Global Coal Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2010

WEDNESDAY

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COMPANIES HOUSE

Company Registration No 04007764

Global Coal Limited
DIRECTORS AND OFFICERS

DIRECTORS

E Cunningham
D Finch
D Giuliani
T Goldsworthy
M Hovers
M Igawa
M Kage
R Poyntz
M Rozendaal
P L M Salvan
P G Townsend
D E Trimboli
K R Tromans

SECRETARY

Whale Rock Accounting Limited

REGISTERED OFFICE

7th Floor
Dashwood House
Old Broad Street
London
EC2M 1QS

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

Global Coal Limited
DIRECTORS' REPORT

The directors submit their report and the financial statements of Global Coal Limited for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activities of the company are the development of standardised physical contracts for the international steam coal market and the provision and management of screen based brokerage services for the bi-lateral trading of physical and financial contracts for the steam coal industry

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company produced strong returns for the year It focused on similar areas of investment as in previous years, primarily targeting increased trading volumes and higher membership Membership of the platform grew from 97 to 107 during the year

The business is focused on delivering services exclusively to institutional players in the physical and financial coal trading market

We are pleased to report that financial performance of the business continues to improve with turnover and profits up considerably over last year, a testament to the hard work of the entire team

We completed the year with a strong financial position, with no debt and a healthy capitalisation

Research and Development
globalCOAL is investing in the development of its Standard Coal Trading Agreement (SCoTA), refining the contract and adding delivery locations globalCOAL is also developing coal futures contracts and related credit enhancing products as part of a co-operation and licensing agreement with ICE Futures Europe globalCOAL intends to replicate the success of the globalCOAL model for iron ore and will progress this throughout 2011

Future Outlook
The company performed well in 2010 and although the competitive environment remains challenging, we believe that the company will survive and prosper

Principal Risks & Uncertainties
The management of the business and the execution of the company's strategy are subject to a number of risks

The principal risks and uncertainties facing the company are reviewed on a regular basis by the Board and actions put in place to mitigate identified risks As with any business, the company has exposure to the following key risks

- Downturn in levels of demand from clients
- Competitive pressure on commission rates
- Movements in Exchange Rates
- Business disruption due to regulatory or other changes
- Protection of intellectual property

The Board have implemented appropriate internal processes in order to mitigate these key risks to business performance

Key Performance Indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Global Coal Limited
DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The directors recommend the payment of a total dividend of £1,796,107 (2009 £830,000)

DIRECTORS

The following directors have held office since 1 January 2010

E Cunningham	
R M Ferguson	Resigned 13 September 2010
D Finch	Appointed 15 September 2010
D Giuliani	
T Goldsworthy	
M Hovers	Appointed 13 September 2010
M Igawa	
M Kage	
H Meijer	Resigned 22 April 2010
M Montenero	Resigned 9 February 2011
G L Parker	Resigned 31 August 2010
R Poyntz	
M Rozendaal	Appointed 16 June 2010
P L M Salvan	
P G Townsend	
D E Trimboli	
K R Tromans	

BRANCHES OUTSIDE THE UK

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statement's have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITOR

Baker Tilly UK Audit LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

By order of the board on March 16th 2011

E Cunningham
Director

Global Coal Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 those financial statements, the directors are required to

a select suitable accounting policies and then apply them 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 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

Global Coal Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

We have audited the financial statements on pages 6 to 17 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 more fully explained in the Directors' Responsibilities Statement set out on page 4, 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
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 2010 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

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

Baker Tilly UK Audit LLP

DAVID BLACHER (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date 29/3/2011

Global Coal Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2010

	Notes	2010 £	2009 £
TURNOVER	1	8,772,231	6,545,421
Cost of sales		(464,358)	(462,706)
Gross profit		8,307,873	6,082,715
Administrative expenses		(4,494,074)	(3,673,462)
OPERATING PROFIT		3,813,799	2,409,253
Interest receivable		59,830	58,002
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	3,873,629	2,467,255
Taxation	4	(1,118,991)	(732,552)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	2,754,638	1,734,703

Turnover and Operating Profit for the year arise from the Company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Global Coal Limited

BALANCE SHEET
at 31 December 2010 Company No 04007764

	Notes	2010 £	2009 £
FIXED ASSETS			
Intangible assets	6	-	-
Tangible assets	7	373,942	170,208
Investments	8	1	-
		373,943	170,208
CURRENT ASSETS			
Debtors	9	1,747,463	784,009
Cash at bank and in hand		7,199,171	6,050,037
		8,946,634	6,834,046
CREDITORS Amounts falling due within one year	10	(4,111,773)	(2,784,588)
NET CURRENT ASSETS		4,834,861	4,049,458
NET ASSETS		5,208,804	4,219,666
CAPITAL AND RESERVES			
Called up share capital	11	35,167	35,111
Share premium account	12	3,377,531	3,346,980
Profit and loss account	13	1,796,106	837,575
SHAREHOLDERS' FUNDS	14	5,208,804	4,219,666

The financial statements on pages 6 to 17 were approved and authorised for issue by the board of directors on 16/3/2011 and are signed on its behalf by

E Cunningham
Director

Global Coal Limited

CASH FLOW STATEMENT

for the year ended 31 December 2010

	Notes	2010 £	2009 £
Cash flow from operating activities	15a	3,151,844	3,327,357
Returns on investments and servicing of finance	15b	59,830	60,459
Taxation		(962,574)	(632,912)
Capital expenditure and financial investment	15b	(300,572)	(137,154)
Equity dividends paid		(830,000)	-
Acquisitions and disposals		(1)	-
Financing	15b	30,607	566
INCREASE IN CASH IN THE YEAR		1,149,134	2,618,316

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £	2009 £
Increase in cash in the year	1,149,134	2,618,316
MOVEMENT IN NET FUNDS IN YEAR	1,149,134	2,618,316
NET FUNDS AT 1 JANUARY	6,050,037	3,431,721
NET FUNDS AT 31 DECEMBER	7,199,171	6,050,037

Global Coal Limited
ACCOUNTING POLICIES

BASIS OF ACCOUNTING
The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors consider that the company's subsidiary should be excluded from consolidation as it is immaterial for the purpose of showing a true and fair view, as defined in section 405(2) of the Companies Act 2006

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

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

Leasehold improvements	5 years
Fixtures and fittings	3 years
IT hardware and software	3 years
Website	3 years

FIXED ASSET INVESTMENTS
Fixed asset investments are recorded at cost less any provision for impairment losses

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

FOREIGN CURRENCIES
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

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation - owned assets	96,838	66,121
Foreign exchange trading losses	14,604	18,574
Operating lease rentals		
Land and buildings	123,113	46,875
Auditor's remuneration		
Audit 2010 accounts	14,000	-
Audit 2009 accounts	500	12,500
Non audit services		
Tax compliance	2,000	5,400
Advisory	8,300	5,400
Profit on disposal of fixed assets	-	(17,840)

3 EMPLOYEES

	2010	2009
	No	No
The average monthly number of persons (including directors) employed by the company during the year was		
Information technology	3	3
Sales and marketing	14	10
Administration	1	1
	18	14

	2010	2009
	£	£
Staff costs for above persons		
Wages and salaries	2,207,852	2,018,709
Social security costs	232,055	200,304
Pension contributions	2,448	3,048
	2,442,355	2,222,061

	2010	2009
	£	£
DIRECTORS' REMUNERATION		
Total emoluments	507,812	499,250

The amount paid to the highest paid director was £507,812 (2009 £499,250), including pension scheme contributions of £1,797 (2009 £2,397)

4 TAXATION

	2010 £	2009 £
Current tax		
UK corporation tax on profits of the year	1,075,607	688,611
Double taxation relief	(5,522)	(4,347)
Adjustment in respect of previous period	(960)	(92)
Overseas tax on profits for the year	5,522	4,347
Total current tax	1,074,647	688,519
Deferred tax		
Origination and reversal of timing differences	44,344	44,033
Total deferred tax	44,344	44,033
Tax on profit on ordinary activities	1,118,991	732,552

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 28% The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	3,873,629	2,467,255
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28%	1,084,616	690,831
Effects of		
Expenses not deductible for tax purposes	30,385	33,533
Capital allowances for period in excess of depreciation	(39,394)	(30,468)
Other timing differences	-	(1,009)
Adjustment to tax charge in respect of previous period	(960)	(92)
Relief under Schedule 23 FA 2003	-	(4,276)
Current tax charge for the year	1,074,647	688,519

5 DIVIDENDS

	2010 £	2009 £
Equity – preference		
Final approved	1,796,107	830,000

The directors have approved a final dividend totalling £1,796,107 (2009 £830,000)

6 INTANGIBLE FIXED ASSETS

	Database £	Goodwill £	Total £
Cost			
1 January 2010 and 31 December 2010	220,000	185,174	405,174
Amortisation			
1 January 2010 and 31 December 2010	220,000	185,174	405,174
Net book value			
31 December 2010 and 31 December 2009	-	-	-

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & fittings £	IT Hardware £	Software £	Website £	Total £
Cost						
1 January 2010	123,011	41,361	668,026	235,974	200,000	1,268,372
Additions	114,770	20,309	88,017	15,609	61,867	300,572
31 December 2010	237,781	61,670	756,043	251,583	261,867	1,568,944
Depreciation						
1 January 2010	38,877	39,676	610,916	208,695	200,000	1,098,164
Charged in year	27,036	5,441	48,403	11,991	3,967	96,838
31 December 2010	65,913	45,117	659,319	220,686	203,967	1,195,002
Net book value						
31 December 2010	171,868	16,553	96,724	30,897	57,900	373,942
31 December 2009	84,134	1,685	57,110	27,279	-	170,208

8 FIXED ASSET INVESTMENTS

	£
Investment in subsidiary company	
At 1 January 2010	-
Additions	1
At 31 December 2010	1

On 15 May 2010 1 ordinary share of £1 was purchased by the Company in Global Ore Limited This represents 100% of the issued share capital of this company The investment in the group undertaking is recorded at cost

Global Ore Limited is incorporated in the United Kingdom The principal activity of Global Ore Limited is the development of standardised physical contracts for the international iron ore market

9 DEBTORS	2010 £	2009 £
Due within one year		
Trade debtors	302,430	211,891
Amounts owed by subsidiary undertaking	730,810	66,242
Other debtors	75,767	10,943
Prepayments and accrued income	589,453	401,586
Deferred tax asset	49,003	93,347
	1,747,463	784,009

The deferred tax asset comprises £49,003 (2009 £93,347) relating to accelerated capital allowances

10 CREDITORS Amounts falling due within one year	2010 £	2009 £
Trade creditors	210,878	270,769
Corporation tax	431,224	319,151
Other taxation and social security	291,633	125,417
Other creditors	100,276	21,065
Proposed dividend	1,796,107	830,000
Accruals and deferred income	1,281,655	1,218,186
	4,111,773	2,784,588

11 SHARE CAPITAL	2010 £	2009 £
Called up, allotted and fully paid		
504,183 (2009 448,534) ordinary shares of 0 1p each	504	448
1 special deferred share of £1	1	1
3,466,184 preference shares of 1p each	34,662	34,662
	35,167	35,111

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

11 SHARE CAPITAL continued

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

During the year, 55,649 ordinary shares of 0 1p each were issued for 55p each

12 SHARE PREMIUM ACCOUNT	2010 £	2009 £
1 January	3,346,980	3,345,103
Shares issued in the year	30,551	1,877
31 December	3,377,531	3,346,980

13 PROFIT AND LOSS ACCOUNT	2010 £	2009 £
1 January	837,575	(67,128)
Profit for the financial year	2,754,638	1,734,703
Dividend	(1,796,107)	(830,000)
31 December	1,796,106	837,575

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2010 £	2009 £
Issue of shares	56	39
Increase in share premium	30,551	1,877
Profit for the financial year	2,754,638	1,734,703
Dividend	(1,796,107)	(830,000)
Net addition in shareholders' funds	989,138	906,619
Opening shareholders' funds	4,219,666	3,313,047
Closing shareholders' funds	5,208,804	4,219,666

15 CASH FLOWS	2010 £	2009 £
a Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	3,813,799	2,409,253
Depreciation and amortisation	96,838	66,121
Profit on sale of fixed assets	-	(17,840)
(Increase) / decrease in debtors	(1,007,798)	376,401
Increase in creditors	249,005	493,422
Net cash inflow from operating activities	3,151,844	3,327,357

15 CASH FLOWS (continued)

b Analysis of cash flows for headings netted in the cash flow statement

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	59,830	60,459
Net cash inflow from returns on investments and servicing of finance	59,830	60,459
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(300,572)	(157,843)
Proceed on disposals of fixed assets	-	20,689
Net cash outflow from capital expenditure and financial investment	(300,572)	(137,154)
Financing		
Issue of ordinary share capital	30,607	566
Net cash inflow from financing	30,607	566

c Analysis of net funds

	At 1 January 2010 £	Cash flow £	At 31 December 2010 £
Cash in hand, at bank	6,050,037	1,149,134	7,199,171

16 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
Land and buildings expiring in the second to fifth year	107,668	-

17 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

18 RELATED PARTIES

An amount of £40,727 (2009 £21,274) was paid to a service organisation under the control of Roy Poyntz, in respect of non executive director fees At 31 December 2010, £1,163 (2009 £1,449) was due to the service organisation

During the year transactions totalling £664,568 (2009 £66,242) were paid on behalf of the subsidiary company Global Ore Limited

At the year end £730,810 (2009 £66,242) was owed from Global Ore Limited No interest is accruing on this balance and there are no fixed terms of repayment