

2018

MONACO RESOURCES
HALF-YEAR REPORT





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MONACO RESOURCES KEY DATA

REVENUES
HY 2018

395 M€

GROSS PROFIT
HY 2018

53 M€

OPERATING
PROFIT
HY 2018

24 M€

EQUITY
HY 2018

265 M€



MONACO RESOURCES AT A GLANCE

1
GROUP

+ 2000
EMPLOYEES

39
COUNTRIES

Monaco Resources is an international and diversified natural resources group. Our business is organised within five divisions.

METALS & MINERALS DIVISION

Our metals and minerals division, owns a diversified portfolio of production and processing assets, which has been combined with global marketing and trading activities.

FERROUS



NON-FERROUS



AGRIBUSINESS DIVISION

The agribusiness grows, processes and delivers essential agricultural and food products to local consumer markets in Africa and international suppliers across the globe.

AGRICULTURE



FOOD



ENERGY DIVISION

The Energy division is focused on mature oil fields and on investments into gas and storage opportunities.

GAS / STORAGE



OIL



LOGISTICS & TECHNOLOGY DIVISION

We provide logistics and technological solutions within the natural resources sector including port and terminal management, bulk handling operations and transportation, as well as maintenance and procurement.

LOGISTICS



TECHNOLOGY



FINANCE & INVESTMENTS DIVISION

Our Finance and Investments division provides structured trade finance solutions and makes investments in the natural resources sector.

FINANCE



INVESTMENTS





BUSINESS PERFORMANCE

During the first six months of 2018 the group continued successfully with the integration of subsidiaries acquired in 2017. Despite a volatile environment in the natural resources sector, a positive development was seen within the group's divisions.

In the metals and minerals business we focused on organic growth and the acquisition of the remaining 50% of Stockach Aluminium, which was completed after the reporting period on July 6th.

In the agribusiness the exploitation of the existing land and facilities was intensified and the food sector reinforced by the acquisition of Peltina, a Bulgarian based fruits and vegetables processing company.

Within the logistics and technology business the focus was on the integration of the companies acquired in 2017 and to secure additional terminals.

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

Segmentation by division EUR 1,000	Revenue	GM
	HY 2018	HY 2018
Metals and Minerals	330 957	23 671
Agribusiness & Others	7 544	1 998
Logistics and Technology	56 414	27 152
Total	394 915	52 822

The turnover increased to EUR 394,915 M€ whilst the gross margin increased to EUR 52,822 M€.

The solvency ratio is 39.7% and the adjusted solvency ratio (after netting cash and excluding trade finance) is 48.0%.

01 MONACO RESOURCES OUTLOOK

OUTLOOK

GENERAL

For the second half of 2018, the Company will continue to explore and develop activities in its markets and expects to see further growth .

Within the Metals and Minerals division, the Group acquired the remaining 50% shares in Stockach Aluminium GmbH through its subsidiary, BAGR Berliner Aluminiumwerk GmbH, in 6 July 2018.

The Agribusiness division, is expected to see growth from the expansion of the food business and resources development initiatives.

The Logistics and Technology division, anticipates further growth in view of several ongoing negotiations.

The Company will continue to further develop the synergies between the different divisions, as well as vertical integration through creating value through its supply chain and harnessing its global network.

FINANCING

Long term financing and short term bank facilities are in place and the relationships will be maintained.

In order to develop the trading activities, additional trade finance capacity is being created with the group's current and new banking relationships.

EMPLOYEES

As in recent years, the Company will ensure that the group remains lean in terms of headcount.

Key management positions are staffed by personnel with the required experience, background, and entrepreneurial spirit and drive to contribute to our growth and success.

Additional personnel will only be employed when the growth in business activities justifies the need.

RISKS & UNCERTAINTIES

The presentation of financial statements requires estimates and assumptions to be made 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 which are impacted by the following risks:

FLUCTUATION IN CURRENCY EXCHANGE RATES

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

FINANCING, CASH FLOWS AND LIQUIDITY

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

PRICE VOLATILITY

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

COUNTRY RISKS, POLITICAL, COMMUNITY AND FISCAL INTERVENTION

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

OTHER RISKS

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

02

MONACO RESOURCES
**CONSOLIDATED
 FINANCIAL
 STATEMENTS**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(before appropriation of result)

EUR 1,000	HY 2018
Continuing Operations	
Revenue	394 915
Cost of sales	-342 094
Gross profit	52 822
Operating expenses	
Selling expenses	-3 030
Administrative expenses	-25 875
	-28 905
Operating profit	23 917
Non-operating expenses	
Financial income and expense	-9 819
Net finance cost	-9 819
Profit before tax	14 099

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

EUR 1,000	30/06/2018
Assets	
Non-current assets	
Property plant and equipment	272 142
Intangible fixed assets	49 292
Financial fixed assets	10 537
Total non-current assets	331 971
Current assets	
Inventories	47 743
Receivables, prepayments and accrued income	240 921
Securities	760
Cash and cash equivalents	44 845
Total current assets	334 269
Total assets	666 240
Equity and liabilities	
Equity	
Share capital	30 000
Reserves and retained earnings	169 110
Equity attributable to the owners of the company	199 110
Non-controlling interest	65 523
Total equity	264 633
Non-current liabilities	
Subordinated shareholder loan	10 680
Loans and borrowings	189 852
Provisions	4 656
Deferred tax liabilities	3 660
Total non-current liabilities	208 848
Current liabilities and accruals	192 759
Total current liabilities	192 759
Total equity and liabilities	666 240

NOTES TO THE FINANCIAL STATEMENTS

1.1 Corporate information

The activities of Monaco Resources Group S.A.M. ("Monaco Resources" or "the Company") and its group companies primarily consist of the trading and production of metals and minerals, the trading and production of agricultural commodities, the trading of energy commodities, providing financial, technical and logistical services. The Company has its legal seat at 2, rue de Lujerneta, 98000 Monaco, and is registered with the number 11S05525.

The Company was incorporated as a limited liability company under the laws of Monaco on 5 September 2011 for the purpose of establishing an industrial holding company.

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

1.2 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 within the Consolidated Financial Statements, eliminating the intercompany relationships and transactions.

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 capitalised and is subject to an annual impairment test. The results of participations sold during the year are recognised until the moment of disposal.

1.3 Basis of preparation

The consolidated financial statements have been prepared according to the same accounting principles as the Annual Report 2017 with the exception of securities and taxation, which are both accounted for on an annual basis.

OTHER INFORMATION

SUBSEQUENT EVENTS

On 6 July 2018 our subsidiary Metalcorp Group via BAGR Berliner Aluminiumwerk GmbH acquired the outstanding 50% of shares in Stockach Aluminium.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2017

The Company-only annual report of 2017 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result is in accordance with the proposal being made to add the result of 2017 to the Other Reserves.

DISCLAIMER

The facts and information contained within this report contains information as known to the reporting date and is subject to future changes. Neither MONACO RESOURCES GROUP SAM (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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