



ANNUAL
REPORT
2015

METALCORP
GROUP

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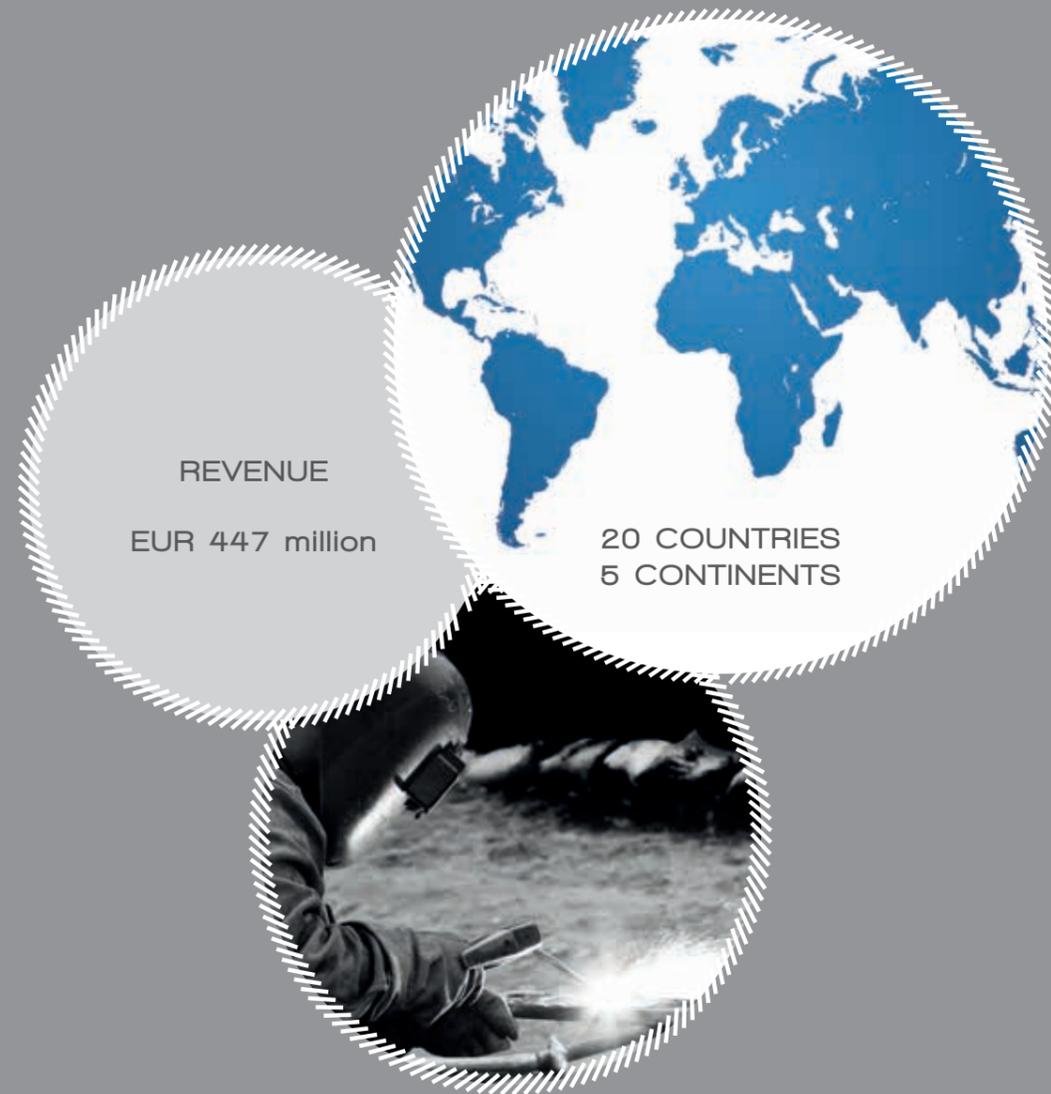
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OVERVIEW

- Who we are
- Group Structure
- History
- Global Presence

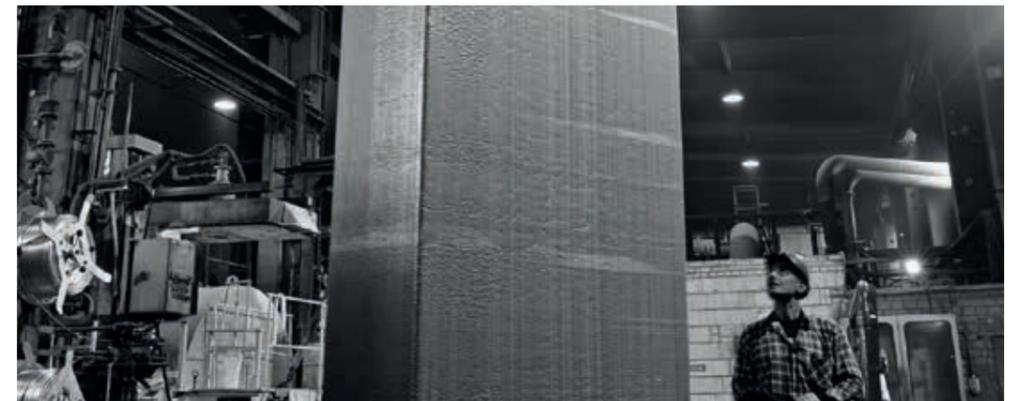


WHO WE ARE

Metalcorp Group B.V. is an international and diversified minerals and metals group.

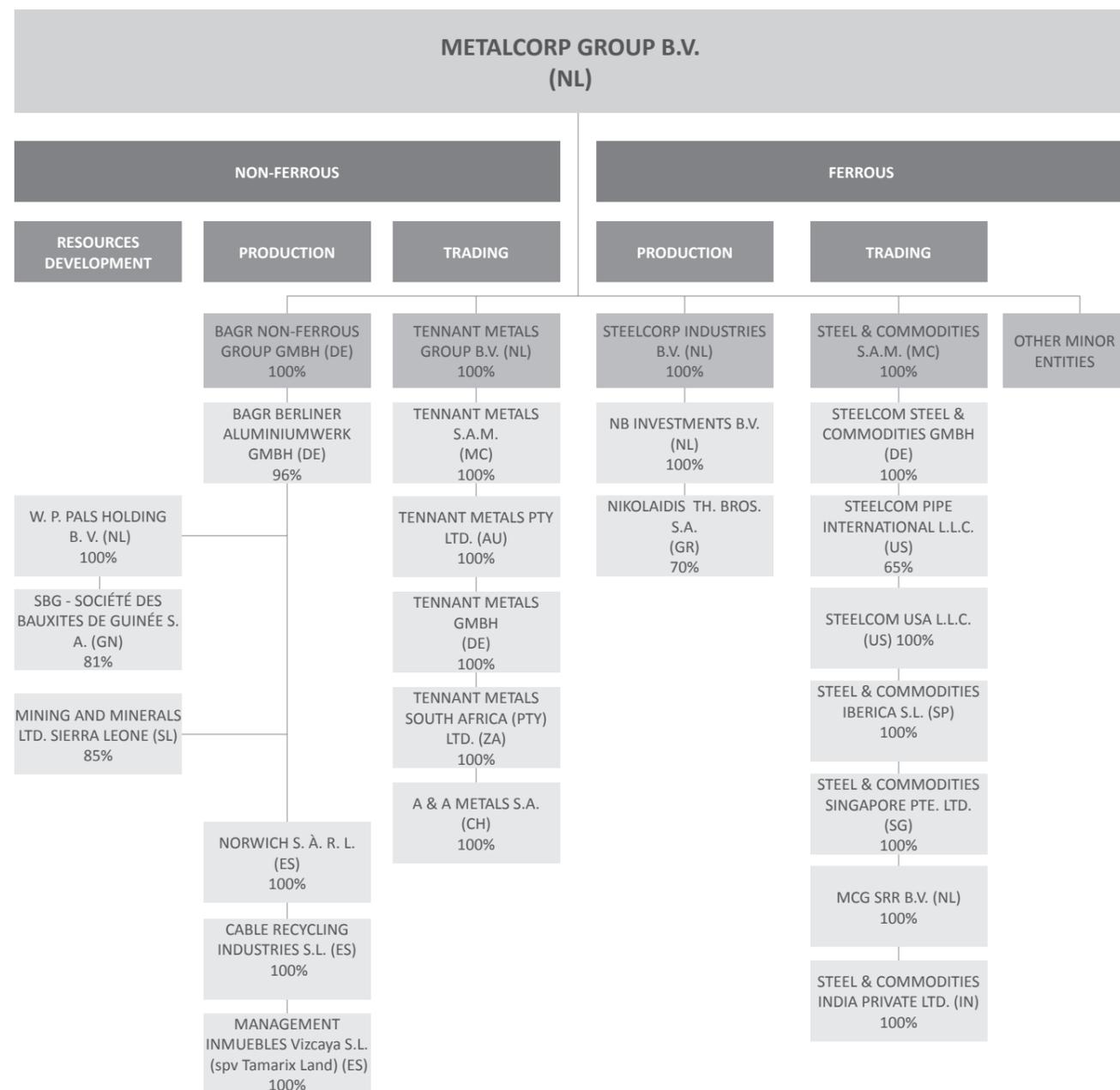
Metalcorp Group B.V. markets physical commodities sourced from third party producers as well as from its own production facilities. We apply expertise in resources development, extraction, processing and distribution of metals and minerals.

We are present in 20 countries across the world and our many years of experience allow us to develop complementary services in shipping, distribution and financing.



GROUP STRUCTURE

OUR BUSINESS IS ORGANIZED THROUGH TWO DIVISIONS, NON-FERROUS AND FERROUS BOTH DIVIDED INTO SUB-DIVISIONS: PRODUCTION, TRADING AND RESOURCES DEVELOPMENT.



HISTORY

Metalcorp Group B.V. ("Metalcorp" the "Company and/or the "Group") was formed in 2006, although the track-record of the group starts in 2000 with the acquisition of BAGR Berliner Aluminiumwerke GmbH, which is still today the main contributor of the Non-Ferrous production division.

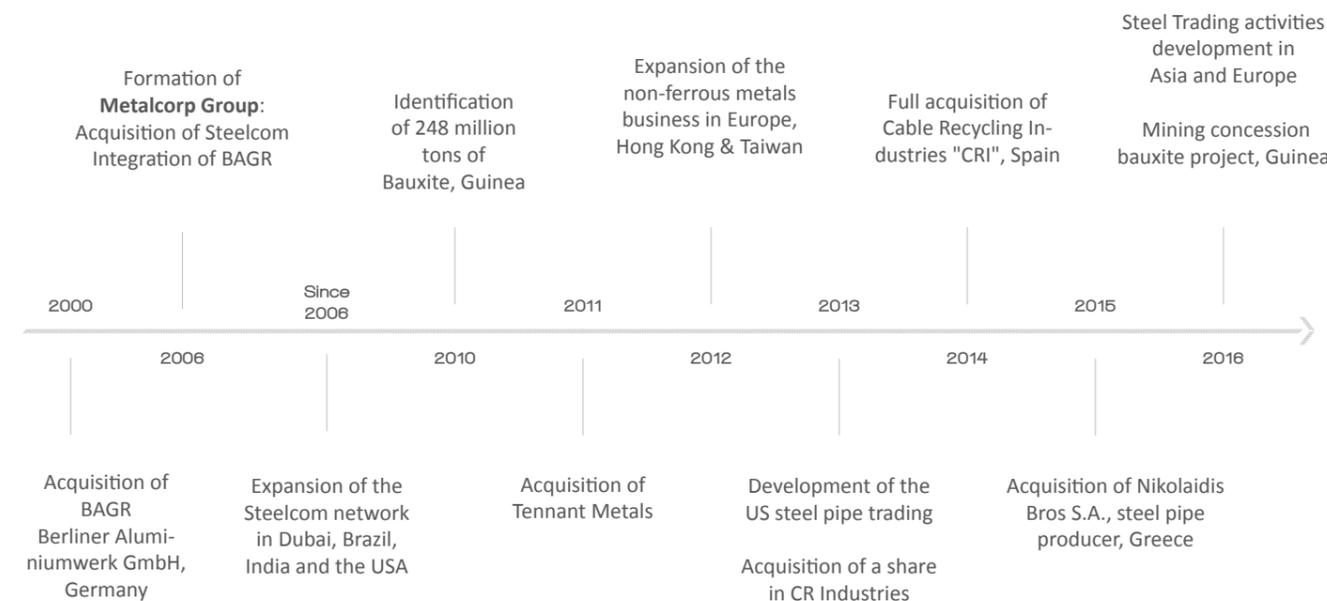
After a successful turn-around of this secondary aluminium smelting operation, the Company expanded by acquiring Steelcom, a steel trader and the foundation of the Ferrous division.

Immediately upon the acquisition of Steelcom, the international expansion to develop a global network started.

After completing several smaller mining projects, the Company acquired bauxite licenses in Guinea and further expanded into Non-Ferrous trading through the acquisition of Tennant Metals.

As the global network is established throughout the years, the Company is focused on adding industrial assets.

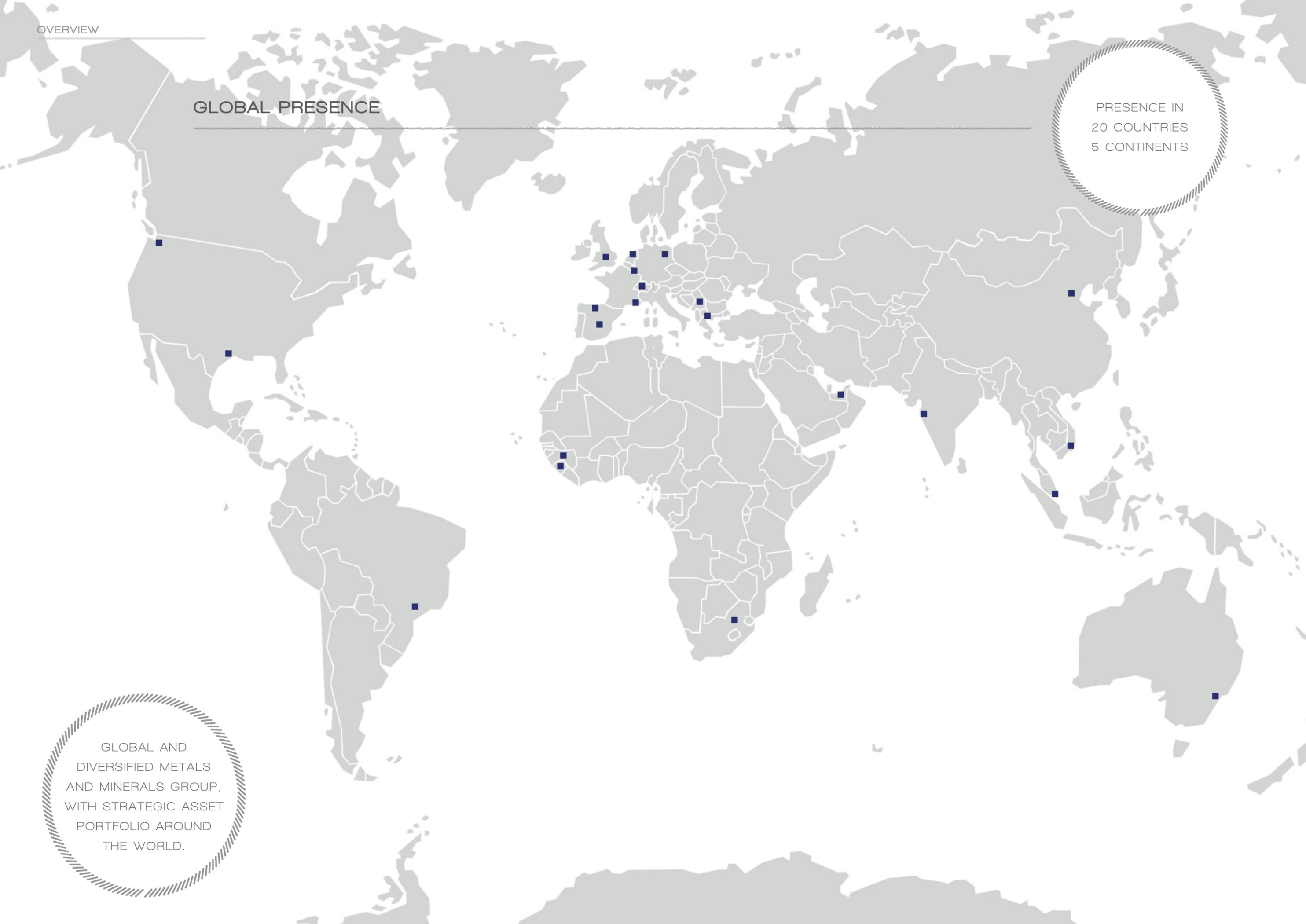
In the past few years, the Company acquired and successfully integrated a copper cable recycler, Cable Recycling Industries S.L. ("CRI"), into its Non-Ferrous production division and recently added Nikolaïdis Th. Bros S.A., a pipe and tube producer, to its Ferrous production division.



GLOBAL PRESENCE

PRESENCE IN
20 COUNTRIES
5 CONTINENTS

GLOBAL AND
DIVERSIFIED METALS
AND MINERALS GROUP,
WITH STRATEGIC ASSET
PORTFOLIO AROUND
THE WORLD.





GLOBAL ENVIRONMENT

The metals and minerals industry has always been one of the foundations of human development and will continue to play a vital role in meeting society's need. This industry is an essential component in everyday life, as these commodities are applied in almost all the segments of society including construction of our homes, buildings and infrastructure, transportation, utilities such as water supply, sewage and energy, and manufacturing of products. Furthermore, this industry impacts society through significant work and services that are required to mine, process, transport, treat and recycle the material.

The development of this industry is highly interlinked with the development and urbanization of society as well as innovations which lead to demand for metals and minerals. The current situation of the slowing macro-economic growth of China, the relatively strong dollar and the historical low oil prices, have led to significant decreases in the prices of metals and minerals. Besides the challenges that the global environment presents, this industry has enormous potential and offers business opportunities for a company of our size.

OUR STRATEGY

Our strategy is to grow our risk averse business by further diversification of our business into niche markets and further diversification of our operations into emerging countries.

Furthermore, the group will grow through vertical integration by acquiring industrial assets.

The current global environment allows the Group to seek new business opportunities, such as the acquisition of companies or facilities in distressed situations despite the fact that these assets operate in an appealing market segment and have the potential to produce at very competitive cost prices.

The Company focuses on midsized suppliers to which we offer our services: a global sales network, efficient logistics, management of price, currency risks and financing solutions.

CORE MISSIONS:

- **Benefit from the advantages of the vertical integration**, to control the value chain.
- **Capitalize on new industrial assets**, invest on acquisitions when selling opportunities are strong.
- **Diversify the operations**, particularly in emerging countries.
- **Propose added value services to mid-size companies**, to allow them to access technical services easily.
- **Integrate sustainability**, to improve the standards of safety and environmental performance.



1

WE CONTINUOUSLY IMPROVE OUR STANDARDS OF SAFETY, ENVIRONMENTAL PERFORMANCE AND WE ARE COMMITTED IN BEING A RESPONSIBLE PARTNER WITHIN THE COMMUNITIES IN WHICH WE OPERATE THROUGHOUT THE WORLD.

ENVIRONMENT

All of our operations respect the local environmental requirements and relevant laws as well as the requirements and certifications that are demanded from the industry. Additionally, each operation has designated responsible employees who develop and coordinate the execution of plans to reduce the impact of our operations on the environment.

Apart from the fact that secondary smelters produce aluminium at 5% of the energy consumption compared to primary aluminium smelters, BAGR has introduced burner technologies throughout the melting and casting lines that save approximately 25% of the natural gas consumption compared to conventional technologies. Furthermore, the company obtained the ISO 50001 in 2015 as a result of the successful implementation of an energy management system. In 2015 the company has established an improvement plan for its filter system, which will be implemented in the course of 2016.

The cable recycling operation of CRI offers a more environment friendly solution to produce copper: instead of smelting copper ore, this operation runs a mechanical process that does not need to heat up a furnace and collects a very high grade copper from cables. Also the plastic body of the cable is

delivered to third parties that recycle the plastic. A designated team is exploring ways to further reduce energy consumption.

Nikolaïdis, our pipe and tube production facility, has recently installed state of the art production lines that live up to the highest standards of the industry. As a result, the company is highly efficient in terms of energy consumption. Scrap metal is being transferred to a third party that recycles the material. The company is ISO 140001 certified.

In our resources development division, the projects are subject to a thorough social and environmental impact study that leads to optimizations in the design of our facilities.

Furthermore, the group collaborates with renowned suppliers and service providers, that live up to the industry standards and certifications required.

OPERATIONS

Key Elements of our success
How we create value

HEALTH AND SAFETY

In order to prevent health and safety issues, the group has taken preventive measures in the setup of its facilities. Employees are annually trained in health and safety courses. The health and safety committees hold regular meetings to discuss eventual accidents, preventive measures, medical routine checks, and improvement projects. Special attention is given to the availability of a sufficient number of first aid personnel throughout the facilities. The group contributes to the health and safety branch statistics on national and European levels.



SOCIAL COMMITMENTS

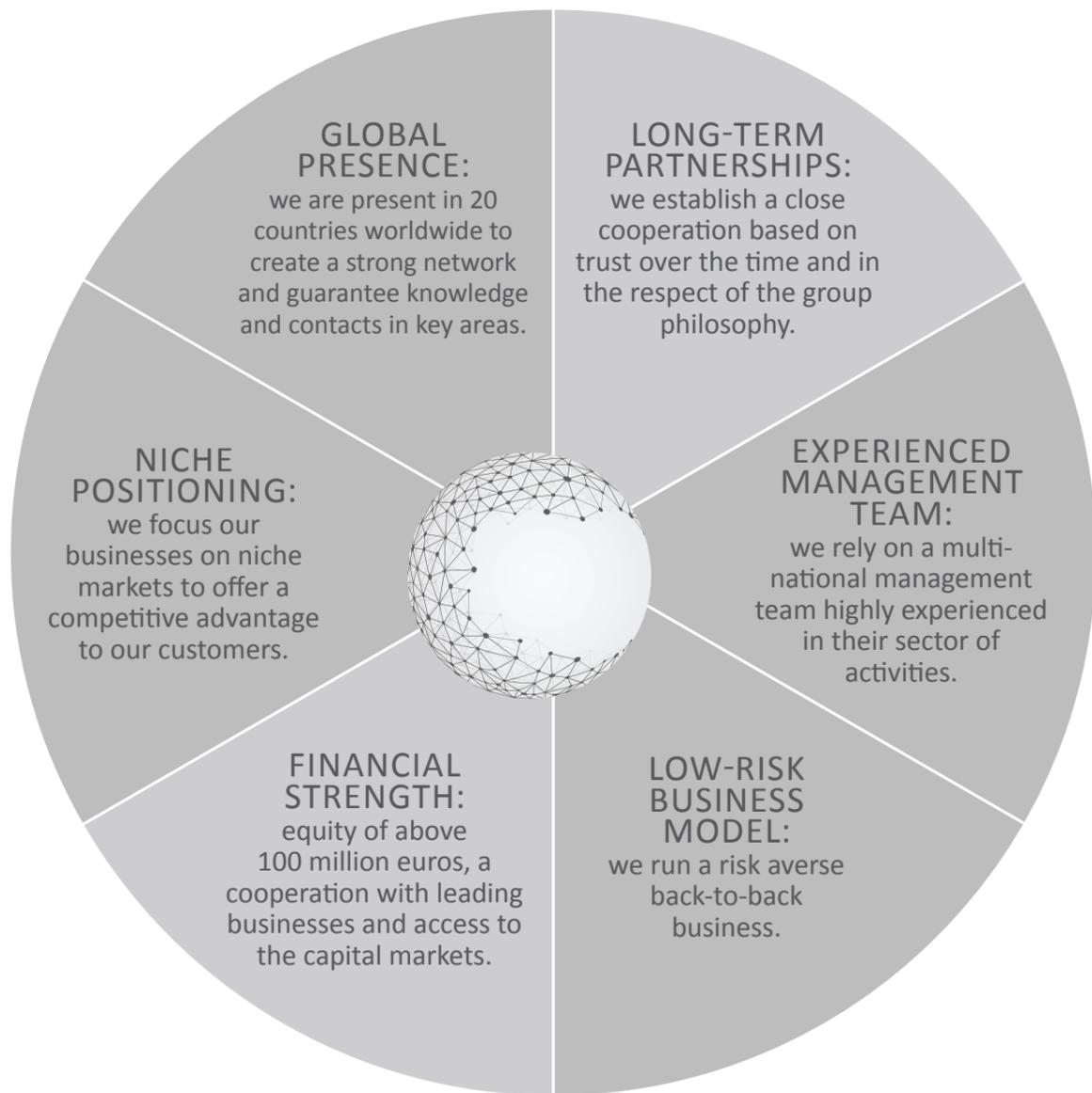


The Company participates in various pensions schemes that offer retirement benefits to its employees. Moreover, the employees can voluntarily apply for training and further development of their careers. The Company is also cooperating with schools and universities to include students in certain projects.

As part of our resources development projects, the Company is highly involved in the development of local communities. Over the past years, our teams have built schools, wells and sanitary infrastructures. Once operations will start, people will be trained by international experts.

The Company only works with renowned parties that comply with industry standards.

KEY ELEMENTS OF OUR SUCCESS



HOW WE CREATE VALUE

THE COMPANY HAS TWO MAIN MODELS THAT ARE BOTH FOCUSED ON LIMITING RISKS: TRADING AND PRODUCTION.

TRADING

In trading, the Company locks in a gross margin and avoids price and currency risks by only entering into back-to-back deals. Price risk is mitigated by using the same reference price and currency both on the supply and on the sales side. If there is a mismatch between these references prices and/or currency, non-speculative

hedging strategies are applied. The transport of the material is insured with adequate insurances and payment risk is limited through acceptance of guarantees and letters of credits of reputable banks or covered by credit insurance from the world's leading credit insurance companies.



Value is created by offering services to the supplier in terms of our global sales network, efficient logistics, management of price and currency risks and financing solutions. To the customer we

offer services in the field of storage and logistics, payment terms, and ensuring quality products that are delivered within expected time frames.

PRODUCTION

The "back-to-back" philosophy is also applied in the business models related to production: no input material is procured until the sales order is confirmed by the customer. The production planning can be established up to one year ahead in coordination with our customer.

Through this model, the price, currency and credit risks are mitigated on the same basis as trading. Value is created by the conversion of metals at competitive conditions in terms of cost prices. The facilities have access to global markets due to the platforms established by our trading companies.

NON-FERROUS METALS

We successfully diversified our product base in the Non-Ferrous Metals with the acquisition of established companies in the trading and production sectors.

NON-FERROUS METALS

PRODUCTION

THE NON-FERROUS PRODUCTION DIVISION IS HEADED BY BAGR NON FERROUS GROUP GMBH ("BNFG") AND OPERATES TWO PLANTS: BAGR BERLINER ALUMINIUMWERK GMBH AND CABLE RECYCLING INDUSTRIES S.L.

BAGR BERLINER ALUMINIUMWERK GMBH

- Year of Incorporation: 1997
- Location: Berlin, Germany
- Activity: Production of rolling slabs out of secondary aluminium

Since 1997, BAGR Berliner Aluminiumwerk GmbH ("BAGR") is a secondary aluminium producer with a capacity of 100.000 tons per year, making it the leading independent secondary slab producer in Europe.

We are operating this re-melting and casting plant in a historic industrial area situated in the north of Berlin. The company is highly efficient and meanly structured.

Our team of highly qualified employees provides cost-efficient solutions in the conversion of aluminium scrap into high quality aluminium slabs and is focused on a niche market in the European aluminium market: manganese and magnesium alloys.

COMPETITIVE EDGE

- **Leading European independent secondary aluminium producer** with a capacity of 100.000 tons per year.
- Long-lasting customer relationships.
- Realizing **major savings on energy** through **recycling** into circulation.



CORE PRODUCTS

Rolling Slabs

The rolling slabs are processed by our customers into strips, sheets, plates and cuttings, thus getting the material back into circulation.

NON-FERROUS METALS

PRODUCTION

CABLE RECYCLING INDUSTRIES S.L.

- Year of Incorporation: 2012
- Location: Bilbao region, Spain
- Activity: Production of copper granulates out of copper scrap

Cable Recycling Industries S.L. ("CRI") is a copper scrap recycler based near Bilbao in Spain.

We convert copper cable scrap into high quality copper granulates.

We are able to process a full range of electric cables from voltage power cables to simple electric cables found in household appliances and computers.

Our site's location provides an efficient basis to transport the copper granulates to major manufacturers of semi-finished copper and copper alloys products in Europe.

COMPETITIVE EDGE

- **High quality** copper granulates produced through a carefully designed recycling process leading to low impurity levels.
- **State of the art Quality Control** due to our laboratory that is equipped with an optical emission spectrometer.
- **Reduction of environmental impact** through **recycling**.



CORE PRODUCTS

Copper granulates

Our high quality copper granulates are used in the production of copper cathodes, brass foundries, and copper based alloys.



NON-FERROUS METALS

TRADING

THE NON-FERROUS TRADING DIVISION IS MANAGED BY TENNANT METALS GROUP.

TENNANT METALS GROUP

- Year of Incorporation: 1966
- Location: Monaco (Headquarters)
- Activity: Sourcing of base metals, ores and concentrates

Tennant Metals Group is headed by Tennant Metals Group B.V. with Tennant Metals S.A.M. (Monaco) being its main trading hub.

Tennant Metals specializes in the **physical supply of base metals in the form of refined metals, ores and concentrates.**

We have a successful and proven track record in creating appropriate structures and solutions to supply our main customers. Through our international network, we aim to become a point of contact for all emerging and established mineral resource producers looking for a successful marketing outcome.

We are continuously adapting to the global environment by adjusting our market approach to secure new sources of supply and ensuring the best marketing of our products in various niche markets.

COMPETITIVE EDGE

- **Exclusive and long-term supply contracts with producers.**
- Synergies between locations through **market knowledge** and the Group's **international network.**
- **State of the art services** to mitigate financial risks and highly efficient logistical solutions for the mid-size producers of metals.

CORE PRODUCTS

Base Metals

The Group actively trades refined base metals with a particular focus on zinc, copper, tin, aluminium and nickel. We supply primary as well as secondary produced metals and specific grades can be requested and supplied.

Ores and Concentrates

We trade a range of non-ferrous ores and concentrates, predominantly lead and zinc that are mainly supplied to smelters and refiners.

NON-FERROUS METALS

RESOURCES DEVELOPMENT

THE NON-FERROUS RESOURCES DEVELOPMENT IS REPRESENTED BY SOCIÉTÉ DES BAUXITES DE GUINÉE "SBG" AND MINERALS AND MINING LTD.

SOCIÉTÉ DES BAUXITES DE GUINÉE

- Year of Incorporation: 2008
- Location: Guinea
- Activity: Development of bauxite and alumina export

Société des Bauxites de Guinée ("SBG") owns a bauxite license in Guinea, which has amongst the world's largest reserves of bauxite, more than 25 billion tons, almost half of the world's bauxite resources.

The main objectives of this project are:

- To develop a bauxite mine feeding an alumina refinery and providing **3 million tons per annum of bauxite for export.**
- To establish an alumina refinery with a capacity of **alumina production of 1,6 million tons per annum.**

COMPETITIVE EDGE

- High quality bauxite.
- Highly efficient logistical routes that require limited expansion.
- Cost-efficient production.

In 2016, we received the mining concession, which will allow us to begin the construction of the refinery and start the production of alumina. In parallel, we will be able to plan the export of the bauxite.

RESOURCES

The company has a total resource of almost 300 million tons of good quality. Out of this resource, 160 million tons qualify as a "Measured Resource", which is the highest standard possible according to the JORC code. The quality of the bauxite is of world class with alumina content higher than 41,5% and silica levels lower than 2,7%.



NON-FERROUS METALS

RESOURCES DEVELOPMENT

MINERALS AND MINING LTD.

- Year of Incorporation: 2010
- Location: Sierra Leone
- Activity: Development of bauxite export

Minerals and Mining Ltd. has secured an attractive bauxite license in the Makumre region in Sierra Leone. Studies of a renowned consulting firm pointed out that multiple logistical routes are viable for the export of bauxite.

These studies also pointed out that no fatal flaws are detected from an environmental, social, logistical and utility perspective that would block the further development of this project.



LOGISTICS

The company is currently in discussion with local parties to investigate a joint approach in developing the logistics. This will lead to significant capital expenditure savings. Upon completion of this investigation, the logistical routes will be determined and the resource will be developed accordingly.

RESOURCES

Several studies are executed in order to identify the resource and to determine the quality. The next steps in completing the investigation of the resource will be executed after completion of our investigation concerning the logistics.

FERROUS METALS

We successfully diversified our product base in the Ferrous Metals with the acquisition of established companies in the trading and production sectors.

FERROUS METALS

PRODUCTION

THE FERROUS PRODUCTION DIVISION IS HEADED BY STEELCORP INDUSTRIES B.V. AND OPERATES NIKOLAÏDIS TH. BROS S.A. ("NIKOLAÏDIS"). NIKOLAÏDIS WAS ACQUIRED BY THE COMPANY IN DECEMBER 2015.

NIKOLAÏDIS

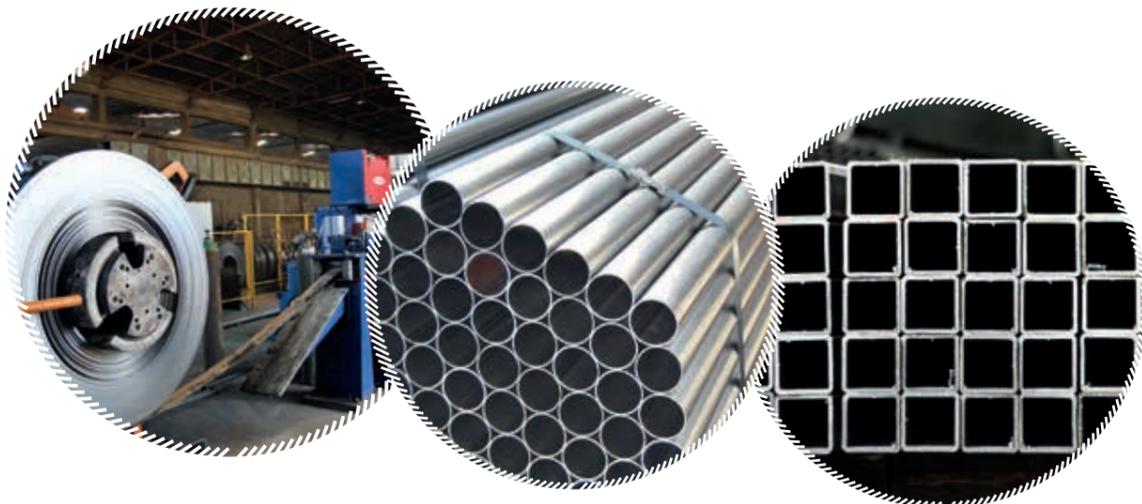
- Year of Incorporation: 1976
- Location: Thessaloniki, Greece
- Activity: Production and extrusion of pipes and hollow sections

Nikolaïdis is an established company that **produces and estruses pipes and hollow sections.**

The company recently installed equipment in accordance with the latest technologies, resulting in a highly efficient production process and high-quality end product.

COMPETITIVE EDGE

- Established company with a **strong experience in the steel pipes sector.**
- The company leads the sector in quality and reliability with **high levels of control and certification.**
- Superior location: a **European Union based producer** at competitive cost prices and located near port, railway.



CORE PRODUCTS

Water Steel Tubes

The water steel tubes are used in the transport of liquids. In the production process, the tubes are run through certain checks that are integrated in the production lines to ensure their quality and reliability.

Gas Tubes "Nikol Gas"

The gas pipes are produced with the most strict specifications and quality control consisting of ultrasound, mechanic, chemical and hydraulic tests.

Steel Fire Protection Tubes

These galvanized pipes are used in fire safety networks and water transport, which are under high pressure.

Tubes for construction

Tubes are used for numerous applications: from building projects in the construction industry to the actual tools that are used in the construction industry to complete these projects.

Hollow Section

The core applications of hollow sections are the automotive industry, construction industry and especially for the construction of factories, bridges, stadiums, greenhouses, and architecture. Apart from technical applications, these hollow sections are increasingly used for their aesthetic characteristics.

Tubes Form

Tubes form are lighter hollow sections and are used in the same applications as mentioned above.

Special Profiles

The special profiles are used in special manufacturing or construction processes.

Hot Dip Galvanized products

Because of the fact that these products are corrosion resistant, these products are mainly applied in utilities, chemical processes, pulp and paper processing facilities, automotive, and transportation industries.



FERROUS METALS

TRADING

THE FERROUS TRADING DIVISION IS HEADED BY STEELCOM S.A.M. ("STEELCOM").

STEELCOM GROUP

- Year of Incorporation: 1955
- Location: Monaco (Headquarters)
- Activity: Independent trader of steel products, steel-making raw materials and pipes and tubes

Steelcom is an **independent steel trader** with a tradition spanning over **50 years in the steel industry**.

We are able to offer a complete and competitive value-added service by providing both importers and exporters with secure platforms in the field of trade finance, risk management, and logistic solutions.

The ongoing international expansion reflects Steelcom's objective to establish direct presence in more local markets in order to further diversify the product mix to a whole range of steel-making raw materials, semi-finished, and finished industrial steel products.

Steelcom is actively seeking opportunities in upstream and downstream steel-related activities in the main markets around the world, which can increase the vertical integration of the company, enhance the profitability and reduce the exposure to risks.

COMPETITIVE EDGE

- With **offices around the world** and an **experienced back office**, we can open international markets for our suppliers and organize the export and import processes. This saves the supplier internal investment with regards to an international sales network and logistic team.
- We provide **funding solutions** for the entire trade flow through our trade finance facilities.
- Efficient cost structures for logistical solutions due to our trading volume and bargaining power.

CORE PRODUCTS

Steel

Steel products are used in a wide range of applications, from automotive to machinery to construction. We classify our products in the following groups:

Semi-Finished products: slabs and billets.

Long products: merchant bars, structural sections, reinforcement bars, wire rod.

Flat products: hot rolled coils and plates, cold rolled coils, pre-painted and galvanized products.

Pipes, Tubes and Hollow Sections

We trade in a wide array of pipe and tube products for the oil and gas industry as well as the construction industry.

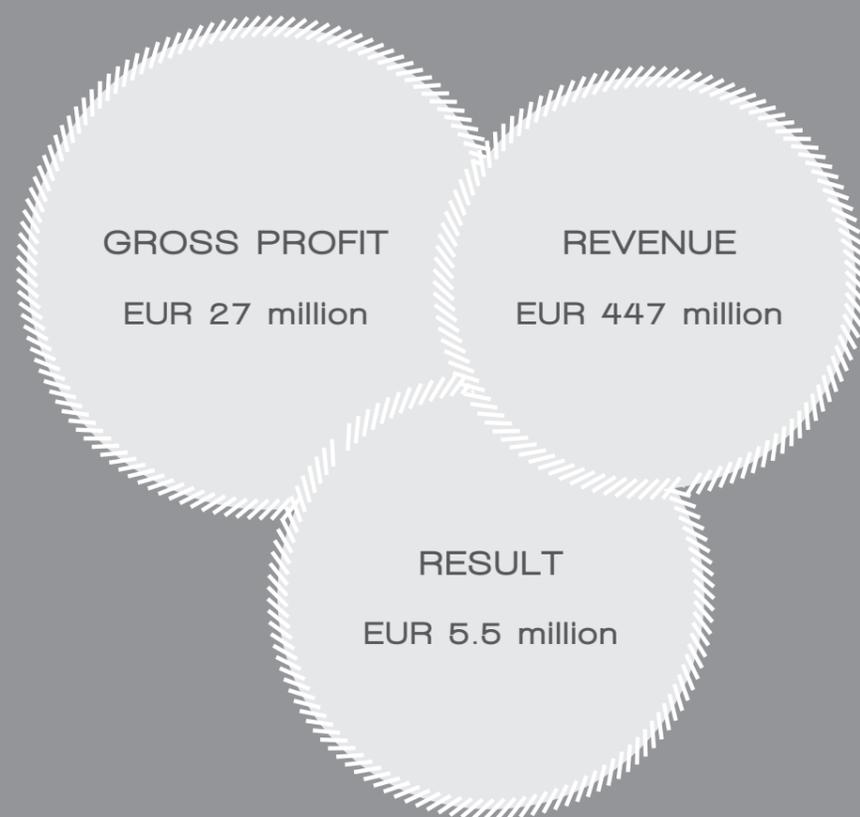


Steel-making raw materials

The main commodities are iron ore, hot briquetted iron ("HBI") and coal. Iron ore is refined to create iron or alloyed to create steel and then used in building and construction. Coal is burned to provide energy.

- Iron Ore
- Hot briquetted iron
- Coking coal





Despite the tough market conditions, the Company was able to continue its growth in produced and traded volumes.

This growth was realized by the further development of niche markets, whereas the global players suffered significant losses in market capitalization due to the continued decrease in metal prices. The declining prices are a result of lack in demand as well as a result of competition between global (emerging) competitors.

Metalcorp applies a risk-averse strategy through which the gross profit on deals is locked in, independent of the market prices. The main contributors to the results of 2015 is the switch to niche businesses in the non-ferrous area and benefit of the diversification in various commodities.

In parallel with the increase in volume, the Company made the following significant steps in 2015:

- The Company handed in its application for the mining concession for SBG, which was granted in Q1 2016. This is a major step in the development of the project, as this triggers the start of the production of the construction of the facility. Various off-take partners have already announced their interest in the bauxite and alumina that will be produced.
- The Company acquired its first Steel production facility in Thessaloniki, Greece. This company is able to produce 100.000 tonnes of pipes and tubes with one shift. Given the advantageous cost price of the plant and the anti-dumping measures taken by various countries to ban material produced outside the EU and the US, provide a significant competitive edge to the group and a great add-on to our successful Pipe and Tube trading activities in Houston.

The table below provides a segmented overview of the Revenue and Gross profit ("GM") of the Company:

EUR 1.000	Revenue		GM		Result	
	2015	2014	2015	2014	2015	2014
Non-ferrous						
- Trading	306 377	60 803	10 144	2 090	1 850	-1 933
- Production	53 446	66 300	6 407	7 473	560	3 363
Total Non-ferrous	359 823	127 103	16 551	9 563	2 410	1 430
Ferrous						
- Trading	83 549	193 028	7 403	7 587	4 010	1 388
Other	3 276	802	3 276	868	-950	956
Total	446 648	320 933	27 230	18 018	5 470	3 774

▪ The gross profit of the Group has improved to 6,1% compared to 5,6% last year.

The gross margin of the Non-ferrous trading division has remained stable in terms of percentage.

The volume of the business has increased due to the cooperation with third parties that do not have access to the trading platforms that our group has (trade finance, logistics, and international network). Generally, these traders have lost access to financing due to the global environment and the increasing strict regulations of banks.

The Ferrous trading division has shifted from the bulk business into higher margin niche business, resulting in a decrease in revenue, but an increase in gross profit percentage and resulting in a more or less stable gross profit compared to previous year.

The result of the Ferrous trading division has increased

significantly due to lower financing and insurance cost due to the lower revenue volume as well as cost savings.

▪ The solvency (total group equity divided by the balance sheet total) at the balance sheet date decreased slightly from 42,5% in 2014 to 42,3% in 2015. Note that this ratio includes self-liquidating Trade Finance, which is added to the current liabilities. Trade Finance is utilized to finance the deals of the Trading division and lead to a corresponding increase in inventory and accounts receivable, which are both pledged to the Trade Finance Banks. When receivables are paid by our customers, our Company receives the profit made on these deals and the Trade Finance facility is repaid. The solvency excluding self-liquidating Trade Finance (reference is made to note 11 to the consolidated financial statements) is 51,5% at 31 December 2015.



OUTLOOK

- General
- Financing
- Employees



OUTLOOK

GENERAL

The Company will further explore and develop niche markets such as the pipes and tubes business as well as certain non-ferrous products. Furthermore, the Company continues to explore distressed assets that become available due to the market circumstances.

Several assets are on the radar of the Company and it is expected that at least one plant will be added in the course of 2016 similar to the acquisition of Nikolaïdis in 2015.

A major contribution is expected from the Company's industrial activities in the production of aluminium, copper granulates and the new pipe and tube plant. The Company will continue to further develop the synergies between the different divisions and its global network.

FINANCING

The long-term financing and short-term bank facilities are in place and the relationships with these banks will be maintained. In order to further grow the trading activities, additional trade finance capacity is being developed with the group's current and new banking relationships.

EMPLOYEES

As over the last years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, and the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will only be employed when the growth in our activities requires so.

The Company has taken notice of article 166 and 279 Book 2 of the Netherlands Civil Code which requires the Company to consider the balanced composition between male and female members within a (Supervisory) Board. Together with the quality of the Directors and/or Supervisory Board member, this will be taken into consideration in every appointment.

RISKS & UNCERTAINTIES

- Fluctuation in currency exchange rates
- Financing, cash flows and liquidity
- Price volatility
- Country risks, political, community and fiscal intervention
- Other risks

RISKS AND UNCERTAINTIES

The presentation of financial statements requires the management to make estimations and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

FLUCTUATION IN CURRENCY EXCHANGE RATES

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar and Australian dollar against the euro, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

FINANCING, CASH FLOWS AND LIQUIDITY

The trading activities are dependent on trade financing lines availability. We have significant uncommitted trade lines with major banks. These trade financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks.

PRICE VOLATILITY

The market prices for the various base metals are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company's financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

COUNTRY RISKS, POLITICAL, COMMUNITY AND FISCAL INTERVENTION

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

OTHER RISKS

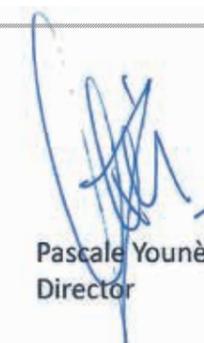
Other risks facing the Company include performance risk on offtake agreements; quality of commodities traded and produced, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the Company on a regular basis and appropriate action is taken whenever this is required.

Amsterdam, 30 March 2016

Management signatures



Thomas Picek
Chief Executive Officer



Pascale Younès
Director



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss
Consolidated statement of other comprehensive income
Consolidated statement of financial position
Consolidated statement of cash flows
Consolidated statement of changes in equity
NOTE to the Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR 1.000	Note	2015	2014
Continuing Operations			
Revenue	2	446 648	320 933
Cost of sales	2	-419 418	-302 915
Gross profit	2	27 230	18 018
Operating expenses			
Selling expenses	3	-3 064	-1 926
Administrative expenses	3	-8 497	-7 935
		-11 561	-9 861
Operating profit		15 670	8 157
Non-operating expenses			
Unrealized fair value changes	11	-292	155
Financial income and expense	4	-8 056	-3 428
Net finance cost		-8 348	-3 273
Profit before tax		7 322	4 885
Income tax expense	5	-1 852	-1 111
Profit from continuing operations		5 470	3 774
Profit		5 470	3 774
Profit attributable to:			
Equity holders of Metalcorp Group B.V.		5 871	3 741
Non-controlling interests		-401	33
		5 470	3 774

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR 1.000	2015	2014
Profit	5 470	3 774
Other comprehensive income		
Translation differences foreign associated companies	-14	-238
Total comprehensive income	5 456	3 536
Total comprehensive income attributable to:		
Equity holders of Metalcorp Group B.V.	5 871	3 429
Non-controlling interests	-415	107
Total result	5 456	3 536

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1.000	Note	31/12/2015	31/12/2014
Assets			
Non-current assets			
Property plant and equipment	6	116 113	96 596
Intangible fixed assets	7	29 889	23 177
Financial fixed assets	8	4 303	3 819
Total non-current assets		150 305	123 592
Current assets			
Inventories	9	17 880	16 226
Receivables, prepayments and accrued income	10	88 628	77 501
Securities	11	6 136	14 528
Cash and cash equivalents	12	9 516	17 781
Total current assets		122 161	126 036
Total assets		272 466	249 628
Equity and liabilities			
Equity			
Share capital		70 000	70 000
Reserves and retained earnings		19 768	16 487
Equity attributable to the owners of the company	13	89 768	86 487
Non-controlling interest	13	25 607	19 613
Total equity		115 375	106 100
Non-current liabilities			
Loans and borrowings	14	67 343	43 442
Deferred tax liabilities	5	1 840	1 875
Total non-current liabilities		69 183	45 317
Current liabilities and accruals	14	87 909	98 211
Total current liabilities		87 909	98 211
Total equity and liabilities		272 466	249 628

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1.000	2015	2014
Operating profit	15 670	8 157
Adjustments for:		
- Depreciation (and other changes in value)	668	672
	668	711
Working capital changes		
- Movements trade receivables	10 329	9 916
- Movements inventories	-1 654	6 403
- Movements on loans receivable	-14 450	-4 073
- Movements trade payables	5 036	-3 358
- Movements other payables and liabilities	-1 112	-1 687
- Movements trade finance	20 310	-5 257
	18 458	1 944
Corporate income tax expense on operating activities	-1 852	-913
	-1 851	-913
Cash flow from operating activities	32 944	9 860
Investments in intangible fixed assets	-6 787	-
Investments in property plant and equipment	-20 139	-2 615
Investments in other financial assets	-501	427
Disposals of other financial fixed assets	17	103
Investments in securities	-	-6 700
Return of capital of subsidiaries	-517	-1 823
Disposals of securities	-8 100	-
Acquisition of non-controlling interests	-	-1 226
Cash flow from investment activities	-36 027	-11 834
Receipt of long-term liabilities	23 866	17 156
Repayment of short term liabilities	-13 931	-78
Movements on loans receivable	-7 006	-
Other finance income	-356	378
Other finance expense	-1 859	-404
Interest received	1 308	550
Interest paid	-7 149	-7 692
Cash flow from financing activities	-5 127	9 910
Net cash flow		
Exchange rate and translation differences on movements in cash	-55	-526
Movements in cash	-8 265	7 410

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1.000	Issued share capital	Share premium	Revaluation reserve	Translation reserve	Other reserves	Result for the year	Legal entity share in group equity	Third-party share in group equity	Group Equity
2014									
Opening Balance	40 000	2 218	65 053	349	-27 644	2 566	82 542	23 070	105 612
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	3 741	3 741	33	3 774
Foreign currency translation differences	-	-	-	-312	-	-	-312	74	-238
Total comprehensive income and expense for the period	-	-	-	-312	-	3 741	3 429	107	3 536
Other movements in equity									
Allocation of prior year result	-	-	-	-	2 566	-2 566	-	-	-
Reallocation of equity	30 000	7 410	-65 053	-	27 644	-	-	-	-
Return of capital of MIOM	-	-	-	-	-1 294	-	-1 294	-529	-1 823
Acquisition minority share	-	-	-	-	1 809	-	1 809	-3 035	-1 226
Total other movements in equity	30 000	7 410	-65 053	-	30 725	-2 566	515	-3 564	-3 049
Total	70 000	9 628	-	37	3 081	3 741	86 487	19 613	106 100
2015									
Opening Balance	70 000	9 628	-	37	3 081	3 741	86 487	19 613	106 100
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	5 871	5 871	-401	5 470
Foreign currency translation differences	-	-	-	-	-	-	-	-14	-14
Total comprehensive income and expense for the period	-	-	-	-	-	5 871	5 871	-415	5 456
Other movements in equity									
Allocation of prior year result	-	-	-	-	3 741	-3 741	-	-	-
Acquisitions	-	-	-	-	-	-	-	6 514	6 514
Return of capital of MIOM	-	-	-	-	-517	-	-517	-	-517
Acquisition minority share	-	-	-	-	-2 073	-	-2 073	-106	-2 179
Total other movements in equity	-	-	-	-	1 151	-3 741	-2 590	6 409	3 819
Total	70 000	9 628	-	37	4 232	5 871	89 768	25 607	115 374

The return of capital of MIOM is a return of additional paid in capital by a third party shareholder. No dividend was paid out to the shareholders of the group. Furthermore, the group was able to acquire the third party shares in Steelcom Pipe International LLC. for an amount of EUR 2.351 thousand. This is a significant improvement for the establishment of an integrated pipe and tube operation in combination with the acquisition of Nikolaïdis. The increase in minority result of EUR 6.514 thousand is related to the acquisition of Nikolaïdis and A&A Metals (reference is made to Note 16 – Business Combinations).

In 2014, Metalcorp Group B.V. has converted its reserves into share capital, resulting in a share capital of EUR 70 million and share premium of EUR 9,6 million. Due to the fact that the Company became the sole shareholder in CRI, the third party share in the group decreased by EUR 3.035 thousand in 2014.

NOTE FOR FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

The activities of Metalcorp Group B.V. ("Metalcorp Group" or "the Company" and/or "the Group") and its group companies primarily consist of the trading and production of metals, ores, alloys and related services. The Company has its legal seat at Orlyplein 10, 1043 DP Amsterdam, the Netherlands, and is registered with the chamber of commerce under number 34189604.

The Company was incorporated as a limited liability company under the laws of the Netherlands on 14 April 2003 for the purpose of establishing an industrial holding company in the Netherlands. Its ultimate shareholder is Cycorp First Investment Ltd.

The Company has its corporate headquarters in Amsterdam, which is also the head of the group of legal entities. The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the Dutch Civil Code, Book 2, Title 9. The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements. Metalcorp Group is exempted from its obligation to prepare consolidated financial statements as Cycorp First Investment Ltd. prepares and publishes consolidated statements. However the Group has voluntarily decided to prepare consolidated financial statements over the financial year 2015. The Company-only financial statements are prepared in accordance with Dutch accounting principles and are presented and published separately from the consolidated financial statements. This statutory company-only annual report of Metalcorp Group B.V. prevails over this annual report from a legal perspective. The objective of this report is to provide

an overview of the activities of Metalcorp and its subsidiaries.

1.3 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- leasing transactions that are within the scope of IAS 17; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices

included within Level 1, that are observable for the asset or liability either directly or indirectly; and
 - Level 3 inputs are unobservable inputs for the asset or liability.

1.4 NEW AND REVISED IFRSS

In the current year, the Group applied the following relevant new and revised IFRSs:

- Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities
- Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

These new and revised IFRSs do not lead to significant changes in these financial statements.

The following new and revised IFRSs have been issued but are not yet effective:

- IFRS 9 regarding Financial Instruments.
- Amendments to IFRS 9, IFRS 7 and IAS 39 regarding mandatory effective date of IFRS 9 and transition disclosures.
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 regarding Regulatory Deferral Accounts
- IFRS 15 regarding Revenue from Contracts with Customers
- Amendments to IAS 27 Equity method in separate Financial Statements

The Directors are currently evaluating the impact these new standards and interpretations will have on the financial statements of Metalcorp Group B.V.

1.5 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests

are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current

Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as

appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1.6.) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the

entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

1.9 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.10 LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.11 FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future therefore forming part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros

using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.12 RETIREMENT BENEFIT COSTS AND TERMINATION BENEFITS

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.13 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for

the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets

reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.14 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Intangible assets include goodwill and off-take contracts. For the accounting policies concerning mineral rights reference is made to note 1.15.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Identifiable intangible assets with a finite life are amortized on a straight-line basis and/or in accordance with the unit-of-production method ("UOP") over their expected useful life. Reference is made to note 1.27 for more details on the application of the UOP method. Goodwill is not amortized.

The major categories of property, plant and equipment and intangible assets are depreciated/amortized on a UOP and/or straight-line basis as follows (per annum):

- Land and Buildings: 0%
- Plant and Equipment: 10% - 33%
- Other operating assets: up to 10%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the

expenditures for which are charged against income over the accounting periods covered by the lease term.

1.15 MINERAL RIGHTS

Mineral rights consist of exploration and evaluation expenditure, mineral resources, mineral reserves, and mineral rights.

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral resources and includes costs such as researching and analyzing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies.

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another company, is charged to the statement of income as incurred except when:

- the expenditure is expected to be recouped from future exploitation or sale of the area of interest; and it is planned to continue with active and significant operations in relation to the area;
- or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalized.

Purchased exploration and evaluation assets are recognized at their fair value at acquisition.

Capitalized exploration and evaluation expenditure is recorded as a component of mineral rights in property, plant and equipment. All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalized expenditure is not expected to be recovered it is charged to the statement of income.

Mineral reserves, resources and rights (together Mineral Rights) which can be reasonably valued, are recognized.

In the assessment of fair values on acquisition, Mineral Rights for which values cannot be reasonably determined are not recognized. Exploitable Mineral Rights are amortized using the UOP over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortization calculations where there is a high degree of confidence that they

will be extracted in an economic manner.

1.16 IMPAIRMENT

At the end of each reporting period the Group reviews the carrying amounts of its 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 (if any). When 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.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of 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 recognized 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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized 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.

1.17 INVENTORIES

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The Trading Inventories are stated at Fair Value less costs to sell.

1.18 PROVISIONS

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.19 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized

immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets, and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. These are stated at fair value with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held-to-maturity investments, or FVTPL.

Listed redeemable NOTE held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments

revaluation reserve is reclassified to profit or loss. Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

1.20 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables (including trade and other receivables), bank balances and cash, and others are measured at amortized cost using the effective interest method, less any impairment.

1.21 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.22 DE-RECOGNITION OF FINANCIAL ASSETS

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

1.23 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Company's own equity instruments.

1.24 FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities "at FVTPL" or "Other financial liabilities".

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near term; or
 - On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
 - It is a derivative that is not designated and effective as hedging instrument.
- A financial liability other than held for trading may be designated as at FVTPL upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
 - The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis ; or
 - It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement

recognized in profit or loss. The profit or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the “other gains and losses”-line item.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.25 DE-RECOGNITION OF FINANCIAL LIABILITIES

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

1.26 DERIVATIVES AND HEDGING ACTIVITIES

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extent, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

- (i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized

firm commitment, or

- (ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders’ equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders’ equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a “host contract”. Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.27 CRITICAL ACCOUNTING POLICIES, KEY JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical of understanding the Company’s financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Depreciation and amortization of property plant and equipment and mineral rights

Mineral rights and certain plant and equipment are depreciated / amortized using UOP rate of depreciation / amortization, and therefore the annual charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mineral reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of the project, which in turn is limited to the life of the proven and probably mineral reserves. Estimates of proven and probable reserves are prepared by experts in extraction, geology and reserve determination.

Assessments of extraction, geology and reserve determination, assessments of UOP rates against the estimated reserve and resource base and the operating and development plan are performed regularly.

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset’s recoverable amount is less than the assets’ carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset’s fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments

Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7.

Fair values are determined in the following ways:

externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiably inputs (Level2); or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3).

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

NOTE 2. SEGMENT INFORMATION

2.1 GENERAL

The Company is organized in two segments, Non-Ferrous and Ferrous, with the following sub-segments: Trading, Production and Resources Development. This structure is used by management to assess the performance of the Company.

The Non-Ferrous segment is headed by BAGR Berliner Aluminiumwerk GmbH, which is the leading independent secondary producer of aluminium slabs. BAGR is located in Berlin, Germany and has a highly efficient team of qualified professionals who turn aluminium scrap, alloy additives and small quantities of primary aluminium into high-quality aluminium slabs. These are then further processed by our customers into strips, sheets, plates and cuttings.

The Group has a second Non-Ferrous production base with Cable Recycling Industries S.L. a secondary copper producer based in Bilbao.

The Non-Ferrous Trading activities are managed by Tennant Metals, which trades in all the LME metals

2.2 SEGMENT REVENUES AND RESULTS

The following is an analysis of the Group's revenue, gross profit ("GM") and results from continuing operations by reportable segment.

EUR 1.000	Revenue		GM		Result	
	2015	2014	2015	2014	2015	2014
Non-ferrous						
- Trading	306 377	60 803	10 144	2 090	1 850	-1 933
- Production	53 446	66 300	6 407	7 473	560	3 363
Total Non-ferrous	359 823	127 103	16 551	9 563	2 410	1 430
Ferrous						
- Trading	83 549	193 028	7 403	7 587	4 010	1 388
Other	3 276	802	3 276	868	-950	956
Total	446 648	320 933	27 230	18 018	5 470	3 774

Segment revenue reported above represents revenue generated from external customers. Apart from service fees charged between entities for services provided, there were no inter-segment sales in the current year. Revenue includes contracts related to other commodities in the amount of EUR 12 million that were established by a related party.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Profit represents the profit after tax earned by each segment.

and a range of specialty and bulk metals and acts as principal in the vast majority of its trading activities. The main metals traded by Tennant Metals are aluminium, copper, lead, tin and zinc.

The Ferrous division is headed by Steelcom S.A.M. and its trading activities cover a wide range of steel-making raw materials (such as coal, metallurgical coke, iron ore, pig iron, hot briquetted iron (HBI) and direct reduced iron (DRI), semi-finished products (such as slabs and billets), and finished industrial steel products (such as long and flat finished steel products, from structural sections to high-value-added coated and pre-painted products). Steelcom is well positioned to serve international clients and suppliers due to its global presence, its renowned back office, its trade finance facilities and its operating track record of over 50 years.

The Resources Development consist of a team of professionals that has the objective to develop resources projects to establish off-take agreements and partnerships with third parties.

2.3 SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable segment.

EUR 1.000	Assets		Liabilities	
	2015	2014	2015	2014
Non-ferrous				
- Trading	37 498	17 624	32 411	14 366
- Production	39 176	25 719	22 470	24 685
Total Non-ferrous	76 674	43 343	54 881	39 051
Ferrous				
- Trading	22 148	70 750	30 518	67 659
- Production	12 604	-	7 685	-
Total Ferrous	34 752	70 750	38 203	67 659
Other	161 040	135 535	64 008	36 818
Total	272 466	249 628	157 092	143 528

EUR 1.000	Depreciation and amortization		Additions to non-current assets	
	2015	2014	2015	2014
Non-ferrous				
- Trading	8	10	501	-2 290
- Production	607	600	754	4 799
Total Non-ferrous	615	610	1 255	2 509
Ferrous				
- Trading	24	28	-118	-14
- Production	-	-	24 265	-
Total Ferrous	24	28	24 147	-14
Other	29	34	1 312	-1 448
Total	668	672	26 714	1 047

The additions to non-current assets in the trading division also include the additions of financial instruments as reported in Note 8 Financial Fixed Assets. It is included in this overview, as it is a significant position that is reported to management on a regular basis.

2.4 GEOGRAPHICAL INFORMATION

The Group operates globally and operations are managed by the following geographical analysis:

EUR 1.000	Revenue		GM		Non-Current assets	
	2015	2014	2015	2014	2015	2014
Region						
Europe	283 482	66 196	23 765	4 368	46 396	22 127
Middle East	48 967	31 785	425	1 693	5	10
Asia-Pacific	66 288	56 502	498	5 421	16 891	16 354
Americas	47 809	156 357	2 542	6 146	20	25
Africa	102	10 093	0	390	86 993	85 076
Total	446 648	320 933	27 230	18 018	150 305	123 592

The allocation of Revenue and GM is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Note that the Non-Current assets also contain the financial instruments as reported in Note 8 Financial Fixed Assets, as this is a significant position that is reported to management on a regular basis. This amount (EUR 4.303 thousand) is included in the Asia Pacific segment.

None of the customers contribute over 10% of revenue.

NOTE 3. EXPENSES

EUR 1.000	2015	2014
Selling expenses		
Personnel	3 018	1 914
Sales and marketing expenses	46	13
Total selling expenses	3 064	1 926
Administrative expenses		
Personnel	2 159	2 499
Professional services fees	1 107	1 847
Facilities and offices	1 045	1 797
Other operating expenses	3 559	1 105
Depreciation and amortization	625	687
Total administrative expenses	8 497	7 935
Operating expenses	11 561	9 861
Breakdown: depreciation and amortization		
Property Plant and Equipment	622	632
Intangible assets	46	40
total depreciation and amortization	668	672
Allocated to production costs	-43	15
As included in administrative expenses	625	687

The average number of employees of the Group during the year, converted to full-time equivalents was 154 (2014: 135) of which 146 are employed outside the Netherlands (2014: 130). In the personnel expenses an amount of EUR 1.092 thousand related to social security premiums (2014: EUR 1.166 thousand) and an amount of EUR 429 thousand related to pension premiums are included (2014: EUR 266 thousand).

NOTE 4. FINANCIAL INCOME AND EXPENSE

EUR 1.000	2015	2014
Financial income and expense		
Other interest income and similar income	1 308	550
Interest expenses and similar charges	-7 149	-9 004
Other financing income	1 456	6 088
Other financing expenses	-1 859	-404
Total financial income and expense	-6 244	-2 770
Income from foreign exchange		
Forex gains	12 140	8 556
Forex losses	-13 952	-9 214
Total income from foreign exchange	-1 812	-658
Total financial income and expense	-8 056	-3 428

NOTE 5. TAXATION

Income taxes consist of the following:

EUR 1.000	2015	2014
Current income tax expense	-1 817	-1 074
Deferred income tax	-35	-37
Total income tax expense	-1 852	-1 111

EUR 1.000		2015		2014
	%	EUR	%	EUR
Taxable result		7 322		4 885
Tax burden based on Dutch nominal rate	24,9%	1 822	25,0%	1 212
Exempted Income	7,5%	549	-5,2%	-256
Non-tax deductible costs	0,0%	-	0,0%	-
Tax rate differences.	-7,6%	-554	2,4%	118
Taxation on result on ordinary activities	24,8%	1 817	22,0%	1 074

The effective Group tax rate differs from the statutory Dutch income tax rate applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of carry forward losses.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

NOTE 6. PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

EUR 1.000	Land and buildings	Plant and machinery	Other operating assets	Mineral rights	Total
Gross carrying amount					
1 January 2014	1 113	14 605	2 617	83 839	102 174
Additions	-	1 213	98	1 304	2 615
Disposals	-	-357	-3	-67	-427
31 December 2014	1 113	15 461	2 712	85 076	104 362
Accumulated depreciation and impairments					
1 January 2014	143	5 518	1 473	-	7 134
Depreciation	-	524	108	-	632
31 December 2014	143	6 042	1 581	-	7 766
Net book value at 31 December 2014	970	9 419	1 131	85 076	96 596

EUR 1.000	Land and buildings	Plant and machinery	Other operating assets	Mineral rights	Total
Gross carrying amount					
1 January 2015	1 113	15 461	2 712	85 076	104 362
Additions	-	641	113	1 917	2 671
Acquisition	9 310	8 100	58	-	17 468
31 December 2015	10 423	24 202	2 883	86 993	124 501
Accumulated depreciation and impairments					
1 January 2015	143	6 042	1 581	-	7 766
Acquisition	-	-	-	-	-
Depreciation	-	476	146	-	622
31 December 2015	143	6 518	1 727	-	8 388
Net book value at 31 December 2015	10 280	17 684	1 156	86 993	116 113

The Plant and Machinery as at 1 January 2015 represent the production facilities of BAGR and CRI. Part of the equipment for the BAGR facilities is leased for which reference is made to Note 15 – Leasing. The additions of 2015 in Plant and Machinery and Other operating assets are related to capitalized maintenance expenses that extend the economic life, which are written off in line with the accounting principles as set out in Note 1. The additions in Mineral rights are related to the further development of the projects and an overview of the Mineral rights as of 31 December 2015 is provided in the table below. The acquisitions of 2015 are related to Nikolaïdis Th. Bros. S.A. for which reference is made to Note 16 – Business Combinations.

Company	Country	License area	EUR
Société des Bauxites de Guinée	Guinea	Garafiri	81 236
Minerals and Mining Ltd.	Sierra Leone	Makumre	5 757
Total as at 31 December 2015			86 993

The annual impairment test did not lead to any write-offs. For the accounting treatment of Mineral rights and the impairments, reference is made to note 1.15 and note 1.16.

NOTE 7. INTANGIBLE FIXED ASSETS

A summary of the movements of intangible fixed assets is given below:

EUR 1.000	Contract based intangible assets	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2014	13 007	10 500	206	23 713
Exchange rate differences	-390	-	24	-366
31 December 2014	12 617	10 500	230	23 347
Accumulated amortization and impairments				
1 January 2014	-	-	130	130
Amortization	-	-	40	40
31 December 2014	-	-	170	170
Net book value at 31 December 2014	12 617	10 500	60	23 177

EUR 1.000	Contract based intangible assets	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2015	12 617	10 500	230	23 347
Acquisitions	-	6 758	29	6 787
Exchange rate differences	-29	-	-	-29
31 December 2015	12 588	17 258	259	30 105
Accumulated amortization and impairments				
1 January 2015	-	-	170	170
Amortization	-	-	46	46
31 December 2015	-	-	216	216
Net book value at 31 December 2015	12 588	17 258	43	29 889

The Contract based Intangible assets are related to a portfolio of ferrous (iron ore) and non-ferrous (mainly tin and copper) supply contracts that the Company obtained through the acquisition of Tennant Metals. No impairment of these finite-life intangible assets was recognized during 2015, as the fair value less costs to sell of the related cash-generating units was in excess of their carrying amounts. The contracts are amortized in accordance with the unit-production method. As no contract is online yet, no amortization is accounted for. The production related to these contracts is expected to commence within one to four years and are expected to produce over a period between 10 and 16 years. The valuation of these contracts is assessed by calculating the net present values of the supply that will be provided over the contract-term using long term price forecast for the metals provided by third parties. As the contracts relate to operations that are in development, the discount rates are set at similar levels used for project development applicable to the regions in which the operations are located.

Goodwill is related to the investments in the production activities (2015: EUR 15.444 thousand; 2014: EUR 8.686 thousand) and the trading activities (2015: EUR 1.814 thousand; 2014: EUR 1.814 thousand). The acquisition is related to Nikolaïdis for which reference is made to Note 16 – Business Combinations. The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management’s internal forecasts that cover a period of 5 years, based on the financial plans as approved by the Company’s management. The annual impairment test did not lead to any impairments of goodwill. The present value of estimated cash flows has been calculated using a pre-tax discount rate of 8,7 % in respect of our trading activities and 11,10 % in respect of our production activities. The pre-tax discount rate reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

NOTE 8. FINANCIAL FIXED ASSETS

A summary of the movements in the financial fixed assets is given below:

EUR 1.000	Associated companies	Other receivables	Total
Book Value			
Balance at 1 January 2014	-	3 922	3 922
Transfer due to de-consolidation	17	-	17
Sales, redemptions	-	-120	-120
Balance at 31 December 2014	17	3 802	3 819
Book Value			
Balance at 1 January 2015	17	3 802	3 819
Additions	-	501	501
Sales, redemptions	-17	-	-17
Balance at 31 December 2015	-	4 303	4 303

The “Other receivables” includes loans given to various companies to finance the start-up of production facilities for which we will receive potential off-takes in return. All these loans are secured by underlying assets of those companies. The addition is the result of a transfer from current assets.

NOTE 9. INVENTORIES

EUR 1.000	31/12/2015	31/12/2014
Manufacturing		
Raw materials and consumables	5 377	1 385
Finished products	1 521	1 934
Trading		
Finished products	10 982	12 907
Total inventories	17 880	16 226

The manufacturing inventories consist of finished products and raw materials and consumables of BAGR, CRI and Nikolaïdis. The finished products are already sold and in the course of delivery to the client.

The trading inventories are commodities that are already sold by, but still held by the Trading companies as the Company still retains the principal risks and rewards of ownership. These inventories are pledged as a security for trade finance facilities.

No impairment has been recorded for the inventories during the year.

NOTE 10. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

A summary of the movements in the financial fixed assets is given below:

EUR 1.000	31/12/2015	31/12/2014
Trade receivables	45 516	55 845
Shareholder	-	194
Related parties	21 233	14 227
Other receivables	7 419	5 996
Taxation	538	604
Prepayments and accrued income	13 922	634
Total receivables, prepayments and accrued income	88 628	77 501

The Trade receivables are mainly related to the Ferrous trading activities (2015: EUR 25.282 thousand; 2014 EUR 48.265 thousand) and the Non-Ferrous Trading activities (2015: EUR 18.217 thousand; 2014: EUR 6.048 thousand), which are both pledged as collateral for trade financed loans. The credit risk of the Trade receivables is insured at renowned insurance firms and almost all trade receivables were collected in the first quarter of 2015. With regards to the receivables from related parties and the shareholder, an interest of 7%-9,75% per annum is charged.

Within other receivables a deferred royalty is included at a net present value of EUR 4,6 million (2014: EUR 4,2 million). This deferred royalty is related to the Otjozondu manganese project, which was initiated by Metalcop and now being further developed by a third party. The royalty will be repaid on a per-tonne-produced-basis upon the start of the production. The nominal value of the deferred royalty amounts to USD 7,0 million (2014: USD 7,0 million).

Prepayments and accrued income include prepayments for material purchased and down payments received from customers as well as for the acquisition of a company that will further increase the industrial asset base of the group and sustain the further growth (EUR 10,0 million).

NOTE 11. SECURITIES

EUR 1.000	01/01/2014	Acquisition	Disposal	Revaluation	31/12/2014
Unlisted securities	7 609	6 700	-	-78	14 230
Listed securities	65	-	-	233	298
Total	7 674	6 700	-	155	14 528

EUR 1.000	01/01/2015	Acquisition	Disposal	Revaluation	31/12/2015
Unlisted securities	14 230	-	-8 100	-101	6 029
Listed securities	298	-	-	-191	107
Total	14 528	-	-8 100	-292	6 136

These securities are held, mainly to secure off-take contracts. The securities are valued at market value and all the listed securities are listed on the Australian Stock Exchange. The unlisted securities include a portfolio of shares of the Company's parent company, which are held for trading in relation with future business acquisitions (reference is made to note 18). In the course of 2015, part of this portfolio was used in the acquisition of Nikolaïdis Th. Bros. S.A.

NOTE 12. CASH AND CASH EQUIVALENTS

An amount of EUR 6,2 million of the Cash and Cash Equivalents is restricted as this cash is mainly deposited at multiple renowned trade finance banks and serve as cash collateral for trade finance transactions at 31 December 2015. Trade finance has a self-liquidating character, which means that the cash becomes unrestricted upon completion of the trade finance transaction.

NOTE 13. SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

ISSUED SHARE CAPITAL

The issued share capital of the Company amounts to EUR 70 million (2014: EUR 70 million) divided into 70 million ordinary shares of EUR 1 per share. The total number of authorized shares is 110 million (2014: 110 million shares). The majority of the shares are owned by Lunala Investments S.A. (Luxembourg).

TRANSLATION RESERVE

The translation reserve comprises of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

REVALUATION RESERVE

In accordance with Dutch law (art. 2:390) the result that applies to the evaluations of securities without a frequent market listing is non-distributional and allocated to the revaluation reserve (legal reserve).

NOTE 14. LIABILITIES

EUR 1.000	31/12/2015	31/12/2014
Long-term liabilities		
Bank loans (> 1 year)	2 811	3 833
Bonds	56 412	29 468
Long term leasing	1 615	1 178
Other Long-term Liabilities	6 504	8 963
	67 343	43 442

Current liabilities and accruals

Bank loans (< 1 year)	66 545	73 201
Short term portion of leasing	244	516
Trade payables	11 967	17 004
Related parties	1 752	1 202
Taxes and social security charges	399	577
Other current liabilities	955	432
Accrued liabilities and deferred income	6 047	5 280
	87 909	98 211

LONG TERM LIABILITIES

The Long term liabilities are those bank loans and lease obligations which are due in more than 1 year. None of these are due in more than 5 years.

Bank loans (>1 year) represent a subordinated loan provided until 2018 with a rate of 4% and is due in quarterly instalments.

Bonds represent the listed bond on the Frankfurt Exchange, which was further increased in the course of 2015 through private placements. The term of the bond is 5 years with an interest of 8,75% per annum (paid out annually). The Fair value of the bond amounts to EUR 52,2 million at 31 December 2015.

With regards to Long term leasing, reference is made to Note 15.

Other long-term liabilities represent the loan given by a Greek bank to our newly acquired facility, Nikolaïdis. The loan has a term of 10 years with an interest of Euribor plus 3,75%.

CURRENT LIABILITIES AND ACCRUALS

All liabilities due in less than a year plus bank credit related to trade finance are classified as current liability. Inventory and debtors have been pledged as collateral. The following rates with respective amounts apply to the bank loans:

EUR	Max. Facility	Amount 2015
Trade finance		
Uncommitted facilities - interest applied deal by deal based on framework agreements	Deal-by-deal basis	48 295
Working capital facilities		
Euribor + markup 3% - 5%	1 000	713
7,9% - 9,3% variable	2 500	944
6% - 7,5% fixed	8 875	7 593
Long term liabilities < 1 year		9 000
Total bank loans (< 1 year)		66 545

Long-term liabilities < 1year represent loans given by a private fund (EUR 5 million and EUR 4 million) at an interest rate of 10% that expire in April 2016. The EUR 4 million portion is refinanced in the first quarter 2015 with a bank at an interest rate of 4% per annum and a term of 4 years. The private fund has confirmed the extension of the EUR 5 million portion and will be finalized in the coming period.

NOTE 15. LEASING

The obligations for leases entered into are shown below:

EUR 1.000	2015	2014
Lease installments < 1 year	244	516
Lease installments 1 - 5 years	1 615	1 178
Total lease installments	1 859	1 694

The lease obligations contain financial lease liabilities of plant and equipment. The assets leased under financial leasing terms have been accounted for in the balance sheet under tangible fixed assets at EUR 1.867 thousand at 31 December 2015. BAGR is not the legal owner of these assets.

The charge in the profit and loss account for FY 2015 amounts to EUR 99 thousand.

NOTE 16. BUSINESS COMBINATIONS

The Company entered into the following business combinations:

As of 1 January 2015, the Company gained control over A&A Metals S.A., a company that provides Tennant Metals access to third party traders that cooperate on a profit sharing basis as these parties lack the adequate platforms (trading, logistics, international network).

As of 23 December 2015, the Company acquired 100% of the shares of NB Investments B.V. that owns 70% of the shares of Nikolaïdis Th. Bros. S.A., a state of the art pipe and tube producer based in Thessaloniki, Greece which offers advantageous logistics.

The impact on the financial statements as of 31 December 2015 is as follows:

EUR 1.000	A&A Metals	Nikolaïdis
Non-current assets		
Property plant and equipment	-	17 468
Intangible fixed assets	-	6 757
Financial fixed assets	-	40
Total non-current assets	-	24 265
Total current assets	25 722	5 653
Non Controlling interest	1 830	4 684
Long-term liabilities	-	6 510
Deferred tax liabilities	-	-
Current liabilities and accruals	23 719	1 155
Total liabilities	23 719	7 665
Total fair value of net asset acquired	173	17 569

The Property plant and equipment represent the fair value of the machinery, equipment, land and buildings of Nikolaïdis upon acquisition less amortization for the consolidated period. The fair value is determined by an independent appraiser. Reference is made to Note 6 – Property Plant and Equipment.

The addition to Intangible fixed assets is related to Goodwill as a result of the acquisition of Nikolaïdis. Reference is made to Note 7 – Intangible Fixed Assets.

The Long-term liabilities represent the loan given by a Greek bank to Nikolaïdis. The loan has a term of 10 years with an interest of Euribor plus 3,75%. Reference is made to Note 14 – Liabilities.

NOTE 17. FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss (“FVTPL”), Loans and Receivables, and Available-for-Sale. Held-to-maturity instruments are not applicable.

2014 EUR 1.000	note	FVTPL	Loans and receivables	Available-for-sale	Total
Financial Fixed assets - other receivables	8	17	3 802	-	3 819
Receivables, prepayments and accrued income	10	-	77 501	-	77 501
Securities	11	-	-	14 528	14 528
Cash and cash equivalents	12	17 781	-	-	17 781
Total financial assets		17 798	81 303	14 528	113 630
Borrowings (> 1 year)	14	-	43 442	-	43 442
Current liabilities and accruals	14	99	98 112	-	98 211
Total financial liabilities		99	141 554	-	141 653

2015 EUR 1.000	note	FVTPL	Loans and receivables	Available-for-sale	Total
Financial Fixed assets - other receivables	8	-	4 303	-	4 303
Receivables, prepayments and accrued income	10	-	88 628	-	88 628
Securities	11	-	-	6 136	6 136
Cash and cash equivalents	12	9 516	-	-	9 516
Total financial assets		9 516	92 931	6 136	108 583
Borrowings (> 1 year)	14	-	67 343	-	67 343
Current liabilities and accruals	14	50	87 859	-	87 909
Total financial liabilities		50	155 201	-	155 251

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Metalcorp Group B.V. classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Metalcorp Group B.V. can assess at the measurement date; or
- Level 2 - Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 - Unobservable inputs for the assets or liabilities, requiring Metalcorp Group B.V. to make market based assumptions.

In the table above (in which the financial instruments are presented) only the securities are valued at fair value as well as the FVTPL part of the Current liabilities.

The Fair Value hierarchy of these items are provided in the table below:

2014 EUR 1.000	Level 1	Level 2	Level 3	Total
Securities	13 619	-	909	14 528
Total financial assets	13 619	-	909	14 528
Current liabilities and accruals	99	-	-	99
Total financial liabilities	99	-	-	99

2015 EUR 1.000	Level 1	Level 2	Level 3	Total
Securities	6 136	-	-	6 136
Total financial assets	6 136	-	-	6 136
Current liabilities and accruals	50	-	-	50
Total financial liabilities	50	-	-	50

During the year no amounts were transferred between Level 1, Level 2 and Level 3 of the fair value hierarchy. As at 31 December 2015 no financial assets and liabilities were subject to offsetting.

The Level 1 securities are related to ASX listed shares and are measured using quoted prices. The level 3 securities are mainly related to unlisted shares. The level 1 Current liabilities and accruals primarily include futures with a tenor of less than one year and options that are exchange traded. In circumstances where Metalcorp Group B.V. cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- A. CREDIT RISK
- B. LIQUIDITY RISK
- C. MARKET RISK

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

A. CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans related to resources development:

- The Financial fixed assets are secured by underlying assets of those companies. Reference is made to note 8.
- The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2015 and 2014 none of the Group's revenue attributable to sales transactions with a single multinational customer exceeded 10% of the total revenue.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance banks and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. With regards to its hedging activities, that primarily take place in the trading activities, the Company implemented a policy that hedging is only allowed under a tri-partite agreement in order to avoid margin calls.

C. MARKET RISK

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant. The Trading activities are mainly exposed to the USD/EUR exchange rate, as the trades are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

Market price risk

The Production facilities mainly produce on the basis of tolling agreements. In these agreements the purchase of material is related to the sale and the price risk is mitigated.

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 December 2015, the Company has a limited number of hedging instruments, which are presented under Current liabilities and accruals. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.

It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the Company only purchases futures and options. In principle the Company does not write futures and options.

2015	EUR 1.000
Commodity related contracts	
Futures	50
Options	-
Total Current liabilities FVTPL	50

The total gain in the consolidated statement of income amounts to EUR 2.966 thousand. All derivatives mature within the first three months of 2016. The Company had instruments for a total of EUR 50 thousand at 31 December 2015.

Equity price risk

The Company invested into listed and unlisted shares of junior mining companies to secure its (future) off-take contracts. These securities are presented in Note 11 Securities. The listed securities are subject to market indices of mainly the Australian Stock Exchange. The exposure is limited as the total position amounts to EUR 107 thousand as at 31 December 2015. The Company is closely involved in these mining companies and monitors the progress on an on-going basis. Management is of the opinion that, by nature, the market index of junior mining companies increases when production starts.

NOTE 18. REMUNERATION OF KEY MANAGEMENT

The remuneration of key management (directors) of the legal entity is as follows:

EUR 1.000	2015	2014
Short-term employee benefits	120	301
Post-employment benefits	-	-
Other long-term benefits	-	-
Total	120	301

NOTE 19. TRANSACTIONS WITH RELATED PARTIES

In 2015, the Company conducted various transactions with related parties.

EUR 1.000	Note	2015	2014
Shareholder <1yr	10	-	194
Related parties <1yr	10	21 233	14 227
Total Receivables		21 233	14 421
Related parties <1yr	14	1 752	1 202
Total Liabilities		1 752	1 202

The receivable from related parties include an amount of EUR 4.637 thousand that is owed by the minority shareholders to Nikolaïdis Th. Bros. S.A. The remaining amount mainly consist of contracts related to other commodities in the amount of EUR 12 million that were established by a related party. Reference is made to note 2.

The Company has 848 shares in its parent company (2014: 2.144 shares) that can be used in future transactions and are included in the unlisted securities (reference is made to note 11). Furthermore, the ferrous trading team has provided services to related parties in the amount of EUR 2,1 million.

NOTE 20. GUARANTEES

The Company has provided several corporate guarantees to subsidiaries and related parties and in principle these are all related to trade finance. The possibility of any cash outflow with regards to these guarantees is remote.

NOTE 21. CONTINGENT ASSETS AND LIABILITIES

In the course of business, the Company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the Company, as well as against the company. At year end, no claims against the company existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 22. AUDITOR'S REMUNERATION

EUR 1.000	2015	2014
Audit of the financial statements	235	255
Other audit engagements	28	8
Total professional service fees	263	263

NOTE 23. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest	
		2015	2014
Consolidated (direct)			
BAGR Non-Ferrous Group mbH	Germany	100,0%	100,0%
Tennant Metals Group B.V.	The Netherlands	100,0%	100,0%
Metalcorp Finance B.V.	The Netherlands	100,0%	100,0%
Metalcorp Iron Ore and Mining B.V.	The Netherlands	73,2%	73,2%
Orlyplein Investment B.V.	The Netherlands	100,0%	100,0%
Steelcorp Industries B.V.	The Netherlands	100,0%	100,0%
Steel and Commodities S.A.M.	Monaco	100,0%	100,0%
Steelserv Group B.V.	The Netherlands	100,0%	100,0%
Tennant Metals UK Ltd.	United Kingdom	100,0%	100,0%
Yinchen B.V.	The Netherlands	100,0%	100,0%
Consolidated (indirect)			
A&A Metals S.A.	Switzerland	100,0%	0,0%
BAGR Berliner Aluminiumwerk GmbH	Germany	94,0%	94,0%
Cable Recycling Industries S.L.	Spain	94,0%	94,0%
Mining & Minerals Ltd.	Sierra Leone	79,9%	79,9%
Management Inmuebles Vizcaya, S.L.	Spain	94,0%	94,0%
MCG-SRR B.V.	The Netherlands	100,0%	100,0%
Norwich Sarl	Luxembourg	94,0%	94,0%
NB Investments B.V.	The Netherlands	100,0%	0,0%
Nikolaidis Th. Bros. S.A.	Greece	70,0%	0,0%
Société des Bauxites de Guinée S.A.	Guinea	76,1%	76,1%
Steelcom Pipe International LLC	USA	93,5%	65,0%
Steelcom Steel and Commodities GmbH	Germany	100,0%	100,0%
Steelcom USA LLC	USA	100,0%	100,0%
Steel and Commodities Iberica S.L.	Spain	100,0%	100,0%
Steel and Commodities Singapore PTE Ltd.	Singapore	100,0%	100,0%
Steel and Commodities India private Ltd.	India	100,0%	100,0%
Tennant Metals GmbH	Germany	100,0%	94,0%
Tennant Metals (Pty) Ltd.	Australia	100,0%	100,0%
Tennant Metals S.A.M.	Monaco	100,0%	100,0%
Tennant Metals South Africa (Pty) Ltd.	South Africa	100,0%	100,0%
W.P. Pals Holding B.V.	The Netherlands	94,0%	94,0%
Non-consolidated (Associates)			
Kanabeam Zinc Ltd.	Namibia	24,4%	24,4%

In 2015 the following key changes are effected:

- The Company acquired 100% of the shares of NB Investments B.V. that holds 70% of the shares in Nikolaidis Th. Bros. S.A.
- The Company increased its shareholding in Steelcom Pipe International LLC to 93.5%.
- The Company acquired 100% of the shares of A&A Metals S.A.

The following name changes were effected:

- Tennant Metals Group B.V. was renamed into Metalcorp Finance B.V.
- TM Australia Holding B.V. was renamed into Tennant Metals Group B.V.
- Tamarix NOA S.L. is renamed into Cable Recycling Industries S.L.

Amsterdam, 30 March 2016

Management signatures



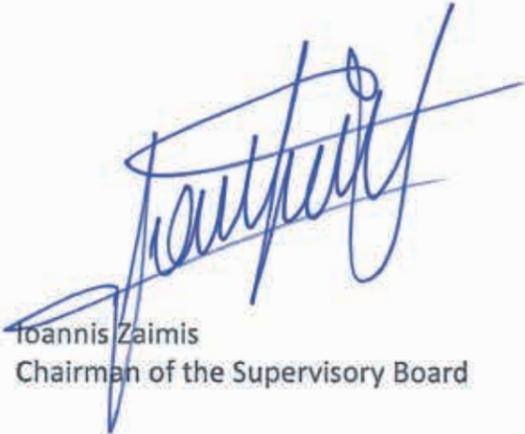
Thomas Picek
Chief Executive Officer



Pascale Younès
Director

Amsterdam, 30 March 2016

Supervisory board signatures



Ioannis Zaimis
Chairman of the Supervisory Board



Andreas Hammerschmidt
Vice-Chairman of the Supervisory Board



Christina Soteriou
Member of the Supervisory Board

OTHER INFORMATION

Subsequent events

Appropriation of results

Appropriation of result for the financial year 2014

Proposed appropriation of result for the financial year 2015

OTHER INFORMATION

SUBSEQUENT EVENTS

Société des Bauxites de Guinée S.A. applied for a mining convention, which was granted to the company in the first quarter of 2016. This is a significant step for the project, as this convention allows the company to export both bauxite and alumina and triggers the construction and further development of the facilities.

The company successfully re-financed the EUR 4 million portion of the long term financing that expires in April 2016. Reference is made to note 14.

APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

In accordance with the prospectus of the bond (see Note 14 to the consolidated financial statements) the dividend is limited to 50%.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2014

The Company-only annual report of 2014 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2014 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2015

The Board of Directors proposes to transfer the result over the financial year 2015 to the other reserves. The financial statements do not yet reflect this proposal.

- Report on the financial statements
- Management's responsibility
- Auditor's responsibility
- Opinion
- Report on other legal and regulatory requirements



REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements 2015 of Metalcorp Group B.V., Amsterdam, Netherlands, which comprise the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and the consolidated statement of changes in equity as at 31 December, 2015, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these consolidated financial statements and for the preparation of the Director's report, both in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Metalcorp Group B.V. as at 31 December 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Director's report, which is the responsibility of the Board of Directors, is in accordance with the consolidated financial statements.

Berlin, 30 March 2016

Rödl & Partner GmbH - Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft - Straße des 17. Juni 106
10623 Berlin, Germany


Fischl
Wirtschaftsprüfer


Schröder
Wirtschaftsprüfer

[Translator's notes are in square brackets]

General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer (German Public Auditors) or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmässiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and record and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring Independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

Where there are deficiencies, the client is entitled to subsequent fulfilment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfil [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfil [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies, associated with technicalities] contained in Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties- by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) *The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.*

(2) *Liability for negligence; An individual case of damages*
If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung"; Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) *Preclusive deadlines*
A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment of abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:
a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client.
b) examinations of tax assessments in relation to the taxes mentioned in (a)
c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charge separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to: the treatment of nonrecurring tax matters, e.g. in the field of estate tax, capital transactions tax, real estate acquisition tax participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners of shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the service offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays; slaes tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.



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