,552
Dividends paid in the year	-	-	(12,165)	(12,165)
Balance at 31 December 2021	1	21,444	106,573	128,018

Company	Share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance at 1 January 2020	1	21,444	260	21,705
Profit and total comprehensive income for the year	-	-	(503)	(503)
Balance at 31 December 2020	1	21,444	(243)	21,202
Profit and total comprehensive income for the year	-	-	15,368	15,368
Dividends paid in the year	-	-	(12,165)	(12,165)
Balance at 31 December 2021	1	21,444	2,960	24,405

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENT OF GROUP CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	US\$'000	2021 US\$'000	US\$'000	2020 US\$'000
Cash (outflow) from operating activities	28	(225,914)		(97,839)	
Tax paid		(5,565)		(1,442)	
Net cash (outflow) from operating activities			(231,479)		(99,281)
Cash flow from investing activities					
Interest received		13,531		11,038	
Payments to acquire tangible assets		(669)		(93)	
Payments to acquire intangible assets		-		(39)	
Payments to acquire investments		(3,709)		(155)	
Receipts from disposal of investments		1,265		1,151	
Net cash inflow from investing activities			10,418		11,902
Cash flow from financing activities					
Interest paid		(23,046)		(19,955)	
Loans notes issued/(repaid)		11,356		(798)	
Dividends paid		(10,982)		-	
Increase in bank finance		225,993		126,690	
Net cash inflow from financing activities			203,321		105,937
Net (decrease)/increase in cash and cash equivalents			(17,740)		18,558
Cash and cash equivalents at beginning of year			56,018		37,460
Cash and cash equivalents at the end of the year	28		38,278		56,018

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Ocean Partners Holdings Limited is the parent company of a group that acts as principal between miners and smelters around the world, 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 The Pearce Building, West Street, Maidenhead, England, SL6 1RL.

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 both years presented, unless otherwise stated.

Basis of preparation

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.

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 and joint ventures, made up to 31 December 2021.

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 entity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The results of joint ventures are accounted for using the equity method of accounting.

Any subsidiary undertakings, associates or joint ventures 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.

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.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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 turnover 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 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.

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.

Other income

Other income includes amounts received under the United States Government's payment protection program (PPP). The income is recognised once the group has met all conditions under the PPP forgiveness requirements.

1.4 Intangible fixed assets other than goodwill

Offtake agreements that are purchased from third parties and computer software are initially recognised at cost and are 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 on the following basis:

Offtake agreements - 10 years from start of production

Computer software - 3-5 years, starting from the date the asset is in full working condition

Where software is developed internally, it is only capitalised when a future economic benefit to the group is likely to arise from its use.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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, buildings, 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 and associates 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.

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 profit or loss, unless they are not publicly traded or their fair values cannot be measured reliably, in which case they are measured at cost less impairment.

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 2021

1 Accounting policies (Continued)

1.8 Stock

Stock is stated at fair value less costs to sell through profit or loss. Stock is recognised as an expense in the period in which the related revenue is recognised. Fair value is calculated using published prices of the LME and LBMA. Unrealised gains and losses from changes in fair value are reported in cost of goods sold through profit or loss.

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, cash and bank balances and group company loans, 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, and derivatives 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 profit or loss, except those investments in equity instruments that are not publicly traded or whose fair values cannot be measured reliably, which are measured at cost less impairment.

1.10 Financial instruments

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 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 2021

1 Accounting policies (Continued)

1.10 Financial instruments (continued)

Basic 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 payments 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 drawdown 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 prepayment for liquidity services and recognised 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, options 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 remeasured at their fair value at each period end. Changes in the fair value of derivatives are recognised in the profit or loss.

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 option, forward and future metal contracts as well as forward and future foreign currency contracts. The group does not currently apply hedge accounting rules, however 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.

1.11 Equity instruments

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

Dividends and other distributions to the members 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.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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 entitlement 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. 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.

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.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.15 Foreign exchange

The financial statements are prepared in US dollars which is the functional currency of the group. 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.

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's 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.

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 LME and LBMA prices ranging 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.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty (Continued)

Open sales contracts

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 assets

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 Note 4 for the bad debt provision recognised in the year.

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.

	2021 US\$'000	2020 US\$'000
Turnover		
Sale of goods	3,843,170	2,805,648
Commissions and other income receivable	5,309	4,784
	<u>3,848,479</u>	<u>2,810,432</u>

4 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2021 US\$'000	2020 US\$'000
Depreciation of tangible fixed assets	292	476
Amortisation of intangible assets	322	145
Provisions against debtors	350	11,305
Foreign exchange loss/(profit)	976	(64)
Operating lease charges	623	566
Profit on disposal of an immaterial subsidiary	-	(707)
	<u></u>	<u></u>

Auditor's remuneration

Fees payable to company's auditor for the audit of the parent company and the group's consolidated financial statements

87	77
----	----

Fees payable to the company's auditor for other services:

The audit of the company's subsidiaries

135	135
-----	-----

Tax and other compliance services

64	75
----	----

Total amount payable to the company's auditor and its associates

<u>286</u>	<u>287</u>
------------	------------

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

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

	2021	2020
Trading	27	25
Administrative	46	42
Financial	48	44
	<u>121</u>	<u>111</u>

Their aggregate remuneration comprised:

	2021 US\$'000	2020 US\$'000
Wages and salaries	19,116	20,079
Social security costs	1,458	1,520
Pension costs (Note 21)	738	651
	<u>21,312</u>	<u>22,250</u>

6 Directors' remuneration

	2021 US\$'000	2020 US\$'000
Remuneration for qualifying services	9,096	11,371
Pension contributions	141	154
	<u>9,237</u>	<u>11,525</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2020: 7).

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

	2021 US\$'000	2020 US\$'000
Remuneration for qualifying services	1,675	1,912
Group pension contributions	8	13
	<u>1,683</u>	<u>1,925</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Key management compensation

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

	2021 US\$'000	2020 US\$'000
Salaries and other short-term benefits	14,389	16,684
Pension contributions	318	298
	<u>14,707</u>	<u>16,982</u>

8 Interest receivable and similar income

	2021 US\$'000	2020 US\$'000
Other interest income	<u>13,531</u>	<u>11,038</u>

9 Interest payable and similar charges

	2021 US\$'000	2020 US\$'000
Interest on short term bank loans	21,284	17,986
Interest on other loans	1,762	1,969
	<u>23,046</u>	<u>19,955</u>

10 Other gains and losses

	2021 US\$'000	2020 US\$'000
Unrealised gains on investments	3,686	5,755
Profit on disposal of investments	334	-
Other gains and losses	(357)	2,376
	<u>3,663</u>	<u>8,131</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Taxation

	2021 US\$'000	2020 US\$'000
Current tax:		
UK corporation tax on profits for the current period	3,219	2,437
Adjustments in respect of prior periods	669	-
Foreign tax	(615)	2,390
Total current tax	3,273	4,827
Deferred tax		
Origination and reversal of timing differences (Note 20)	1,743	104
Total tax charge	5,016	4,931

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

	2021 US\$'000	2020 US\$'000
Current tax:		
Profit on ordinary activities before tax	26,568	29,377
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	5,048	5,582
Tax effect of expenses that are not deductible in determining taxable profit	(243)	207
Permanent capital allowances in excess of depreciation	-	8
Impairments and bad debts	-	(751)
Other timing differences	(10)	116
Higher tax rates on overseas earnings	(267)	76
Tax losses carried utilised	(742)	(307)
Deferred tax adjustments in respect of prior years	358	-
Under provided in prior years	669	-
Effect of the change in deferred tax rate	203	-
Total tax expense	5,016	4,931

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Intangible assets

Group	Offtake Agreement US\$'000	Computer Software US\$'000	Goodwill US\$'000	Total US\$'000
Cost				
At 1 January 2021 and 31 December 2021	3,000	2,265	2,437	7,702
Amortisation				
At 1 January 2021	-	791	2,437	3,228
Charge for the year	-	322	-	322
At 31 December 2021	-	1,113	2,437	3,550
Net book value				
At 31 December 2021	3,000	1,152	-	4,152
At 31 December 2020	3,000	1,474	-	4,474

13 Tangible fixed assets

Group	Fixtures, fittings & equipment US\$'000	Mineral properties, buildings, land & leasehold additions US\$'000	Computer equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
Cost					
At 1 January 2021	734	941	1,214	97	2,986
Additions	14	522	133	-	669
Disposals	-	-	(1)	-	(1)
At 31 December 2021	748	1,463	1,346	97	3,654
Depreciation					
At 1 January 2021	579	657	1,085	85	2,406
Depreciation charged in the year	38	156	91	7	292
At 31 December 2021	617	813	1,176	92	2,698
Net book value					
At 31 December 2021	131	650	170	5	956
At 31 December 2020	155	284	129	12	580

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Investments

Group	Shares in associates & joint ventures US\$'000	Other investments US\$'000	Total investments US\$'000
Cost or valuation			
At 1 January 2021	2,561	18,576	21,137
Additions	-	3,709	3,709
Disposal	-	(1,265)	(1,265)
Valuation changes	-	3,454	3,454
At 31 December 2021	2,561	24,474	27,035
Impairment			
At 1 January 2021 and 31 December 2021	561	716	1,277
Net Book Value			
At 31 December 2021	2,000	23,758	25,758
At 31 December 2020	2,000	17,860	19,860

Included in the above are joint ventures with total carrying values of US\$nil (2020: US\$nil). The joint ventures made a loss in the year of US\$253,000 (2020: US\$2,039,000) which has not been accounted for in the financial statements as the value of the joint venture is already fully provided for, and the group has no further commitments with regards to these entities. The fair value of the joint ventures are considered by the directors to be the same as the carrying value.

Included in the above are associates with total carrying values of US\$2,000,000 (2020: US\$2,000,000). The group is entitled to profits from these associates of US\$411,000 (2020: US\$341,000) which have not been accounted for in the financial statements as they are not considered material by the directors.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Investments (Continued)

Company

	2021 US\$'000	2020 US\$'000
Investment in subsidiaries	14,617	13,117
Investment in associates	1,000	1,000
	<u>15,617</u>	<u>14,117</u>

Shares in group undertakings and participating interests US\$'000

Cost	
At 1 January 2021 and 31 December 2021	15,617
Impairment	
At 1 January 2021	1,500
Reversal of impairment	(1,500)
At 31 December 2021	-
Carrying amount	
At 31 December 2021	15,617
At 31 December 2020	14,117

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Investments (Continued)

Name of company	Registered office key	Holding	Proportion of voting rights and shares held	Nature of Business
<u>Subsidiaries</u>				
Ocean Partners UK Ltd.	1	Ordinary Shares	100	Trading
Ocean Partners UK Trading Ltd.	1	Ordinary Shares	100	Trading
Chemin Trading UK Limited *	1	Ordinary Shares	100	Trading
MK Metal Trading Holding II, S. A. P. I. de C. V.	1	Ordinary Shares	100	Holding company
Ocean Partners USA, Inc.	2	Ordinary Shares	100	Trading
Ocean Partners Canada Ltd.	3	Ordinary Shares	100	Trading
OPH Cyprus Ltd.	4	Ordinary Shares	100	Trading
Ocean Partners Peru S. A. C. *	5	Ordinary Shares	100	Trading
MK Metal Resources, S. A. C. *	5	Ordinary Shares	100	Payroll services
MK Metal Trading Peru, S. A. C. *	5	Ordinary Shares	100	Trading
APN Tech, S. A. C. *	5	Ordinary Shares	100	Financing
MK Metal Basis, S. A. C. *	5	Ordinary Shares	100	Trading
Trading Partners Peru S. A. C. *	5	Ordinary Shares	100	Trading
Ocean Partners Australia Pty Ltd.	6	Ordinary Shares	100	Trading
BHS Logistics B. V. *	7	Ordinary Shares	100	Trading
Ocean Partners Mexico, S. A. de C.V.	8	Ordinary Shares	100	Dormant
MK Metal Trading Mexico, S. A. de C.V. *	8	Ordinary Shares	100	Trading
MK Metal Trading GmbH *	9	Ordinary Shares	100	Trading
Ocean Partners Chile SpA	10	Ordinary Shares	100	Trading
<u>Joint Venture</u>				
Chemin Trading Pty Limited *	11	Ordinary Shares	50	Trading
Commodities Terminal Verbrugge BV (Netherlands)	12	Ordinary Shares	50	Trading
<u>Associates</u>				
Mazule Holdings (pty) Ltd	13	Ordinary Shares	22.50	Trading
Fujax Holdings Ltd	14	Ordinary Shares	22.50	Trading
Fujax Group Limited	15	Ordinary Shares	20	Trading

* Investment held indirectly

Registered Office addresses:

- 1 The Pearce Building, West Street, Maidenhead, SL6 1RL, United Kingdom
- 2 43 Danbury Road, Wilton, CT 06897, USA
- 3 70 Fairside Avenue, Toronto, Ontario, M4C 3H2
- 4 36 Galaxias Building, 5th Floor, Flat 502, 1061 Nicosia, Cyprus
- 5 Avenida el Derby No. 254 oficina 2402, Santiago de Surco, Lima 33 –Perú
- 6 7 Lerwick Avenue, Hazelwood Park, SA 5066, Australia
- 7 Atrium Building, 8th Floor, Strawinskylaan 3127, 8e verdieping, 1077ZX Amsterdam, Netherlands
- 8 Ejercito Nacional Mexicano 769, Col. Granada, Mexico, 11560
- 9 Riedstrasse 7 6330 Cham, Zug, P.O. Box 961, Switzerland
- 10 Avenida Américo Vespucio Sur 80 P 11, Santiago, Chile
- 11 1919 Loerie Lane, Eye of Africa, Elkenhof, Gauteng, 1872
- 12 Engelandweg 12, Ritthem, 4389PC, Netherlands
- 13 Office 301, Vineyard Centre, 10 Vineyard Road, Claremont, Cape Town, 7708, RSA
- 14 Lemuel House, 12 Morcellement Boucan Road, Phoenix, Mauritius
- 15 Barley Mow Centre Unit 3e.01, 10 Barley Mow Passage, London, W4 4PH, United Kingdom

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Stock

Group

	2021 US\$'000	2020 US\$'000
Metal ores and concentrates	989,303	632,842

16 Debtors: amounts falling due within one year

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Trade debtors	258,417	274,710	25	-
Amount owed by group undertakings	-	-	25,020	17,684
Amount due from joint venture	429	1,905	-	-
Corporation tax	4,487	4,719	98	90
Supplier advances	73,557	56,815	-	-
Other debtors	13,973	16,281	3	-
Metal margins held by brokers	34,710	97,143	-	-
Prepayments and accrued income	1,676	1,529	-	118
Deferred tax asset (Note 20)	4,392	5,215	-	-
	<u>391,641</u>	<u>458,317</u>	<u>25,146</u>	<u>17,892</u>

17 Debtors: amounts falling due after more than one year

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Amount due from joint venture	2,021	2,292	-	-
Supplier advances	2,344	7,837	-	-
Shareholder loans	24,059	18,717	8,492	6,961
Other loans and debtors	34,590	25,252	1,520	943
	<u>63,014</u>	<u>54,098</u>	<u>10,012</u>	<u>7,904</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Loans (Note 19)	1,059,311	833,318	-	-
Trade creditors	240,147	166,167	-	-
Amounts owed to group undertakings	-	-	9,347	13,268
Derivative financial instruments	22,788	65,644	-	-
Corporation tax	2,273	5,085	652	-
Other creditors	20,254	15,676	17,760	5,220
Accruals and deferred income	39,391	21,668	166	481
	<u>1,384,164</u>	<u>1,107,558</u>	<u>27,925</u>	<u>18,969</u>

19 Loans

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade finance loans payable within one year	1,059,311	833,318	-	-

At the year end the group had short term borrowings amounting to US\$1,059,311,000 (2020: US\$833,318,000). 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 had a total finance facility of US\$1,225,000,000 at the year end.

20 Deferred taxation

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

	Group		Company	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Profit and loss account (Note 11)	1,743	-	-	-
	<u>1,743</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Assets		Liabilities	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Corporate interest restriction	-	37	-	-
Revaluations	-	-	1,211	-
Other timing differences	2,409	2,128	(291)	-
Tax losses available	1,983	3,050	-	-
	<u>4,392</u>	<u>5,215</u>	<u>920</u>	<u>-</u>

Deferred tax is provided at the various rates enacted in the relevant jurisdictions.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Retirement benefit schemes

Defined contribution schemes

The group operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds.

The charge to profit and loss in respect of defined contribution schemes was US\$738,000 (2020: US\$651,000).

22 Share capital

Group and company

	2021 US\$'000	2020 US\$'000
Allotted and fully paid		
822 (2020: 822) Ordinary shares of US\$1 each	1	1
	<u>1</u>	<u>1</u>

23 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:

	2021 US\$'000	2020 US\$'000
Within one year	233	450
Between two and five years	571	110
In over five years	24	-
	<u>828</u>	<u>560</u>

24 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:

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

25 Financial instruments

Group

The group has the following financial instruments:

	Note	2021 US\$'000	2020 US\$'000
Financial assets at fair value through profit or loss			
Other investments	14	23,758	17,860
Trade debtors	16	258,417	274,710
		<u>282,175</u>	<u>292,570</u>
Financial assets at cost less impairment			
Joint ventures and associates	14	2,000	2,000
		<u>2,000</u>	<u>2,000</u>
Financial assets that are debt instruments measured at amortised cost			
Other debtors	16	87,959	75,001
Other debtors – due after more than one year	17	63,014	54,098
Metal margins held by brokers	16	34,710	97,143
		<u>185,683</u>	<u>226,242</u>
Financial liabilities measured at amortised cost			
Loans	18	1,059,311	833,318
Other creditors	18	20,254	15,676
Accruals	18	39,391	21,668
		<u>1,118,956</u>	<u>870,662</u>
Financial liabilities at fair value through profit or loss			
Trade creditors	18	240,147	166,167
Derivative financial instruments	18	22,788	65,644
		<u>262,935</u>	<u>231,811</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

25 Financial instruments (Continued)

Derivative financial instruments

The group enters into LME and LBMA 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 concentrates 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 and LBMA price at the year end.

Company

The company has the following financial instruments

	Note	2021 US\$'000	2020 US\$'000
Financial assets that are debt instruments measured at amortised cost			
Amounts owed by group undertakings	16	25,020	17,684
Trade debtors	16	25	-
Other debtors	16	3	-
Other debtors – due after more than one year	17	10,012	7,904
		<u>35,060</u>	<u>25,588</u>
Financial assets at cost less impairment			
Unlisted investments	14	<u>15,617</u>	<u>14,117</u>
Financial liabilities measured at amortised cost			
Amounts owed to group undertakings	18	9,347	13,268
Other creditors	18	17,760	5,220
Accruals	18	166	481
		<u>27,273</u>	<u>18,969</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Control

There is no overall controlling party.

27 Related party relationships and transactions

Group

	Sales US\$'000	Purchases US\$'000	Interest received/ (payable) US\$'000	Amounts owed from/(to) US\$'000	Impairments US\$'000
2021					
Entities over which the group has joint control or significant influence;	133,239	176,195	3,949	36,392	(2,200)
Directors' debtor balances	-	-	256	8,548	-
Directors' creditor balances	-	-	(343)	(16,576)	-
Other related parties	-	-	176	20,451	(10,295)
2020					
Entities over which the group has joint control or significant influence;	111,433	118,461	2,761	25,502	(2,100)
Directors' debtor balances	-	-	286	9,545	-
Directors' creditor balances	-	-	(174)	(5,220)	-
Other related parties	-	-	571	20,170	(9,852)

All the transactions disclosed above are conducted on an arms length basis, with interest charged at a commercial rate, and security held over the assets financed where necessary.

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.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2021

28 Notes to cash flow statement

(a) Cash (outflow) from operating activities

	2021 US\$'000	2020 US\$'000
Profit for the financial year:	21,552	24,446
Adjustments for:		
Tax on profit on ordinary activities	5,016	4,931
Interest payable	23,046	19,955
Interest receivable	(13,531)	(11,038)
Operating profit	36,083	38,294
Depreciation of tangible fixed assets	292	476
Amortisation of intangible fixed assets	322	145
Loss on disposal	-	30
(Gain) on investments	(3,686)	(5,755)
Impairment of assets	350	11,035
Working capital movements:		
(Increase)/decrease in stock	(356,461)	5,378
Decrease/(increase) in debtors	56,445	(208,833)
Increase in creditors	40,741	61,391
Cash (outflow) from operating activities	(225,914)	(97,839)

(b) Reconciliation of net debt

	2021 US\$'000	2020 US\$'000
Cash at bank and in hand	38,278	56,018
Loans falling due within one year	(1,059,311)	(833,318)
Net debt	(1,021,033)	(777,300)