Company Registration No. 05522498

RBS Sempra Metals & Concentrates Ltd
(formerly Sempra Metals & Concentrates Ltd)

Report and Financial Statements

31 December 2007

Registered office: 155 Bishopsgate London EC2M 3TZ

RBS Sempra Metals & Concentrates Ltd
(formerly Sempra Metals & Concentrates Ltd)

Report and financial statements 2007

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RBS Sempra Metals & Concentrates Ltd
(formerly Sempra Metals & Concentrates Ltd)

Directors' Report
For the year ended 31 December 2007

The directors present their report on the affairs of RBS Sempra Metals & Concentrates Ltd ('the company'), together with the financial statements and independent auditors' report, for the year ended 31 December 2007

Principal Activities

On 1 April 2008, Sempra Energy (the company's former ultimate parent) entered into a joint venture with the Royal Bank of Scotland plc The joint venture, called RBS Sempra Commodities LLP, absorbed the operations of the company Prior to the completion of the joint venture the company's principal activity was to trade as a metals merchant in European markets Post completion, the company is looking into other business opportunities

At the date of signing these accounts the company is no longer trading as a metals merchant, and the financial statements have been prepared on a basis other than that of a going concern However the impact of any adjustments arising to these accounts as a result is considered immaterial We draw your attention to Note 1 of the financial statements in this respect

The company changed its name from Sempra Metals & Concentrates Ltd to RBS Sempra Metals & Concentrates Ltd on 1 April 2008

The directors report has been prepared in accordance with the special provisions relating to small companies under section 246(4) (a) of the Companies Act 1985

Business Review

The company made a loss before tax of $1,989,850 (2006 profit before tax of $408,685) The company did not declare or pay dividends in the year (2006 - $nil)

On 29 November 2007 the company received a capital contribution of $3,000,000 from its ultimate parent at that time, Sempra Global

On 30 November 2007 Sempra Global sold its interest in the company to Sempra Metals Group Limited, the principal UK holding company for metals trading companies within the Sempra Group

The directors are satisfied with the results for the year

Financial Risk Management Objectives and Policies

The company does not take proprietary positions in commodities and it attempts to ensure that all sales and purchase contracts are back to back Where this is not possible, it may be exposed to a degree of market risk It is also exposed to credit risk, liquidity risk and operational risk

The company is subject to risk management policies and objectives of other companies in the Sempra Group It reports results on a monthly basis

Market risk is the risk of adverse change in net assets or income arising from movements in commodity prices and foreign exchange rates

The company hedges its foreign currency trading positions but does not engage in speculative foreign exchange trading

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company The company has adopted policies governing the management of credit risk The creditworthiness of each counterparty is assessed prior to entering into business, and guarantees and collateral obtained where appropriate, as a means of mitigating the risk of financial loss from defaults The company's exposure and the credit standing of its counterparties are continuously monitored

RBS Sempra Metals & Concentrates Ltd
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Directors' Report (continued)
For the year ended 31 December 2007

Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

The company's third party trade receivables and payables balances at 31 December 2007 comprise mark to market profit or loss on forward positions

	Realised balances	Mark to Market $	Total $
Third party trade receivables	-	215,188	215,188
Third party trade payables	(300,781)	(57,514)	(358,295)

The mark to market profit or loss on forward positions represents the net position with each counterparty at each prompt date and reflects the intention of both parties to deliver and settle in this manner Each individual counterparty may have a number of forward positions for a number of prompt dates, which may be reflected in both debtors and creditors according to whether settlement is receivable or payable on each individual prompt date

Liquidity risk refers to the risk that the company is unable to meet its obligations as they fall due owing to insufficient financial resources The company manages liquidity risk by drawing on the facilities of other group companies

Operational risk is the risk of loss resulting from inadequate or failed internal processes people and systems, or from external events It is inherent in every business operation and covers a wide spectrum of potential issues The company manages this risk by operating a controls-based environment in which processes are documented, authorisation is independent and transactions are reconciled and monitored

Interest rate risk represents the sensitivity of the company to changes in interest rates The company does not have long term borrowings and therefore is not overly exposed to interest rate risk

Directors

The directors who served during the year and up to the date of signing, except as noted, are shown below

PJ Bacon	
DA Messer	
MX Parra	
MA Snell	(resigned 1 April 2008)
P Stevelman	(appointed 1 April 2008)

RBS Sempra Metals & Concentrates Ltd
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Directors' Report (continued)
For the year ended 31 December 2007

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) The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed
- 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 that 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 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

Disclosure of Information to Auditors

In the case of each of the persons who are directors of the company at the date when this report was approved

a as far as each of the directors is aware, there is no relevant audit information (as defined in s234ZA of the Companies Act 1985) of which the company's auditors are unaware, and

b each of the directors has taken all steps that he ought to have taken as director to make himself aware of any relevant audit information (as defined in s234ZA of the Companies Act 1985) and to establish that the company's auditors are aware of that information

Auditors

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be reappointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985

By order of the Board,

M X Parra
Director

Stamford

Independent auditors' report to the members of RBS Sempra Metals & Concentrates Ltd (formerly Sempra Metals & Concentrates Ltd)

We have audited the financial statements of RBS Sempra Metals & Concentrates Ltd ('the company') for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16 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

The directors' responsibilities for preparing 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 consider the implications for our report if we become aware of any apparent misstatements within it

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 judgments 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

Independent auditors' report to the members of RBS Sempra Metals & Concentrates Ltd (formerly Sempra Metals & Concentrates Ltd) (Continued)

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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Emphasis of matter – going concern

Without qualifying our opinion, we draw attention to the disclosure in Note 1 of the financial statements that the company has ceased trading at the date of signing these accounts and is no longer a going concern There are no material adjustments arising from this The directors have not prepared the financial statements on a going concern basis

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

30 October 2008

RBS Sempra Metals & Concentrates Ltd
(formerly Sempra Metals & Concentrates Ltd)

Profit and loss account
For the year ended 31 December 2007

	Note	Year ended 31 December 2007 $	Year ended 31 December 2006 $
TURNOVER	2	(1,440,850)	526,606
Administrative expenses		(32,441)	(22,278)
OPERATING (LOSS)/PROFIT	3	(1,473,291)	504,328
Interest receivable and similar income	5	79,144	10,243
Interest payable and similar charges	6	(595,703)	(105,886)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,989,850)	408,685
Tax credit/(charge) on profit on ordinary activities	7	596,955	(122,606)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	12	(1,392,895)	286,079

All activities relate to continuing operations

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the results stated above, hence a statement of total recognised gains and losses is not presented

RBS Sempra Metals & Concentrates Ltd
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Balance sheet
As at 31 December 2007

	Note	31 December 2007 $	31 December 2006 $
CURRENT ASSETS			
Debtors – amounts due within one year	8	3,693,072	621,962
Cash at bank and in hand		90,888	12,274
		3,783,960	634,236
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(1,890,774)	(348,155)
NET CURRENT ASSETS		1,893,186	286,081
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Capital contribution	12	3,000,000	-
Profit and loss account	12	(1,106,816)	286,079
TOTAL SHAREHOLDERS' FUNDS	12	1,893,186	286,081

These financial statements were approved by the Board of Directors and authorised for issue on 30 October 2008

Signed on behalf of the Board of Directors

M X Parra

Director

Notes to the Accounts
For the year ended 31 December 2007

1. STATEMENT OF ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice ("UK GAAP") The principal accounting policies which have been consistently adopted in the presentation of the accounts are set out below

Under Financial Reporting Standard ("FRS") 1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds that more than 90% of the voting rights are controlled by a group company which includes the company in its own published consolidated financial statements

Going Concern

As required by FRS 18 Accounting Policies, given that the company is no longer trading as a metals merchant, the directors have prepared the financial statements on a basis other than going concern No material adjustments arose as a result of ceasing to apply the going concern basis

Functional currency

It is considered that a fairer reflection of the company's activities is given by presenting the accounts in US Dollars, since the US Dollar is the main currency of the company's primary economic environment

Turnover

Turnover represents gross trading profit or loss on merchanting of metals, net of applicable costs which include bad and doubtful debts written off or provided against during the year

Financial instruments

The company classifies its financial instruments as 'trade debtors and creditors at fair value' and 'other debtors and creditors at amortised cost' The classification depends on the purpose for which the financial instruments were acquired or assumed Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date

(i) Trade debtors and creditors at fair value

Assets or liabilities in this category are classified as trade debtors or trade creditors respectively, and in amounts due in less than one year or more than one year according to the maturity date of the trade

Trade debtors and creditors include

- amounts due for settlement under commodities contracts, and
- unrealised gains and losses arising from the valuation of forward positions

Open commodity futures and forward foreign exchange contracts and commodities held for resale are valued based on market prices prevailing at the balance sheet date Changes in the valuation of these positions are recorded via the profit and loss account

Trade debtor and trade creditor accounts are calculated by taking the fair value of amounts due or receivable by counterparty by prompt date and classifying as debtors or creditors accordingly This reflects the way in which the trades will be settled Counterparties either have a master netting agreement in place or appropriate terms of business which facilitate the net settlement of transactions

Specific adjustments are made against net debtor balances which are not deemed to be recoverable in part or in full

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Trade debtors and creditors at fair value (continued)

Amounts owed by and owed to group undertakings include trading and non-trading balances Unrealised gains and losses on trading balances, arising from the valuation of forward positions, are shown net by prompt date and classified as receivable or payable as appropriate Non-trading balances are disclosed net

(ii) Other debtors and creditors at amortised cost

These amounts include non-derivative financial assets or liabilities with fixed or determinable payments that are not quoted in an active market They are measured at amortised cost using the effective interest rate method less any impairment

Interest income and expense

Interest income and expense arise from cash and cash equivalents and intercompany balances Interest income and expense are recognised in the profit and loss account using the effective interest method

Taxation

Current tax, including UK corporation tax, is recorded at amounts expected to be recovered or paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of 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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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

Foreign currencies

Transactions in foreign currencies are recorded at the rates prevailing at the date of the transaction Forward foreign exchange contracts are valued at current market price Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date All differences are taken to the profit and loss account

2. TURNOVER

The company's income is derived from the sale and purchase of copper cathode within Europe, which for the purpose of segmental analysis is considered to be one market

Notes to the Accounts
For the year ended 31 December 2007

3. OPERATING (LOSS)/ PROFIT

(Loss)/profit on ordinary activities before taxation is stated after charging	Year ended 31 December 2007 $	Year ended 31 31 December 2006 $
Auditors' remuneration - audit fees	20,053	19,575

4. EMPLOYEE COSTS FOR YEAR (INCLUDING DIRECTORS)

The directors did not receive emoluments in respect of their services to the company The company had no employees during the year under review or the prior year

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2007 $	Year ended 31 December 2006 $
Due from banks	41,382	6,563
Interest due from other group undertakings	37,762	3,680
	79,144	10,243

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2007 $	Year ended 31 December 2006 $
Due on bank loans and overdrafts	-	425
Interest due to other group undertakings	595,703	105,461
	595,703	105,886

7. TAXATION

	Year ended 31 December 2007 $	Year ended 31 December 2006 $
UK corporation tax credit/(charge) for the year	596,955	(122,606)
Reconciliation of current tax credit /(charge)		
(Loss)/profit on ordinary activities before tax	(1,989,850)	408,685
Tax credit /(charge) on profit on ordinary activities at standard rate 30%	596,955	(122,606)
Current tax credit/(charge) for the year	596,955	(122,606)

8 DEBTORS

	31 December 2007 $	31 December 2006 $
Amounts falling due within one year		
Trade debtors	215,188	369,310
Amounts owed by group undertakings	3,007,730	252,652
Other debtors including taxation and social security	470,154	-
	3,693,072	621,962

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2007 $	31 December 2006 $
Trade creditors	358,295	135,750
Amounts owed to group undertakings	1,512,649	70,224
Other creditors including taxation and social security	-	122,606
Accruals and deferred income	19,830	19,575
	1,890,774	348,155

10 FINANCIAL INSTRUMENTS

The use of financial instruments is governed by the policies of other Sempra Group companies, which provide written principles on the use of financial derivatives consistent with the company's risk management policy Instruments are entered into for hedging purposes, although the company does not apply hedge accounting to any of its derivatives

The carrying amount of financial assets and liabilities recorded in the financial statements approximates their fair value, which is calculated using market prices prevailing at the balance sheet date Where such prices are not available fair values are derived using internally developed valuation methodologies based on available market information

The following tables detail the company's expected maturity for its derivative financial instruments The tables have been drawn up based on the net discounted cash flows by counterparty by maturity date

	Financial Instruments				
	Less than 1 month	1-3 months	3 months to 1 year	Total <1 year	1-5 years
	$'000	$'000	$'000	$'000	$'000
Third party trade debtors	215,188	-	-	215,188	-

	Financial Instruments				
	Less than 1 month	1-3 months	3 months to 1 year	Total <1 year	1-5 years
	$'000	$'000	$'000	$'000	$'000
Third party trade creditors	358,295	-	-	358,295	-

There are no terms or circumstances which may individually significantly affect the amount, timing and certainty of future cashflows for the company

Notes to the Accounts
For the year ended 31 December 2007

11. SHARE CAPITAL

	No	31 December 2007 £	31 December 2006 £
Authorised			
Ordinary shares of £1 each	1,000	1,000	1,000
Allotted, called-up and fully paid			
Ordinary share of £1 each	1	1	1

	31 December 2007 $	31 December 2006 $
At historical rate of exchange	2	2

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Notes to the Accounts
For the year ended 31 December 2007

12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital	Capital contribution	Profit and loss account	Total
	$	$	$	$
Opening shareholders' funds	2	-	286,079	286,081
Capital contribution		3,000,000	-	3,000,000
Loss for the year	-	-	(1,392,895)	(1,392,895)
Closing shareholders' funds	2	3,000,000	(1,106,816)	1,893,186

The capital contribution of $3,000,000 was made during the year by Sempra Global to strengthen the company's capital position

13. COMMITMENTS AND CONTINGENT LIABILITES

There are commitments at the balance sheet date in respect of forward commodity contracts entered into in the normal course of business which are held at market value These are set out in Note 10

14. POST BALANCE SHEET EVENTS

On 9 July 2007, Sempra Energy announced it would enter into a joint venture partnership with Royal Bank of Scotland plc ("RBS plc") The joint venture entity is called RBS Sempra Commodities LLP The transaction completed on 1 April 2008

15 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under Financial Reporting Standard No 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Group There were no other related party transactions or balances requiring disclosure

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

On 1 April 2008, Sempra Energy, the company's former ultimate parent, entered into a joint venture with The Royal Bank of Scotland plc ("RBS") whereby RBS owns 51% of this joint venture with Sempra Energy owning the remaining 49% The joint venture is called RBS Sempra Commodities LLP and includes the company as a member As a result of this transaction, the company's ultimate parent undertaking, the parent of the largest group of which group accounts are prepared and of which the company is a member and the controlling party is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and listed on the London and New York Stock Exchanges