



Half Year Report 2013

1 January 2013 – 30 June 2013

Metalcorp Group B.V.
Amsterdam
27 September 2013

Index

Director's Report	3
A. General overview and strategy	4
B. Business performance	8
C. Outlook	9
D. Risks and uncertainties	10
Consolidated financial statements	11
A. Consolidated balance sheet	12
B. Consolidated profit and loss account	14
C. Notes to the Half Year Report	15
Disclaimer	16

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”) is an integrated metals and minerals group with operations and customers located across the globe.

Our core objective is to be a trusted supplier of resources to global industries utilizing established operations in all aspects of mining, ore processing, metals production and the marketing of metals, ores and alloys. Metalcorp Group has also developed complimentary value added services in shipping, distribution, warehousing, financing and risk management.

Metalcorp is led by an experienced and dedicated management team. Its subsidiaries and affiliated companies operate in more than 20 countries around the globe.



In order to meet the requirements of its customers and partners, Metalcorp Group has organized itself through three different divisions: Steel, Aluminium and Non-Ferrous. These divisions consist of operating activities and are supported by Resources Development.

All divisions are represented in the Executive Management Board, which enables rapid decision making in a responsible and entrepreneurial manner. The division heads carry a profit responsibility for their respective division. The Company adopted a two tier regime with an independent, renowned and experienced Supervisory Board in place. The following paragraph elaborates on the divisions.

1. STEEL DIVISION

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, we are 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. The participation Forward Mining is in the process of ongoing exploration.

2. ALUMINIUM DIVISION

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 100.000 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.

Scrap material (from customers or on our own account) is collected into batches depending on its chemical composition and taken into our modern multi-chamber melting furnaces. Natural gas is the fuel used throughout the plant. The liquid aluminium is taken in ladles from the melting furnaces to the molding and casting furnaces. Here, the alloying metals are added and gaseous and oxide impurities are removed in a refining process. Rolling slabs of high quality are cast from the purified aluminium melt in the semi-continuous casting process. The slabs are supplied to customers throughout Europe amongst which are the leading global aluminium producers.

Société des Bauxites de Guinée is Metalcorp’s subsidiary in Guinea, which owns a bauxite license. Guinea has amongst the world’s largest reserves of bauxite (> 25 billion tons) with companies such as Alcoa, Rio Tinto and BHP Billiton operating there. It possesses possibly half of the world’s bauxite resources. The current status is as follows:

- ▶ The licence for an area of 1,000 square kilometres consisting 248 million tons of high-quality bauxite was renewed on November 1, 2012 initially for two years – with an option to extend it for 20 years.
- ▶ Due to the high-quality bauxite and the good logistic situation this project is positioned in the lowest cost quartile compared to other projects world-wide.
- ▶ On July 23, 2013 Metalcorp and China’s leading state aluminium producer agreed a technical collaboration including the construction of a turn-key alumina plant.
- ▶ Metalcorp mandated a leading Chinese investment bank to find investors for this project.
- ▶ The environmental assessment was successfully completed.

3. NON-FERROUS DIVISION

Tennant Metals is specialized in the physical trading of refined metals, ores and concentrates. Tennant Metals has global trading relationships although its historical and current focus is in the Asia Pacific market. Tennant Metals currently has offices in Australia, China, Monaco, South Africa, Taiwan, Turkey, and a number of agencies around the world.

Through its international network, Tennant Metals was able to develop core relationships with a number of primary suppliers/smelters in the region and securing a niche for itself in the supply of physical metal to the middle tier metal users (customers).

With a successful and proven track record in focusing on specific core relationships with its clients, Tennant Metals has an in depth understanding of the client's requirements leading to services above the typical customer-supplier arrangement. Tennant Metals has considerable experience in the base metal and financial markets which it combines with its knowledge of the various components of trading metals; from sourcing to supply, with all the associated logistics including freight, insurance, hedging and financing. Tennant Metals acts predominantly as principal in its metals trading dealings, with the vast majority of its suppliers preferring to pass the various risks of credit, freight, logistics and performance onto Tennant Metals as it focuses on its core activity of metal, or metal bearing production.

Tennant Metals trades in all the LME metals 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. Tennant Metals endeavors to mitigate business concentration risk by sourcing finished metals, ores and concentrates from a wide range of smelters and miners and selling those to a wide range of customers.

Tennant Metals has multiple interesting off-take agreements with several producers.

Through Tennant Metals, Metalcorp owns a portfolio of off take contracts. These contracts relate to different projects which will produce different types of metals and minerals. The projects are expected to come on stream in the course of 2014.

B. Business performance

During the first half of 2013, the Company experienced the following effects:

- The Company's Operating Result for the first half year (2013: EUR 2.205 thousand – 2012: EUR 2.079 thousand) and the Company's Profit for the first half year (2013: EUR 938 thousand – 2012 EUR 886 thousand) are both in line with expectations despite the decrease in market prices (up to 30% compared to prior year), and the impact thereof on the revenue of the Steel and Non-Ferrous trading divisions.
- The Aluminium business' performance is in line with expectations.
- The Company placed a bond on the Frankfurt Stock exchange on 27 June 2013 in the amount of EUR 9,3 million (ISIN: DE000A1HLTD2), which supports the further growth of the Company and which will sustain the profitability of the Company.

The table below provides a segmented overview of the Revenue and Gross margin of the Company:

EUR 1.000	1-1-2013 till 30-6-2013	1-1-2012 till 30-6-2012	EUR 1.000	1-1-2013 till 30-6-2013	1-1-2012 till 30-6-2012
Aluminium	18.007	18.889	Aluminium	3.240	3.010
Non-ferrous	41.101	53.894	Non-ferrous	454	1.164
Holding and services	79	22	Holding and services	79	22
Steel	60.227	149.973	Steel	2.996	4.014
Net revenue by division	119.420	222.778	Gross margin by division	6.769	8.210

The gross margin of the first half year of 2013 is 5,7% (first half year of 2012: 3,7%) and operating result increased to EUR 2,2 million compared to EUR 2,0 million in the first half of 2012.

The solvency at the balance sheet date (30 June 2013) is stable and comparable to the balance sheet of 31 December 2012 with equity being 50,9% of balance sheet total (2012: 50,8%).

C. Outlook

1. GENERAL

Despite the lower market prices, the Company expects to reach the revenue level of FY2012 or higher. The Company adds several trading teams at the end of the second quarter of 2013, whose order book will contribute to the Company's performance in the second half of 2013. In addition to this, the Company closed an off-take agreement with a European based copper recycler. The Company will continue to further develop the synergies between the different divisions and its global network.

2. FINANCING

The Company and each of its subsidiaries are working closely with the major trade banks for the trading activities. In the trade business, financing is a key tool and the Company aims to further develop its relationship with its existing banking relations and new partners in order to support its projected growth in these divisions. The Company has successfully extended its Trade Finance facilities and other short-term credit facilities.

The bondplacement at the Frankfurt Stock Exchange of 27 June 2013 will be mainly used to sustain and further develop the trading activities as cash collateral. This means that the liquidity will remain in the Company and secures the future repayment to a large extent..

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 will only be employed, when the growth in our activities requires so.

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.

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. Market price movements of our products are closely monitored and when possible appropriately hedged, but may have a material impact on the Company's financial results.

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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

- A. Consolidated balance sheet
- B. Consolidated profit and loss account
- C. Notes to the Half Year Report

A. Consolidated balance sheet

Unaudited - (before appropriation of result)

EUR 1.000	30-6-2013	31-12-2012
Assets		
Fixed Assets		
Intangible fixed assets	18.288	19.184
Tangible fixed assets	4.077	4.290
Financial fixed assets	4.216	4.499
	26.581	27.973
Current assets		
Inventories	2.307	5.472
Receivables, prepayments and accrued income	52.936	55.056
Securities	62.978	62.781
Cash and cash equivalents	16.448	7.949
	134.669	131.258
Total assets	161.250	159.231

EUR 1.000	30-6-2013	31-12-2012
Equity and liabilities		
Group Equity		
Legal entity share in group equity	77.513	76.435
Third-party share in group equity	4.576	4.518
	82.089	80.953
Long-term liabilities	25.216	15.344
Current liabilities and accruals	53.943	62.934
	79.159	78.278
Total equity and liabilities	161.248	159.231

B. Consolidated profit and loss account

Unaudited

EUR 1.000	1-1-2013 till 30-6-2013	1-1-2012 till 30-6-2012
Net turnover	119.420	222.778
Cost of sales	-112.652	-214.567
Gross margin	6.769	8.210
Operating expenses		
Selling expenses	-991	-1.437
Administrative expenses	-3.573	-4.694
	-4.564	-6.131
Operating result	2.205	2.079
Non-operating expenses		
Share in result of non-consolidated associated companies	-	-
Unrealized fair value changes	-	-
Financial income and expense	-1.268	-1.193
	-1.268	-1.193
Result on ordinary activities before taxation	937	886
Taxation on result on ordinary activities	-	-
Result on ordinary activities after taxation	937	886
Consolidated result after taxation	937	886
Attributable to:		
Equity holders of Metalcorp Group B.V.	929	886
Non-controlling interests	7	-
	937	886

C. Notes to the Half Year Report

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 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.

CONSOLIDATION PRINCIPLES

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 and results 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, to which amortization is charged based on the estimated useful life. The results of participations sold during the year are recognized until the moment of disposal.

BASIS OF PREPARATION

The consolidated financial statements are prepared according to the same accounting principles as the Annual Report 2012 with the exception of securities and taxation, which are both accounted for on an annual basis.

BOARD OF DIRECTORS AND SUPERVISORY BOARD

The Board of Directors consists of:

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

The Supervisory Board consists of:

- Dr. Karlheinz Knauthé – Chairman of the Supervisory Board
- Mr. Axel Fischer – Vice Chairman of the Supervisory Board
- Mr. Leon van den Boom – Member of the Supervisory Board

DISCLAIMER

Disclaimer

The facts and information contained in this report contains information as known at 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 constitutes neither an offer to sell nor a solicitation for an offer to buy or subscribe for any securities of the Metalcorp Group B.V.

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 use similar wording. However, these statements are by nature subject to risks 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 the Company on the expressed forward looking statements.