

**Company Registration No. 405724**

**Annual Report and Financial Statements**

**Anglo American Marketing Limited**

**for the year ended 31 December 2011**



# **Anglo American Marketing Limited**

## **Annual Report and financial statements for the year ended 31 December 2011**

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# **Anglo American Marketing Limited**

## **Annual Report and financial statements for the year ended 31 December 2011**

### **Officers and professional advisers**

#### **Directors**

F W H Chan  
G I Griffiths  
N Jordan  
A Mata  
E L Morales  
A Schmitt  
P G Townsend  
K R Tucker

#### **Secretary**

C Mason

#### **Registered Office**

20 Carlton House Terrace  
London SW1Y 5AN

#### **Bankers**

Barclays Bank PLC  
1 Churchill Place  
Canary Wharf  
London E14 5HB

The Hongkong and Shanghai Banking Corporation Limited  
Singapore Branch  
Singapore

#### **Solicitors**

Linklaters  
One Silk Street  
London EC2Y 8HQ

#### **Auditor**

Deloitte LLP  
Chartered Accountants  
London

# Anglo American Marketing Limited

## Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and independent auditor's report, for the year ended 31 December 2011

### Principal Activities

The Company is a wholly owned subsidiary of Anglo American plc, a company incorporated in Great Britain

The Company's principal activity is the sale of thermal coal, metallurgical coal and nickel from South Africa and the Americas to international customers, either as principal or as an agent

The Company was also registered in Singapore on 14 December 2011 as Anglo American Marketing Limited Singapore Branch, in anticipation of further expanding the Company's activities into the Asia/Pacific region. Apart from this change the directors are not aware of any other likely major changes in the Company's activities in the next year

### Business Review

#### Thermal Coal

The Asia-Pacific region started the year with severe weather interruptions in Australia and Indonesia, disrupting coal exports and driving Newcastle thermal coal FOB<sup>(1)</sup> prices to a post-2008 high of \$136/t during January and averaging \$121/t for the year (2010 \$99/t). The earthquake and tsunami which struck Japan in March 2011 damaged the country's Pacific coast coal-fired power plants and transmission infrastructure. Although this event immediately reduced Japan's thermal coal requirements, India and China imported significantly more thermal coal during 2011, some 25% and 15% respectively above 2010 volumes, which increased overall demand in the Asia-Pacific region by approximately 8%. During the final quarter of 2011, the market weakened, as the earlier upsurge in international thermal coal prices and increased exports from Indonesia softened demand. Australian FOB prices subsequently stabilised in December at \$110/t.

The Med-Atlantic region was impacted by the political upheaval and ensuing geo-political tensions that affected several North African and Middle Eastern countries, which led to an increase in global energy prices and improved thermal coal's competitiveness compared with gas-powered electricity generation. This was a contributing factor to an estimated 8% increase in thermal coal imports into the Atlantic region during 2011 and added support to South African FOB<sup>(2)</sup> export prices, which averaged \$116/t in the year (2010 \$92/t). A warm start to the northern hemisphere winter, continued economic uncertainty within Europe and increased exports from the US, Colombia and South Africa adversely affected market sentiment during the fourth quarter. This placed pressure on seaborne thermal coal prices, which for South African exports settled at \$104/t (FOB) during December.

(1) GlobalCoal's NEWC index price

(2) Argus/McCloskey API4 Index

#### Metallurgical Coal

Emerging markets, particularly in the Asia-Pacific region, are likely to remain the driving force behind metallurgical coal demand, both in the short and long term. Despite short term macro-economic uncertainties and monetary tightening measures in China impacting steel production in the second half of the year, metallurgical coal supply shortages due to wet weather and industrial disruptions resulted in a strong metallurgical coal market for most of 2011.

# Anglo American Marketing Limited

## Directors' report (continued)

### Business Review (continued)

#### Nickel

In the first half of 2011, the nickel market was in deficit by approximately 33,000 tonnes as demand increased on the back of restocking by the stainless steel industry, while supply remained constrained owing to a series of unexpected mine disruptions and continued delays to new projects. The situation reversed in the second half of the year as supply increased following the ramping-up of several greenfield projects and the reactivation and expansion of existing operations. Uncertainty around the European economic situation and a slowdown in Chinese stainless steel production negatively impacted demand, and the market was broadly in balance for the full year.

### Results and dividends

The profit after taxation for the year is \$96,506,000 (2010: \$100,235,000). A dividend of \$100,235,000 (2010: \$102,111,000) was paid on 1 August 2011 in respect of prior year retained profits.

### Financial Position

The net assets as at 31 December 2011 were \$186,210,000 (2010: \$169,450,000).

### Key Performance Indicators

The key performance indicators for the Company are the Gross Revenue, volume of coal and nickel shipped and the operating margin. These were as follows:

|  | 2011      | 2010      |
|--|-----------|-----------|
| Gross Revenue (\$'000)                     | 2,011,136 | 1,497,260 |
| Volume of coal shipped (million tonnes)    | 16.8      | 16.3      |
| Volume of nickel shipped (thousand tonnes) | 4.5       | -         |
| Operating margin (%)                       | 6%        | 10%       |

The Company's operating profit has decreased by 8% compared to the prior year.

### Events since the end of the year

There were no significant events since the balance sheet date apart from:

- on 30 April 2012 the Company's immediate parent company became Anglo American Investments (UK) Limited,
- on 26 June 2012 the Company paid a dividend of \$100,000,000,
- on 26 June 2012 the Company created a new \$1 Ordinary share class (the "Shares"), and
- on 26 June 2012 the Company issued 1,000 Shares to the Company's immediate parent, Anglo American Investments (UK) Limited, and received total consideration of \$100,000,000 in respect of that issue of Shares.

### Going concern and liquidity management

The Company's ability to continue as a going concern is assessed in conjunction with the Anglo American Group (Group), as its viability is dependent on the ability of other Group companies to continue operating.

The directors have considered the Group's cash flow forecasts for the period to the end of September 2013 and the Company's net asset, cash flow and profitability projections. The directors of the Company are satisfied that the Group's forecasts and projections, taking account

# Anglo American Marketing Limited

## Directors' report (continued)

### Going concern and liquidity management (continued)

of reasonably possible changes in trading performance show that the Group will be able to operate as a going concern within the level of its current facilities for the foreseeable future. For this reason the Company continues to adopt the going concern basis (as interpreted by the *Guidance for directors of UK companies 2009*, published in October 2009) in preparing its financial statements.

### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including price risk and credit risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes. The Company's exposure to liquidity risk and cash flow risk is not deemed material for the assessment of assets, liabilities and the financial statements.

#### Credit risk

The Company's principal financial assets are cash balances and trade and other debtors.

The Company's credit risk is primarily attributable to its trade debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are either banks, with high credit-ratings assigned by international credit-rating agencies, or Anglo American Group Treasury in London, which is part of the Anglo American Group of companies. The Company has no significant concentration of credit risk, with exposure spread over a number of customers.

#### Price risk

The Company is exposed to commodity price risk via its coal sales and purchases contracts and the Company manages its exposure to commodity price risk by entering into floating price sales and purchases contracts and through constant monitoring of the markets in which it operates.

#### Supplier payment policy

The Company is responsible for agreeing the terms under which transactions with its suppliers are conducted, reflecting local and industry norms. The Company values its suppliers and recognises the benefits to be derived from maintaining good relationships with them and acknowledges the importance of paying invoices, especially those of small businesses, promptly.

#### Directors

The following served as directors throughout the year and, except as shown, to the present time

|               |                              |
|---------------|------------------------------|
| F W H Chan    | (appointed 24 February 2012) |
| Z Docrat      | (resigned 1 April 2011)      |
| G I Griffiths |                              |
| N Jordan      |                              |
| A Mata        | (appointed 4 October 2011)   |
| N B Mbazima   | (resigned 1 April 2011)      |
| E L Morales   | (appointed 1 April 2011)     |
| A Schmitt     | (appointed 1 April 2011)     |
| P G Townsend  |                              |
| K R Tucker    |                              |

# Anglo American Marketing Limited

## Directors' report (continued)

### Secretary

A Hodges (resigned 28 April 2011)  
C Mason (appointed 28 April 2011)

### Statement as to disclosure of information to auditor

Each of the directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

### Auditor

The Company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP will be the auditor of the Company for the forthcoming financial year under the provisions of the Companies Act 2006

Approved by the Board of Directors  
and signed on its behalf by



P G Townsend  
Director  
20 Carlton House Terrace  
London SW1Y 5AN

18 July 2012

## Anglo American Marketing Limited

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditor's report to the members of Anglo American Marketing Limited**

We have audited the financial statements of Anglo American Marketing Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Anglo American Marketing Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Christopher Thomas (Senior Statutory Auditor)  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

18 July 2012

## Anglo American Marketing Limited

### Profit and loss account Year ended 31 December 2011

|  | Notes | 2011<br>\$'000 | 2010<br>\$'000 |
|--|-------|----------------|----------------|
| <b>Gross value of sales</b>                          |       | 2,011,136      | 1,497,260      |
| Less value of agency transactions                    |       | (472)          | (104,013)      |
| <b>Turnover</b>                                      | 2     | 2,010,664      | 1,393,247      |
| Cost of sales  |       | (1,874,741)    | (1,248,292)    |
| <b>Gross profit</b>                                  |       | 135,923        | 144,955        |
| Administrative expenses                              | 3     | (6,273)        | (4,734)        |
| Other operating income                               |       | 238            | 1,175          |
| <b>Operating profit</b>                              | 4     | 129,888        | 141,396        |
| Interest payable and similar charges                 | 5     | (8)            | (2,855)        |
| Interest receivable and similar income               | 6     | 1,537          | 884            |
| <b>Profit on ordinary activities before taxation</b> |       | 131,417        | 139,425        |
| Tax on profit on ordinary activities                 | 7     | (34,911)       | (39,190)       |
| <b>Profit for the financial year</b>                 |       | 96,506         | 100,235        |

All activities derive from continuing operations in the UK

## **Anglo American Marketing Limited**

### **Statement of total recognised gains and losses Year ended 31 December 2011**

|   | <b>Note</b> | <b>2011<br/>\$'000</b> | <b>2010<br/>\$'000</b> |
|---|-------------|------------------------|------------------------|
| Profit attributable to shareholders of the Company    |             | 96,506                 | 100,235                |
| Total recognised gains and losses related to the year |             | 96,506                 | 100,235                |
| Total gains and losses recognised                     |             | 96,506                 | 100,235                |

# Anglo American Marketing Limited

## Balance sheet As at 31 December 2011

|   | Note   | 2011<br>\$'000 | 2010<br>\$'000 |
|---|--------|----------------|----------------|
| <b>Fixed assets</b>                                       |        |                |                |
| Tangible assets   | 9      | -              | -              |
| <b>Current assets</b>                                     |        |                |                |
| Stock   | 10     | 10,268         | -              |
| Debtors   | 11     | 191,232        | 84,975         |
| Financial assets  | 12     | 349            | 1,949          |
| Cash at bank and in hand                                  |        | 292,902        | 290,941        |
| <b>Total current assets</b>                               |        | 494,751        | 377,865        |
| Creditors amounts falling due within one year             | 13     | (303,406)      | (204,093)      |
| Financial liabilities amounts falling due within one year | 14     | (5,135)        | (4,322)        |
| <b>Total current liabilities</b>                          |        | (305,470)      | (208,415)      |
| <b>Net current assets</b>                                 |        | 186,210        | 169,450        |
| <b>Total assets less current liabilities</b>              |        | 186,210        | 169,450        |
| <b>Net assets</b>   |        | 186,210        | 169,450        |
| <b>Capital and reserves</b>                               |        |                |                |
| Called-up share capital                                   | 15     | 30,120         | 30,120         |
| Share Premium   | 15     | 20,000         | -              |
| Share based payment reserve                               | 16, 17 | 1,873          | 1,384          |
| Profit and loss account                                   | 16     | 134,217        | 137,946        |
| <b>Shareholders' funds</b>                                | 16     | 186,210        | 169,450        |

These financial statements of Anglo American Marketing Limited, registered number 405724, were approved by the Board of Directors and authorised for issue on 18 July 2012

Signed on behalf of the Board of Directors



P G Townsend  
Director

18 July 2012

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 1. Accounting policies

#### Basis of preparation

The financial statements are prepared according to the historical cost convention, apart from the revaluation of certain financial instruments and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are consistent with those adopted in the prior year.

The preparation of financial statements in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### Going concern

As set out in the directors' report on page 2, the directors consider the Company to be a going concern and have accordingly prepared the financial statements on that basis.

#### Cash flows

As the Company is a wholly-owned subsidiary, the cash flows of the Company are included in the consolidated cash flow statement of its parent undertaking. Consequently the Company is exempt under the provisions of Financial Reporting Standard 1 (Revised) – "Cash flow statements", from publishing a separate cash flow statement.

#### Currencies

The US Dollar forms the main currency in which the Company's business is transacted, therefore the Company's functional and reporting currency is the US Dollar.

Foreign currency transactions are recorded at the exchange rates ruling on the dates of those transactions. Foreign currency monetary assets and liabilities have been translated at the year end rate. Any gains or losses are dealt with in the profit and loss account.

#### Turnover

Turnover consisting of both principal and agency relationships represents the net invoice value of goods and services provided in the normal course of business to third parties, subsidiary and associate companies after deducting any sales and value added taxes. Principal sales are recognised when the significant risks and rewards of ownership have passed to the customer. This is usually when title has passed to the customer and the goods have been delivered to a contractually agreed location. If the Company is acting as an agent, amounts billed to customers are on the basis of mutually agreed sales contracts and are offset against the relevant costs.

Sales of certain commodities are 'provisionally priced' such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. 'Provisionally priced' sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recorded in the profit and loss account.

FRS 5 Application Note G (FRS 5 ANG) states that where a seller acts as agent it is encouraged to disclose the gross value of sales and a reconciliation of 'TURNOVER' to 'GROSS VALUE OF SALES'. This information is presented on the face of the profit and loss account as 'GROSS VALUE OF SALES' and in note 2.

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 1. Accounting policies (continued)

#### Defined contribution pension schemes

Amounts paid in respect of defined contribution pension schemes are recognised in the profit and loss account in accordance with FRS 17, "*Retirement benefits*". There are no defined benefit schemes.

#### Share-based payments

The Company makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Such impairment reviews are performed in accordance with FRS 11, "*Impairments of fixed assets and goodwill*". Impairments thus arising are reported in the profit and loss account.

Depreciation is calculated on a straight-line basis over three years for office equipment.

#### Stock

Stock is valued at the lower of cost and net realisable value.

#### Financial instruments

FRS 25 requires entities to provide a range of qualitative and quantitative disclosures about the financial instruments they hold or have issued. Under FRS 26, all derivatives and all financial assets and financial liabilities that are held for trading are to be recognised and measured at fair value.

The Company is a wholly owned subsidiary undertaking of Anglo American plc, which complies with IFRS 7 – Financial Instruments Disclosures. Consequently the Company has taken advantage of the exemption given to subsidiaries in FRS 29 (2D) and has not applied FRS 29 – Financial Instruments Disclosures during the year.

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 1 Accounting policies (continued)

#### Financial instruments (continued)

##### *Forward commodity contracts and derivative financial instruments*

The Company enters into forward commodity contracts and derivative instruments for trading and “own-use” purposes. Forward contracts are physically settled instruments for delivery in the future. Derivative contracts are financial instruments, such as, swaps.

Non “own-use” forward and derivative contracts are measured by reference to market prices at the year-end. The resulting unrealised losses are recorded as liabilities in trade creditors and unrealised profits are recorded as assets in trade debtors. Changes in the assets and liabilities from these activities arising in the current period (resulting primarily from newly originated transactions and the impact of price movements on existing transactions) are recognised in the profit and loss account unless the derivative is designated and effective as a hedging instrument. If this is the case, the timing of the recognition in profit or loss is in the same period in which the hedged transaction affects profit or loss.

The market prices used to value these transactions take into account various factors including published forward prices.

##### *Hedge accounting*

The Company may designate certain hedging instruments as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship the Company documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Notes 12 and 14 contains details of the fair values of the open derivative instruments used for hedging purposes.

##### *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is reflected in the profit or loss from that date.

##### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised through the statement of total recognised gains and losses. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts that have been recognised directly in reserves are recognised in profit or loss in the same period in which the hedged forecast transaction affects profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument that remains recognised directly in reserves from the period when the hedge was effective, remains separately recognised in reserves until the forecast transaction occurs.



# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 1. Accounting policies (continued)

#### Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value (with the exception of receivables relating to provisionally priced sales – as set out in the revenue recognition accounting policy), which equates to their fair value net of an appropriate allowance for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

#### Trade payables

Trade payables are not interest bearing and are stated at their nominal value with the exception of payables relating to provisionally priced purchases which are marked to market (using the appropriate forward price) until settled.

### 2. Segmental Information

|  | 2011<br>\$'000   | 2010<br>\$'000<br>Restated* |
|--|------------------|-----------------------------|
| <b>Geographical markets by destination</b> |                  |                             |
| Africa                                     | 41,332           | 7,362                       |
| Americas                                   | 18,151           | 14,839                      |
| Asia                                       | 1,180,983        | 950,268                     |
| Europe                                     | 770,198          | 420,778                     |
|  | <u>2,010,664</u> | <u>1,393,247</u>            |
| <b>Turnover by origin</b>                  |                  |                             |
| Africa                                     | 1,917,905        | 1,391,213                   |
| Americas                                   | 92,759           | 2,034                       |
|  | <u>2,010,664</u> | <u>1,393,247</u>            |
| <b>Turnover by class</b>                   |                  |                             |
| Coal                                       | 1,921,561        | 1,393,247                   |
| Nickel                                     | 89,103           | -                           |
|  | <u>2,010,664</u> | <u>1,393,247</u>            |

\*During the current year, Anglo American Marketing Limited has changed its definition of turnover by origin to mean the country from which the commodity was purchased. In previous periods turnover by origin had been defined as the country of origin of the company from which the commodity was purchased. The presentation in the comparative period has been revised to be on a consistent basis with the current year.

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 3. Information regarding directors and employees

At 31 December 2011 the Company had no employees but was staffed by employees of AA Services (UK) Limited. The average number of staff (including directors) during the year was 18 (2010: 12)

|   | 2011<br>\$'000 | 2010<br>\$'000 |
|---|----------------|----------------|
| <b>Staff costs for the above persons were as follows:</b> |                |                |
| Wages and salaries  | 2,220          | 1,688          |
| Social security costs                                     | 272            | 279            |
| Pension costs   | 248            | 231            |
| Share-based payment costs                                 | 489            | 455            |
|   | <u>3,229</u>   | <u>2,653</u>   |

#### Directors' emoluments were as follows:

|  |             |            |
|--|-------------|------------|
| Aggregate emoluments                                 | 1060        | 414        |
| Contributions to defined contribution pension scheme | 166         | 44         |
|  | <u>1226</u> | <u>458</u> |

As at 31 December 2011 there were four directors paid in respect of their services to the Company. The other directors are remunerated by their respective employing company within the Anglo American group of companies and disclosed in that company's accounts.

The highest paid director of the Company received emoluments of \$381,000 (2010: \$224,000) and contributions to a defined contribution pension scheme of \$129,000 (2010: \$33,000).

During the year ended 31 December 2011 no director exercised share options (2010: none).

As at 31 December 2011 four directors were members of a defined contribution scheme (2010: two).

### 4. Operating profit

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Operating profit is after charging                               |                |                |
| Fees payable to the Company's auditor for audit of the Company's |                |                |
| 2009 annual accounts   | -              | (12)           |
| 2010 annual accounts   | 33             | 63             |
| 2011 annual accounts   | 96             | -              |
| Other services provided by the auditor                           | -              | -              |
| Gain on foreign currency retranslation                           | (3)            | (75)           |
|  | <u>126</u>     | <u>(22)</u>    |

There were no non-audit services provided by the auditor during the current and prior year.

### 5. Interest payable and similar charges

|                                     | 2011<br>\$'000 | 2010<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Other interest paid                 | (8)            | (384)          |
| Financial remeasurements -          |                |                |
| Movement in fair value of contracts | -              | (2,471)        |
|                                     | <u>(8)</u>     | <u>(2,855)</u> |

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 6. Interest receivable and similar income

|   | 2011<br>\$'000 | 2010<br>\$'000 |
|---|----------------|----------------|
| Interest received from Group company                              | 240            | 569            |
| Other interest received   | 238            | 315            |
| Financial remeasurements -<br>Movement in fair value of contracts | 1,059          | -              |
|   | <u>1,537</u>   | <u>884</u>     |

### 7. Tax on profit on ordinary activities

|   | 2011<br>\$'000 | 2010<br>\$'000 |
|---|----------------|----------------|
| <b>(a) Analysis of charge in the year</b> |                |                |
| Group relief                              | 34,946         | 39,189         |
| Adjustment in respect of prior period     | (35)           | 1              |
| Total current tax                         | <u>34,911</u>  | <u>39,190</u>  |
|   | <u>34,911</u>  | <u>39,190</u>  |
| Tax on profit on ordinary activities      | <u>34,911</u>  | <u>39,190</u>  |

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

#### (b) Factors affecting tax charge for the year

The current tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

|   |               |               |
|---|---------------|---------------|
| Profit on ordinary activities before tax  | 131,417       | 139,425       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%) | 34,825        | 39,039        |
| Effects of  |               |               |
| Expenses not deductible for tax purposes  | 130           | 162           |
| Capital allowances for the period in excess of depreciation   | (9)           | (12)          |
| Adjustment in respect of prior period   | (35)          | 1             |
| Other deferred tax  | -             | -             |
| Current tax charge for year   | <u>34,911</u> | <u>39,190</u> |

On 21 March 2012, the UK Government announced a reduction in the main rate of corporation tax from 26% to 24% effective from 1 April 2012. The UK Government also intends to enact future reductions in the main tax rate of 1% each year down to 22% by 1 April 2014. As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 8. Dividends

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Dividends paid of 525 977 cent per share (2010 535 819 cent per share) | <u>100,235</u> | <u>102,111</u> |

### 9. Tangible fixed assets

|  | Fixtures, fittings,<br>tools and equipment<br>\$'000 |
|--|--|
| <b>Cost</b>                              |  |
| At 1 January 2011 and 31 December 2011   | <u>760</u>   |
| <b>Depreciation</b>                      |  |
| At 1 January 2011 and 31 December 2011   | <u>(760)</u>   |
| <b>Net book value</b>                    |  |
| At 31 December 2010 and 31 December 2011 | <u>-</u>   |

### 10. Stock

|                              | 2011<br>\$'000 | 2010<br>\$'000 |
|------------------------------|----------------|----------------|
| Finished Products in Transit | <u>10,268</u>  | <u>-</u>       |

### 11. Debtors

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Trade receivables                          | 191,197        | 84,965         |
| Trading amounts owed by group undertakings | <u>35</u>      | <u>10</u>      |
|  | <u>191,232</u> | <u>84,975</u>  |

Inter-company trade debtors are unsecured, non interest bearing and payable within 30 days

### 12. Financial assets

|   | 2011<br>\$'000 | 2010<br>\$'000 |
|---|----------------|----------------|
| Financial assets arising from the fair value of marked to market sales and purchase contracts | <u>349</u>     | <u>1,949</u>   |

## Anglo American Marketing Limited

### Notes to the accounts Year ended 31 December 2011

#### 13. Creditors: amounts falling due within one year

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Trade payables   | 4,288          | 1,851          |
| Trading amounts owed to group undertakings                           | 30,173         | 5,369          |
| Trading amounts accrued owed to group undertakings                   | 187,624        | 104,150        |
| Deferred Income  | -              | 4,207          |
| Accruals   | 2,213          | 10,349         |
| Amounts owed to group undertakings                                   | 5,008          | -              |
| Amounts payable to Anglo American plc in respect of group tax relief | 74,100         | 78,167         |
|  | <u>303,406</u> | <u>204,093</u> |

Inter-company trade creditors are unsecured, non interest bearing and payable within 30 days

#### 14. Financial liabilities: amounts falling due within one year

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Financial liabilities arising from fair value of marked to market sales and purchase contracts | 5,135          | 4,322          |
|  | <u>5,135</u>   | <u>4,322</u>   |

#### 15. Share capital

|   | 2011<br>\$'000  | 2010<br>\$'000  |
|---|-----------------|-----------------|
| <b>Called up, allotted and fully paid:</b>              |                 |                 |
| 19,056,917 (2010 19,056,793) ordinary shares of £1 each | <u>\$30,120</u> | <u>\$30,120</u> |
| <b>Share Premium Account</b>                            | <u>\$20,000</u> | <u>-</u>        |

The Company's issued capital was increased by 124 Ordinary shares of £1 each (the "Shares") on 1 April 2011. The total amount payable for the Shares was the sterling equivalent of the total consideration of \$20,000,000, being £12,451,207 (£100.413 per share) converted at the prevailing exchange rate of GBP/USD 1.60627 on 1 April 2011.

## Anglo American Marketing Limited

### Notes to the accounts Year ended 31 December 2011

#### 16. Reserves and reconciliation of movements in equity shareholders' funds

|   | Called up<br>share<br>capital<br>\$'000 | Share<br>premium<br>account<br>\$'000 | Share -<br>based<br>payment<br>reserve<br>\$'000 | Profit and<br>loss<br>account<br>\$'000 | Total<br>\$'000 |
|---|---|---------------------------------------|--|---|-----------------|
| At 31 December 2010   | 30,120                                  | -                                     | 1,384  | 137,946                                 | 169,450         |
| Share Capital   | -                                       | 20,000                                | -  | -                                       | 20,000          |
| Share-based payment   | -                                       | -                                     | 489  | -                                       | 489             |
| Share-based payment transferred to<br>profit and loss reserves                | -                                       | -                                     | -  | -                                       | -               |
| Loss on cash flow hedges  | -                                       | -                                     | -  | -                                       | -               |
| Cash flow hedges realised in profit and<br>loss account (net of deferred tax) | -                                       | -                                     | -  | -                                       | -               |
| Profit for the year   | -                                       | -                                     | -  | 96,506                                  | 96,506          |
| Dividends   | -                                       | -                                     | -  | (100,235)                               | (100,235)       |
| At 31 December 2011   | <u>30,120</u>                           | <u>20,000</u>                         | <u>1,873</u>                                     | <u>134,217</u>                          | <u>186,210</u>  |

#### 17. Share-based payment

During the year ended 31 December 2011, the Company had share-based payment arrangements with employees. All of these Company schemes are equity settled, either by award of options to acquire ordinary shares (ESOS and SAYE) or award of ordinary shares (BSP, LTIP and SIP). The ESOS is now closed to new participants, having been replaced with the BSP.

The provision of shares to certain of the Company's share option and share incentive schemes is facilitated by an employee benefit trust. The employee benefit trust has waived the right to receive dividends on these shares. The costs of operating the trust are borne by the Company but are not material.

The total share-based payment expense for the year was made up as follows:

|                                   | 2011<br>\$'000 | 2010<br>\$'000 |
|-----------------------------------|----------------|----------------|
| BSP                               | 456            | 408            |
| Other Schemes                     | 33             | 47             |
| Total share based payment expense | <u>489</u>     | <u>455</u>     |

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 17. Share-based payment (continued)

The fair value of ordinary shares awarded under the BSP, being the more material share scheme, was calculated using a Black-Scholes model. The assumptions used in the calculation are set out below

|   | <b>BSP<br/>2011</b> | <b>BSP<br/>2010</b> |
|---|---------------------|---------------------|
| Date of grant   | 04/03/11            | 19/03/10            |
| Number of instruments   | 34,305              | 11,186              |
| Exercise Price (£)  | -                   | -                   |
| Share price at date of grant (£)                                    | 32.08               | 23.80               |
| Contractual life  | 3                   | 3                   |
| Vesting Conditions  | *                   | *                   |
| Expected volatility   | 40%                 | 40%                 |
| Risk free interest rate   | 1.9%                | 1.9%                |
| Expected departures   | 5% pa               | 5% pa               |
| Expected outcome of meeting performance criteria (at date of grant) | 100%                | 100%                |
| Fair value per option granted (weighted average) (£)                | 33.25               | 26.64               |

\*Three years of continuous employment with enhancement shares having variable vesting based on non-market based performance conditions

The expected volatility is based on historic volatility over the last five years. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the award.

The charges arising in respect of the other employee share schemes that the Company operated during the year are not considered material.

A reconciliation of option movements for the more significant share-based payment arrangements over the year to 31 December 2011 and the prior year is shown below. All options outstanding at 31 December 2011 with an exercise date on or prior to 31 December 2011 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2011 was £27.96 (2010: £26.71).

#### Bonus Share Plan (BSP)

Ordinary shares of 54<sup>86</sup>/<sub>91</sub> US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below.

#### As at 31 December 2011

|                                   | <b>2011</b>   | <b>2010</b>   |
|-----------------------------------|---------------|---------------|
| Outstanding at 1 January          | 37,960        | 41,321        |
| Conditionally awarded in year     | 34,305        | 11,186        |
| Vested in year                    | (4,074)       | (8,854)       |
| Forfeited in year                 | (4,346)       | (5,693)       |
| <b>Outstanding at 31 December</b> | <b>63,845</b> | <b>37,960</b> |

# Anglo American Marketing Limited

## Notes to the accounts Year ended 31 December 2011

### 17. Share-based payment (continued)

#### Executive Share Option Scheme (ESOS)

Options to acquire ordinary shares of 54<sup>86</sup>/<sub>91</sub> US cents were outstanding under the terms of the scheme as follows

As at 31 December 2011

|                                   | 2011          | 2010          |
|-----------------------------------|---------------|---------------|
| Outstanding at 1 January          | 57,649        | 57,649        |
| Exercised in year                 | (31,895)      | -             |
| <b>Outstanding at 31 December</b> | <b>25,754</b> | <b>57,649</b> |

#### Long Term Incentive Plan (LTIP)

Ordinary shares of 54<sup>86</sup>/<sub>91</sub> US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below

As at 31 December 2011

|                                   | 2011         | 2010     |
|-----------------------------------|--------------|----------|
| Outstanding at 1 January          | -            | -        |
| Conditionally awarded in year     | 4,500        | -        |
| <b>Outstanding at 31 December</b> | <b>4,500</b> | <b>-</b> |

#### Other Share Schemes (SIP)

During the year the Company operated a number of other share schemes under which ordinary shares of 54<sup>86</sup>/<sub>91</sub> US cents may be awarded for no consideration

|                      | Awards outstanding<br>31 December 2011 | Awards outstanding<br>31 December 2010 | Latest release date |
|----------------------|--|--|---------------------|
| Share incentive plan | 8,070                                  | 8,383                                  | 7 December 2014     |

### 18. Related party transactions

At 31 December 2011, as identified in note 20, Anglo American plc, a company incorporated in Great Britain, was the Company's ultimate parent company. The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Anglo American group companies.

The Company, in the ordinary course of business, enters into other transactions with other related parties. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions are not considered to be significant.



## Anglo American Marketing Limited

### Notes to the accounts

#### Year ended 31 December 2011

##### 19. Events occurring after end of year

There were no significant events since the balance sheet date apart from

- on 30 April 2012 the Company's immediate parent company became Anglo American Investments (UK) Limited,
- on 26 June 2012 the Company paid a dividend of \$100,000,000,
- on 26 June 2012 the Company created a new \$1 Ordinary share class (the "Shares"), and
- on 26 June 2012 the Company issued 1,000 Shares to the Company's immediate parent, Anglo American Investments (UK) Limited, and received total consideration of \$100,000,000 in respect of that issue of Shares

##### 20. Ultimate parent company

The directors consider Anglo American plc to be the current ultimate parent company and controlling party. Copies of the group accounts of Anglo American plc, which is the parent company of the largest and smallest groups of which the Company is a member and for which group accounts are prepared, are available from Anglo American plc at 20 Carlton House Terrace, London, SW1Y 5AN.

Until 30 April 2012 the Company's immediate parent company was Anglo American Finance (UK) Limited, at which date it became Anglo American Investments (UK) Limited, a company incorporated in Great Britain and registered in England and Wales.