

Company Registration No. 4834745

Ferro Nickel Marketing Limited

Report and Financial Statements

31 December 2005



Ferro Nickel Marketing Limited

Report and financial statements 2005

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Ferro Nickel Marketing Limited

Report and financial statements 2005

Officers and professional advisers

Directors

B R Beamish
J E Beams - resigned 11 August 2006
P R Giesbers
M J Gordon
N Jordan
J C Posthumus
G A Wilkinson
B K Wood - appointed 11 August 2006

Secretary

G A Wilkinson

Registered Office

20 Carlton House Terrace
London, United Kingdom
SW1Y 5AN

Auditors

Deloitte & Touche LLP
Chartered Accountants
Hill House
1 Little New Street
London, United Kingdom
EC4A 3TR

Ferro Nickel Marketing Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005. The results of the year are set out on page 8. The directors do not propose paying a dividend in respect of this year.

Activities

The Company's principal activity is to carry out any or all business activities involved in the trading and marketing of nickel.

Future Prospects

The Company has traded in line with expectations during the year and the directors expect this to continue for the foreseeable future.

Financial Instruments

The directors considered the risks attached to the Company's financial instruments which principally comprise debtors and creditors. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements.

Directors and their interests

The following served as directors throughout the year and to the present time.

B R Beamish

J E Beams - resigned 11 August 2006

P R Giesbers

M J Gordon

N Jordan

J C Posthumus

G A Wilkinson

B K Wood - appointed 11 August 2006

None of the aforementioned directors had any disclosable interests in the shares of the Company during the year.

The directors had no disclosable interests in any other group companies during the year, apart from interests and options in the shares of the ultimate parent company, Anglo American plc ("AA plc") shown below.

Ferro Nickel Marketing Limited

Directors' report

Directors' Share Options

AA plc options⁽²⁾

	Holding at 01/01/2005 ⁽¹⁾ (2)	Granted 2005 ⁽³⁾	Exercised/ Lapsed 2005 ⁽⁴⁾	Holding at 31 December 2005
J E Beams	71,823	1,628	(31,642)	41,809
B R Beamish	81,300	1,628	(36,800)	46,128
P R Giesbers	16,127	-	(2,000)	14,127
M J Gordon	96,436	-	(60,787)	35,649
J C Posthumus	42,800	-	(19,800)	23,000

- (1) Options granted under the Anglo American Share Option and Save as You Earn scheme ("SAYE").
- (2) LTIP & ESOS restated to include shares awarded with respect to National Insurance Liability.
- (3) Options awarded under the SAYE Scheme
- (4) Options exercised under the SAYE and Executive Share Option Scheme.

Anglo American Long Term Incentive Plan ("LTIP")

	Total beneficial interest in LTIP at 01/01/2005	Shares exercised during year	Total beneficial interest in LTIP at 31/12/2005
J E Beams	18,807	(7,913)	10,894
B R Beamish	32,900	(20,700)	12,200
P R Giesbers	-	-	-
M J Gordon	31,652	(14,909)	16,743
J C Posthumus	10,900	(4,300)	6,600

Directors' Share Interests

The interests of directors who held office at 31 December 2005 in Ordinary Shares ("Shares") of AA plc were as follows:

	As at 1 January 2005		As at 31 December 2005	
	Beneficial ⁽¹⁾	Conditional ⁽¹⁾ (2) (3)	Beneficial	Conditional
J E Beams	2,833	7,803	10,066	21,784
B R Beamish	5,092	22,982	19,397	47,885
P R Giesbers	1,128	328	435	2,453
M J Gordon	18,397	39,926	3,890	73,558
J C Posthumus	2,678	4,000	5,343	11,184

- (1) BSP & LTIP restated to include shares awarded with respect to National Insurance Liability.
- (2) Matching shares to be allocated after the deferral period of three years, subject to certain conditions
- (3) With effect from 1 January 2004, grants made under the LTIP Scheme ceased to be by way of low-cost options, and are now made by way of conditional grants of shares.

The interests of Messrs N Jordan and G A Wilkinson in other group companies have been disclosed in the annual financial statements of Anglo American Finance (UK) Limited.

Ferro Nickel Marketing Limited

Directors' report

Auditors

In accordance with Section 386 of the Companies Act 1985, Deloitte & Touche LLP are deemed to remain in office as auditors under the terms of an Elective Resolution dated 16 July 2003.

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



G A Wilkinson
Secretary

25 Oct 2006

Ferro Nickel Marketing Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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 Companies Act 1985. They are also responsible for the system of internal control, 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 Ferro Nickel Marketing Limited

We have audited the financial statements of Ferro Nickel Marketing Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

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 opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, 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 the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

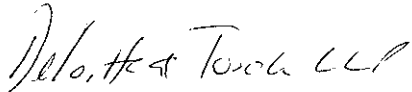
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985;



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

28 October 2006

Ferro Nickel Marketing Limited

Profit and loss account

For the year ended 31 December 2005

	Note	2005 US\$	2004 US\$
Turnover	2	258,353,800	237,272,570
Cost of sales		(253,186,723)	(232,527,118)
Gross profit		5,167,077	4,745,452
Administrative expenses		(64,319)	(62,208)
Other operating expenses		(2,020,733)	(2,180,333)
Other operating income	4	3,488,223	8,750,613
Operating profit		6,570,248	11,253,524
Interest income		1,313,188	178,359
Profit on ordinary activities before taxation	3	7,883,436	11,431,883
Tax on profit on ordinary activities	5	(2,365,031)	(3,429,565)
Profit on ordinary activities after taxation		5,518,405	8,002,318
Profit for the financial period		5,518,405	8,002,318
Retained profit brought forward		8,306,441	304,123
Retained profit carried forward		13,824,846	8,306,441

All turnover and operating profit is derived from continuing operations.

There were no recognised gains or losses in the period other than the profit for the period, consequently no statement of recognised gains and losses has been presented.

Ferro Nickel Marketing Limited

Balance sheet

As at 31 December 2005

	Note	2005 US\$	2004 US\$
Current assets			
Debtors	6	10,244,874	10,582,950
Cash at bank and in hand		48,383,958	15,052,179
		<u>58,628,832</u>	<u>25,635,129</u>
Creditors: amounts falling due within one year	7	<u>(44,803,984)</u>	<u>(17,328,686)</u>
Net current assets		<u>13,824,848</u>	<u>8,306,443</u>
Total assets less current liabilities		<u>13,824,848</u>	<u>8,306,443</u>
Net assets		<u>13,824,848</u>	<u>8,306,443</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account		13,824,846	8,306,441
Total equity shareholders' funds		<u>13,824,848</u>	<u>8,306,443</u>

These financial statements were approved by the Board of Directors on *25 October* 2006.

Signed on behalf of the Board of Directors



Director

MJ GORDON

Ferro Nickel Marketing Limited

Notes to the accounts

Year ended 31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. Accounting policies adopted are consistent with those adopted in the prior period and are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Functional and reporting currency

As permitted by UK company law, the Company reports are in US dollars, the currency in which its business is conducted. Transactions in non functional currencies (Venezuela Bolivar) are translated at the official government rate at the transaction date.

Cash Flow Statement

As permitted by FRS1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly owned subsidiary and consolidated financial statements in which the Company is included are publicly available.

Revenue recognition

Turnover represents the net invoice value of goods provided to third parties. Revenue is recognised at the actual date of delivery when title passes to the customer.

Taxation

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

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to nickel trading.

	2005 US\$	2004 US\$
Sales	258,353,800	237,272,570

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005 US\$	2004 US\$
Auditors' remuneration for audit services	10,000	5,000

The Company has no employees (prior year nil). The directors receive no emoluments in respect of their services in connection with the Company.

Ferro Nickel Marketing Limited

Notes to the accounts

Year ended 31 December 2005

4. Foreign currency translations

Other operating income includes a foreign exchange translation resulting from the March 2005 Venezuela Bolivar:US Dollars exchange devaluation from 1,920 VEB to 2,150 VEB.

	2005 US\$	2004 US\$
Foreign exchange translation	3,041,733	8,243,159

5. Tax on profit on ordinary activities

The current tax assessed for the period is equal to the standard rate of corporation tax in the UK.

	2005 US\$	2004 US\$
Profit on ordinary activities before tax	7,883,437	11,431,883
UK corporation tax @ 30% on profits for the period:		
Group relief	(2,365,031)	(3,429,565)
Total current tax	(2,365,031)	(3,429,565)
Deferred tax charge	-	-
Tax on profit on ordinary activities	(2,365,031)	(3,429,565)

6. Debtors

	2005 US\$	2004 US\$
Trade debtors	10,061,857	7,559,705
Accrued income	183,017	23,821
Trading amounts receivable from group companies	-	2,989,168
VAT debtor	-	10,256
	10,244,874	10,582,950

7. Creditors: amounts falling due within one year

	2005 US\$	2004 US\$
Accruals and deferred income	3,902,869	13,768,783
Trading amounts owed to group undertakings	38,536,084	130,338
Group relief payable	2,365,031	3,429,565
	44,803,984	17,328,686

Ferro Nickel Marketing Limited

Notes to the accounts

Year ended 31 December 2005

Accruals and deferred income represent amounts received in advance for sales made to customers.

8. Called up share capital

	2005 US\$	2004 US\$
Authorised:		
50,000,000 Ordinary shares of US\$1.00 each	<u>50,000,000</u>	<u>50,000,000</u>
Called up, allotted and fully paid		
2 Ordinary shares of US\$1.00 each	<u>2</u>	<u>2</u>

9. Related Party Transactions

At 31 December 2005, Anglo American plc is 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.

10. Ultimate parent company

The immediate parent company is Anglo American Finance (UK) PLC, a company incorporated in Great Britain.

The ultimate parent company and ultimate controlling entity is Anglo American plc, a company incorporated in Great Britain. Anglo American plc is the parent undertaking of the largest and smallest group which includes the Company and for which group accounts are prepared. Financial statements may be obtained from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN.