

COMPANY REGISTRATION NUMBER 5604249

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OF COMPANIES

JEFFERSON CAPITAL LIMITED
FINANCIAL STATEMENTS
31 MARCH 2008

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COMPANIES HOUSE

HIGGINS FAIRBAIRN & CO.

Chartered Accountants & Registered Auditors
71 Duke Street
Mayfair
London
W1K 5NY

JEFFERSON CAPITAL LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

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JEFFERSON CAPITAL LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 November 2006 to 31 March 2008. The company's functional and presentation currency is South African Rand 'R'.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was investment.

DIRECTORS

The directors who served the company during the period were as follows:

Mr RN Charrington

MR JM Ormerod

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 judgements and estimates that are reasonable and prudent;
- 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Higgins Fairbairn & Co. as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

JEFFERSON CAPITAL LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
71 Duke Street
London
Mayfair
W1K 5NY

Signed by order of the directors



R N CHARRINGTON
Company Secretary

Approved by the directors on 6th April 2009

JEFFERSON CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JEFFERSON CAPITAL LIMITED

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

We have audited the financial statements of JEFFERSON CAPITAL LIMITED for the period from 1 November 2006 to 31 March 2008 on pages 5 to 10, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 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.

JEFFERSON CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JEFFERSON CAPITAL LIMITED *(continued)*

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2008 and of its profit for the period 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.

Higgins Fairbairn & Co

HIGGINS FAIRBAIRN & CO
Chartered Accountants
& Registered Auditors

71 Duke Street
London
W1K 5NY

6.5 April.....2009

JEFFERSON CAPITAL LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

	Note	Period from 1 Nov 06 to 31 Mar 08 R	Period from 26 Oct 05 to 31 Oct 06 R
TURNOVER		128,653	175,768
Administrative expenses		202,188	175,980
OPERATING LOSS	2	(73,535)	(212)
Interest receivable		142,716,131	68,231,488
Interest payable and similar charges		(142,062,512)	(67,952,053)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		580,084	279,223
Tax on profit on ordinary activities	3	9,075	–
PROFIT FOR THE FINANCIAL PERIOD		571,009	279,223
Balance brought forward		279,223	–
Balance carried forward		850,232	279,223

The notes on pages 7 to 10 form part of these financial statements.

JEFFERSON CAPITAL LIMITED

BALANCE SHEET

31 MARCH 2008

	Note	31 Mar 08 R	31 Oct 06 R
FIXED ASSETS			
Investments	4	906,605,040	763,888,909
CURRENT ASSETS			
Debtors	5	100,119	64,179
CREDITORS: Amounts falling due within one year	6	182,929	64,379
NET CURRENT LIABILITIES		(82,810)	(200)
TOTAL ASSETS LESS CURRENT LIABILITIES		906,522,230	763,888,709
CREDITORS: Amounts falling due after more than one year	7	905,671,986	763,609,474
		850,244	279,235
CAPITAL AND RESERVES			
Called-up equity share capital	10	12	12
Profit and loss account		850,232	279,223
SHAREHOLDERS' FUNDS		850,244	279,235

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors and authorised for issue on 06 APRIL 2009, and are signed on their behalf by:



 MR R.N.CHARRINGTON
 Director

The notes on pages 7 to 10 form part of these financial statements.

JEFFERSON CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced for recharged expenses during the period.

Interest income and expense is recognised on a time proportion basis taking into account the principal outstanding and the interest rate applicable.

Fixed assets

All fixed asset investments are initially recorded at cost and assessed for impairment at each reporting date.

Foreign currencies

The functional currency Jefferson Capital Limited is the South African Rand (R) as this is the currency in which the original investment and all subsequent securities were provided. Rand was thus chosen as being the most appropriate currency in which to present the financial statements.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates ruling at the date of the transaction. Any differences are taken to the Profit & Loss Account.

2. OPERATING LOSS

Operating loss is stated after charging:

	Period from 1 Nov 06 to 31 Mar 08 R	Period from 26 Oct 05 to 31 Oct 06 R
Directors' emoluments	—	—
Auditor's fees	58,281	50,817
Net loss on foreign currency translation	<u>10,773</u>	<u>26,045</u>

JEFFERSON CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

3. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 1 Nov 06 to 31 Mar 08 R	Period from 26 Oct 05 to 31 Oct 06 R
Current tax:		
Under provision in prior period	9,075	-
Total current tax	<u>9,075</u>	<u>-</u>

There is no corporation tax charge for the current period.

(b) Factors affecting current tax charge

	Period from 1 Nov 06 to 31 Mar 08 R	Period from 26 Oct 05 to 31 Oct 06 R
Profit on ordinary activities before taxation	<u>580,084</u>	<u>279,223</u>

No tax charge arises due to a claim for group loss relief, for which no charge was made by the surrendering company.

4. INVESTMENTS

Return on CDS Collateral

	R
COST	
At 1 November 2006 (Loans)	763,888,909
Interest	142,716,131
At 31 March 2008	<u>906,605,040</u>
 NET BOOK VALUE	
At 31 March 2008	<u>906,605,040</u>
At 31 October 2006	<u>763,888,909</u>

The company acting through its Luxembourg branch has granted a Put option (JCap 2 Put) on the Jefferson Capital Limited (a fellow group company incorporated in Guernsey) preference shares to Morgan Stanley & Co International Ltd, London (Morgan Stanley). This option is exercisable at any time within the ten years loan term but subject to default on the exercise of the Put option (JInv Put) granted by Jefferson Investments Limited (a fellow group company incorporated in UK) to International Ferro Metals Ltd (Australia) on the same Jefferson Capital Limited (Guernsey) preference shares. Also see note numbers 7 & 8.

The company has entered into a Credit Default SWAP (CDS) relating to the JCap 2 Put and collateralised the CDS with ZAR 695,657,421 bearing interest at 12.5% nominal annual compounded semi-annually on 25 January 2006 with a maturity date of 25 January 2016.

JEFFERSON CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

5. DEBTORS

	31 Mar 08 R	31 Oct 06 R
Amounts owed by group undertakings	48,012	48,012
Prepayments	52,107	16,167
	<u>100,119</u>	<u>64,179</u>

6. CREDITORS: Amounts falling due within one year

	31 Mar 08 R	31 Oct 06 R
Corporation tax	9,076	-
Accruals	173,853	64,379
	<u>182,929</u>	<u>64,379</u>

7. CREDITORS: Amounts falling due after more than one year

	31 Mar 08 R	31 Oct 06 R
At beginning of period (Loans)	763,609,474	-
Loan payable	-	695,657,421
Interest payable	142,062,512	67,952,053
At end of period	<u>905,671,986</u>	<u>763,609,474</u>

Jefferson Capital Ltd has received a loan of ZAR 695,657,421 from Jefferson Capital Ltd (Guernsey) - a group company - at the rate of 12.45% nominal annual compounded semi-annually on 25 January 2006. This loan amount was then put as collateral for the Credit Default Swap with Morgan Stanley Ltd (see note 4). The loan is repayable on 25 January 2016.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company is part of a complex structure to make loan funding available to International Ferro Metals (IFM-SA) - a South African incorporated & tax resident company, from International Ferro Metals Limited - an Australian incorporated & tax resident company (IFML AUS), through group companies and Morgan Stanley & Co International Limited, London (Morgan Stanley). For this purpose the company has loan relationship debits representing interest on the loan from a group company (Jefferson Capital Ltd-Guernsey; a company incorporated in Guernsey but UK tax resident) and credits relating to interest on the cash collateral from Morgan Stanley.

In order to manage its exposure to interest risk, the loan has been obtained on a fixed rate of 12.5% nominal annual compounded semi-annually.

To limit its exposure to the financial risk the company has entered in to a Credit Default SWAP (CDS) with Morgan Stanley and also granted a Put option over Jefferson Capital Ltd-Guernsey preference shares to Morgan Stanley through its Luxembourg branch. The CDS has been collateralised by the cash obtained through the loan from Jefferson Capital Ltd-Guernsey.

JEFFERSON CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2008

9. RELATED PARTY TRANSACTIONS

Interest amounting to R142,062,512 (2006: R67,952,053) is payable to Jefferson Capital Ltd (Guernsey) – a fellow group company – as at 31 March 2008 (note 7). The above transaction has been entered into on arm's length terms.

10. SHARE CAPITAL

Authorised share capital:

	31 Mar 08	31 Oct 06
	R	R
100,000 Ordinary share of £1 each	<u>1,200,000</u>	<u>1,200,000</u>

Allotted, called up and fully paid:

	31 Mar 08		31 Oct 06	
	No	R	No	R
Ordinary share of £1 each	<u>1</u>	<u>12</u>	<u>1</u>	<u>12</u>

11. PARENT COMPANY

The immediate holding company is Jefferson Investments Limited which is incorporated in the UK. The ultimate holding company is La Compagnie Financiere Ceres Holdings, which is incorporated in Luxembourg.

12. POST BALANCE SHEET EVENT

A settlement agreement was signed on 10th October 2008 to replace Morgan Stanley as one of the counterparties to the transaction. As per the terms of the agreement, Morgan Stanley has ceded all its rights, title and interest in and to the adjusted final repo exchange amount under the original swap transaction on the settlement date. Landsend Capital Ltd, a company registered in the UK (Company No. 06708299), will act as the replacement counterparty and will take over all risks and obligations in the future (Notes 4 and 7).