2019

METALCORP GROUP

HALF-YEAR REPORT

METALCORPGROUP

01 MANAGEMENT REPORT

02 CONSOLIDATED FINANCIAL STATEMENTS

03 OTHER INFORMATION

METALCORP GROUP
KEY DATA

REVENUES
HY 2019

306 M€

GROSS PROFIT
HY 2019

24 M€

OPERATING
PROFIT
HY 2019

17 M€

EQUITY
HY 2019

156 M€

EBITDA
HY 2019

17 M€

METALCORP GROUP
AT A GLANCE

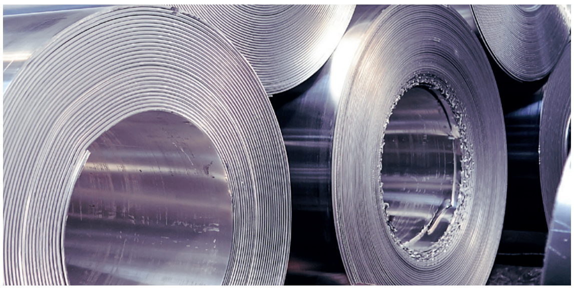
+ 90 YEARS	+ 300 EMPLOYEES	18 COUNTRIES

Metalcorp Group is a diversified metals and minerals group with activities that span production and processing, to marketing and trading.

Our business is organised within two divisions:
Ferrous and **Non-Ferrous Metals**.

FERROUS METALS DIVISION

STEEL TRADING & MARKETING



STEELCOM GROUP
Monaco, Austria, Germany, Switzerland, USA, Brazil, Spain, UAE, Serbia, Singapore, China and Luxembourg.

+60 years in operation

12 Offices
4 Continents

STEEL PRODUCTION

NIKOLAIDIS TH. BROS
Greece

+50 years in operation

NON-FERROUS METALS DIVISION

NON-FERROUS TRADING & MARKETING

TENNANT METALS GROUP
Monaco, Australia, South Africa, Luxembourg

+ 60 years in operation

4 Offices
3 Continents

ALUMINIUM PRODUCTION

BAGR BERLINER ALUMINIUMWERK
Germany

STOCKACH ALUMINIUM
Germany

+ 35 years in operation

+90 years in operation

BAUXITE & ALUMINA MINING & PRODUCTION

SOCIÉTÉ DES BAUXITES DE GUINÉE
Republic of Guinea

300 million tons of bauxite

COPPER PRODUCTION

CABLE RECYCLING INDUSTRIES
Spain

+10 years in operation

01 METALCORP GROUP
BUSINESS PERFORMANCE

BUSINESS PERFORMANCE

The Group has leveraged on the developments of the past years and was again able to further grow its business irrespective of the challenging markets. The fundamentals of growth that the Group shows year after year lie in the risk-averse strategy that Metalcorp Group applies: the gross profit on deals is locked in independent of the market prices, whilst other market participants take positions that lead ultimately to a price risk.

The Group further tapped its existing 2017-2022 bond by EUR 40 million, which was placed on the German market in 2019.

On the Ferrous side, the Group continued to organically grow its European supply-chain business in 2019 as well as its special steel business.

On the Non-Ferrous side, Metalcorp Group has further developed existing and initiated new multi-year offtake agreements in specific markets such as zinc.

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

	Revenue		GM		Result	
EUR 1.000	HY 2019	HY 2018	HY 2019	HY 2018	HY 2019	HY 2018
Ferrous	88 737	126 609	1 987	3 879	475	1 338
Non-ferrous	217 579	204 348	22 267	19 792	10 378	7 099
Total	**306 316**	**330 957**	**24 254**	**23 671**	**10 853**	**8 437**

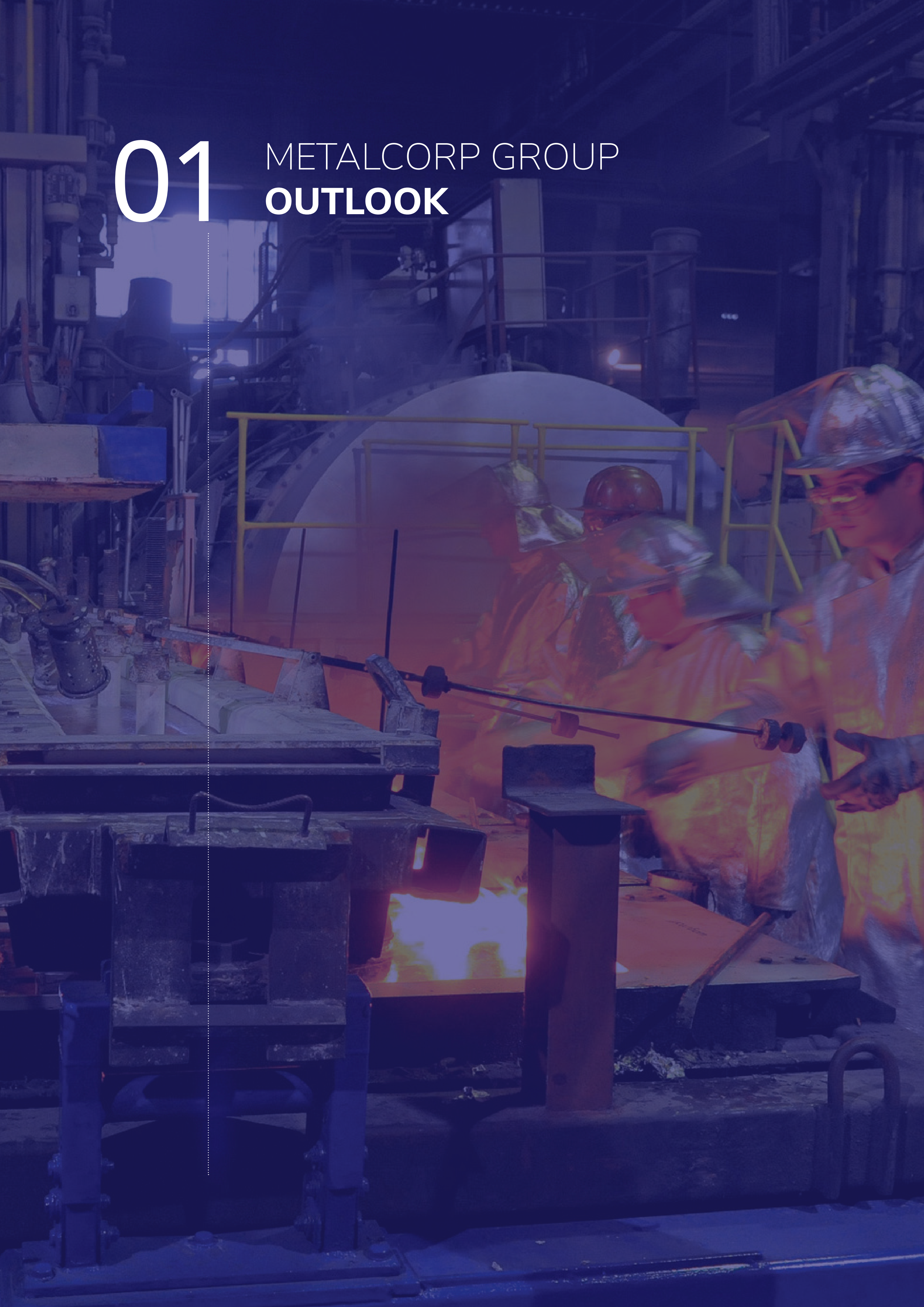
Despite lower turnover due to lower raw material prices, overall profitability could be improved.

The solvency (total group equity divided by the balance sheet total) at the balance sheet date changed from 34% in 2018 to 33% in June 2019.

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 Group 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 14 to the consolidated financial statements) is 36,3% at 30 June 2019.

01 METALCORP GROUP **OUTLOOK**



OUTLOOK

GENERAL

The Group will further explore and develop niche markets as well in the ferrous and the non-ferrous area of products. Furthermore, the Group continues to explore distressed assets that become available due to the market circumstances.

Several potential acquisitions are on the radar of the Group and it is expected that at least one plant will be added in the course of 2019.

A major contribution is expected from the Group's industrial activities in the production of aluminium, copper granulates and the pipe and tube plant. The Group 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 Group 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 Group is an equal opportunities employer and welcomes applications from all sections of society and does not discriminate on grounds of race, religion or belief, ethnic or national origin, disability, age, marital, domestic or civil partnership status, sexual orientation, gender identity, or any other basis as protected by applicable law.

01 METALCORP GROUP
RISKS & UNCERTAINTIES

RISKS & UNCERTAINTIES

The presentation of consolidated 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 consolidated 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 Group 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 Group'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 Group´s financial results. However, the Group enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Group is not exposed to price fluctuations. In cases where the Group 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 Group'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 Group's profitability in a certain geographic region or at certain operations. However, so far the Group has not experienced those problems.

OTHER RISKS

Other risks facing the Group 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 Group on a regular basis and appropriate action is taken whenever this is required.

Luxembourg, August 12th 2019

Pascale Younès
Chairwoman

01

METALCORP GROUP

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

PRESENTATION

As chairwoman of the management board (the “Chairwoman”), I am pleased to present the corporate governance report for the half-year ended 30 June 2019.

The Chairwoman notes that further to the regulation (EU) No 537/2014 of 16 April 2014, the management board (the "Board") can perform the equivalent functions that the functions assigned to the audit committee.

This report details how the Board has met its responsibilities under the corporate governance of the Luxembourg stock exchange in the last two months of the half-year ended 30 June 2019.

The Board focused particularly on the appropriateness of the Group’s consolidated financial statements. The Board confirms that the 2019 Half-Year Report and consolidated financial statements are fair, balanced and understandable, and provide the information necessary for the sole shareholder to assess the Group’s performance, business model and strategy. The significant issues that the Board considered in relation to the consolidated financial statements and how these issues were addressed are set out in this Report.

One of the Board’s key responsibilities is to review the Group’s risk management and internal controls systems, including in particular internal financial controls. During the first half of the year, the Board carried out an assessment of the principal risks facing the Group and monitored the risk management and internal control system on an on-going basis.

The Board also reviewed the effectiveness of the external audit process as part of the continuous improvement of financial reporting and risk management across the Group.

ROLE AND RESPONSIBILITIES

The Board monitors the integrity of the Group’s consolidated financial statements and the effectiveness of the Group’s internal financial controls. During the financial year the Board worked with the management, the external auditors and other members of the senior management team in fulfilling these responsibilities.

The Board report deals with the key areas in which the Board plays an active role and has responsibility. These areas are as follows:

i. Financial Reporting;
ii. The External Audit process;
iii. Risk Management and Internal controls.

COMMITTEE MEMBERSHIP

As at 30 June 2019, the Board is formed by Mrs. Pascale MITRI YOUNES as Chairwoman, Mr. Anouar BELLI and Mr. Mehdi MEGDOUD as members.

The Board has an appropriate and experienced blend of commercial, financial, legal and industry expertise to enable it to fulfil its duties, and that the Chairwoman, Mrs Pascale MITRI YOUNES, has appropriate and relevant experience.

MEETINGS

The Board met one time during the half-year ended 30 June 2019. The Chairwoman of the Board also met the external auditor.

COMMITTEE EVALUATION

Any recommendations raised are acted upon in a formal and structured manner. No issues were identified for the half-year ended 30 June 2019.

FINANCIAL REPORTING

The Board is responsible for monitoring the integrity of the Group's consolidated financial statements and reviewing the financial reporting. The consolidated financial statements are prepared by a finance team with the appropriate qualifications and expertise.

The Board confirms that the half-year report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the sole shareholder to assess the Group's position and performance, business model and strategy.

EXTERNAL AUDIT PROCESS

The Board has responsibility for overseeing the Group's relationship with the external auditor including reviewing of their independence from the Group, their appointment and their audit fee proposals.
During the first half of the year, the Chairwoman of the Board met the external auditor. This meeting provided the opportunity for direct dialogue and feedback between the Chairwoman of the Board and the auditor.
EU Audit Reform EU legislation providing a new regulatory framework for statutory audit was adopted in April 2014 (comprising Directive 2014/56/EU and Regulation EU No. 537/2014). EU Audit reform legislation is applicable in the Member States of the European Union, including Ireland, and is applicable for the first financial year that commences after 17 June 2016. Under this legislation, Metalcorp Group S.A. is considered as a Public Interest Entity ("PIE").

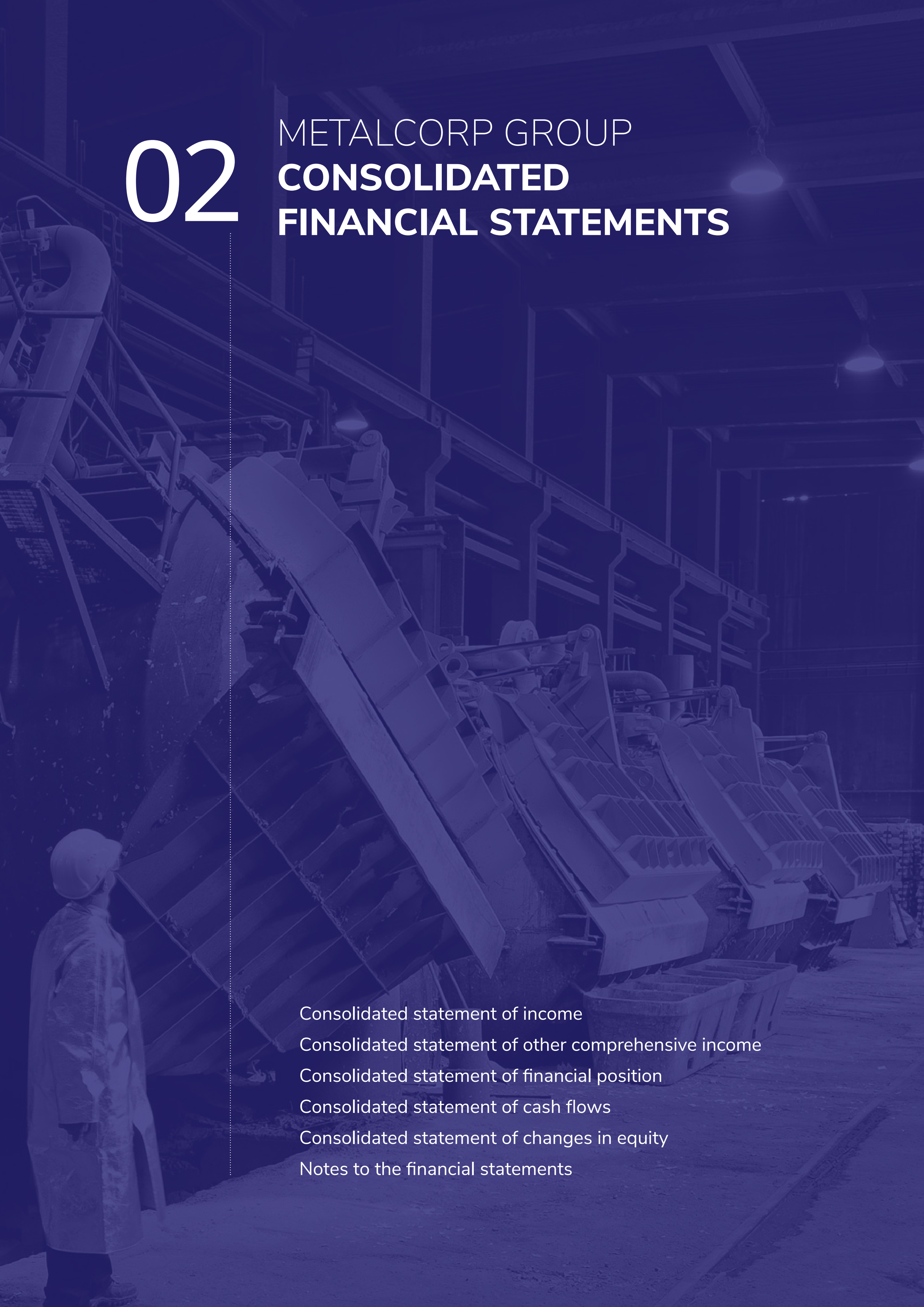
RISK MANAGEMENT AND INTERNAL CONTROLS

The Board monitors the Group's risk management and internal control processes through detailed discussions with the management, the review and approval of the external audit reports, which focus on the areas of greatest risk to the Group, as part of both the year-end audit and the half year review process, all of which highlight the key areas of control weaknesses in the Group. All weaknesses identified by external audit are discussed by the Board and an implementation plan for the targeted improvements to these systems is put in place. The implementation plan is being overseen by the Board.

On 12th August 2019

METALCORP GROUP S.A.

Pascale MITRI YOUNES Chairwoman of the management board	Anouar BELLI Member of the management board	Mehdi MEGDOUD Member of the management board

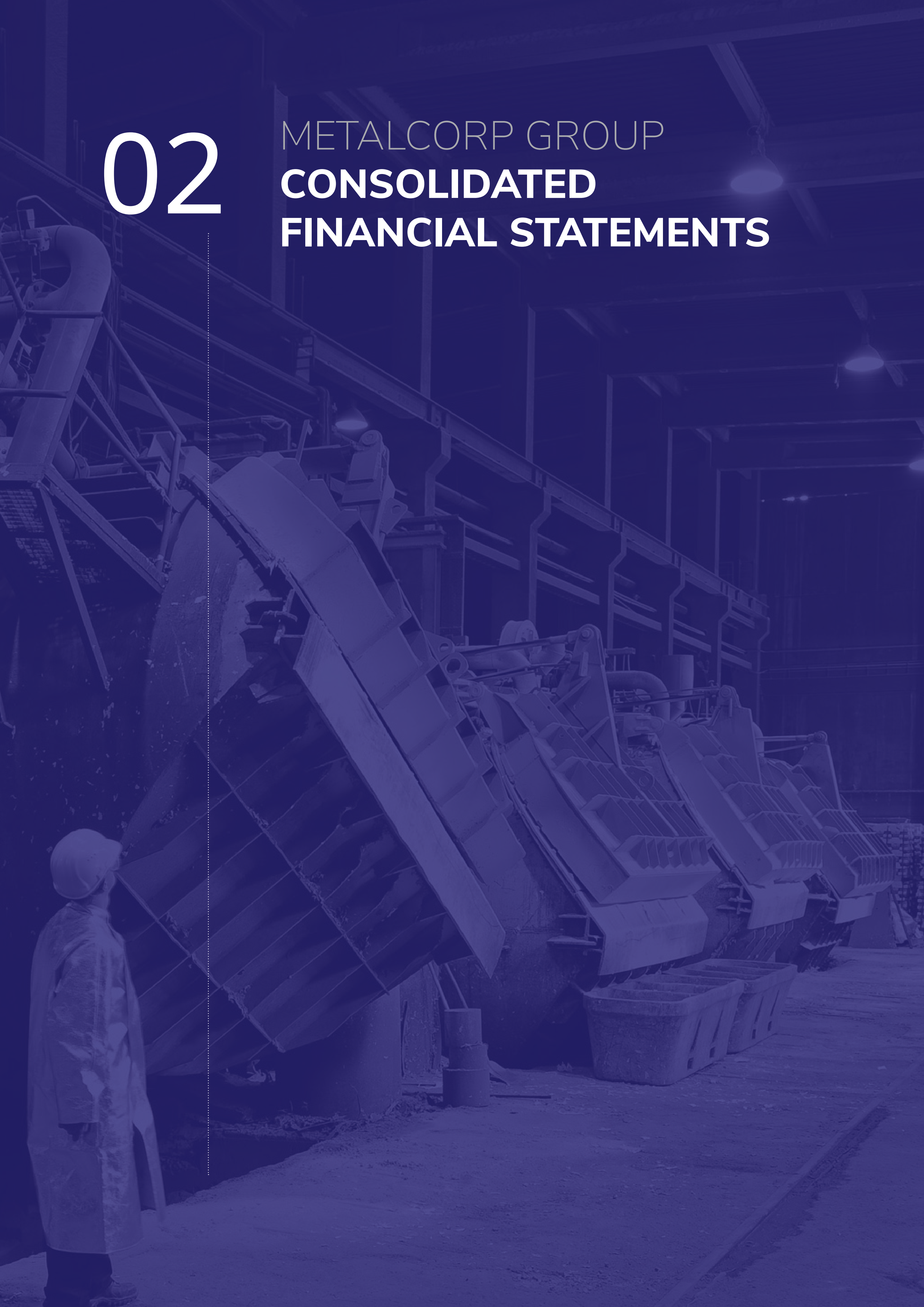


02 METALCORP GROUP CONSOLIDATED FINANCIAL STATEMENTS

02

METALCORP GROUP

CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(before appropriation of result)

EUR 1.000	Note	HY 2019	HY 2018
Continuing Operations			
Revenue	2	**305 440**	**330 127**
Revenue from contract-based assets	2	876	830
Cost of sales	2	-282 062	-307 286
Gross profit	2	**24 254**	**23 671**
Operating expenses			
Selling expenses	3	-1 754	-2 893
Administrative expenses	3	-5 384	-5 913
		-7 138	**-8 806**
Operating profit		**17 115**	**14 865**
Non-operating expenses			
Financial income and expense	4	-6 263	-6 428
Profit before tax		**10 853**	**8 437**
Income tax expense	5	-1 491	-1 763
Profit from continuing operations		**9 362**	**6 674**
Profit		**9 362**	**6 674**
Profit attributable to:			
Equity holders of Metalcorp Group S.A.		9 517	6 080
Non-controlling interests		-154	595
		9 362	**6 674**

* Tax has to be presented also on a half-year basis according to a change to IFRS therefore no comparative figure for 2018 is available.

Profit after tax for the full year of 2018 has been EUR 9,6 million.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR 1.000	HY 2019	HY 2018
Profit	**9 362**	**6 674**
Other comprehensive income		
Impairment/revaluation of receivables	-	-150
Revaluation of securities	-	30
Translation differences foreign associated companies	-410	14
Total comprehensive income	**8 953**	**6 569**
Total comprehensive income atrributable to:		
Equity holders of Metalcorp Group S.A.	9 107	5 974
Non-controlling interests	-154	595
Total result	**8 953**	**6 569**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

EUR 1.000	Note	30/06/2019	30/06/2018
Assets			
Non-current assets			
Property plant and equipment	6	168 295	161 200
Intangible fixed assets	7	39 922	39 922
Financial fixed assets	8	326	623
Total non-current assets		**208 544**	**201 745**
Current assets			
Inventories	9	34 506	37 986
Receivables, prepayments and accrued income	10	179 245	165 964
Securities	11	6 047	6 031
Cash and cash equivalents	12	50 620	20 875
Total current assets		**270 418**	**230 856**
Total assets		**478 962**	**432 601**
Equity and liabilities			
Equity			
Share capital		70 000	70 000
Reserves and retained earnings		58 339	48 823
Exchange differences		1 001	1 411
Equity attributable to the owners of the company	13	129 340	120 233
Non-controlling interest	13	26 851	27 006
Total equity		**156 192**	**147 239**
Non-current liabilities			
Loans and borrowings	14	206 183	160 561
Deferred tax liabilities	5	3 453	3 422
Total non-current liabilities		**209 636**	**163 982**
Current liabilities and accruals	14	113 135	121 381
Total current liabilities		**113 135**	**121 381**
Total equity and liabilities		**478 962**	**432 601**

CONSOLIDATED STATEMENT OF CASH FLOWS

(before appropriation of result)

EUR 1.000	HY 2019
Operating profit	**17 115**
Adjustments for:	
- Depreciation (and other changes in value)	1 018
- Lease payments accounted as expense	75
	1 093
Working capital changes	
- Movements trade receivables	-36 137
- Movements inventories	3 480
- Movements on loans receivable	-1 484
- Movements trade payables	14 975
- Movements other payables and liabilities	2 081
- Movements trade finance	2 479
	-14 606
Interest paid after corporate income tax	
Corporate income tax expense on operating activities	-1 491
	-1 491
Cash flow from operating activities	**2 113**
Investments in intangible fixed assets	-
Investments in property, plant and equipment	-7 973
Disposals of group companies	103
Loss of Control over subsidiaries	-
Investments in other financial assets	-
Cash flow from investment activities	**-7 870**
Receipts from issuance of share capital	-
Receipt of long-term liabilities	41 983
Repayment of short term liabilities	-3 440
Lease payments accounted as expense	-75
Lease payments IFRS 16	-343
Movements IFRS 16 liabilities	3 639
Change of ownership of a subsidiary	-
Other finance income	926
Other finance expense	-500
Interest received	40
Interest paid	-6 728
Cash flow from financing activities	**35 502**
Exchange rate and translation differences on movements in cash	-
Movements in cash	29 745

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(before appropriation of result)

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**
2018									
Opening Balance	**70 000**	**9 628**	**16 399**	**3 229**	**-3 130**	**13 753**	**109 879**	**27 440**	**137 319**
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	9 300	9 300	345	9 645
Revaluation of fixed assets	-	-	-	-	5 032	-	5 032	-	5 032
Foreign currency translation differences	-	-	-	-1 818	-	5	-1 813	-	-1 813
Total comprehensive income and expense for the period	-	-	-	-1 818	5 032	9 305	**12 519**	345	**12 865**
Other movements in equity									
Allocation of prior year result	-	-	-	-	13 753	-13 753	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Other movements in equity	-	-	-1 828	-	-337	-	-2 165	-779	-2 944
Total other movements in equity	-	-	-1 828	-	13 416	-13 753	**-2 165**	-779	**-2 944**
Total	**70 000**	**9 628**	**14 571**	**1 411**	**15 318**	**9 305**	**120 233**	**27 006**	**147 239**
2018									
Opening Balance	**70 000**	**9 628**	**14 571**	**1 411**	**15 318**	**9 305**	**120 233**	**27 006**	**147 239**
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	9 517	9 517	-154	9 362
Revaluation of fixed assets	-	-	-	-		-	-	-	-
Foreign currency translation differences	-	-	-	-410	-	-	-410		-410
Total comprehensive income and expense for the period	-	-	-	-410	-	9 517	**9 107**	-154	**8 953**
Other movements in equity									
Allocation of prior year result	-	-	-	-	9 305	-9 305	-	-	-
Acquisitions	-	-	-	-	-	-	-		-
Other movements in equity	-	-	-	-	-	-	-		-
Total other movements in equity	-	-	-	-	9 305	-9 305	**-**	-	**-**
Total	**70 000**	**9 628**	**14 571**	**1 001**	**24 623**	**9 517**	**129 340**	**26 852**	**156 192**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES

1.1 Corporate information

The activities of Metalcorp Group S.A. ("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 8, rue Dicks, L-1417 Luxembourg, and is registered with the chamber of commerce under number B229218

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 Luxembourg, 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 (IFRS) and interpretations as adopted by the European Union effective for the year begining 1st January 2019, and its interpretations as issued by the International Accounting Standards Board (IASB) effective for the year begining 1st January 2019 The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements. As Metalcorp Group in 2018 has issued a bond on the Oslo Stock Exchange (regulated market) the Company is obliged to prepare its consolidated financial statements in accordance with IFRS. The Company-only financial statements are prepared in accordance with Luxembourg accounting principles and are presented and published separately from the consolidated financial statements.

1.3 Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC), IAS 34 Interim Financial Reporting as adopted by the European Union (EU), and the Disclosure and Transparency Rules of the Financial Conduct Authority effective for Metalcorp´s reporting for the six months ended 30 June 2019. These unaudited condensed interim consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the audited 2018 Annual Report of Metalcorp S.A. and subsidiaries (2018 Annual Report) available at www.metalcorpgroup.com. These financial statements for the six months ended 30 June 2019 and 2018, and financial information for the year ended 31 December 2018 do not constitute statutory accounts. Certain financial information that is included in the audited annual financial statements but is not required for interim reporting purposes has been condensed or omitted.
The 2019 Half Year Report and audited financial statements for the year ended 31 December 2018 have been published at www.metalcorpgroup.com. Companies and the audit report on those financial statements was not qualified. The interim financial report for the six months ended 30 June 2019 has been prepared on a going concern basis as the directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern in the foreseeable future, a period not less than 12 months from the date of this report. Further information is included in the Directors report. All amounts are expressed in thousands of Euro, unless otherwise stated, consistent with the predominant functional currency of Metalcorp's operations. The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

1.4 Adoption of new and revised standards

These unaudited condensed interim consolidated financial statements are prepared using the same accounting policies as applied in the audited 2018 Annual Report, except for the adoption of a number of new and revised accounting pronouncements, that became effective as of 1 January 2019 and have been adopted by the Group.

IFRS 16 – Leases supersedes IAS 17 „Leases" and covers recognition, measurement, presentation and disclosure of leases. IFRS 16 modifies the prior lessee accounting to a single lessee accounting model, which requires lessee to recognise assets and liabilities from contract within scope of IFRS 16. The standard provides exemptions for lease terms 12 month or less or underlying assets have low value. Lessors lease accounting substantially is unchanged in IFRS 16.

Changes in accounting policies resulting from IFRS 16 have been applied as at 1 January 2019, with no restatement of comparative information for prior year following the transition requirements of IFRS 16 C 5b). Consequently, any effect of initial application of IFRS 16 has been recognized cumulative as an adjustment in the opening retained earnings as at date of initial application. This will be reflected in the Other Comprehensive Income (OCI).

The following summarises the impact from adoption of IFRS 16:

- Presentation changes in the statement of Cash Flows
- Presentational changes in the property, plant and equipment (Note 6), Liabilities (Note 14) and corresponding supplementary note disclosures to reflect the business model and cash flow characteristics of these assets and liabilities and group them into their respective IAS 16 and IFRS 9 categories.
- Additional disclosures regarding classification, presentation, cash flow impacts and measurement of leases (Note 15 and table 1 below)
- The weighted average incremental borrowing rate of interest used in the calculation of the present value on first adoption was 3 %
- The company used the portfolio transition relief for right-of-use assets with similar characteristics.

Table 1: Summary of changes in classification, presentation and measurement of leases under IFRS 16 and IAS 17 at the date of initial application, 1 January 2019:

EUR 1.000	Note	Original meaasurment under IAS 17	New measurement under IFRS 16	Original carrying amounts under IAS 17	Effect of IFRS 9 adoption	New carrying amount under IFRS 9
			Non-current assets			
Property, plant and equipment	15	Operating leases	Right of use assets	0	3.937	3.937
Property, plant and equipment	15	Financial leases	Right of use assets	0	0	0
			Financial liabilities			
Current liabilities and accruals	15	Operating leases liabilities	Leasing liability	Off-balance sheet 4.176	3.937	3.937
Current liabilities and accruals	15	Financial leases liabilities	Leasing liability	0	0	0

NOTE 2. SEGMENT INFORMATION

2.1 General

The Company is organized in two segments, Non- Ferrous and Ferrous, with the following sub-segments: Trading and Production.
This structure is used by management to assess the performance of the Company.
The Non-Ferrous production 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. BAGR has increased its business activities by taking 100% stake of Stockach Aluminium GmbH, a secondary slab manufacturer located in Southern Germany. The Group has furthermore a 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 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 ferrochrome, aluminium, copper, lead, tin and zinc.

The raw materials activities consists of a team of professionals that has the objective to develop resources projects to establish off-take agreements and partnerships with third parties.

The Ferrous Trading division is headed by Steelcom and its trading activities cover a wide range of steelmaking 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). Furthermore, since September 2016 Steelcom runs a steel automotive supply-chain business, which has now proven to be a consistent and prominent business stream of the division. 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.

In Ferrous Production, the Group runs a state-of the art pipe and tube manufacturing plant in Thessaloniki, Greece.

2.2 Segment Revenues and Results

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

	Revenue		GM		Profit Before Tax	
EUR 1.000	HY 2019	HY 2018	HY 2019	HY 2018	HY 2019	HY 2018
Ferrous	88 737	126 609	1 987	3 879	475	1 338
Non-ferrous and Other	217 579	204 348	22 267	19 792	10 378	7 099
Total	**306 316**	**330 957**	**24 254**	**23 671**	**10 853**	**8 437**

Following a review of the changes in IFRS Standards, the company has decided to present a segment analysis into its 2 main segments: ferrous and non-ferrous, including other.

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 a number of different commodities and related services in the amount of EUR 6 million that were established with related parties.

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.

NOTE 2.

2.3 Segment Assets and Liabilities

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

	Assets		Liabilities	
EUR 1.000	HY 2019	HY 2018	HY 2019	HY 2018
Ferrous	110 502	109 501	65 884	77 495
Non-ferrous and Other	368 459	355 244	256 887	239 896
Total	**478 961**	**464 745**	**322 771**	**317 391**

	Depreciation and Amortization		Additions to non-current assets	
EUR 1.000	HY 2019	HY 2018	HY 2019	HY 2018
Ferrous	75	85	-20	-106
Non-ferrous and Other	943	508	6 819	3 856
Total	**1 018**	**593**	**6 799**	**3 750**

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.

NOTE 3. EXPENSES

EUR 1.000		HY 2018
Selling expenses		
Personnel	1 743	2 873
Sales and marketing expenses	12	20
Total selling expenses	**1 754**	**2 893**
Administrative expenses		
Personnel	809	865
Professional services fees	1 380	1 493
Facilities and offices	934	1 495
Other operating expenses	1 243	1 466
Depreciation and amortization	1 018	593
Total administrative expenses	**5 384**	**5 913**
Operating expenses	**7 138**	**8 806**
Breakdown: depreciation and amortization		
Property Plant and Equipment	2 305	566
Intangible assets	-	4
total depreciation and amortization	**2 305**	**570**
Allocated to production costs	-1 287	24
As included in administrative expenses	**1 018**	**593**

The average number of employees of the Group during the year, converted to full-time equivalents was 280 (2018: 280) of which 277 are employed outside of Luxembourg (2018: 277).

In the personnel expenses an amount of EUR 434 thousand related to social security premiums (2018: EUR 606 thousand) and an amount of EUR 52 thousand related to pension premiums are included (2018: EUR 135 thousand).

NOTE 4. FINANCIAL INCOME AND EXPENSES

EUR 1.000	HY 2019	HY 2018
Financial income and expense		
Other interest income and similar income	40	1 150
Interest expenses and similar charges	-6 728	-9 710
Other financing income	-163	1 301
Other financing expenses	-500	-1 422
Total financial income and expense	**-7 351**	**-8 681**
Income from foreign exchange		
Forex gains	1 077	5 759
Forex losses	11	-3 507
Total income from foreign exchange	**1 088**	**2 252**
Total financial income and expense	**-6 263**	**-6 428**

NOTE 5. TAXATION

Income taxes consist of the following:

EUR 1.000	HY 2019	HY 2018
Current income tax expense	-1 491	-1 763
Deferred income tax	-	-
Total income tax expense	**-1 491**	**-1 763**

EUR 1.000		HY 2019		HY 2018
	%	EUR	%	EUR
Taxable result		10 853		8 437
Tax burden based on Luxembourg nominal rate	18,0%	1 954	24,9%	2 099
Tax rate differences.	-4,3%	-463	-4,0%	-336
Taxation on result on ordinary activities	**15,3%**	**1 491**	**31,1%**	**1 763**

The decrease in the deferred tax liabilities led to a favorable impact on the total income tax expense.
The effective tax rate on the group results rate differs from the statutory Luxembourg income tax rate applicable to the Company mainly due to increased activity in European regions such as Germany and the beneficial deferred tax impact in Greece.

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	Right-of-use-Assets	Other operating assets	Mineral rights	Total
Gross carrying amount						
1 January 2018	12 063	32 248	-	3 753	89 146	137 210
Additions	2 217	1 739	-	1 138	30 209	35 303
Sold assets	-	-	-	-	-	-
31 December 2018	**14 280**	**33 987**		**4 891**	**119 355**	**172 513**
Accumulated depreciation and impairments						
1 January 2018	143	7 630	-	2 420	-	10 193
Depreciation	322	211	-	587	-	1 120
31 December 2018	**465**	**7 841**	**-**	**3 007**	**-**	**11 313**
Net book value at 31 December 2018	**13 815**	**26 146**	**-**	**1 884**	**119 355**	**161 200**

EUR 1.000	Land and buildings	Plant and machinery	Right-of-use-Assets	Other operating assets	Mineral rights	Total
Gross carrying amount						
1 January 2019	14 280	33 987	-	4 891	119 355	172 513
Adjustments due to accounting principle change	-	-1 454	5 391	-	-	3 937
Additions	-	2 501	-	1 947	1 116	5 564
Disposals	-103					-103
31 December 2019	**14 177**	**35 034**	**5 391**	**6 838**	**120 471**	**181 912**
Accumulated depreciation and impairments						
1 January 2019	465	7 841	-	3 007	-	11 313
Depreciation	6	95	1 312	892	-	2 305
31 June 2019	**471**	**7 936**	**1 312**	**3 899**	**-**	**13 618**
Net book value at 30 June 2019	**13 706**	**27 099**	**4 079**	**2 939**	**120 471**	**168 295**

The Plant and Machinery as at 1 January 2019 represent the production facilities of BAGR, CRI and Nikolaïdis.

Part of the equipment for the BAGR facilities is leased for which reference is made to Note 15 – Leasing.

The additions of 2019 in Plant and Machinery and Other operating assets are mainly 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 Societe des Bauxites de Guinee, an integrated bauxite and alumina facility in Guinea.

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	Off-take contracts	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2018	16 646	22 634	306	35 659
Acquisitions		3 204	-	3 204
Disposals / Write Off´s	-1 828,00	-	-	-1 828
Exchange rate differences	-210	-	-	-210
31 December 2018	**14 608**	**25 838**	**306**	**36 825**
Accumulated amortization and impairments				
1 January 2018	-	-	294	294
Amortization	527	-	9	536
31 December 2018	**527**	**-**	**303**	**830**
Net book value at 31 December 2018	**14 081**	**25 838**	**3**	**35 995**

EUR 1.000	Offtake contracts	Goodwill	Other intangible assets	Total
Gross carrying amount				
1 January 2019	14 608	25 838	306	40 752
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Exchange rate differences	-	-	-	-
30 June 2019	**14 608**	**25 838**	**306**	**40 752**
Accumulated amortization and impairments				
1 January 2019	527	-	303	830
Amortization	-	-	-	-
30 June 2019	**527**	**-**	**303**	**830**
Net book value at 30 June 2019	**14 081**	**25 838**	**3**	**39 922**

The Offtake contracts as per 30 June 2019 are related to a portfolio of supply contracts that the Company obtained through past acquisitions (in 2018 referred to as contract based intangible assets). The production related to these contracts has started or is expected to commence within one to four years.

The contracts 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 (2019: EUR 24.024 thousand; 2018: EUR 24.024 thousand) and the trading activities (2019: EUR 1.814 thousand; 2018: EUR 1.814 thousand). 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	Other receivables	Total
Book Value		
Balance at 1 January 2018	48	48
Sales, redemptions and other	575	575
Balance at 31 December 2018	**623**	**623**
Book Value		
Balance at 1 January 2019	623	623
Sales, redemptions	-297	-297
Balance at 30 June 2019	**326**	**326**

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.

NOTE 9. INVENTORIES

EUR 1.000	30/06/2019	31/12/2018l
Total inventories	**34 506**	**37 986**

The manufacturing inventories consist of finished products and raw materials and consumables of BAGR, CRI, Nikolaïdis and Alu Stockach. 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

EUR 1.000	30/06/2019	31/12/2018
Trade receivables	128 311	92 174
of that Trade receivables (Factoring)	22 995	24 340
Contract-based assets	12 345	12 345
Other receivables	13 190	24 300
Taxation	1 421	1 605
Prepayments and accrued income	23 979	11 200
Total receivables, prepayments and accrued income	**179 245**	**165 964**

Regarding the trade receivables the Group applies a simplified approach to measure the loss allowance for trade receivables classified as amortised cost using the lifetime expected loss provision (see note 1.4 regarding the new IFRS 9). The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Groups´s provision matrix:

EUR 1.000	01/01/2018	Acquisition	Disposal	Revaluation	31/12/2018
Unlisted securities	6 025	-	-	6	6 031
Listed securities	-	-	-	-	-
Total	**6 136**	**-**	**-4**	**-81**	**6 051**

EUR 1.000	01/01/2019	Acquisition	Disposal	Revaluation	30/06/2019
Unlisted securities	6 031	-	-	16	6 047
Listed securities	-	-	-	-	-
Total	**6 031**	**-**	**-**	**16**	**6 047**

The provision for doubtful receivables as at 30 June 2019 amounts to a total of EUR 1.701 thousand (2017: 1.387) and contains other doubtful receivables with an amount of EUR 243 thousand. The difference between the Credit loss allowance as per 31 December 2018 and 30 June 2019 amounts to EUR 282 thousand and is recognized as other financial expenses.

EUR 1.000	expected default rate	Carrying amount	Credit Loss allowance(included)
Current	0,88%	118 236	1 044
1-30 days past due	0,89%	27 840	247
31-60 days past due	1,01%	2 197	22
61-90 days past due	1,61%	2 329	38
more than 90 days past due	1,68%	6 375	107
		156 976	1 458

NOTE 10.

Part of the trade receivables are pledged as collateral for trade financed loans. The credit risk of the Trade receivables is insured at renowned insurance firms and all related due trade receivables were collected.

The trade receivables (Factoring) are valued at fair value through profit and loss and show the value as per 30 June 2019. They correspond with the trade payables (Factoring), see note 14.

The contract based assets correspond to the Offtake contracts as described in note 7.

Within other receivables an amount of EUR 2,7 million is included concerning products already delivered and to be invoiced to a customer. Furthermore, an amount of EUR 4,7 million is included (2018: EUR 4,7 million) in relation to a manganese project that Metalcorp initiated and then sold to a third party for further development. The amount is outstanding and the Company deems it reasonable to collect it as the total nominal value of the project is EUR 7,0 million. Furthermore VAT refund claims are an important part of the other receivables.

Prepayments and accrued income include prepayments for material purchased and down payments received from customers.

NOTE 11. SECURITIES

EUR 1.000	01/01/2018	Acquisition	Disposal	Revaluation	31/12/2018
Unlisted securities	6 025	-	-	6	6 031
Listed securities	-	-	-	-	-
Total	**6 136**	**-**	**-4**	**-81**	**6 051**

EUR 1.000	01/01/2019	Acquisition	Disposal	Revaluation	30/06/2019
Unlisted securities	6 031	-	-	16	6 047
Listed securities	-	-	-	-	-
Total	**6 031**	**-**	**-**	**16**	**6 047**

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).
Both listed and unlisted securities are revalued through other comprehensive income.

NOTE 12. CASH AND CASH EQUIVALENTS

A part 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 30 June 2019. 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.

Isued Share Capital

The issued share capital of the Company amounts to EUR 70 million (2018: EUR 70 million) divided into 70 million ordinary shares of EUR 1 per share. The total number of authorized shares is 110 million (2019: 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.

NOTE 14. LIABILITIES

EUR 1.000	30/06/2019	31/12/2018
Long-term liabilities		
Bonds	192 633	146 627
Leasing liabilities IFRS 16	5 649	-
Long term leasing IAS 17	-	2 010
Other Long-term Liabilities	7 902	11 924
	206 183	**160 561**
		163 982
Current liabilities and accruals		
Bank loans (< 1 year)	64 640	62 160
Short term portion of bonds	-	-
Short term portion of leasing	-	233
Trade payables	39 859	24 884
of that Trade payables (Factoring)	22 995	24 340
Associated companies	-	-
Related parties payable	1 513	4 721
Other payables	-	-
Taxes and social security charges payable	2 333	801
Other current liabilities	144	1 110
Accrued liabilities and deferred income	4 741	3 131
	113 135	**121 380**

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.

Bonds represent the 2017-2022 bonds which were launched in 2017 on the Norway Exchange (EUR 70 million) and the Frankfurt Exchange (EUR 120 million)– including the tap of EUR 40 million during 2019. The term of both bonds is 5 years with an interest of 7,00% per annum. The Fair value of the bonds amount to EUR 190,8 million at 30 June 2019. 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 steel production facility, Nikolaïdis. The loan has a term of 10 years with an interest of Euribor plus 3,75%.

NOTE 14.

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 1.000	Max. Facility	Amount HY 2019	Amount 2018
Trade finance			
Uncommitted facilities - interest applied deal by deal based on framework agreements	Deal-by-deal basis	48 244	45 765
Working capital facilities			
Euribor + markup 3% - 7%	11 600	10 993	10 993
4% - 10% fixed	5 455	5 403	5 403
Total bank loans (< 1 year)		**64 639**	**62 160**

The trade payables (Factoring) are valued at fair value through profit and loss and show the value as per 30 June 2019. They correspond with the trade receivables (Factoring), see note 10.

NOTE 15. LEASING

The obligations for leases entered into are shown below:

EUR 1.000	HY 2019	HY 2018
Lease installments < 1 year	-	233
Lease installments 1 - 5 years	5 649	2 010
Total lease installments	**5 649**	**2 243**

The lease obligations contain 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 4.079 thousand at 30 June 2019 (2018: EUR 2.243 thousand). BAGR & Stokach are not the legal owner of these assets. The duration of these contracts is between one and five years.

NOTE 16. FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the Group divided into the classes amortised cost and fair value through profit and loss ("FVTPL"). Financial instruments of the class fair value through other comprehensive income ("FVTOCI") are not applicable.

2018 EUR 1.000	note	amortised cost	FVTPL	total
Financial fixed assets (other receivables)	8	623	-	623
Trade receivables	10	104 519	-	104 519
Trade receivables (Factoring)	10	-	24 340	24 340
Receivables, prepayments and accrued income	10	37 105	-	37 105
Securities	11	-	6 031	6 031
Cash and cash equivalents	12	20 875	-	20 875
Total financial assets		**163 122**	**30 371**	**193 493**
Borrowings (> 1 year)	14	160 561	-	160 561
Trade payables	14	24 884	-	24 884
Trade payables (Factoring)	14	-	24 340	24 340
Trade finance	14	45 766	-	45 766
Current liabilities and accruals	14	26 391	-	26 391
Total financial liabilities		**257 602**	**24 340**	**281 942**

HY 2019 EUR 1.000	note	amortised cost	FVTPL	total
Financial fixed assets (other receivables)	8	326	-	326
Trade receivables	10	128 311	-	128 311
Trade receivables (Factoring)	10	-	22 995	22 995
Receivables, prepayments and accrued income	10	50 934	-	50 934
Securities	11	-	6 047	6 047
Cash and cash equivalents	12	50 620	-	50 620
Total financial assets		**230 190**	**29 042**	**259 233**
Borrowings (> 1 year)	14	200 534	-	200 534
Trade payables	14	39 859	-	39 859
Trade payables (Factoring)	14	-	22 995	22 995
Leasing Liability IFRS 16	14	5 649	-	5 649
Trade finance	14	48 244	-	48 244
Current liabilities and accruals	14	73 276	-	73 276
Total financial liabilities		**367 562**	**22 995**	**390 557**

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 S.A. 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 S.A. 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 S.A. to make market based assumptions.

NOTE 16.

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

2017 EUR 1.000	Level 1	Level 2	Level 3	Total
Financial fixed assets (other receivables)	-	-	-	-
Trade receivables	-	-	-	-
Trade receivables (Factoring)	24 340	-	-	24 340
Receivables, prepayments and accrued income	-	-	-	-
Securities	-	-	6 031	6 031
Cash and cash equivalents	-	-	-	-
Total financial assets	**24 340**	**-**	**6 031**	30 371
Borrowings (> 1 year)	-	-	-	-
Trade payables	-	-	-	-
Trade payables (Factoring)	24 340	-	-	24 340
Trade finance	-	-	-	-
Current liabilities and accruals	-	-	-	-
Total financial liabilities	**24 340**	**-**	**-**	**24 340**

2018 EUR 1.000	Level 1	Level 2	Level 3	Total
Financial fixed assets (other receivables)	-	-	-	-
Trade receivables	-	-	-	-
Trade receivables (Factoring)	22 995	-	-	22 995
Receivables, prepayments and accrued income	-	-	-	-
Securities	-	-	6 047	6 047
Cash and cash equivalents	-	-	-	-
Total financial assets	**22 995**	**-**	**6 047**	**29 042**
Borrowings (> 1 year)	-	-	-	-
Trade payables	-	-	-	-
Trade payables (Factoring)	22 995	-	-	22 995
Trade finance	-	-	-	-
Current liabilities and accruals	-	-	-	-
Total financial liabilities	**22 995**	**-**	**-**	**22 995**

During the year no amounts were transferred between Level 1, Level 2 and Level 3 of the fair value hierarchy. As at 31 December 2018 no financial assets and liabilities were subject to offsetting.
The level 3 securities are mainly related to unlisted shares. In circumstances where Metalcorp Group S.A. 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.

NOTE 16.

Financial and Capital Risk Management

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

Credit risk
Liquidity risk
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.

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 raw materials:

- 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 2019 and 2018 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.

Furthermore the Group applies a simplified approach to measure the loss allowance for trade receivables using the lifetime expected loss provision (reference is made to note 1.4 regarding the new IFRS 9 and note 10).

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.

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 Group mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case 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

NOTE 16.

in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 30 June 2019, 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.

HY 2019	EUR 1.000
Commodity related contracts	
Futures	180
Options	-
Total Current liabilities FVTPL	**180**

The total impact in the consolidated statement of income amounts to EUR 10 thousand (2018: EUR 478 thousand). All derivatives mature within the first three months. The Company had instruments for a total of EUR 180 thousand at 30 June 2019 (2018: EUR 375 thousand).

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 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 17. REMUNERATION OF KEY MANAGEMENT

The remuneration of key management (director and CEO) of the legal entity is as follows:

EUR 1.000	HY 2019	HY 2018
short-term employee benefits	170	170
post-employment benefits		-
other long-term benefits		-
Total	**170**	**170**

NOTE 18. TRANSACTIONS WITH RELATED PARTIES

In 2019, the Company conducted various transactions with related parties.

EUR 1.000	Note	30/06/2019	30/06/2018
Related parties <1yr	10	-	
Total Receivables		**-**	
Related parties <1yr	14	1 513	4 721
Total Liabilities		**1 513**	**4 721**

The related party liabilities of 2019 are mainly related to loans provided by minority shareholders or parties related to these minority shareholders. Those loans are provided at market conditions.

The Company has 848 shares in its parent company (2018: 848 shares) that can be used in future transactions and are included in the unlisted securities (reference is made to note 11). Transactions can take place between the Group and its related parties that are part of the Monaco Resources Group. Reference is made to Note 2.

NOTE 19. 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 20. 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 21. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2019	2018
Consolidated (direct)			
BAGR Non-Ferrous Group GmbH	Germany	100,0%	100,0%
Tennant Metals Group S.à.r.l.	Luxembourg	100,0%	100,0%
Metalcorp Finance B.V.	The Netherlands	100,0%	100,0%
Metalcorp Services (UK) Ltd.	United Kingdom	100,0%	100,0%
Steelcom Group S.à r.l.	Luxembourg	100,0%	100,0%
Consolidated (indirect)			
A&A Metals S.A.	Switzerland	100,0%	100,0%
Steelcorp Industries S.à.r.l	Luxembourg	100,0%	100,0%
Stockach Aluminium GmbH	Germany	94,0%	94,0%
BAGR Berliner Aluminiumwerk GmbH	Germany	94,0%	94,0%
Cable Recycling Industries S.L.	Spain	94,0%	94,0%
Tennant Metals Trade B.V.	The Netherlands	100,0%	100,0%
MCG-SRR B.V.	The Netherlands	100,0%	100,0%
Norwich Sarl	Luxembourg	100,0%	100,0%
NB Investments B.V.	The Netherlands	100,0%	100,0%
Nikolaidis Th. Bros. S.A.	Greece	70,0%	70,0%
Orlyplein Investment B.V.	The Netherlands	100,0%	100,0%
Société des Bauxites de Guinée S.A.	Republic of Guinea	73,1%	73,1%
Steelcom Austria GesmbH	Austria	100,0%	100,0%
Steelcom USA LLC	USA	100,0%	100,0%
Steel and Commodities S.A.M.	Monaco	100,0%	100,0%
Steel and Commodities Iberica S.L.	Spain	100,0%	100,0%
Steelcom Steel and Commodities GmbH	Germany	100,0%	100,0%
Tennant Metals GmbH	Germany	100,0%	100,0%
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%
SBG Bauxite and Alumina N.V.	The Netherlands	94,0%	94,0%

03 METALCORP GROUP OTHER INFORMATION

OTHER INFORMATION

SUBSEQUENT EVENTS

Nothing to report.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2018

The Company-only annual report of 2018 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 2018 to the Other Reserves.

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 S.A. (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.

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