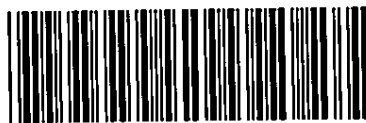


ANGLO AMERICAN PREFCO LIMITED

Report and Financial Statements

31 December 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

A W Hodges
N Jordan
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
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The Company is a holding company, with a non-equity interest in Anglo American Holdings Limited from which it receives preference dividends. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's profit and loss account on page 7, the Company's income from fixed asset investments has decreased to \$166m from \$319m in the prior year due to the decrease in the dividend received from a subsidiary. Profit after tax has similarly decreased from a profit of \$288m to a profit of \$133m.

The Balance sheet on page 8 of the financial statements shows that the Company's financial position at the year end is, in net asset terms, broadly consistent with the prior year.

Due to the nature of the Company's activities, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors considered the risks attached to the Company's financial instruments (including the element of preference shares treated as a liability), 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 director's 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.

RESULTS AND DIVIDENDS

The profit after taxation for the year was US\$132,982,000 (2006 US\$287,821,000)

The directors declared and paid dividends totalling US\$232,322,000 for the year (2006 US\$318,672,000) of which US\$30,839,000 (2006 US\$30,839,000) was reclassified as interest payable due to the presentation aspects of FRS 25 (Financial Instruments: Disclosure and Presentation).

EVENTS OCCURRING AFTER END OF YEAR

On 29 April 2008, the directors proposed dividends totalling US\$176,812,000 to the holder of the company's preference shares, ARH Limited SA, of US\$0.50 each.

DIRECTORS

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

N Jordan
P G Whitcutt
A W Hodges – appointed 4 January 2007
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

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 14 September 2000

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


A W Hodges
Secretary

2 July

2008

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 judgements 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.

ANGLO AMERICAN PREFCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN PREFCO LIMITED

We have audited the financial statements of Anglo American Prefco Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO
AMERICAN PREFCO 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 2007 and of its profit 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, UK

2 July

2008

ANGLO AMERICAN PREFCO LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2007

| | Note | 2007 US\$'000 | 2006 US\$'000 |
|---|------|------------------|------------------|
| Administrative expenses | | (12) | (12) |
| OPERATING LOSS | 3 | (12) | (12) |
| Income from fixed asset investments | | 165,502 | 318,672 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION | | 165,490 | 318,660 |
| Interest payable | 4 | (32,508) | (30,839) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 132,982 | 287,821 |
| Tax on profit on ordinary activities | 5 | - | - |
| RETAINED PROFIT FOR THE YEAR | | 132,982 | 287,821 |

All amounts derive from continuing operations

There are no recognised gains and losses other than stated in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

ANGLO AMERICAN PREFCO LIMITED

BALANCE SHEET

31 December 2007

| | Note | 2007 US\$'000 | 2006 US\$'000 |
|---|------|------------------|------------------|
| FIXED ASSETS | | | |
| Investments | 7 | 2,063,055 | 2,063,055 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 226,933 | 226,932 |
| CREDITORS: amounts falling due in less than one year | 9 | (183,465) | (114,963) |
| NET CURRENT ASSETS | | 43,468 | 111,969 |
| CREDITORS: amounts falling due after one year | | | |
| Financial liability component of preference shares | 11 | (524,477) | (524,477) |
| NET ASSETS | | 1,582,046 | 1,650,547 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 25,699 | 25,699 |
| Share premium account | 14 | 1,992,615 | 1,992,615 |
| Other reserves | 13 | (475,286) | (475,286) |
| Profit and loss account | 14 | 39,018 | 107,519 |
| SHAREHOLDERS' FUNDS | 14 | 1,582,046 | 1,650,547 |

These financial statements were approved by the Board of Directors on 2 July 2008
Signed on behalf of the Board of Directors


N Jordan
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

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 and are set out below.

Foreign currency

Foreign currency transactions during the period have been translated and included in the financial statements at the rates of exchange prevailing at the time those transactions were executed. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates of exchange prevailing at the balance sheet date.

Investments

Fixed asset investments are stated at cost, less provision for any impairment in value.

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 is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. 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.

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.

The Company's Preference Shares as compound financial instruments, have been split between debt and equity components and the portion of dividends relating to the debt component has been reclassified as interest.

Cash flow statement

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.

Reporting currency

As permitted by UK company law the company's results are reported in US dollars, the currency in which most of its business is conducted.

2. DIRECTORS AND EMPLOYEES

The Company has no employees (2006: none). The directors received no remuneration in respect of their services to the Company (2006: US\$nil).

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NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2007

3 OPERATING LOSS

Operating loss is stated after charging

| | 2007 US\$'000 | 2006 US\$'000 |
|--------------------------------|------------------|------------------|
| Exchange loss | 1 | 2 |
| Auditors' remuneration – audit | 11 | 10 |
| | <u>11</u> | <u>10</u> |

4 INTEREST PAYABLE

| | 2007 US\$'000 | 2006 US\$'000 |
|---|------------------|------------------|
| Interest payable | 1,669 | - |
| Preference share dividends reclassified as interest payable | 30,839 | 30,839 |
| | <u>32,508</u> | <u>30,839</u> |

5. TAXATION

a) Analysis of credit in period

| | 2007 US\$'000 | 2006 US\$'000 |
|---|------------------|------------------|
| Current tax: | | |
| UK corporation tax on profit for the year | - | - |
| Group relief | - | - |
| Tax (charge) / credit on profit on ordinary activities | <u>-</u> | <u>-</u> |

b) Factors affecting tax credit for year

The current tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below

| | 2007 US\$'000 | 2006 US\$'000 |
|--|------------------|------------------|
| Profit on ordinary activities before tax | <u>132,982</u> | <u>287,821</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%) | 39,895 | 86,346 |
| Effects of | | |
| Non-taxable UK dividend income | (49,650) | (95,602) |
| Interest on preference shares | 9,252 | 9,252 |
| Group relief for nil consideration | 503 | 4 |
| Current tax credit for year | <u>-</u> | <u>-</u> |

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2007

6. DIVIDENDS

| | 2007 US\$'000 | 2006 US\$'000 |
|----------------|------------------|------------------|
| Dividends paid | <u>201,483</u> | <u>287,833</u> |

7. FIXED ASSETS - INVESTMENTS

| | US\$'000 |
|--|------------------|
| Shares in Group undertakings | |
| Cost | |
| At 1 January 2007 and 31 December 2007 | <u>2,063,055</u> |
| Net book value | |
| At 1 January 2007 and 31 December 2007 | <u>2,063,055</u> |

As at 31 December 2006 and 2007 the Company held the entire issued preference share capital and ordinary B shares of Anglo American Holdings Limited, an intermediate holding company incorporated in Great Britain and registered in England and Wales

Group accounts are not presented as the Company is a wholly owned subsidiary undertaking of Anglo American plc, a company incorporated in Great Britain and registered in England and Wales. Accordingly, these accounts present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared because the Company is exempt under s228 Companies Act 1985.

8. DEBTORS

| | 2007 US\$'000 | 2006 US\$'000 |
|---------------------------------|------------------|------------------|
| Amount due from group companies | | |
| Anglo American plc | 57,568 | 57,567 |
| Anglo American Holdings Limited | <u>169,365</u> | <u>169,365</u> |
| | <u>226,933</u> | <u>226,932</u> |

9. CREDITORS: amounts falling due in less than one year

| | 2007 US\$'000 | 2006 US\$'000 |
|-----------------------------------|------------------|------------------|
| Amounts due to group undertakings | | |
| Anglo American plc | 94,740 | 94,740 |
| Other | <u>88,713</u> | <u>20,187</u> |
| Accruals and deferred income | 12 | 36 |
| | <u>183,465</u> | <u>114,963</u> |

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2007

10. PROVISION FOR DEFERRED TAX

| | 2007 | | 2006 | |
|---|----------------------|------------------------|----------------------|------------------------|
| | Provided US\$'000 | Unprovided US\$'000 | Provided US\$'000 | Unprovided US\$'000 |
| Tax losses carried forward | - | (44) | - | (50) |
| Undiscounted provision for deferred tax | - | (44) | - | (50) |

11. CREDITORS: amounts falling due after one year

| | 2007 US\$'000 | 2006 US\$'000 |
|--|------------------|------------------|
| Financial liability component of preference shares (51,398,751 preference shares) | 524,477 | 524,477 |

\$524.4 million of preference shares has been reallocated from equity to debt in accordance with the presentation requirements of FRS 25

The preference shares of US\$0.50 each entitle the holder to receive a cumulative preferential dividend on the paid up capital equal to the greater of US\$0.60 per preference share in issue or four times the aggregate dividends declared or paid on an Anglo American plc ordinary share. See note 12 for other rights relating to the preference shares.

12. CALLED UP SHARE CAPITAL

| | 2007 US\$ | 2006 US\$ |
|--|-------------------|-------------------|
| Authorised: | | |
| 100 ordinary shares of £1 each | 160 | 160 |
| 100,000,000 capital preference shares of US\$0.50 each | 50,000,000 | 50,000,000 |
| 100,000,000 preference shares of US\$0.50 each | 50,000,000 | 50,000,000 |
| Called up, allotted and fully paid: | | |
| 1 ordinary share of £1 | 2 | 2 |
| 51,398,751 capital preference shares of US\$0.50 each | 25,699,375 | 25,699,375 |
| | <u>25,699,377</u> | <u>25,699,377</u> |

The Company's issued share capital is 1 ordinary share of £1 and 51,398,751 capital preference shares and 51,398,751 preference shares. Preference shares have now been reclassified as a combination of debt and equity under FRS 25. The capital preference shares do not have any rights to dividends.

On a return of capital on winding up, holders of preference shares have the right, in priority to any payment to holders of any other class of shares, to the repayment of a sum equal to the nominal capital and any premium paid up or credited as paid up on the preference shares held by them and accruals (if any) of the preferential dividend, whether declared or not, accrued up to the date of winding up.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2007

12. CALLED UP SHARE CAPITAL (CONTINUED)

The holders of preference shares are not entitled to any further or other right of participation in the assets of the Company. In the event of winding up, capital preference shareholders will be, in priority to any payment to holders of any other class of shares (with the exception of preference shareholders), entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the capital preference shares held by them together with a premium of US\$38.65 per capital preference share held. Holders of capital preference shares are not entitled to any further participation or right of participation in the assets of the Company.

The holders of the preference shares and the capital preference shares have the right to vote at General Meetings of the Company only if a resolution is to be proposed modifying any rights of the holders of such shares or to wind-up the Company. In addition the preference shareholders are entitled to vote if and when the dividend on the preference shares is six months or more in arrears.

13. OTHER RESERVES

| | 2007 US\$'000 | 2006 US\$'000 |
|---|------------------|------------------|
| Equity component of preference shares (51,398,751 preference shares) | (475,286) | (475,286) |

The \$475.3 million negative equity component of preference shares is a result of applying the presentation requirements of FRS 25 (see Note 11).

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Called up share capital US\$'000 | Share premium account US\$'000 | Other Reserves US\$'000 | Profit and loss account US\$'000 | Total US\$'000 |
|------------------------------|---|---|-------------------------------|---|-------------------|
| At 1 January 2007 | 25,699 | 1,992,615 | (475,286) | 107,519 | 1,650,547 |
| Retained profit for the year | - | - | - | 132,982 | 132,982 |
| Dividend paid | - | - | - | (201,483) | (201,483) |
| At 31 December 2007 | 25,699 | 1,992,615 | (475,286) | 39,018 | 1,582,046 |

15. EVENTS OCCURRING AFTER END OF YEAR

On 29 April 2008, the directors proposed dividends totalling US\$176,812,000 to the holder of the company's preference shares, ARH Limited SA, of US\$0.50 each.

16. RELATED PARTY TRANSACTIONS

At 31 December 2007, as identified in note 17, 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.

17. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and controlling party 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. The financial statements of Anglo American plc may be obtained from the Company Secretary, Anglo American plc 20 Carlton House Terrace, London SW1Y 5AN.