

Global Coal Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2005



Global Coal Limited

DIRECTORS AND OFFICERS

DIRECTORS

Cunningham E
Dudas J
Guiliani D
Harris CPS
Henjes F
Komiya M
Lloyd AM
Lye P
Montenero M
Nagle G
Poyntz R
Tanaka M
Townsend PG

SECRETARY

Whale Rock Limited

REGISTERED OFFICE

Energy House
9 King Street
London
EC2V 8EA

INDEPENDENT AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

BANKERS

Bank of Scotland
Cockspur Street
London, SW1Y 5BL

SOLICITORS

Davenport Lyons
1 Old Burlington Street
London W1S 3NL

Global Coal Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Global Coal Limited for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The provision and management of screen based on-line brokerage services for the bi-lateral trading of physical and financial contracts for the coal and related industries.

REVIEW OF THE BUSINESS

2005 saw growth in terms of customer numbers and a 35% increase in overall volumes traded. In particular the growth in the volume of financial contracts was excellent.

Although there was a 20% drop in physical volume traded versus 2004 this was more than compensated with the increase in financial contract trading. In this sector volumes increased by 270% compared with 2004.

The directors consider that the year's financial performance showing a 19% increase in turnover and a 64% reduction in operating loss is reflective of the hard work of the employees and the directors believe that such performance will continue into 2006 where the company aims to deliver a small profit.

FUTURE DEVELOPMENTS

Future developments of the company have been discussed at each of the four Board meetings held during 2005 and focused on the development of futures contracts for Asia and Europe. Discussions with clearing houses suggest that the introduction of cleared contracts has strong potential. Efforts will be concentrated on selecting the appropriate clearing house. The business will also concentrate on generating volume on the new Indonesian contract and growing the underlying business volumes.

DIVIDENDS

The directors are unable to recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 January 2005:

Cunningham E	(Appointed 1 June 2005)
Dudas J	
Guiliani D	(Alternate)
Harris CPS	(Alternate)
Hart W	(Resigned 3 February 2005)
Henjes F	
Komiya M	(Alternate)
Lloyd AM	
Lye P	(Alternate - appointed 3 February 2005)
Montenero M	
Nagle G	
Palumbo R	(Appointed 15 April 2005; resigned 8 December 2005)
Poyntz R	Chairman
Reizes J	(Resigned 15 April 2005)
Tanaka M	
Townsend PG	
Walters MC	(Resigned 10 January 2005)
Ward J	(Appointed 1 January 2005; resigned 1 June 2005)

Global Coal Limited

DIRECTORS' REPORT


DIRECTORS' INTERESTS IN SHARES

No director holding office at the year end held shares in Global Coal Limited.

AUDITORS

A resolution to reappoint Baker Tilly as auditors will be put to the members at the annual general meeting.

By order of the board on 22 March 2006



E Cunningham
Director

Global Coal Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply these consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

We have audited the financial statements on pages 6 to 16.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

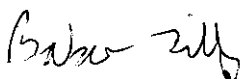
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

22 March 2006

Global Coal Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

	Notes	2005 £	2004 £
TURNOVER	1	1,402,614	1,179,541
Cost of sales		(322,715)	(297,443)
Gross profit		<u>1,079,899</u>	<u>882,098</u>
Administrative expenses		(1,220,633)	(1,273,857)
OPERATING LOSS		<u>(140,734)</u>	<u>(391,759)</u>
Interest receivable		39,871	49,592
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(100,863)</u>	<u>(342,167)</u>
Taxation	4	(1,400)	(4,303)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>(102,263)</u></u>	<u><u>(346,470)</u></u>

The operating loss for the year arises from the company's continuing operations.

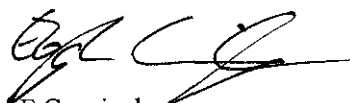
Global Coal Limited

BALANCE SHEET

at 31 December 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible assets	5	-	-
Tangible assets	6	35,080	16,602
		<u>35,080</u>	<u>16,602</u>
CURRENT ASSETS			
Debtors	7	391,639	372,296
Cash at bank and in hand		966,860	1,007,357
		<u>1,358,499</u>	<u>1,379,653</u>
CREDITORS: Amounts falling due within one year	8	(365,028)	(242,941)
NET CURRENT ASSETS		<u>993,471</u>	<u>1,136,712</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,028,551	1,153,314
PROVISIONS FOR LIABILITIES AND CHARGES	9	-	(22,500)
		<u>1,028,551</u>	<u>1,130,814</u>
CAPITAL AND RESERVES			
Called up share capital	10	34,817	34,817
Share premium account	11	3,335,668	3,335,668
Profit and loss account	12	(2,341,934)	(2,239,671)
EQUITY SHAREHOLDERS' FUNDS	13	<u>1,028,551</u>	<u>1,130,814</u>

The financial statements on pages 6 to 16 were approved by the board of directors and authorised for issue on 22 March 2006 and are signed on its behalf by:


E Cunningham
Director

Global Coal Limited
CASH FLOW STATEMENT
for the year ended 31 December 2005

	Notes	2005 £	2004 £
Cash flow from operating activities	14a	(31,691)	(421,933)
Returns on investments and servicing of finance	14b	39,871	49,592
Capital expenditure and financial investment	14b	(44,374)	(14,996)
Taxation		(4,303)	-
DECREASE IN CASH IN THE YEAR		<u>(40,497)</u>	<u>(387,337)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS			
		2005 £	2004 £
Decrease in cash in the year		(40,497)	(387,337)
MOVEMENT IN NET FUNDS IN YEAR		<u>(40,497)</u>	<u>(387,337)</u>
NET FUNDS AT 1 JANUARY 2005		1,007,357	1,394,694
NET FUNDS AT 31 DECEMBER 2005		<u>966,860</u>	<u>1,007,357</u>

Global Coal Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

All accounting policies are consistent with those applied in prior periods.

INCOME RECOGNITION

Turnover represents amounts derived, net of Value Added Tax and trade discounts, from goods sold and services provided to customers.

Commissions receivable on trades are recognised immediately on execution.

Membership fee income is deferred and released in equal instalments over the period of membership.

ACQUISITIONS

On the acquisition of a business, fair values are attributed to the company's share of net separable assets. Where the acquisition consideration exceeds the fair values attributable to such net assets the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the profit and loss account from the date of acquisition.

GOODWILL AND INTANGIBLE FIXED ASSETS

On acquisition of a business, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Other externally purchased intangible assets are capitalised at cost. Amortisation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

Provision is made for any impairment in value.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Fixtures and fittings	3 years
IT hardware and software	3 years
Licences	2 years
Website	3 years

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Global Coal Limited

ACCOUNTING POLICIES

PENSION COSTS

The company has discharged its legal responsibility through the provision of a non-contributory stakeholder pension with Scottish Mutual Assurance plc.

FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at date of invoice. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

LEASES

Operating lease rentals are charged to the profit and loss account in equal monthly amounts over the lease term.

BRANCHES

A branch exists in Singapore for the purpose of marketing in the Asian markets. The branch is treated as a cost centre and as such all related expenditure is fully incorporated into these financial statements.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2005 £	2004 £
	Loss on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation charge owned assets	25,896	113,018
	Foreign exchange trading losses/(gains)	373	(16,610)
	Operating lease rentals:		
	Plant and machinery	25,000	28,400
	Land and buildings	85,664	88,535
	Auditors' remuneration-audit	9,000	9,000
	-non audit services	600	14,945
		<u> </u>	<u> </u>

3	EMPLOYEES	2005 No.	2004 No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Information technology	2	2
	Sales and marketing	4	3
	Administration	1	2
		<u> </u>	<u> </u>
		7	7

	2005 £	2004 £
Staff costs for above persons:		
Wages and salaries	640,309	602,048
Social security costs	60,811	54,216
Pension contributions	8,293	15,109
	<u> </u>	<u> </u>
	709,413	671,373

	2005 £	2004 £
DIRECTORS' REMUNERATION		
Total emoluments	155,203	163,591
	<u> </u>	<u> </u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

4	TAXATION	2005 £	2004 £
	Current tax:		
	Overseas tax on profits for the year	1,400	4,303
		<hr/>	<hr/>
	Factors affecting tax charge for the year:	2005 £	2004 £
	The tax assessed for the year is higher than the standard rate of corporation tax for small companies (19%). The differences are explained below:		
	Loss on ordinary activities before tax	(100,863)	(342,167)
		<hr/>	<hr/>
	Loss on ordinary activities multiplied by standard rate of corporation tax for small companies 19% (2004: 19%)	(19,164)	(65,012)
	Effects of:		
	Expenses not deductible for tax purposes	1,900	2,330
	Depreciation in excess of capital allowances	4,908	21,424
	Carry forward of tax losses	10,956	41,258
	Overseas taxation	1,400	4,303
		<hr/>	<hr/>
	Tax charge for the year	1,400	4,303
		<hr/>	<hr/>

No liability to taxation arises due to losses incurred.

Tax losses available to carry forward to offset against future trading profits are approximately £1,032,654 (2004: £974,991).

No deferred tax asset in respect of tax losses has been recognised due to the uncertainty surrounding the timing of their use.

5	INTANGIBLE FIXED ASSETS	Database £	Goodwill £	Total £
	Cost			
	1 January 2005 and 31 December 2005	220,000	185,174	405,174
		<hr/>	<hr/>	<hr/>
	Depreciation			
	1 January 2005 and 31 December 2005	220,000	185,174	405,174
		<hr/>	<hr/>	<hr/>
	Net book value			
	31 December 2005 and 31 December 2004	-	-	-
		<hr/>	<hr/>	<hr/>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

6 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & fittings £	IT Hardware £	Software £	Website £	Total £
Cost						
1 January 2005	-	33,596	489,225	199,427	200,000	922,248
Additions	39,667	874	3,833	-	-	44,374
31 December 2005	39,667	34,470	493,058	199,427	200,000	966,622
Depreciation						
1 January 2005	-	33,175	479,895	192,576	200,000	905,646
Charged in year	6,250	1,295	11,500	6,851	-	25,896
31 December 2005	6,250	34,470	491,395	199,427	200,000	931,542
Net book value						
31 December 2005	33,417	-	1,663	-	-	35,080
31 December 2004	-	421	9,330	6,851	-	16,602

7 DEBTORS

	2005 £	2004 £
Due within one year:		
Trade debtors	115,234	71,483
Other debtors	60,642	88,791
Prepayments and accrued income	215,763	212,022
	391,639	372,296

8 CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	66,436	87,212
Corporation tax	1,400	4,303
Other taxation and social security	12,466	15,577
Other creditors	8,789	4,799
Accruals and deferred income	275,937	131,050
	365,028	242,941

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

9	PROVISIONS FOR LIABILITIES AND CHARGES	2005 £	2004 £
	Dilapidation provision		
	1 January 2005	22,500	-
	Profit and loss account	(22,500)	22,500
	31 December 2005	-	22,500
10	SHARE CAPITAL	2005 £	2004 £
	Authorised:		
	6,725,000 ordinary shares of 0.1p each	6,725	6,725
	1 special deferred share of £1	1	1
	49,327,400 preference shares of 1p each	493,274	493,274
		500,000	500,000
	Called up, allotted and fully paid:		
	153,947 ordinary shares of 0.1p each	154	154
	1 special deferred share of £1	1	1
	3,466,184 preference shares of 1p each	34,662	34,662
		34,817	34,817

Ordinary and preference share capital rank pari passu with each other except for the following rights of preference shares on winding up:

- Payment of dividends declared but not paid; and
- Repayment of capital paid up on each preference share together with any share premium paid.

Preference shareholders shall not be entitled to any participation in any surplus assets available for distribution after exercise of their preferential rights above.

The preference shareholders have the right to convert their shares to ordinary shares at any time.

1,483,245 warrants giving a right to convert into preference shares at a strike price of £1.25, were subscribed for at nil consideration during 2002. These are convertible at the holder's option over a period of 10 years.

The special deferred share holds no voting rights, rights to dividends, or rights to further participation in the capital of the company. On winding up the holder is entitled only to the repayment of paid up share capital, subordinated to the rights of the preference shareholders as noted above.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

11	SHARE PREMIUM ACCOUNT	2005 £	2004 £
	1 January 2005 and 31 December 2005	3,335,668	3,335,668
12	PROFIT AND LOSS ACCOUNT	2005 £	2004 £
	1 January 2005	(2,239,671)	(1,893,201)
	Loss for the financial year	(102,263)	(346,470)
	31 December 2005	(2,341,934)	(2,239,671)
13	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2005 £	
	Loss for the financial year	(102,263)	
	Net reduction in shareholders' funds	(102,263)	
	Opening shareholders' funds	1,130,814	
	Closing shareholders' funds	1,028,551	
14	CASH FLOWS	2005 £	2004 £
a	Reconciliation of operating loss to net cash inflow from operating activities		
	Operating loss	(140,734)	(391,759)
	Depreciation and amortisation	25,896	113,018
	Increase in debtors	(19,343)	(90,381)
	Increase/(decrease) in creditors	124,990	(75,311)
	(Decrease)/increase in provisions	(22,500)	22,500
	Net cash flow from operating activities	(31,691)	(421,933)
b	Analysis of cash flows for headings netted in the cash flow	2005 £	2004 £
	Returns on investments and servicing of finance		
	Interest received	39,871	49,592
	Net cash inflow from returns on investments and servicing of finance	39,871	49,592
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(44,374)	(14,996)
	Net cash outflow from capital expenditure and financial investment	(44,374)	(14,996)

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

14 CASH FLOWS (continued)

c	Analysis of net debt	At 1 January 2005 £	Cash flow £	Foreign exchange movement £	At 31 December 2005 £
	Cash in hand, at bank	1,007,357	(40,497)	-	966,860

15 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Plant and machinery expiring in the second to fifth year	25,000	28,400
Land and buildings expiring in the second to fifth year	60,287	60,287
	<u>85,287</u>	<u>88,687</u>

16 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent undertaking by virtue of its shareholding is Global HubCo BV, a company registered in the Netherlands. Accounts are available from Global HubCo BV, Strawinskylaan 3015, 1077 2X Amsterdam, The Netherlands.

In the opinion of the directors, there is no single controlling party given that the shareholders' agreement has provisions, separate from rights attaching to shares, such that a "consumer" shareholder must agree to a vote in addition to votes cast by "producer" shareholders (Global HubCo BV and Anglo American Finance (UK) Plc) before certain special resolutions can be passed.

17 RELATED PARTIES

Mitsuaki Komiya, a director of the company, is employed by J Power Electric Power Development Co. Ltd and is being seconded to Global Coal Limited. Global Coal Limited paid £25,000 to J Power Electric Power Development Co. Ltd for Mitsuaki Komiya's services during the year (2004: £25,000).