Half Year Report 2015

1 January 2015 – 30 June 2015

Metalcorp Group B.V.
Amsterdam
21 August 2015

Index

Director's Report 3

A. General overview and strategy 4

B. Business performance 6

C. Outlook 6

D. Risks and uncertainties 7

Consolidated financial statements 8

A. Consolidated statement of profit or loss 9

B. Consolidated statement of financial position 10

C. Notes to the Financial Statements 11

Disclaimer 12

Director's Report

A. General overview and strategy

B. Business performance

C. Outlook

D. Risks and uncertainties

A. General overview and strategy

Metalcorp Group B.V. (“Metalcorp” or the “Group") is an international group that produces and trades metals and minerals across the globe. It further develops metals and mineral resources in order to secure (future) supply to its trading and production units.

The group is organized through two divisions, Non-Ferrous and Steel. In order to improve the overview of the activities these divisions are divided into the following three sub-divisions: production, trading and resources development.

1. Non-Ferrous

1.1. Production

BAGR Berliner Aluminiumwerk GmbH

BAGR is a secondary aluminium producer. Since 1997, the company has been operating this re-melting and casting plant in a historic industrial area situated in the north of Berlin. With a capacity of up to 90.000 tons per year, BAGR is the leading independent secondary slab producer in Europe. A highly efficient and meanly structured team of qualified employees turns 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.

Cable Recycling Industries S.L.

Cable Recycling Industries S.L. (“CRI”), formerly named Tamarix, is a copper scrap recycler based near Bilbao, Spain. This Company converts copper cable scrap into high quality copper granulates. This product is sold to the main copper pipes and plates producers mainly in Europe. In 2014 Metalcorp Group B.V. became the sole shareholder of CRI.

1.2. Trading

Tennant Metals

Tennant Metals is specialized in the physical trading of aluminium, lead, tin zinc, refined metals, ores and concentrates. Tennant Metals has global trading relationships through its offices in Australia, China, Germany, Monaco, South Africa, and a number of agencies around the world. It has a strong know-how in the field of logistics, trade finance and risk management. The company entered into strategic alliances with a number of traders, which led to an increase in traded volumes.

1.3. Resources Development

The main objective of the Resources Development activities is to establish off-take agreements that supply our trading and production facilities by utilizing the know-how and global network of our group.

Société des Bauxites de Guinée

The Company's main project is Société des Bauxites de Guinée ("SBG"), which owns a bauxite license in Guinea. Guinea has amongst the world’s largest reserves of bauxite (>25 billion tons – almost half of the world’s bauxite resources) with renowned companies such as Alcoa, Rio Tinto and BHP Billiton operating there. The objective of this project is to establish an alumina refinery with a capacity of 1,6 million tons per annum. The planned construction of the refinery is planned for 2016 and alumina production is planned to start in 2018. Exporting bauxite, parallel to the construction of the refinery, could start in 2016.

The Company has a total resource of almost 300 million tons. Out of this resource, 160 million tons qualify as a "Measured Resource", which is the highest standard possible according to the JORC code and basis for funding of the banks. The quality of the bauxite is of world class with Alumina content higher than 41,5% and Silica levels lower than 2,7%.
The Company has a strategic cooperation with one of China's leading aluminium companies. This company will build a turn-key integrated alumina facility and will arrange the required funding. This party is finalizing the technical studies, before the start of the construction of the facility.

Given the proximity to adequate transportation channels, SBG is developing a bauxite export facility in parallel to the alumina refinery. This option is enabled due to the advanced discussions with logistical partners and the favorable conditions of the resource that allow the usage of highly advanced and economic mining equipment.

Minerals and Mining Ltd.

The Company 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. Currently, further drilling campaigns and analysis is on its way.

2. Steel

The Steel division is headed by Steelcom S.A.M. and consists of trading activities and resources development. This segment currently has no production activities.

2.1. Trading

Steelcom S.A.M. ("Steelcom"), the steel trading arm of the Group, is a renowned independent steel trader with a tradition spanning over 50 years of dedication to international commerce in the steel industry. Its core business consists of the world wide trading of steel and steel-making raw materials.

Through Steelcom, the Company is able to offer a complete and competitive value-added service by providing both importers and exporters worldwide with a secure platform to realize optimal results. Our team of managers and traders, throughout our global network of offices, grant the company a professional market knowledge and trading expertise.

Steelcom covers 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).

This division's core strategy is combining local presence with dedicated supply chain management and risk assessment. The ongoing international expansion reflects Steelcom's objective to establish direct presence in all 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.

Steelcom is headquartered in Monaco and operates from offices in Dubai, Spain, China, Taiwan, Australia, India, and the United States and through representatives in Brazil, Egypt and Turkey. Its supplier portfolio includes top first and second tier steel and raw materials producers across the world.

B. Business performance

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

EUR 1.000	Revenue		GM	
	HY 2015	HY 2014	HY 2015	HY 2014
Non-ferrous				
- Trading	152.675	43.883	4.986	1.526
- Production	34.976	35.998	3.591	3.708
Total Non-ferrous	**187.651**	**79.881**	**8.577**	**5.234**
Steel				
- Trading	**70.702**	**92.525**	**3.406**	**4.039**
Other	809	124	-	124
Total	**259.162**	**172.530**	**11.983**	**9.397**

The revenue increased from EUR 172.530 thousand to EUR 258.912 thousand (50,2%) in the first half of the year compared to the first half of 2014. The gross profit of the Group is slightly lower at 4,6% compared to 5,5% last year.

The solvency (total group equity divided by the balance sheet total) at the balance sheet date decreased from 42,5% in 2014 to 37,5% at 30 June 2015 as a result of increased activity and higher utilization of self-liquidating trade finance. 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 is 51,0% at 30 June 2015.

C. Outlook

1. General

Although the commodity markets are currently in a downturn and prices have decreased significantly, the Company expects to realize further growth in 2015.

2. 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.

3. 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 on the management level has been employed in order to secure and correspond to the growth of the activities.

D. Risks and uncertainties

The presentation of financial statements requires management to make estimates 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:

1. 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.

2. 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.

3. 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.

4. 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.

5. Other Risks

Other risks facing the Company include performance risk on off take 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.

CONSOLIDATED FINANCIAL STATEMENTS

A. Consolidated statement of profit or loss

B. Consolidated statement of financial position

C. Notes to the financial statements

A. Consolidated statement of profit or loss

(unaudited - before appropriation of result)

EUR 1.000	HY 2015	HY 2014
Continuing Operations		
Revenue	**259.162**	**172.530**
Cost of sales	-247.179	-163.133
Gross profit	**11.983**	**9.397**
Operating expenses		
Selling expenses	-1.917	-1.297
Administrative expenses	-4.747	-3.528
	-6.664	**-4.825**
Operating profit	**5.319**	**4.572**
Non-operating expenses		
Unrealized fair value changes	-	-
Financial income and expense	-3.512	-3.174
Net finance cost	**-3.512**	**-3.174**
Profit before tax	**1.807**	**1.398**
Income tax expense	-	-
Profit from continuing operations	**1.807**	**1.398**
Profit	**1.807**	**1.398**

B. Consolidated statement of financial position

(unaudited - before appropriation of result)

EUR 1.000	30-6-2015	31-12-2014
Assets		
Non-current assets		
Property plant and equipment	97.393	96.596
Intangible fixed assets	23.189	23.177
Financial fixed assets	3.941	3.819
Total non-current assets	**124.523**	**123.592**
Current assets		
Inventories	16.624	16.226
Receivables, prepayments and accrued income	120.103	77.501
Securities	14.528	14.528
Cash and cash equivalents	13.114	17.781
Total current assets	**164.369**	**126.036**
Total assets	**288.892**	**249.628**

Equity and liabilities		
Equity		
Share capital	70.000	70.000
Reserves and retained earnings	17.444	16.487
Equity attributable to the owners of the company	87.444	86.487
Non-controlling interest	20.932	19.613
Total equity	**108.376**	**106.100**
Non-current liabilities		
Loans and borrowings	53.062	43.442
Deferred tax liabilities	1.857	1.875
Total non-current liabilities	**54.919**	**45.317**
Current liabilities and accruals	125.597	98.211
Total current liabilities	**125.597**	**98.211**
Total equity and liabilities	**288.892**	**249.628**

C. Notes to the Financial Statements

Corporate information

The activities of Metalcorp Group B.V. ("Metalcorp Group" or "the Company") 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 major shareholder is Lunala Investment S.A. in Luxembourg. The financial statements of Lunala Investments S.A. are available at the Chamber of Commerce of Luxembourg.

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.

Statement of compliance

Financial information relating to group companies and other legal entities which are controlled by the Company or where central management is conducted has been consolidated in the financial statements of the Company. The consolidated financial statements have been prepared in accordance with the accounting principles of the Company. The financial information relating to the Company and its group companies is presented in the Consolidated Financial Statements. Financial information relating to the group companies and the other consolidated legal entities is fully included in the Consolidated Financial Statements, eliminating the intercompany relationships and transactions.

Third party shares in equity of group companies are separately disclosed.

The results of newly acquired group companies are consolidated from the acquisition date. At that date, the assets, provisions and liabilities are measured at fair values. Goodwill paid is capitalized and is subject to an annual impairment test. The results of participations sold during the year are recognized until the moment of disposal.

Basis of preparation

The consolidated financial statements have been prepared according to the same accounting principles as the Annual Report 2014 with the exception of securities and taxation, which are both accounted for on an annual basis.

Board of Directors

The board of directors consists of:

- Mr. Victor Carballo – Director and Chief Executive Officer
- Mrs. Pascale Younès – Director

Disclaimer

The facts and information contained in this report contains information as known to the reporting date and is subject to future changes. Neither the Metalcorp Group B.V. (the "Company") or related companies, affiliates, subsidiaries or management, supervisory board members, employees or advisors nor any other person can be held liable for any misrepresentations and do not provide any warranties with regards to the completeness of this report.

Neither the Company or related company, affiliates, subsidiaries nor any of the previous mentioned persons shall have any liability for any loss arising from the use of this report, neither direct nor indirect nor consequential damages. Whilst all reasonable care has been taken to ensure that the facts stated herein is correct and the views expressed herein are fair and reasonable, no guarantee can be provided. With regards to quoted information from external sources, this information is not to be interpreted as if they have been accepted or confirmed by the Company.

This document contains forward-looking statements. Forward-looking statements include all statements that do not describe historic facts, but contains terms such as "believe", "assume", "expect", "anticipate", "estimate", "plan", "intend", "could" or similar wording. However, these statements are by nature subject to risk and uncertainties, as they are related to future events and are based on assumptions and estimates, which could not occur at all or do not occur as anticipated in the future. Therefore, no guarantee is provided for any future results or the performance of the Company, the actual financial situation and the actual results of the Company as well as the overall economic development and legal frameworks that may differ materially from the expectations reflected in the forward looking statements that are expressed or implied and may not fulfill. Investors are therefore cautioned not to base their investment decisions regarding the Company on the expressed forward looking statements.