

**Company Registration Number: 405724**

**Annual Report and Financial Statements**

**Anglo American Marketing Limited**

**for the year ended 31 December 2012**

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# **Anglo American Marketing Limited**

## **Annual Report and financial statements for the year ended 31 December 2012**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Directors' report	2 - 4
Statement of directors' responsibilities	5
Independent auditor's report	6 - 7
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Notes to the accounts	11 - 24

# **Anglo American Marketing Limited**

## **Officers and professional advisers**

### **Directors**

F W H Chan  
N Jordan  
E L Morales  
A Schmitt  
K R Tucker  
C A Gil  
Z Docrat  
I R Wakely

### **Secretary**

C Mason  
J McNally

### **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  
21 Collyer Quay  
#09-01 HSBC Building  
Singapore 049320

### **Solicitors**

Linklaters  
One Silk Street  
London EC2Y 8HQ

### **Auditor**

Deloitte LLP  
Chartered Accountants  
2 New Street Square  
London EC4A 3BZ

# Anglo American Marketing Limited

## Directors' report

The directors present their annual report on the affairs of Anglo American Marketing Limited ("the Company"), together with the financial statements and independent auditor's report, for the year ended 31 December 2012

### Principal activities

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

The Company's principal activity during the year was the sale of thermal coal, metallurgical coal and nickel from South Africa and the Americas as principal to international customers. The Company's Branch was registered in Singapore on 14 December 2011 to expand the Company's activities into the Asia Pacific region. In the year the Company has incurred branch set up costs and commenced provision of freight services for certain Anglo American Group companies. In 2013 the activities of the Company and Branch have been further expanded to include the sale of additional commodities, including copper, and supporting services. Apart from these changes, the Directors are not aware of any other likely major changes in the Company's activities in the next year.

The Financial statements of the Singapore branch for the period from 14 December 2011 to 31 December 2012 were authorised for issue by management on 7 June 2013.

### Business review

#### Thermal Coal

The international seaborne market experienced an overall decline in prices during the year owing to oversupply. The average API4<sup>(1)</sup> index price fell by 20% to \$93/t (2011: \$116/t) and closed the year at \$90/t (2011: \$105/t).

Although international seaborne demand grew by 14% to 910 million tonnes (Mt), it remained below supply growth as a result of unprecedented US export volumes, strong production growth and fewer weather-related supply disruptions from the major supply regions of Indonesia, Australia, Colombia and South Africa. Cheap US natural gas displaced a significant volume of US domestic thermal coal in 2012, as utility companies switched from coal to gas.

For the South African thermal coal industry, exports into Asia continued to increase, principally driven by India. Asia accounted for 66% of South African thermal shipments (2011: 64%). South African thermal coal exports increased by 4% to 68.3 Mt (2011: 65.7 Mt), supported by a more stable performance by Transnet Freight Rail (TFR) and drawdown from stockpiles. TFR railed 68.5 Mt to the Richards Bay Coal Terminal, a 4% increase over 2011.

<sup>(1)</sup> Argus/McCloskey API4 Index

#### Metallurgical Coal

Prices for seaborne metallurgical coal dropped sharply in the latter half of the year, resulting in the average 2012 hard coking coal price falling by 27% to \$210/t from the 2011 average hard coking coal benchmark price of \$289/t. Overall supply of metallurgical coal was ahead of 2011 levels, owing to increased exports from the US, while Australian hard coking coal supply remained below 2010 levels. Hard coking coal prices fell, with lower quality PCI and semi-soft prices falling more significantly.

#### Nickel

Despite LME nickel price strengthening at the start of 2012, with the nickel price reaching 983 c/lb at the end of January, prices dropped to a low of 689 c/lb in August owing to the worsening macroeconomic environment which affected stainless steel production and nickel demand.

The nickel market recorded a surplus of 50,000 tonnes for the year compared with a surplus of 32,000 tonnes in 2011. Nickel consumption increased by 4.9% to 1.7 Mt, but supply also rose following the ramping-up of a number of new nickel plants. The growth in supply was lower than expected as a result of problems at many new operations.

### Results and dividends

The profit after tax for the year is \$40,401,000 (2011: \$96,506,000). A dividend of \$100,000,000 (2011: \$100,235,000) was paid on 26 June 2012 in respect of prior year retained profits. No dividend is proposed in respect of 2012.

# Anglo American Marketing Limited

## Directors' report (continued)

### Financial Position

The net assets as at 31 December 2012 were \$227,139,000 (2011 \$186,210,000)

### Key Performance Indicators

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

	2012	2011
Gross value of sales (\$'000)	2,005,763	2,011,136
Volume of thermal coal shipped (million tonnes)	17.3	16.8
Volume of metallurgical coal shipped (million tonnes)	0.3	-
Volume of nickel shipped (thousand tonnes)	21.4	4.5
Operating margin (%)	3%	7%

The Company's operating profit has decreased by 56% compared to the prior year.

### Events since the end of the year

In 2013 the activities of the Company and Branch have been further expanded to include the sale of additional commodities, including copper, and supporting services. There were no other significant events since the balance sheet date.

### 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 Group's directors have considered the Group's cash flow forecasts for the period to the end of June 2014. The directors of the Company are satisfied that the Group's forecasts and projections, taking account 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 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 Anglo American Group policies, 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, 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 sale and purchase contracts and the Company manages its exposure to commodity price risk by entering into floating price sale and purchase contracts and through constant monitoring of the markets in which it operates.

# Anglo American Marketing Limited

## Directors' report (continued)

### 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 (appointed 1 August 2012)  
G I Griffiths (resigned 1 August 2012)  
N Jordan  
A Mata (resigned 1 August 2012)  
E L Morales  
A Schmitt  
P G Townsend (resigned 1 August 2012)  
K R Tucker  
C A Gil (appointed 1 August 2012)  
I R Wakely (appointed 10 October 2012)

### 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



F W H Chan  
Director  
7 June 2013

# **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 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. 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 2012 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

7 June 2013

## Anglo American Marketing Limited

### Profit and loss account For the year ended 31 December 2012

	Note	2012 \$'000	2011 \$'000
<b>Gross value of sales</b>		2,005,763	2,011,136
Less value of agency transactions		(2,527)	(472)
<b>Turnover</b>	2	2,003,236	2,010,664
Cost of sales		(1,913,847)	(1,873,682)
<b>Gross profit</b>		89,389	136,982
Administrative expenses	3	(31,323)	(6,273)
Other operating income		68	238
<b>Operating profit</b>	4	58,134	130,947
Interest payable	5	(1,122)	(8)
Interest receivable	6	413	478
<b>Profit on ordinary activities before tax</b>		57,425	131,417
Tax on profit on ordinary activities	7	(17,024)	(34,911)
<b>Profit for the financial year</b>		40,401	96,506

All activities derive from continuing operations in the UK and Singapore

## **Anglo American Marketing Limited**

### **Statement of total recognised gains and losses For the year ended 31 December 2012**

	<b>2012 \$'000</b>	<b>2011 \$'000</b>
Profit attributable to shareholders of the Company	<u>40,401</u>	<u>96,506</u>
Total recognised gains and losses related to the year	<u>40,401</u>	<u>96,506</u>
Total gains and losses recognised	<u><u>40,401</u></u>	<u><u>96,506</u></u>

There were no other gains and losses relating to the year

# Anglo American Marketing Limited

## Balance sheet

As at 31 December 2012

	Note	2012 \$'000	2011 \$'000
<b>Long term assets</b>			
Tangible assets	9	3,886	-
Intangible assets	10	358	-
Debtors	11	876	-
<b>Total long term assets</b>		<u>5,120</u>	<u>-</u>
<b>Current assets</b>			
Stock	12	25,004	10,268
Debtors	11	380,168	448,973
Financial assets	13	671	349
Cash at bank and in hand		83,499	35,161
<b>Total current assets</b>		<u>489,342</u>	<u>494,751</u>
Creditors amounts falling due within one year	14	(266,002)	(303,406)
Financial liabilities amounts falling due within one year	15	(1,321)	(5,135)
<b>Total current liabilities</b>		<u>(267,323)</u>	<u>(308,541)</u>
<b>Net current assets</b>		<u>222,019</u>	<u>186,210</u>
<b>Total assets less current liabilities</b>		<u>227,139</u>	<u>186,210</u>
<b>Net assets</b>		<u><u>227,139</u></u>	<u><u>186,210</u></u>
<b>Capital and reserves</b>			
Called-up share capital	16	30,121	30,120
Share premium account	16	119,999	20,000
Share-based payment reserve	17, 18	854	1,873
Profit and loss account	17	76,165	134,217
<b>Shareholders' funds</b>	17	<u><u>227,139</u></u>	<u><u>186,210</u></u>

These financial statements of Anglo American Marketing Limited, registered number 405724, were approved by the Board of Directors and authorised for issue on 7 June 2013

Signed on behalf of the Board of Directors by



F W H Chan  
Director

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 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.

In the current year, cash held on deposit with a group company of \$174,686,000 (2011: \$257,741,000) has been reclassified from Cash at bank and in hand to Debtors (see note 11) and 'Financial remeasurements movement in fair value of contracts' of \$858,000 (2011: \$1,059,000) has been reclassified from financing costs to operating costs. The comparative information has been reclassified.

The Branch was incorporated on 14 December 2011. These accounts include the Branch's results from this date to 31 December 2012.

##### 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 an indirect 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, normally ranging from 30 to 90 days, based on movements in quoted markets or contractual prices up to the date of final pricing. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. As is customary in the industry, 'provisionally priced' sales are based on estimates of the consideration receivable at each reporting date using the forward price for the period equivalent to that outlined in the contract. This adjustment is recorded in the profit and loss account.

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 1. Accounting policies (continued)

##### Turnover (continued)

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.

##### 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.

##### Tax

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 assets

Tangible 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 computer and office equipment and over five years for furniture and fittings.

##### Intangible assets

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Estimated useful lives are usually between three and five years. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

##### Stock

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

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 1. Accounting policies (continued)

##### 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 indirect 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.

##### *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 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 13 and 15 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.

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 1. Accounting policies (continued)

##### Financial instruments (continued)

###### *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.

###### **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.



# Anglo American Marketing Limited

## Notes to the accounts For the year ended 31 December 2012

### 2 Segmental information

	2012 \$'000	2011 \$'000
<b>Turnover by destination</b>		
Africa	75,136	41,332
Americas	34,628	18,151
Asia	1,220,946	1,180,983
Europe	546,611	770,198
Middle east	125,915	-
	<u>2,003,236</u>	<u>2,010,664</u>
<b>Turnover by origin</b>		
Africa	1,591,530	1,917,905
Americas	411,641	92,759
Asia	65	-
	<u>2,003,236</u>	<u>2,010,664</u>
<b>Turnover by class</b>		
Coal	1,637,211	1,921,561
Nickel	365,960	89,103
Shipping services	65	-
	<u>2,003,236</u>	<u>2,010,664</u>
<b>Profit/(loss) before tax</b>		
Europe	68,985	131,417
Asia	(11,560)	-
	<u>57,425</u>	<u>131,417</u>
<b>Net assets</b>		
Europe	125,559	186,210
Asia	101,580	-
	<u>227,139</u>	<u>186,210</u>

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 3 Information regarding directors and employees

During the period the Company had an average of 17 employees employed by the Singapore branch and in addition it was staffed by employees of AA Services (UK) Limited. The average number of staff (including directors and employees of AA Services (UK) Limited) during the year was 40 (2011: 18).

	2012 \$'000	2011 \$'000
<b>Staff costs for the above persons were as follows:</b>		
Wages and salaries	10,517	2,220
Social security costs	432	272
Pension costs	646	248
Share-based payment costs	528	489
Total payroll costs	12,123	3,229
Less: Staff costs capitalised	(42)	-
Staff costs included in operating costs	12,081	3,229
<b>Directors' emoluments were as follows:</b>		
Aggregate emoluments	1,604	1,060
Contributions to defined contribution pension scheme	120	166

During the year there were six 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 \$562,000 (2011: \$381,000) and contributions to a defined contribution pension scheme of \$34,000 (2011: \$129,000).

During the year ended 31 December 2012 no director exercised share options (2011: none). As at 31 December 2012 three directors were members of a defined contribution pension scheme (2011: four).

#### 4. Operating profit

Operating profit is after charging

	2012 \$'000	2011 \$'000
Operating lease rentals	2,280	-
Financial remeasurements: Movement in fair value of contracts	858	1,059
Depreciation	450	-
Fees payable to the Company's auditor for audit of the Company's		
2010 annual accounts	-	33
2011 annual accounts	-	96
2012 annual accounts	118	-
Gain on foreign currency retranslation	(45)	(3)

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

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 5. Interest payable

	2012 \$'000	2011 \$'000
Interest paid to Group company	1,122	8
	<u>1,122</u>	<u>8</u>

#### 6. Interest receivable

	2012 \$'000	2011 \$'000
Interest received from Group company	304	240
Other interest received	109	238
	<u>413</u>	<u>478</u>

#### 7. Tax on profit on ordinary activities

	2012 \$'000	2011 \$'000
<b>(a) Analysis of charge in the year</b>		
Group relief	17,024	34,946
Adjustment in respect of prior period	-	(35)
Total current tax	<u>17,024</u>	<u>34,911</u>
Tax on profit on ordinary activities	<u>17,024</u>	<u>34,911</u>
<b>(b) Factors affecting tax charge for the year</b>		

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	57,425	131,417
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	14,069	34,825
Effects of		
Expenses not deductible for tax purposes	129	130
Capital allowances for the period in excess of depreciation	(6)	(9)
Adjustment in respect of prior period	-	(35)
Overseas amounts exempt from UK tax	2,832	-
Current tax charge for the year	<u>17,024</u>	<u>34,911</u>

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 7. Tax on profit on ordinary activities (continued)

The Finance Act 2011 provided for a reduction in the main rate of UK corporation tax from 26% to 25%, effective from 1 April 2012, which was substantively enacted on 5 July 2011. This reduced rate was reflected in the calculation of deferred tax at 31 December 2011.

The 2012 UK Budget (delivered on 21 March 2012) reduced the main rate of UK corporation tax by a further 1% to 24%, with effect from 1 April 2012. Additionally, a further reduction in the corporation tax rate to 23%, effective from 1 April 2013, was substantively enacted on 3 July 2012. This reduced rate has been reflected in the calculation of deferred tax at the balance sheet date.

Further reductions in the main tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 were announced in the UK Government's 2012 Autumn Statement and the 2013 UK Budget respectively. However, these further reductions to the tax rate were not substantively enacted at the balance sheet date and are therefore not reflected in these financial statements.

#### 8 Dividends

	2012 \$'000	2011 \$'000
Dividends paid of 524.744 cent per share (2011: 525.977 cent per share)	100,000	100,235

No dividend is proposed in respect of 2012.

#### 9. Tangible assets

	Furniture, fittings and computer equipment \$'000
<b>Cost</b>	
At 1 January 2012	760
Additions	4,336
At 31 December 2012	5,096
<b>Depreciation</b>	
At 1 January 2012	(760)
Charge for the year	(450)
At 31 December 2012	(1,210)
<b>Net book value</b>	
At 31 December 2011	-
At 31 December 2012	3,886

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 10. Intangible assets

	Software costs \$'000
<b>Cost</b>	
At 1 January 2012	-
Additions	358
	<u>358</u>
At 31 December 2012	<u>358</u>
<b>Net book value</b>	
At 31 December 2011	-
At 31 December 2012	<u>358</u>

#### 11 Debtors

	Due within one year	Due after one year	2012 \$'000 Total	2011 \$'000 Due within one year
Trade debtors	185,849	-	185,849	191,197
Trading amounts owed by group undertakings	19,011	-	19,011	35
Deposit with group undertakings	174,686	-	174,686	257,741
Other receivables	284	876	1,160	-
Prepayments and accrued income	338	-	338	-
	<u>380,168</u>	<u>876</u>	<u>381,044</u>	<u>448,973</u>

Trading amounts owed by group undertakings are unsecured, non interest bearing and payable within 30 days  
Deposit with group undertakings relates to cash held on deposit. In the prior year, these amounts were presented as Cash at bank and in hand. The comparative information has been reclassified.

#### 12. Stock

	2012 \$'000	2011 \$'000
Finished Products in Transit	<u>25,004</u>	<u>10,268</u>

#### 13. Financial assets

	2012 \$'000	2011 \$'000
Financial assets arising from the fair value of marked to market sales and purchase contracts	<u>671</u>	<u>349</u>

# Anglo American Marketing Limited

## Notes to the accounts

For the year ended 31 December 2012

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

	2012 \$'000	2011 \$'000
Trade creditors	20,502	4,288
Trading amounts owed to group undertakings	52,789	30,173
Trading amounts accrued owed to group undertakings	136,990	187,624
Deferred Income	326	-
Accruals	3,425	2,213
Amounts owed to group undertakings	-	5,008
Amounts payable to Anglo American plc in respect of group tax relief	51,970	74,100
	<u>266,002</u>	<u>303,406</u>

Trading amounts owed to group undertakings are unsecured, non interest bearing and payable within 30 days

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

	2012 \$'000	2011 \$'000
Financial liabilities arising from fair value of marked to market sales and purchase contracts	<u>1,321</u>	<u>5,135</u>

### 16. Share capital

	2012 \$'000	2011 \$'000
<b>Called up, allotted and fully paid:</b>		
19,056,917 (2011: 19,056,917) ordinary shares of £1 each	30,120	30,120
1,000 (2011: nil) ordinary shares of US\$1 each	1	-
	<u>30,121</u>	<u>30,120</u>
<b>Share Premium Account</b>	<u>119,999</u>	<u>20,000</u>

The company created a new class of US dollar share capital and 1,000 ordinary shares of \$1 each were issued to its shareholder, Anglo American Investments (UK) Limited for total consideration of \$100 million. 300 shares (and associated share premium) were allocated to the Singapore Branch for \$30 million.

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 17 Reserves and reconciliation of movements in equity shareholders' funds

	Called up share capital \$'000	Share premium account \$'000	Share - based payment reserve \$'000	Profit and loss account \$'000	Total \$'000
At 31 December 2011	30,120	20,000	1,873	134,217	186,210
Share capital	1	99,999	-	-	100,000
Share-based payment charge	-	-	528	-	528
Share-based payment transferred to profit and loss reserves	-	-	(1,547)	1,547	-
Profit for the year	-	-	-	40,401	40,401
Dividends	-	-	-	(100,000)	(100,000)
At 31 December 2012	<u>30,121</u>	<u>119,999</u>	<u>854</u>	<u>76,165</u>	<u>227,139</u>

#### 18 Share-based payment

During the year ended 31 December 2012, 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:

	2012 \$'000	2011 \$'000
BSP	454	456
LTIP	57	-
Other schemes	17	33
Total share-based payment expense	<u>528</u>	<u>489</u>

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 18. 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 2012</b>	<b>BSP 2011</b>
Date of grant	02/03/12	04/03/11
Number of instruments	23,710	34,305
Exercise Price (£)	-	-
Share price at date of grant (£)	26.41	32.08
Contractual life (years)	3	3
Vesting Conditions	*	*
Expected volatility	40%	40%
Risk free interest rate	0.5%	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) (£)	25.78	33.25

\*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 2012 and the prior year is shown below. All options outstanding at 31 December 2012 with an exercise date on or prior to 31 December 2012 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2012 was £21.43 (2011 £27.96).

#### 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.

	<b>2012</b>	<b>2011</b>
Outstanding at 1 January	63,845	37,960
Conditionally awarded in year	23,710	34,305
Vested in year	(29,250)	(4,074)
Forfeited in year	(3,175)	(4,346)
<b>Outstanding at 31 December</b>	<b>55,130</b>	<b>63,845</b>



# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 18. 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

	2012	2011
Outstanding at 1 January	25,754	57,649
Exercised in year	(6,811)	(31,895)
<b>Outstanding at 31 December</b>	<b>18,943</b>	<b>25,754</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

	2012	2011
Outstanding at 1 January	4,500	-
Conditionally awarded in year	2,800	4,500
<b>Outstanding at 31 December</b>	<b>7,300</b>	<b>4,500</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 31 December 2012	Awards outstanding 31 December 2011	Latest release date
Share incentive plan	9,053	8,070	7 December 2015

#### 19. Commitments

##### Operating lease commitments

	2012 \$'000
The future minimum lease payments under non-cancellable operating leases are as follows	
Within one year	4,044
Greater than one year, less than two years	3,273
Greater than two years, less than five years	7,489
	<b>14,806</b>

Operating leases relate principally to office rental

# Anglo American Marketing Limited

## Notes to the accounts

### For the year ended 31 December 2012

#### 19. Commitments (continued)

##### Commitments – shipping services

	2012 \$'000
The future commitments under contracts for affreightment are as follows	
Within one year	116,545
Greater than one year, less than two years	116,285
Greater than two years, less than five years	348,685
Greater than five years	451,747
	<hr/> 1,033,262 <hr/>

There were no commitments as at 31 December 2011

#### 20. Related party transactions

At 31 December 2012, as identified in note 22, 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.

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

In 2013 the activities of the Company and Branch have been further expanded to include sale of additional commodities, including copper, and supporting services. There were no other significant events since the balance sheet date.

#### 22. 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.