

Company Registration No. 4834745

Ferro Nickel Marketing Limited

Report and Financial Statements

31 December 2009

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Ferro Nickel Marketing Limited

Report and financial statements 2009

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Ferro Nickel Marketing Limited

Report and financial statements 2009

Officers and professional advisers

Directors

B R Beamish
A W Hodges
N Jordan
P G Whitcutt
B K Wood

Secretary

A W Hodges

Registered Office

20 Carlton House Terrace
London, United Kingdom
SW1Y 5AN

Auditors

Deloitte LLP
Chartered Accountants
London

Ferro Nickel Marketing Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. The results of the year are set out on page 8.

Principal activities

Ferro Nickel Marketing Limited (the "Company")'s principal activity is the trading and marketing of nickel purchased from Minera Loma de Niquel ("MLdN"), a fellow subsidiary of Anglo American plc. The Company earns a 2% target margin on goods purchased from MLdN.

The directors consider that the key performance indicators for the company are the level of turnover and the gross margin. Although the volume of sales was 34% higher in 2009 than 2008, lower nickel prices led to a decrease in turnover. A gross margin of 2% was achieved in line with the target and sales contracts.

During the year, the Company entered into the following export in-kind arrangements with MLdN:

Payment in-kind arrangement

Under this arrangement, the Company entered into a Service Level Agreement with Anglo American Chile ("AA Chile") for AA Chile to provide procurement services for the purchase of goods by the Company using AA Chile's supply chain. These goods are sold by the Company to MLdN and an agreement was established between the Company and MLdN whereby the sales are paid by MLdN by nickel shipments.

Loan in-kind arrangement

The Company has entered into two revolving Facility Agreements with MLdN – a USD facility for payment of freight and insurance and other US dollar denominated transactions and a VEF facility to fund local operations in Venezuela. In order to fund these loans, the Company has established similar Facility Agreements with Anglo American Capital. The facilities have a combined limit of US\$27 million.

The directors are satisfied with the Company's performance and financial position.

Financial risk management policies and objectives

Currency risk

All purchases from MLdN and all sales are denominated in US dollars and accordingly, the directors consider that there is limited currency risk.

Cash flow and Credit risk

The Company's principal financial assets are bank balances and trade receivables. The directors consider that there is limited cash flow or credit risk attached to the trade debtors on the basis that the Company has long-standing relationships with selected solvent customers, who have an established track record in the market. There is no provision for doubtful debt. The credit risk on liquid funds is limited as the counterparties are banks with high credit-ratings, assigned by international credit-rating agencies.

Liquidity risk

The directors do not consider that the Company is subject to significant liquidity risk as cash in and out flows are regular and easily forecast throughout the year.

Price risk

The Company generally sells nickel output at prevailing market prices, subject to final pricing adjustments after delivery to the customer and is therefore exposed to changes in market prices for nickel both in respect of future sales and previous sales which remain open as to final pricing.

Ferro Nickel Marketing Limited

Directors' Report (continued)

Supplier payment policy

The Company is responsible for agreeing the terms under which transactions with its suppliers are conducted, reflecting local and industry norms. The Company values its suppliers and recognises the benefits to be derived from maintaining good relationships with them and acknowledges the importance of paying invoices promptly. The primary supplier is MLdN, a fellow subsidiary of Anglo American plc, where transactions are settled within 120 days in line with the terms set by CADIVI, the foreign exchange controls authority of the Venezuelan government.

Operational risk

In January 2008, the Venezuelan Ministry of Basic Industries and Mining (MIBAM) published a resolution cancelling 13 of MLdN's 16 exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. The current mining and metallurgical facilities are located on the three concessions that have not been cancelled. MLdN believes that it has complied with the conditions of these concessions and has lodged administrative appeals against the notices of termination and is waiting for a response from MIBAM. MLdN may in the future undertake further appeals, including with Venezuela's Supreme Court, if the MIBAM's ruling does not adequately protect its interests.

An impairment charge was recorded in Loma de Niquel Holdings Limited consolidated group due to uncertainty over the renewal of the three concessions that have not been cancelled but that expire in 2012 and over the restoration of the 13 concessions that were cancelled.

Future prospects

The directors expect the Company to continue to operate in the foreseeable future. However, the Company's ability to operate is inherently entwined with the circumstances of MLdN as discussed above.

Going concern

The Company's business activities, together with the factors likely to affect its future development are set out above. The financial position of the Company is described in the balance sheet on page 9.

The financial position such that it is in a net assets position, with limited exposure to liquidity or credit risk. The Company meets its day to day working capital requirements through sales of nickel to third parties.

The Company's ability to continue as a going concern is inherently entwined with the circumstances of MLdN. In particular the Company generates a significant portion of its revenues through the sale of nickel purchased from MLdN. In order to meet its obligations as they fall due and to continue as a going concern generally, the Company is reliant on the continued supply of nickel from MLdN.

In regard to the ability of MLdN to continue supplying nickel, the Directors note that there is a material uncertainty over the renewal of the three exploration and exploitation concessions that are currently being exploited by MLdN, as discussed in the operational risk section above. Notwithstanding this uncertainty, the Directors of the Company have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least the next twelve months. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividend

No dividends were paid during the 2009 year (2008: nil).

Directors

The following served as directors throughout the year and to the present time except where noted below:

B R Beamish
A W Hodges
N Jordan
J C Posthumus (resigned on 1 January 2010)
P G Whitcutt
B K Wood

Ferro Nickel Marketing Limited

Directors' Report (continued)

Auditors

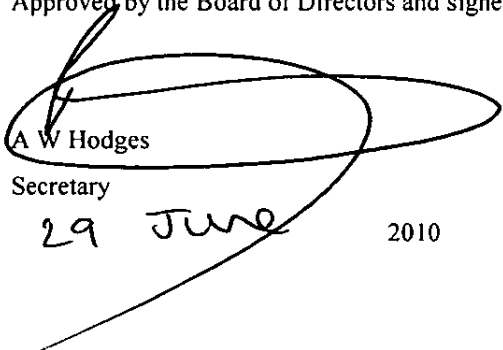
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditors in the absence of an Annual General Meeting

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



A W Hodges

Secretary

29 June

2010

Ferro Nickel Marketing Limited

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). 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 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, and
- state whether applicable UK Accounting Standards have been followed, and
- prepare 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 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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 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 more fully explained in the Directors' Responsibilities Statement, 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 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 Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 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.

Emphasis of a matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the Directors' Report and note 1 of the financial statements concerning the Company's ability to continue as a going concern. The Directors' Report explains that the Company is reliant on the purchase of nickel from MLdN, and describes uncertainties relating to the renewal of MLdN's three concessions that have not been cancelled but that expire in 2012 and over the restoration of the 13 concessions that were cancelled. These conditions, along with other matters as set forth in the Directors' Report, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Ferro Nickel Marketing Limited (continued)

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



Makhan Chahal
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

2 July 2010

Ferro Nickel Marketing Limited

Profit and loss account Year ended 31 December 2009

	Notes	2009 US\$	2008 US\$
Turnover	2	199,607,835	220,217,657
Cost of sales		(195,633,939)	(212,988,565)
Gross profit		3,973,896	7,229,092
Administrative expenses		(232,737)	(372,865)
Other operating expenses		(2,382,527)	(2,887,884)
Other operating income		-	30,596
Operating profit		1,358,632	3,998,939
Net financing (costs)/income	3	(37,096)	1,696,363
Profit on ordinary activities before taxation		1,321,536	5,695,302
Tax on profit on ordinary activities	5	(370,030)	(1,623,161)
Profit on ordinary activities after taxation		951,506	4,072,141

All turnover and operating profit is derived from continuing operations

There are no recognised gains or losses in shareholders' funds in either year other than the profit for the year
Consequently no statement of total recognised gains and losses has been presented

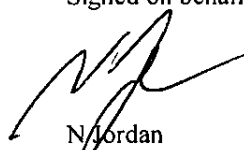
Ferro Nickel Marketing Limited

Balance sheet 31 December 2009

	Notes	2009 US\$	2008 US\$
Loan receivable from group undertakings due after one year		22,642,385	-
Debtors due within one year	6	147,969,743	4,977,116
Cash at bank and in hand		16,590,385	22,836,475
Total current assets		187,202,513	27,813,591
Creditors amounts falling due within one year	7	(169,549,377)	(11,111,961)
Net current assets		17,653,136	16,701,630
Total assets less current liabilities		17,653,136	16,701,630
Net assets		17,653,136	16,701,630
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	17,653,134	16,701,628
Total Shareholders' funds		17,653,136	16,701,630

The financial statements of Ferro Nickel Marketing Limited (registered number 4834745) were approved by the Board of Directors on 29 June 2010

Signed on behalf of the Board of Directors



N. Jordan
Director

Ferro Nickel Marketing Limited

Notes to the accounts Year ended 31 December 2009

1. Accounting policies

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

Going concern

The annual report and accounts have been prepared on a going concern basis of accounting for the reasons set out in the Directors' Report on page three.

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 in US dollars, the currency in which its business is conducted. Transactions in currencies other than US dollars ("foreign exchange") are recorded in US dollars at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into US dollars at the rates prevailing on the balance sheet date. All differences are taken to the income statement.

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.

Turnover

Turnover represents the net invoice value of goods provided to third parties and 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. Turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to nickel trading.

	2009 US\$	2008 US\$
Sales	<u>199,607,835</u>	<u>220,217,657</u>

Ferro Nickel Marketing Limited

Notes to the accounts

Year ended 31 December 2009

3. Net financing (costs)/income

	2009 US\$	2008 US\$
Interest income on bank deposits	-	1,696,363
Interest income on loans receivable from group undertakings	202,312	-
Interest expense on loans payable to group undertakings	(161,103)	-
Other financing losses	(78,305)	-
	<u>(37,096)</u>	<u>1,696,363</u>

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2009 US\$	2008 US\$
Fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>4,125</u>	<u>12,473</u>

The Company has no employees (2008 none) The directors receive no emoluments in respect of their services in connection with the Company (2008 nil)

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

	2009 US\$	2008 US\$
Profit on ordinary activities before tax	<u>1,321,536</u>	<u>5,695,302</u>
UK corporation tax at 28% on profits for the period (2008 28.5%)		
Group relief	<u>(370,030)</u>	<u>(1,623,161)</u>
Total current tax	<u>(370,030)</u>	<u>(1,623,161)</u>
Tax on profit on ordinary activities	<u>(370,030)</u>	<u>(1,623,161)</u>

Ferro Nickel Marketing Limited

Notes to the accounts Year ended 31 December 2009

6. Debtors

	2009 US\$	2008 US\$
Loan receivable from group undertakings	108,009,350	-
Trade debtors	39,960,393	3,209,506
Other debtors	-	1,767,610
	<u>147,969,743</u>	<u>4,977,116</u>

Trade debtors comprise of amounts outstanding at year end from external customers to whom nickel is sold
Standard payment term is 75 days after bill of lading date

7. Creditors: amounts falling due within one year

	2009 US\$	2008 US\$
Accruals and deferred income	457,170	122,801
Trade creditor	1,406,766	-
Loan payable to group undertakings	22,644,024	-
Trading amounts owed to group undertakings	143,048,226	4,645,459
Group relief payable	1,993,191	6,343,701
	<u>169,549,377</u>	<u>11,111,961</u>

Trade creditors are settled within 120 days, in line with the terms set by CADIVI Accruals and deferred income for 2009 represent accrued administrative expenses for sales made to customers

Interest rate on loan payable to group undertakings is 1 month libor plus Anglo American Capital's weighted average cost of debt plus an additional margin of 80 basis points

8. Called up share capital

	2009 US\$	2008 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>

Ferro Nickel Marketing Limited

Notes to the accounts

Year ended 31 December 2009

9 Movement in profit and loss account

	2009 US\$	2008 US\$
At 1 January	16,701,628	12,629,487
Profit for the financial year	951,506	4,072,141
As at 31 December	<u>17,653,134</u>	<u>16,701,628</u>

10 Related party transactions

At 31 December 2009, 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.

11. Ultimate parent company

The immediate parent company is Anglo American Finance (UK) Limited, 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.