

ANGLO AMERICAN PREFCO LIMITED

Report and Financial Statements

31 December 2010

WEDNESDAY



L4EB9XXH

LD4

28/09/2011

13

COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS	Page
Officers and professional advisors	1
Directors' report	2-3
Statement of directors' responsibilities	4
Independent auditors' report	5-6
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9-16

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

A W Hodges
N Jordan
D Smailes

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 LLP
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010. This directors' report has been prepared in accordance with the provisions relating to small companies.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The Company is a holding company, with interests in Anglo American Holdings Limited from which it receives ordinary and 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 derived US\$113,590,000 income from fixed asset investments in the current year (2009: nil). Profit after tax, as a result, has increased from a loss in 2009 of US\$30,843,000 (restated) to a profit in 2010 of \$82,752,000.

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 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.

RESULTS AND DIVIDENDS

The profit after taxation for the year was US\$82,752,000 (2009: restated loss of US\$30,843,000). The directors declared dividends on 27 May 2010 of US\$30,839,251 in respect of the year ended 31 December 2009. The directors also declared dividends of US\$51,398,751 in respect of the year ended 31 December 2010, of which US\$20,559,500 was classified as dividends paid and US\$30,839,251 as interest payable due to the presentation aspects of FRS 25 (Financial Instruments: Disclosure and Presentation).

EVENTS SUBSEQUENT TO BALANCE DATE

On 24 April 2011, the Company declared dividends of US\$51,398,751 to ARH Limited S.A. On 15 September 2011, the Company paid a dividend of USD\$57,566,601 to ARH Limited S.A.

DIRECTORS

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

A W Hodges
N Jordan
D Smailes

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The directors consider it reasonable to assume that the Company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the accounts (further details are provided in Note 1)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors at the date of approval of this report confirms that

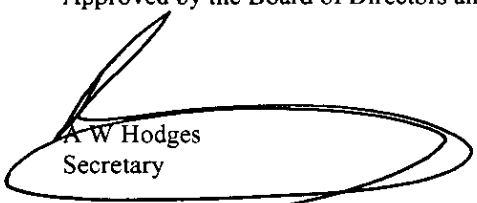
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's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

AUDITORS

In accordance with Section 485-488 of the Companies Act 2006, Deloitte LLP is deemed to remain in office as auditors under the terms of an Elective Resolution dated 14 April 2004

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



A W Hodges
Secretary

2011

27 SEP 2011

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 judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 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.

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 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully 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 and express an opinion on 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 Practices Board's Ethical Standards for Auditors.

Scope of the audit of the 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 on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

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

ANGLO AMERICAN PREFCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN PREFCO 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the director's report



Makhani Chahal (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

27 September 2011

ANGLO AMERICAN PREFCO LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Notes	2010 US\$'000	As restated 2009 US\$'000
Administrative income / (expenses)		1	(4)
OPERATING PROFIT / (LOSS)	3	1	(4)
Income from fixed asset investments	4	113,590	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		113,591	(4)
Interest payable	5	(30,839)	(30,839)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		82,752	(30,843)
Tax on profit / (loss) on ordinary activities	7	-	-
RETAINED PROFIT / (LOSS) FOR THE YEAR		82,752	(30,843)

All amounts derive from continuing operations

There are no recognised gains or 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

As a result of adjustments required to interest arising on the preference shares, an adjustment was made in 2010 which has required a restatement to the prior year balance sheet and profit and loss account. Note 6 of these financial statements provides a summary of the impact of these adjustments.

ANGLO AMERICAN PREFCO LIMITED

BALANCE SHEET

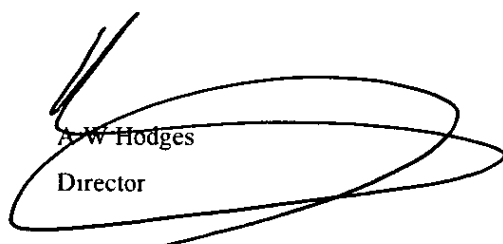
31 December 2010

	Notes	2010 US\$'000	As restated 2009 US\$'000
FIXED ASSETS			
Investments	9	2,063,055	2,063,055
CURRENT ASSETS			
Amounts due from group undertakings		169,366	169,366
CREDITORS: amounts falling due in less than one year	10	(126,316)	(188,509)
NET CURRENT ASSETS/(LIABILITIES)		43,050	(19,143)
CREDITORS amounts falling due after one year			
Financial liability component of preference shares	12	(524,477)	(524,477)
NET ASSETS		1,581,628	1,519,435
CAPITAL AND RESERVES			
Called up share capital	13	25,699	25,699
Share premium account	15	1,992,615	1,992,615
Other reserves	14	(475,286)	(475,286)
Profit and loss account	15	38,600	(23,593)
SHAREHOLDERS' FUNDS	15	1,581,628	1,519,435

These financial statements of the Company with registration number 03734783, were approved by the Board of Directors on 27 SEP 2011

27 SEP 2011

Signed on behalf of the Board of Directors


A. W. Hodges
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

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.

Going concern

The Company's ability as a going concern is assessed in conjunction with Anglo American Plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs.

The directors of the Company feel that after appropriate consultation with the directors of Anglo American plc, the Company will have sufficient funds, taking account of possible changes in trading performance and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

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, when declared and paid, relating to the debt component are reclassified as interest.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2010

1. ACCOUNTING POLICIES (Continued)

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 (2009: none). The directors received no remuneration in respect of their services to the Company (2009: nil).

3. OPERATING PROFIT / (LOSS)

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

	2010 US\$'000	2009 US\$'000
Exchange gain / (loss)	1	(4)
Auditors' remuneration – audit	-	-
	<u> </u>	<u> </u>

The audit fee payable to the Company's auditor for the audit of the Company's annual accounts, of US\$10,000 (2009: US\$10,000), has been borne by Anglo American Services (UK) Ltd in the current year.

4. INCOME FROM FIXED ASSET INVESTMENT

	2010 US\$'000	2009 US\$'000
Income from AA Holdings Ordinary B shares	30,838	-
Income from AA Holdings Preference shares	82,752	-
	<u> </u>	<u> </u>
	113,590	-
	<u> </u>	<u> </u>

On 5 November 2009, Anglo American Prefco Limited agreed to waive its right to receive a dividend in the 2009 financial year.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2010

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	As restated
	US\$'000	2009
	US\$'000	US\$'000
Preference share dividends payable to Group Companies	30,839	30,839

6 RESTATEMENT OF INTEREST PAYABLE ON PREFERENCE SHARES

An adjustment relating to the interest payable on preference shares identified in 2010 has required a restatement to the prior year balance sheet and profit and loss account. This restatement represented a decrease to the opening balance of the 2010 profit and loss account reserves of \$30,839,000.

An interest expense has been recognised with respect to the preference shares in the 2009 income statement of \$30,839,000, with a corresponding increase in creditors (amounts due to group undertakings). This expense reflects the terms of the underlying preference shares. This adjustment has resulted in a debit of \$30,839,000 to the 2010 opening profit and loss account reserves, reflecting the revised interest payable.

	Amounts due to group undertakings \$000	Interest payable \$000	Profit and loss account reserves \$000
Balances prior to interest adjustment	(157,670)	-	7,246
Adjustment relating to interest expense for the year ended 31 December 2009	(30,839)	(30,839)	(30,839)
Restated balances for year ended 31 December 2009	(188,509)	(30,839)	(23,593)

ANGLO AMERICAN PREFCO LIMITED

7 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of credit in period

	2010 US\$'000	2009 US\$'000
Current tax:		
UK corporation tax on profit / (loss) for the year	-	-
Group relief	-	-
Tax on profit on ordinary activities	-	-

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

	2010 US\$'000	As restated 2009 US\$'000
Profit / (loss) on ordinary activities before tax	82,752	(30,843)
Tax payable on profit / credit on (loss) on ordinary activities calculated at standard rate of corporation tax in the UK of 28% (2009 28%)	23,171	(8,636)
Effects of		
Non-taxable UK dividend income	(31,806)	-
Interest on preference shares	8,635	8,635
Group relief for nil consideration	-	1
Current tax credit for year	-	-

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No2) Act 2010 included legislation to reduce the main stream rate of corporation tax from 28% to 27% from 1 April 2011.

Additional changes were announced in the March 2011 Budget Statement to further reduce the main stream rate of corporation tax to 26% from 1 April 2011 and thereafter by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2010

8. DIVIDENDS

	2010	2009
	US\$'000	US\$'000
Dividends payable	<u>20,559</u>	<u>-</u>

9 FIXED ASSETS - INVESTMENTS

	US\$'000
Shares in Group undertakings	
Cost	
At 1 January 2010 and 31 December 2010	<u>2,063,055</u>
Net book value	
At 1 January 2010 and 31 December 2010	<u>2,063,055</u>

As at 31 December 2009 and 2008 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 Companies Act 2006.

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

	2010	As restated 2009
	US\$'000	US\$'000
Amounts due to group undertakings	<u>126,316</u>	<u>188,509</u>

11. PROVISION FOR DEFERRED TAX

	2010		2009	
	Provided US\$'000	Unprovided US\$'000	Provided US\$'000	Unprovided US\$'000
Tax losses carried forward	<u>-</u>	<u>(44)</u>	<u>-</u>	<u>(44)</u>
Undiscounted provision for deferred tax	<u>-</u>	<u>(44)</u>	<u>-</u>	<u>(44)</u>

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2010

12. CREDITORS. amounts falling due after one year

	2010 US\$'000	2009 US\$'000
Authorised:		
100,000,000 preference shares of US\$0 50 each	50,000,000	50,000,000
Called up, allotted and fully paid		
Financial liability component of preference shares (51,398,751 preference shares)	524,477	524,477

\$524,477,000 (2009 \$524,477,000) 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 13 for other rights relating to the preference shares

13. CALLED UP SHARE CAPITAL

	2010 US\$	2009 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
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
	25,699,377	25,699,377

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 (refer to notes 12 and 14 respectively). 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.

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.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2010

13 CALLED UP SHARE CAPITAL (Continued)

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.

14. OTHER RESERVES

	2010 US\$'000	2009 US\$'000
Equity component of preference shares (51,398,751 preference shares)	(475,286)	(475,286)

The \$475,286,000 (2009 \$475,286,000) negative equity component of preference shares is a result of applying the presentation requirements of FRS 25 (see Notes 12 and 13).

15. 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 2009	25,699	1,992,615	(475,286)	7,250	1,550,278
Loss for the year (as restated)	-	-	-	(30,843)	(30,843)
At 31 December 2009 (as restated)	25,699	1,992,615	(475,286)	(23,593)	1,519,435
At 1 January 2010 (as restated)	25,699	1,992,615	(475,286)	(23,593)	1,519,435
Profit for the year	-	-	-	82,752	82,752
Dividends paid	-	-	-	(20,559)	(20,559)
At 31 December 2010	25,699	1,992,615	(475,286)	38,600	1,581,628

Please refer to note 6 for detail surrounding the restatement of the loss for the 2009 year and the brought forward profit and loss account reserves for 2010 as a result of an adjustment for interest payable on the preference shares in 2009.

16. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 24 April 2011, the Company paid a dividend of US\$51,398,751 to ARH Limited S A.

On 15 September 2011, the Company paid a dividend of USD\$57,566,601 to ARH Limited S A.

17 RELATED PARTY TRANSACTIONS

At 31 December 2010, as identified in note 18, 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.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 December 2010

18. 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.