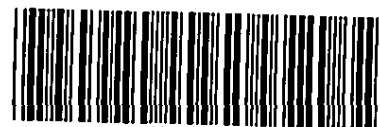


ANGLO COAL HOLDINGS LIMITED

Report and Financial Statements

31 December 2006

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ANGLO COAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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ANGLO COAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

A W Hodges
N Jordan
A E Redman
P G Whitcutt

SECRETARY

A W Hodges

REGISTERED OFFICE

20 Carlton House Terrace
London SW1Y 5AN

BANKERS

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
180 Strand
London WC2R 1BL

ANGLO COAL HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2006. This directors report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985.

PRINCIPAL ACTIVITY AND FUTURE PROSPECTS

The Company is an investment holding company, however no investments are currently held. The directors are currently reviewing the options for ensuring the company continues in business.

RESULTS AND DIVIDENDS

The loss for the year was US\$17,000 (2005 US\$14,000). A dividend of US\$15,000 (2005 US\$15,000) was paid to the preference shareholders during the year.

PRIOR YEAR ADJUSTMENT

The 2005 comparatives in the financial statements have been restated to reflect the directors' reconsideration of the accounting adopted for the Redeemable Preference Shares. Further details are provided in note 8.

FINANCIAL RISK MANAGEMENT

The directors considered the risks attached to the Company's financial instruments which principally comprise loans to and from other group companies. 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.

The directors' policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. The Company had no hedged transactions during the year.

DIRECTORS

The following served as directors throughout the year and, except as shown, to the present time:

A W Hodges – appointed 4 January 2007

N Jordan

A E Redman

P G Whitcutt

G A Wilkinson – resigned 19 March 2007

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors 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
- the director has taken all steps that he ought to have taken as a director to make himself 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 s234ZA of the Companies Act 1985.

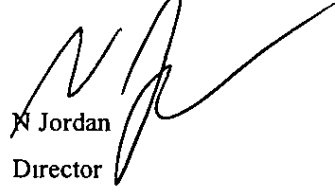
ANGLO COAL HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

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 17 July 1997

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

A handwritten signature in black ink, appearing to be 'N. Jordan', written over the printed name.

N Jordan

Director

25 October 2007

ANGLO COAL HOLDINGS 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). 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, 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO COAL HOLDINGS LIMITED

We have audited the financial statements of Anglo Coal Holdings Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 12. 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
ANGLO COAL HOLDINGS LIMITED (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 2006 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

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

25 October 2007

ANGLO COAL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2006

	Note	2006 US\$'000	2005 US\$'000
Other operating income		-	1
Administrative expenses		(2)	-
OPERATING (LOSS)/PROFIT	3	(2)	1
Interest payable	5	(15)	(15)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(17)	(14)
Tax credit on loss on ordinary activities	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(17)	(14)
Retained loss for the financial year		(17)	(14)

All amounts derive from continuing operations

There are no recognised gains and losses for the current and preceding financial year other than the losses shown above and, therefore, no separate statement of total recognised gains and losses has been presented

ANGLO COAL HOLDINGS LIMITED

BALANCE SHEET 31 December 2006

	Note	2006 US\$'000	2005 As restated US\$'000
CURRENT ASSETS			
Debtors	6	822,949	822,949
Cash at bank and in hand		22	36
		<u>822,971</u>	<u>822,985</u>
CREDITORS: amounts falling due within one year	7	<u>(329)</u>	<u>(26)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		822,642	822,959
CREDITORS: amounts falling due after one year	8	<u>-</u>	<u>(300)</u>
NET ASSETS		<u>822,642</u>	<u>822,659</u>
CAPITAL AND RESERVES			
Called up share capital	9	522,595	522,595
Share premium account	10	300,000	300,000
Profit and loss account	10	47	64
SHAREHOLDERS' FUNDS	10	<u>822,642</u>	<u>822,659</u>

The Company has restated the 2005 comparatives in the financial statements to reflect the directors' reconsideration of the accounting adopted for FRS25 in the prior year. There was no impact on retained loss for the current year or prior year as a result of this restatement.

These financial statements were approved by the Board of Directors on 25 October 2007.

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP) and in accordance with UK company law. The financial information has been prepared on a historical cost basis.

The principal accounting policies are consistent with those adopted in the prior year, other than for financial liabilities as set out below, and are described below.

Taxation

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flows

As the Company is a wholly owned subsidiary, the cash flows of the Company are included in the consolidated cash flow statement of its parent undertaking. Consequently the Company is exempt under the provisions of Financial Reporting Standard 1 (Revised) – “Cash flow statements”, from publishing a separate cash flow statement.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates of exchange prevailing at the balance sheet date.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in assets of the Company after deducting all of its liabilities.

Preference shares that are not redeemable or that are redeemable solely at the option of the issuer, are classified as equity. Where the terms of issuance require the issuer to redeem preference shares for a fixed or determinable amount at a fixed or determinable future date, or where the holder has the option of redemption, these shares are classified as liabilities and the dividends paid on these shares classified as a finance cost. When preference shares are non-redeemable, the appropriate classification is determined by the other rights that attach to them. When distributions to holders of the preference shares, whether cumulative or non-cumulative, are at the discretion of the issuer, the shares are equity instruments.

The directors have reconsidered the accounting for the Redeemable Cumulative Preference Shares adopted in the prior year as a result of the introduction of FRS 25 *Financial Instruments: Disclosure and Presentation*. As a result US\$300m has been reclassified between Creditors' amounts falling due after one year and Share premium account. This adjustment has increased net assets as at 31 December 2005 by US\$300m.

Reporting currency

As permitted by UK company law the company reports in US\$.

2. EMPLOYEES AND DIRECTORS

The Company has no employees (2005: none). The directors received no remuneration in respect of their services to the Company (2005: US\$nil).

ANGLO COAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is after charging/(crediting)

	2006 US\$'000	2005 US\$'000
Unrealised exchange gain/(loss)	2	(1)

The audit fee for 2006 of US\$2,000 (2005 US\$2,000) has been borne by Anglo American Services (UK) Ltd

4. TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of credit for year

	2006 US\$'000	2005 US\$'000
Current tax	-	-
Group relief	-	-
Tax credit on loss on ordinary activities	-	-

b) Factors affecting tax credit for the year

	2006 US\$'000	2005 US\$'000
Loss on ordinary activities before tax	(17)	(14)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	5	4
Effects of		
Element of preference share dividends reclassified as interest payable	(4)	(4)
Group relief for nil consideration	(1)	-
Current tax credit for the year	-	-

5. INTEREST PAYABLE

	2006 US\$'000	2005 US\$'000
Preference share dividends reclassified as interest payable	15	15

ANGLO COAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

6. DEBTORS

	2006 US\$'000	2005 US\$'000
Amounts owed by ultimate parent undertaking	782,411	782,411
Amounts owed by group undertakings	40,538	40,538
	<u>822,949</u>	<u>822,949</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 US\$'000	2005 US\$'000
Accruals	3	3
Preference dividend accrued	15	15
Amount owed to Anglo American Services (UK) Ltd	11	8
Amount owed to Anglo American plc	300	-
	<u>329</u>	<u>26</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

Preference Shares	2006 US\$'000	2005 As restated US\$'000
Authorised:		
300,000 5 per cent Redeemable Cumulative Preference shares of US\$1 each	<u>300</u>	<u>300</u>
	<u>300</u>	<u>300</u>
Called up, allotted and fully paid:		
300,000 5 per cent Redeemable Cumulative Preference shares of US\$1 each	<u>-</u>	<u>300</u>
	<u>-</u>	<u>300</u>

The rights attaching to the Redeemable Preference Shares confer the right to a dividend of 5 per cent per annum. On a winding up or other repayment of capital the holders would be entitled to have the assets of the Company available for distribution among members applied, in priority to any other class of shares, in paying to them pari passu the capital on such shares.

The 5 per cent Redeemable Preference Shares were redeemed in full on 10 January 2006.

The directors have reconsidered the accounting for the Redeemable Cumulative Preference Shares adopted in the prior year as a result of the introduction of FRS 25 *Financial Instruments: Disclosure and Presentation*. As a result US\$300m has been reclassified between Creditors' amounts falling due after one year and Share premium account. This adjustment has increased net assets as at 31 December 2005 by US\$300m.

ANGLO COAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

9. CALLED UP SHARE CAPITAL

	2006 US\$'000	2005 US\$'000
Authorised:		
450,000,000 ordinary shares of £1 each	740,829	740,829
	<u>740,829</u>	<u>740,829</u>
Called up, allotted and fully paid:		
317,438,531 ordinary shares of £1 each	522,595	522,595
	<u>522,595</u>	<u>522,595</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital US\$'000	Share premium account US\$'000	Profit and loss account US\$'000	Total US\$'000
At 1 January 2006 as previously stated	522,595	-	64	522,659
Prior year adjustment	-	300,000	-	300,000
At 1 January 2006 as restated	522,595	300,000	64	822,659
Retained loss for the year	-	-	(17)	(17)
At 31 December 2006	<u>522,595</u>	<u>300,000</u>	<u>47</u>	<u>822,642</u>

11. RELATED PARTY TRANSACTIONS

At 31 December 2006, as identified in note 12, 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.

12. ULTIMATE PARENT COMPANY

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