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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PLC

## Opinion on financial statements of Anglo American plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the accounting policies, the related notes 1 to 40 and the balance sheet of the Parent Company and related information. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

## Going concern

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 39 to the financial statements and the directors' statement on the longer-term viability of the Group contained within the strategic report on page 40.

## Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

The Audit Committee has requested that while not required under International Standards on Auditing (UK and Ireland), we include in our report any significant key observations in respect of these assessed risks of material misstatement.

Risk	How the scope of our audit responded to the risk	Findings
<b>Impairments (notes 1 and 6)</b> As a consequence of the current volatility in current commodity prices and foreign exchange rates, the assessment of the recoverable amount of operating assets and development projects in particular is a key judgement.  This includes specifically the platinum operations (where a post-tax impairment of \$0.6 billion has been recorded), the coal operations (where a post-tax impairment of \$1.0 billion has been recorded), the Sishen mine (where a post-tax impairment of \$0.4 billion has been recorded) and at the Minas-Rio project within the Iron Ore Brazil business unit (where a post-tax impairment of \$2.9 billion has been recorded).	<p>We challenged management's assessment as to whether indicators of impairment exist for specific assets specifically in relation to the platinum, coal and Sishen Mine operations and the Minas-Rio project. On the basis that such indicators were identified we obtained copies of the valuation models used to determine the value in use or fair value less costs of disposal of the relevant asset.</p> <p>We challenged the assumptions made by management in relation to these models, including the discount rate used, the short-term and long-term commodity prices, capital expenditure and operating cost forecasts and the expected production profiles, by comparison to recent analyst forecast commodity price data, reference to third party documentation where available, utilisation of Deloitte valuation specialists, review of Ore Reserves and Mineral Resources reports, consultation with operational management and consideration of sensitivity analyses.</p> <p>We assessed whether the assumptions had been determined and applied on a consistent basis across the Group.</p>	<p>We concluded that the assumptions had been determined and applied on a consistent basis across the Group and no additional impairments were identified from the work performed.</p> <p>We found that the impairments recorded at the platinum, coal and Sishen mine operations and the Minas-Rio project were primarily due to reduced commodity prices, but this effect was partially offset by forecast exchange rate movements and targeted reductions in forecast operating costs.</p>

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 40 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 41 to 45 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 39 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the director's explanation on page 40 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

## Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Risk	How the scope of our audit responded to the risk	Findings
<p><b>Taxation (notes 1, 8 and 21)</b></p> <p>The assessment of the Group's taxation exposures in all jurisdictions is a key area of judgement particularly with respect to transfer pricing arrangements and the appropriateness of the recognition of tax provisions and deferred taxation assets.</p>	<p>We reviewed all potential taxation exposures within the Group and, through discussions with the Group's taxation department, the tax specialists within the audit team and review of relevant documentation, we assessed the appropriateness of the provisions raised.</p> <p>We considered, in the context of our tax specialists' prior experience of similar issues and the legal advice received by the Group, the Group's transfer pricing arrangements to confirm that they are reasonable and the Group's deferred taxation assets and liabilities to confirm they are appropriate.</p>	<p>We are satisfied that the provisions raised in respect of the Group's potential taxation exposures are appropriate.</p>
<p><b>Corporate asset transactions (notes 29 and 30)</b></p> <p>In light of announced developments in the strategy of the Group it is anticipated that the volume and materiality of asset disposals will continue to increase in significance.</p> <p>The appropriate accounting treatment of corporate asset disposals which have either completed during the year or which are on-going at 31 December 2015 is a key area of judgment specifically in respect of assessing the point at which control is transferred from the seller to the buyer and the calculation of any profit or loss on disposal.</p> <p>In 2015 this includes specifically the sale of Anglo American Norte (pre-tax loss on disposal of \$287 million) and the Tarmac businesses (pre-tax loss on disposal of \$172 million) which completed in 2015, as well as the status of the announced sale of Rustenburg.</p>	<p>For the sales of Anglo American Norte and the Tarmac businesses completed in the year, we reviewed the sales and purchase agreements to confirm that control had passed to the buyer prior to 31 December 2015 and to recalculate any profit or loss on disposal.</p> <p>For those asset sales where agreements had been signed, for example at Rustenburg, but not completed or where the sales process was ongoing, we considered whether the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' had been met and in particular whether the sale could be considered as highly probable to complete within the next twelve months.</p> <p>Our work included particular focus on whether the conditions precedent for a sale to complete included conditions outside of management's control such as government approvals.</p>	<p>We are satisfied that the asset disposals that completed in 2015 have been accounted for correctly, with appropriate disclosures properly made.</p> <p>For all other planned asset sales we are satisfied that only where the criteria have been met have the disposals been accounted for, and disclosed as, held for sale in accordance with IFRS 5.</p>
<p><b>Special items and remeasurements (note 6)</b></p> <p>The assessment of the appropriateness of items disclosed within 'special items and remeasurements' is a key judgement because of their impact upon the underlying financial performance achieved by the Group.</p>	<p>In the context of our review of the overall income statement we considered and challenged each item disclosed within 'special items and remeasurements' as defined in note 6 to the financial statements.</p> <p>We determined whether such categorisation is appropriate and consistent with the Group's stated policy and past practice for recognition of such items, and whether, taken as a whole, the income statement is fair and balanced in its presentation.</p>	<p>We are satisfied that all items included within 'special items and remeasurements' display no indication of management bias in the categorisation and that where relevant the categorisation was consistent with prior practice.</p> <p>We consider that the related disclosures are also appropriate.</p>

The only change to the assessed risks of material misstatement that we report in 2015 has been the addition of 'corporate asset transactions'. This risk has been included in our audit report for 2015 as a consequence of the increased scale of ongoing and planned divestment activity across the group consequent to developments in the group's strategy in 2015.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 40.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

### Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined planning materiality for the Group to be \$200 million (2014: \$225 million), which is below 5% (2014: 5%) of the normalised three year pre-tax profit before special items and remeasurements, and below 1% (2014: 1%) of equity.

The use of a normalised three year average pre-tax profit is a change to our approach last year, when materiality was based on the normalised 2014 pre-tax profit only. This change of approach was determined to be appropriate given the current volatility in commodity prices and their impact on current year performance and the cyclical nature of the mining industry. Consistent with the prior year, normalised pre-tax profit excludes special items (including impairments), remeasurements and other one off items that are audited separately and would, if included, significantly distort the materiality calculation year on year.

We agreed with the Audit Committee that we would report to the Committee all known audit differences in excess of \$10 million (2014: \$10 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure judgements in the financial statement that we identified when assessing the overall presentation of the financial statements.

### An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement.

All business units were subject to a full scope audit with the exception of Manganese where specific audit procedures were performed. The work performed by the component audit teams at each business unit is guided by the Group audit team and is executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from \$80 million to \$110 million.

The Senior Statutory Auditor and/or a senior member of the Group audit team visits the principal location of each significant business unit at least once every year and key operational assets on a rotating basis.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

#### Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

#### Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

#### Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

#### Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

#### 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). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

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### **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 Group's and the parent 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Kari Hale (Senior statutory auditor)**

for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
15 February 2016

**CONSOLIDATED INCOME STATEMENT**

for the year ended 31 December 2015

US\$ million	Note	2015			2014		
		Before special items and remeasurements	Special items and remeasurements (note 6)	Total	Before special items and remeasurements	Special items and remeasurements (note 6)	Total
<b>Group revenue</b>	3	20,455	–	20,455	27,073	–	27,073
<b>Operating costs</b>		(18,417)	(6,150)	(24,567)	(22,560)	(4,375)	(26,935)
<b>Operating (loss)/profit</b>	3, 4	2,038	(6,150)	(4,112)	4,513	(4,375)	138
Non-operating special items	6	–	(1,278)	(1,278)	–	(385)	(385)
Share of net (loss)/income from associates and joint ventures	3, 13	48	(269)	(221)	254	(46)	208
<b>Loss before net finance income/(costs) and tax</b>		2,086	(7,697)	(5,611)	4,767	(4,806)	(39)
Investment income		172	–	172	242	–	242
Interest expense		(489)	(54)	(543)	(497)	(65)	(562)
Other financing gains		(141)	669	528	(1)	101	100
<b>Net finance income/(costs)</b>	7	(458)	615	157	(256)	36	(220)
<b>Loss before tax</b>		1,628	(7,082)	(5,454)	4,511	(4,770)	(259)
Income tax expense	8	(435)	47	(388)	(1,267)	2	(1,265)
<b>Loss for the financial year</b>		1,193	(7,035)	(5,842)	3,244	(4,768)	(1,524)
<b>Attributable to:</b>							
Non-controlling interests	31	366	(584)	(218)	1,027	(38)	989
<b>Equity shareholders of the Company</b>		827	(6,451)	(5,624)	2,217	(4,730)	(2,513)
<b>Loss per share (US\$)</b>							
Basic	9	0.64	(5.00)	(4.36)	1.73	(3.69)	(1.96)
Diluted	9	0.64	(5.00)	(4.36)	1.72	(3.68)	(1.96)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2015

US\$ million	2015	2014
<b>Loss for the financial year</b>	(5,842)	(1,524)
<b>Items that will not be reclassified to the income statement (net of tax)<sup>(1)</sup></b>		
Remeasurement of net retirement benefit obligation	260	(6)
Share of associates' and joint ventures' other comprehensive income	–	1
<b>Net items that will not be reclassified to the income statement</b>	260	(5)
<b>Items that have been or may subsequently be reclassified to the income statement (net of tax)<sup>(1)</sup></b>		
Net exchange differences:		
Net loss (including associates and joint ventures)	(4,185)	(1,943)
Cumulative loss transferred to the income statement on disposal of foreign operations	101	5
Revaluation of available for sale investments:		
Net revaluation loss	(203)	(124)
Impairment losses transferred to the income statement	52	3
Revaluation of cash flow hedges:		
Net gain/(loss)	9	(7)
<b>Net items that have been or may subsequently be reclassified to the income statement</b>	(4,226)	(2,066)
<b>Total comprehensive expense for the financial year</b>	(9,808)	(3,595)
<b>Attributable to:</b>		
Non-controlling interests	(877)	736
<b>Equity shareholders of the Company</b>	(8,931)	(4,331)

<sup>(1)</sup> Tax amounts are shown in note 8c.

**CONSOLIDATED BALANCE SHEET**

as at 31 December 2015

US\$ million	Note	2015	2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	3,394	3,912
Property, plant and equipment	12	29,621	38,475
Environmental rehabilitation trusts	20	290	358
Investments in associates and joint ventures	13	1,817	4,376
Financial asset investments	14	846	1,266
Trade and other receivables	16	539	745
Deferred tax assets	21	914	1,351
Derivative financial assets	19	460	986
Other non-current assets		335	233
<b>Total non-current assets</b>		<b>38,216</b>	51,702
<b>Current assets</b>			
Inventories	15	4,051	4,720
Trade and other receivables	16	1,983	2,568
Current tax assets		152	125
Derivative financial assets	19	689	147
Cash and cash equivalents	23a	6,895	6,748
<b>Total current assets</b>		<b>13,770</b>	14,308
Assets classified as held for sale	29	27	–
<b>Total assets</b>		<b>52,013</b>	66,010
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	(2,753)	(3,515)
Short term borrowings	23a, 24	(1,649)	(1,618)
Provisions for liabilities and charges	20	(620)	(680)
Current tax liabilities		(340)	(375)
Derivative financial liabilities	19	(477)	(539)
<b>Total current liabilities</b>		<b>(5,839)</b>	(6,727)
<b>Non-current liabilities</b>			
Trade and other payables	17	(26)	(25)
Medium and long term borrowings	23a, 24	(16,318)	(16,917)
Retirement benefit obligations	27	(667)	(1,073)
Deferred tax liabilities	21	(3,253)	(4,498)
Derivative financial liabilities	19	(1,986)	(1,785)
Provisions for liabilities and charges	20	(2,565)	(2,808)
<b>Total non-current liabilities</b>		<b>(24,815)</b>	(27,106)
Liabilities directly associated with assets classified as held for sale	29	(17)	–
<b>Total liabilities</b>		<b>(30,671)</b>	(33,833)
<b>Net assets</b>		<b>21,342</b>	32,177
<b>EQUITY</b>			
Called-up share capital	32	772	772
Share premium account		4,358	4,358
Own shares		(6,051)	(6,359)
Other reserves		(10,811)	(7,205)
Retained earnings		28,301	34,851
<b>Equity attributable to equity shareholders of the Company</b>		<b>16,569</b>	26,417
Non-controlling interests	31	4,773	5,760
<b>Total equity</b>		<b>21,342</b>	32,177

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 15 February 2016 and signed on its behalf by:

**Mark Cutifani**  
Chief Executive

**René Médori**  
Finance Director

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 December 2015

US\$ million	Note	2015	2014
<b>Cash flows from operating activities</b>			
Loss before tax		(5,454)	(259)
Net finance (income)/costs including financing special items and remeasurements		(157)	220
Share of net loss/(income) from associates and joint ventures		221	(208)
Non-operating special items	6	1,278	385
<b>Operating (loss)/profit</b>	4	<b>(4,112)</b>	138
Operating special items and remeasurements	6	6,150	4,375
Cash element of operating and non-operating special items		(118)	(100)
Depreciation and amortisation	3	2,381	2,591
Share-based payment charges		151	170
Decrease in provisions		(239)	(200)
Increase in inventories		(84)	(129)
Decrease in operating receivables		187	576
Decrease in operating payables		(78)	(438)
Other adjustments		2	(34)
<b>Cash flows from operations</b>		<b>4,240</b>	6,949
Dividends from associates and joint ventures	13	324	435
Dividends from financial asset investments		9	25
Income tax paid		(596)	(1,298)
<b>Net cash inflows from operating activities</b>		<b>3,977</b>	6,111
<b>Cash flows from investing activities</b>			
Expenditure on property, plant and equipment	22	(4,053)	(5,974)
Cash flows from derivatives related to capital expenditure	22	(200)	(157)
Proceeds from disposal of property, plant and equipment	22	30	71
Investments in associates and joint ventures	13	(80)	(81)
Purchase of financial asset investments	14	(1)	(12)
Net loans advanced	14	(216)	(80)
Interest received and other investment income		101	157
Net proceeds from disposal of subsidiaries and joint ventures	30	1,745	44
Repayments of capitalised loans by associates	13	67	-
Other investing activities		(7)	(93)
<b>Net cash used in investing activities</b>		<b>(2,614)</b>	(6,125)
<b>Cash flows from financing activities</b>			
Interest paid		(810)	(833)
Cash flows from derivatives related to financing activities	23b	(170)	203
Dividends paid to Company shareholders	10	(1,078)	(1,099)
Dividends paid to non-controlling interests		(242)	(823)
Proceeds from issuance of bonds	24	2,159	3,165
Proceeds from other borrowings		1,160	1,419
Repayment of borrowings		(1,987)	(2,801)
Issue of shares to non-controlling interests	22	46	42
Proceeds from sale of shares under employee share schemes		11	14
Purchase of shares by subsidiaries for employee share schemes <sup>(1)</sup>		(42)	(111)
Other financing activities		6	(3)
<b>Net cash used in financing activities</b>		<b>(947)</b>	(827)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>416</b>	(841)
<b>Cash and cash equivalents at start of year</b>	23b	<b>6,747</b>	7,702
Cash movements in the year		416	(841)
Effects of changes in foreign exchange rates		(274)	(114)
<b>Cash and cash equivalents at end of year</b>	23b	<b>6,889</b>	6,747

<sup>(1)</sup> Includes purchase of Anglo American Platinum Limited shares (2014: Kumba Iron Ore Limited and Anglo American Platinum Limited) for their respective employee share schemes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2015

US\$ million	Total share capital <sup>(1)</sup>	Own shares <sup>(2)</sup>	Retained earnings	Cumulative translation adjustment reserve	Fair value and other reserves (note 32)	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
At 1 January 2014	5,130	(6,463)	38,376	(6,640)	1,268	31,671	5,693	37,364
Total comprehensive expense	-	-	(2,506)	(1,703)	(122)	(4,331)	736	(3,595)
Dividends payable	-	-	(1,099)	-	-	(1,099)	(749)	(1,848)
Issue of shares to non-controlling interests	-	-	-	-	-	-	42	42
Equity settled share-based payment schemes	-	104	31	-	(8)	127	29	156
Other	-	-	49	-	-	49	9	58
<b>At 31 December 2014</b>	<b>5,130</b>	<b>(6,359)</b>	<b>34,851</b>	<b>(8,343)</b>	<b>1,138</b>	<b>26,417</b>	<b>5,760</b>	<b>32,177</b>
Total comprehensive expense	-	-	(5,383)	(3,404)	(144)	(8,931)	(877)	(9,808)
Dividends payable	-	-	(1,078)	-	-	(1,078)	(189)	(1,267)
Issue of shares to non-controlling interests	-	-	-	-	-	-	46	46
Equity settled share-based payment schemes	-	308	(112)	-	(41)	155	33	188
Other	-	-	23	-	(17)	6	-	6
<b>At 31 December 2015</b>	<b>5,130</b>	<b>(6,051)</b>	<b>28,301</b>	<b>(11,747)</b>	<b>936</b>	<b>16,569</b>	<b>4,773</b>	<b>21,342</b>

<sup>(1)</sup> Includes share capital and share premium.<sup>(2)</sup> Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts.**Dividends**

	Note	2015	2014
Proposed ordinary dividend per share (US cents)	10	-	53
Proposed ordinary dividend (US\$ million)	10	-	678
Ordinary dividends payable during the year per share (US cents)	10	85	85
Ordinary dividends payable during the year (US\$ million)	10	1,078	1,099

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to impairment of assets, taxation, retirement benefits, contingent liabilities, joint arrangements, estimation of Ore Reserves, assessment of fair value, restoration, rehabilitation and environmental costs and deferred stripping. The use of inaccurate assumptions in assessments made for any of these judgements and estimates could result in a significant impact on financial results.

#### Critical accounting judgements

##### Impairment of assets

Mining operations are large, scarce assets requiring significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset and key sources of estimation uncertainty include ore reserve estimates and cash flow projections.

In performing impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. There is judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined above.

In addition, in making assessments for impairment, management necessarily applies its judgement in allocating assets, including goodwill, that do not generate independent cash flows to appropriate cash generating units (CGUs).

Subsequent changes to the CGU allocation, to the timing of cash flows or to the assumptions used to determine the cash flows could impact the carrying value of the respective assets.

##### Taxation

The Group's tax affairs are governed by complex domestic tax legislations interlaced with the override of international tax treaties between countries and the interpretation of both by tax authorities and courts. Given the many uncertainties that could arise from these factors, judgement is often required in determining the tax that is due. Where management is aware of potential uncertainties that are more likely than not to result in a liability for additional tax, a provision is made for management's best estimate of the liability, determined with reference to similar transactions and, in some cases, reports from independent experts.

In addition, the recognition and measurement of deferred tax requires the application of judgement in assessing the amount, timing and probability of future taxable profits and repatriation of retained earnings. These factors affect the determination of the appropriate rates of tax to apply and the recoverability of deferred tax assets. These judgements are influenced, *inter alia*, by factors such as estimates of future production, commodity lines, operating costs, future capital expenditure, and dividend policies.

##### Contingent liabilities

On an ongoing basis the Group is a party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty.

A provision is recognised where, based on the Group's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. Disclosure of contingent liabilities is made in note 34 unless the possibility of a loss arising is considered remote. Management applies its judgement in determining whether or not a provision or contingent liability should be recorded.

##### Joint arrangements

Joint arrangements are classified as joint operations or joint ventures according to the rights and obligations of the parties, as described in note 39k. Judgement is required in determining this classification through an evaluation of the facts and circumstances arising from each individual arrangement. When a joint arrangement has been structured through a separate vehicle, consideration has been given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties and, the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangement have rights to the assets and obligations for the liabilities. Certain joint arrangements that are structured through separate vehicles including Collahuasi, Debswana and Namdeb are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

#### Key sources of estimation uncertainty

##### Ore Reserves

When determining Ore Reserves, which may be used to calculate useful economic lives of assets and depreciation on the Group's mining properties, assumptions that were valid at the time of estimation may change when new information becomes available. In addition, the calculation of the unit of production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production.

Any changes in estimate could affect prospective depreciation rates and asset carrying values and, as a result, the determination of Ore Reserves is considered a key source of estimation uncertainty.

Factors which could impact useful economic lives of assets and Ore Reserve estimates include:

- the grade of Ore Reserves varying significantly from time to time
- differences between actual commodity prices and commodity price assumptions used in the estimation of Ore Reserves
- renewal of mining licences
- unforeseen operational issues at mine sites
- adverse changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates used to determine Ore Reserves.

For further information refer to the unaudited Ore Reserves and Mineral Resources Report 2015.

##### Assessment of fair value

The assessment of fair value is principally used in accounting for business combinations, impairment testing and the valuation of certain financial assets and liabilities.

The fair value of an asset or liability is the price that would be received to sell the asset, or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined based on observable market data including market share price at 31 December of the respective entity, discounted cash flow models (and other valuation techniques), where relevant signed sales agreements and assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 *Fair Value Measurement*, as they depend to a significant extent on unobservable valuation inputs.

The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results.

## 1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *continued*

### **Fair value of financial instruments**

Certain of the Group's financial instruments, principally derivatives, are required to be measured on the balance sheet at fair value. Where a quoted market price for an identical instrument is not available, a valuation model is used to calculate the fair value based on the net present value of the expected cash flows under the contract. Valuation assumptions are usually based on observable market data (for example forward foreign exchange rate, interest rate or commodity price curves) where available.

The valuations of financial instruments are adjusted for the risk that contractual cash flows will not be paid because of the risk of default by one of the parties. A credit valuation adjustment (CVA) is applied to the valuation of financial assets, reflecting the possibility of default by the counterparty. A debit valuation adjustment (DVA) is applied to the valuation of financial liabilities, reflecting the possibility that the Group may default on its obligations. These adjustments are calculated based on the expected net positive or negative exposure to the counterparty, and with reference to the counterparty's and the Group's credit default swap spread at the balance sheet date.

### **Cash flow projections**

Expected future cash flows used in discounted cash flow models are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Mineral Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

Cash flow projections are based on financial budgets and Life of Mine Plans or, for non-mine assets, an equivalent appropriate long term forecasts, incorporating key assumptions as detailed below:

- **Ore Reserves and Mineral Resources**  
Ore Reserves and, where considered appropriate, Mineral Resources are incorporated in projected cash flows, based on Ore Reserves and Mineral Resource statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to Ore Reserves.
- **Commodity and product prices**  
Commodity and product prices are based on latest internal forecasts, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.
- **Foreign exchange rates**  
Foreign exchange rates are based on latest internal forecasts, benchmarked with external sources of information for relevant countries of operation. Foreign exchange rates are kept constant (on a real basis) from 2020 onwards.
- **Discount rates**  
Cash flow projections used in fair value less costs of disposal impairment models are discounted based on a real post-tax discount rate, assessed annually, of 6.5% (2014: 6.5%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows, including the risk profile of the individual asset and country risk.

- **Operating costs, capital expenditure and other operating factors**  
Operating costs and capital expenditure are based on financial budgets covering a five year period. Cash flow projections beyond five years are based on Life of Mine Plans or non-mine production plans, as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith. Underlying input cost assumptions are consistent with related output price assumptions. Other operating factors, such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date.

Where an asset has potential for future development through capital investment, to which a market participant would attribute value, and the costs and economic benefits can be estimated reliably, this development is included in the cash flows (with appropriate risk adjustments).

### **Restoration, rehabilitation and environmental costs**

Costs for restoration of site damage, rehabilitation and environmental costs are estimated using either the work of external consultants or internal experts. The amount recognised as a provision represents management's best estimate of the consideration required to complete the restoration and rehabilitation activity, the application of the relevant regulatory framework and timing of expenditure. These estimates are inherently uncertain and could materially change over time. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the amount provided could be impacted.

### **Retirement benefits**

The expected costs of providing pensions and post employment benefits under defined benefit arrangements relating to employee service during the period are determined based on financial and actuarial assumptions.

Assumptions in respect of the expected costs are set after consultation with qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would affect the amounts recognised in the financial statements.

### **Deferred stripping**

In certain mining operations, rock or soil overlying a mineral deposit, known as overburden, and other waste materials must be removed to access ore from which minerals can be extracted economically. The process of removing overburden and other mine waste materials is referred to as stripping. The Group defers stripping costs onto the balance sheet where they are considered to improve access to ore in future periods. Where the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's design and Life of Mine Plan and therefore changes to the design or Life of Mine Plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the Life of Mine Plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

### **Changes in estimates**

Due to the nature of Platinum in-process inventories being contained in weirs, pipes and other vessels, physical counts only take place annually, except in the Precious Metal Refinery which take place once every five years (the latest being in 2015). Consequently, the Platinum business runs a theoretical metal inventory system based on inputs, the results of previous physical counts and outputs. Once the results of the physical count are finalised, the variance between the theoretical count and actual count is investigated and recorded as a change in estimate. During 2015, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by \$181 million (2014: decrease of \$11 million), resulting in the recognition of a post tax gain of \$130 million (2014: loss of \$8 million).

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2014, except for changes arising from the adoption of the following new accounting pronouncements which became effective in the current reporting period:

- Amendments to IAS 19 *Employee Benefits: Defined Benefit Plans – Employee Contributions*.
- *Annual Improvements to IFRSs 2010-2012 cycle*.
- *Annual Improvements to IFRSs 2011-2013 cycle*.

The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group.

The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

### New IFRS accounting standards, amendments and interpretations not yet adopted

The following new IFRS accounting standards in issue but not yet effective are expected to have a significant impact on the Group:

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 *Revenue* and IAS 11 *Construction Contracts* and establishes a unified framework for determining the timing, measurement and recognition of revenue. The principle of the new standard is to recognise revenue as performance obligations are met rather than based on the transfer of risks and rewards.

The effective date of the standard has been deferred to 1 January 2018 to allow companies more time to deal with transitional issues of application.

The Group is currently reviewing the potential impact of adopting IFRS 15 with the primary focus being understanding those sales contracts where the timing and amount of revenue recognised could differ under IFRS 15, which may occur for example if contracts with customers incorporate performance obligations not currently recognised separately, or where such contracts incorporate variable consideration. As the Group's revenue is predominantly derived from arrangements in which the transfer of risks and rewards coincides with the fulfilment of performance obligations, the timing and amount of revenue recognised is unlikely to be materially affected for the majority of sales.

IFRS 15 also includes disclosure requirements including qualitative and quantitative information about contracts with customers to help users of the financial statements understand the nature, amount, timing and uncertainty of revenue.

In addition to the potential accounting implications outlined above, the implementation of IFRS 15 is expected to impact the Group's systems, processes and controls. The Group will start developing a transition plan to identify and implement the required changes during 2016.

#### IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and addresses the following three key areas:

- *Classification and measurement* establishes a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This is expected to have a number of presentational impacts on the Group financial statements including changes in the presentation of gains and losses on financial assets and liabilities carried at fair value on the balance sheet.
- *Impairment* introduces a new 'expected credit loss' impairment model, requiring expected credit losses to be recognised from when financial instruments are first recognised. The transition to this model is expected to result in changes in the systems and computational methods used by the Group to assess receivables and similar assets for impairment. However, given the profile of the Group's counterparty exposures, this is not expected to have a material impact on the amounts recorded in the financial statements.

- *Hedge Accounting* aligns the accounting treatment with risk management practices of an entity, including making a broader range of exposures eligible for hedge accounting and introducing a more principles-based approach to assessing hedge effectiveness. The adoption of IFRS 9 will not require changes to existing hedging arrangements but may provide scope to apply hedge accounting to a broader range of transactions in the future.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

The Group's implementation activities to date have principally focused on gaining a high level understanding of the likely effects of IFRS 9 given the nature of financial instruments held by the Group. A more detailed impact analysis and transition activities will be undertaken during 2016.

#### IFRS 16 Leases

IFRS 16 replaces the following standards and interpretations: IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The new standard provides a single lessee accounting model for the recognition, measurement, presentation and disclosure of leases. IFRS 16 applies to all leases including subleases and requires lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The Group will evaluate the potential impact of IFRS 16 on the financial statements and performance measures. This will include an assessment of whether any arrangements the Group enters into will be considered a lease under IFRS 16.

The following new amendments and interpretations in issue but not yet effective are not expected to have a significant impact on the Group:

- Amendments to IAS 1 *Presentation of Financial Statements: Disclosure Initiative* provides guidance on the use of judgement in presenting financial statement information, including: the application of materiality; order of notes; use of subtotals; accounting policy referencing and disaggregation of financial and non-financial information.
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Clarification of Acceptable Methods of Depreciation* clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* remove an inconsistency between the two standards on the accounting treatment for gains and losses arising on the sale or contribution of assets by an investor to its associate or joint venture. Following the amendment, such gains and losses may only be recognised to the extent of the unrelated investor's interest, except where the transaction involves assets that constitute a business.
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* and IAS 28 *Investments in Associates and Joint Ventures* clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business.

Other issued standards and amendments that are not yet effective are not expected to have an impact on the financial statements.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 3. SEGMENTAL INFORMATION

The Group's segments are aligned to the structure of the existing business units based around commodities, as at 31 December 2015. Each business unit has a management team that is accountable to the Chief Executive, and in the instance of Copper, Nickel, Niobium and Phosphates, the same management team is responsible for the management of all four business units, collectively referred to as Base Metals and Minerals. Niobium and Phosphates are not considered to be individually significant to the Group and are therefore aggregated, having previously been presented separately. To align with the management structure of the Group's coal businesses and the way their results are internally reported, Coal South Africa, Coal Colombia and Coal Australia and Canada are reported together as the Coal segment.

The Kumba Iron Ore, Iron Ore Brazil and Samancor business units have been aggregated as the 'Iron Ore and Manganese' segment on the basis of the ultimate product produced (ferrous metals).

The 'Corporate and other' segment comprises the Other Mining and Industrial business unit, which is not considered to be individually significant to the Group, together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group's exploration activities across all segments.

The Group Management Committee evaluates the financial performance of the Group and its segments principally with reference to underlying earnings before interest and tax (underlying EBIT). Underlying EBIT is operating profit presented before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of revenue less operating costs before special items and remeasurements of associates and joint ventures.

Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation.

Segment revenue includes the Group's attributable share of associates' and joint ventures' revenue. Segments predominantly derive revenue as follows – Platinum: platinum group metals; De Beers: rough and polished diamonds; Copper: copper; Nickel: nickel; Niobium and Phosphates: niobium and phosphates; Iron Ore and Manganese: iron ore, manganese ore and alloys; Coal: metallurgical coal and thermal coal.

The segment results are stated after elimination of inter-segment transactions and include an allocation of corporate costs.

## Segment results

See note 39a for the Group's accounting policy on revenue recognition.

US\$ million	Revenue		Underlying EBIT	
	2015	2014	2015	2014
Platinum	4,900	5,396	263	32
De Beers	4,671	7,114	571	1,363
Copper	3,539	4,827	228	1,193
Nickel	146	142	(22)	21
Niobium and Phosphates	544	666	119	124
Iron Ore and Manganese	3,390	5,176	671	1,957
Coal	4,888	5,808	457	458
Corporate and other	925	1,859	(64)	(215)
<b>Segment measure</b>	<b>23,003</b>	<b>30,988</b>	<b>2,223</b>	<b>4,933</b>
<b>Reconciliation:</b>				
Less: associates and joint ventures	(2,548)	(3,915)	(185)	(420)
Include: operating special items and remeasurements	–	–	(6,150)	(4,375)
<b>Statutory measure</b>	<b>20,455</b>	<b>27,073</b>	<b>(4,112)</b>	<b>138</b>

US\$ million	Depreciation and amortisation <sup>(1)</sup>		Underlying EBITDA	
	2015	2014	2015	2014
Platinum	455	495	718	527
De Beers	419	455	990	1,818
Copper	714	709	942	1,902
Nickel	19	7	(3)	28
Niobium and Phosphates	27	28	146	152
Iron Ore and Manganese	355	329	1,026	2,286
Coal	589	749	1,046	1,207
Corporate and other	53	127	(11)	(88)
	<b>2,631</b>	<b>2,899</b>	<b>4,854</b>	<b>7,832</b>
Less: associates and joint ventures	(250)	(308)	(435)	(728)
	<b>2,381</b>	<b>2,591</b>	<b>4,419</b>	<b>7,104</b>

<sup>(1)</sup> In addition \$99 million (2014: \$129 million) of depreciation and amortisation charges arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements (see note 6), and \$73 million (2014: \$105 million) of pre-commercial production depreciation and \$3 million (2014: nil) of pre-commercial production amortisation have been capitalised.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 3. SEGMENTAL INFORMATION continued

Underlying EBITDA is reconciled to underlying EBIT and to 'Loss before net finance income/(costs) and tax':

US\$ million	2015	2014
<b>Underlying EBITDA</b>	<b>4,854</b>	7,832
Depreciation and amortisation: subsidiaries and joint operations	(2,381)	(2,591)
Depreciation and amortisation: associates and joint ventures	(250)	(308)
<b>Underlying EBIT</b>	<b>2,223</b>	4,933
Operating special items and remeasurements	(6,150)	(4,375)
Non-operating special items	(1,278)	(385)
Associates' and joint ventures' net special items and remeasurements	(269)	(46)
Share of associates' and joint ventures' net finance costs, tax and non-controlling interests	(137)	(166)
<b>Loss before net finance income/(costs) and tax</b>	<b>(5,611)</b>	(39)

## Associates' and joint ventures' results by segment

US\$ million	Revenue		Underlying EBIT		Share of net (loss)/income	
	2015	2014	2015	2014	2015	2014
Platinum	187	263	(33)	(19)	(42)	(26)
De Beers	89	79	(9)	(9)	(6)	(6)
Iron Ore and Manganese	514	788	22	178	(264)	104
Coal	877	1,050	142	189	40	73
Corporate and other	881	1,735	63	81	51	63
	<b>2,548</b>	<b>3,915</b>	<b>185</b>	<b>420</b>	<b>(221)</b>	<b>208</b>

US\$ million	Depreciation and amortisation		Underlying EBITDA	
	2015	2014	2015	2014
Platinum	28	28	(5)	9
De Beers	3	3	(6)	(6)
Iron Ore and Manganese	82	73	104	251
Coal	91	106	233	295
Corporate and other	46	98	109	179
	<b>250</b>	<b>308</b>	<b>435</b>	<b>728</b>

The reconciliation of associates' and joint ventures' underlying EBIT to 'Share of net (loss)/income from associates and joint ventures' is as follows:

US\$ million	2015	2014
<b>Associates' and joint ventures' underlying EBIT</b>	<b>185</b>	420
Net finance costs	(40)	(46)
Income tax expense	(100)	(113)
Non-controlling interests	3	(7)
<b>Share of net income from associates and joint ventures (before special items and remeasurements)</b>	<b>48</b>	254
Special items	(226)	-
Special items and remeasurements tax	(43)	(46)
<b>Share of net (loss)/income from associates and joint ventures</b>	<b>(221)</b>	<b>208</b>

## Other non-cash expenses/(income)

In addition to depreciation and amortisation, other non-cash expenses/(income) include equity settled share-based payment charges and amounts in respect of provisions, excluding amounts recorded within special items. Significant other non-cash expenses/(income) included within underlying EBIT are as follows:

US\$ million	2015	2014
Platinum	30	37
De Beers	(1)	94
Copper	69	87
Nickel	(10)	7
Niobium and Phosphates	24	5
Iron Ore and Manganese	62	36
Coal	125	160
Corporate and other	72	54
	<b>371</b>	<b>480</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 3. SEGMENTAL INFORMATION continued

## Capital employed by segment

Segment assets and liabilities have been replaced by closing capital employed by segment, now being the principal measure of assets and liabilities reported to the Group Management Committee. Capital employed is defined as net assets excluding net debt (including related hedges and net debt in disposal groups) and financial asset investments.

US\$ million	Capital employed		Attributable capital employed <sup>(1)</sup>	
	2015	2014	2015	2014
Platinum	4,392	7,010	3,726	5,943
De Beers	8,642	10,058	7,402	8,654
Copper	6,332	7,062	4,176	4,739
Nickel	1,968	1,931	1,968	1,934
Niobium and Phosphates	834	896	834	896
Iron Ore and Manganese	6,666	9,837	5,756	8,361
Coal	4,079	5,575	3,978	5,455
Corporate and other	(71)	1,413	(71)	1,413
<b>Capital employed</b>	<b>32,842</b>	<b>43,782</b>	<b>27,769</b>	<b>37,395</b>
<b>Include:</b>				
Net debt	(12,901)	(12,871)		
Debit valuation adjustment attributable to derivatives hedging net debt <sup>(2)</sup>	555	-		
Financial asset investments	846	1,266		
<b>Net assets</b>	<b>21,342</b>	<b>32,177</b>		

<sup>(1)</sup> Attributable capital employed is capital employed attributable to equity shareholders of the Company, and therefore excludes the portion of capital employed attributable to non-controlling interests in operations where the Group has control but does not hold 100% of the equity. Joint operations, associates and joint ventures are included in their proportionate interest and in line with appropriate accounting treatment.

<sup>(2)</sup> See note 18 for details of the debit valuation adjustment.

## Product analysis

## Revenue by product

US\$ million	2015	2014
Platinum	2,720	3,097
Palladium	1,159	1,058
Rhodium	309	280
Diamonds	4,660	7,104
Copper	3,495	4,688
Nickel	450	638
Niobium	111	180
Phosphates	433	486
Iron ore	2,610	4,029
Manganese ore and alloys	514	788
Metallurgical coal	1,832	2,290
Thermal coal	3,068	3,529
Heavy building materials	921	1,854
Other	721	967
	<b>23,003</b>	<b>30,988</b>

## Geographical analysis

## Revenue by destination

The Group's geographical analysis of segment revenue, allocated based on the country in which the customer is located, is as follows:

US\$ million	2015	2014
South Africa	1,764	2,464
Other Africa	982	1,663
Brazil	745	939
Chile	500	1,033
Other South America	12	23
North America	855	1,218
Australia	214	275
China	4,662	5,109
India	2,421	3,079
Japan	2,325	3,496
Other Asia	3,199	3,580
United Kingdom (Anglo American plc's country of domicile)	2,220	3,090
Other Europe	3,104	5,019
	<b>23,003</b>	<b>30,988</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 3. SEGMENTAL INFORMATION continued

## Non-current assets by location

US\$ million	Intangible assets and property, plant and equipment		Total non-current assets <sup>(1)</sup>	
	2015	2014	2015	2014
South Africa	8,714	12,998	9,449	14,450
Botswana	4,247	5,138	4,247	5,138
Other Africa	938	1,138	943	1,145
Brazil	6,361	8,001	6,455	8,097
Chile	6,481	7,347	6,481	7,347
Other South America	955	740	1,846	1,750
North America	688	1,483	690	1,488
Australia and Asia	3,237	4,136	3,568	4,764
United Kingdom (Anglo American plc's country of domicile)	1,278	1,277	1,320	2,838
Other Europe	116	129	137	131
<b>Non-current assets by location</b>	<b>33,015</b>	<b>42,387</b>	<b>35,136</b>	<b>47,148</b>
Unallocated assets			3,080	4,554
<b>Total non-current assets</b>			<b>38,216</b>	<b>51,702</b>

<sup>(1)</sup> Total non-current assets by location primarily comprise Intangible assets, Property, plant and equipment, Environmental rehabilitation trusts and Investments in associates and joint ventures.

## 4. OPERATING (LOSS)/PROFIT FROM SUBSIDIARIES AND JOINT OPERATIONS

US\$ million	2015	2014
Group revenue	20,455	27,073
Cost of sales	(15,507)	(18,931)
Operating special items (note 6)	(5,972)	(4,374)
<b>Gross (loss)/profit</b>	<b>(1,024)</b>	<b>3,768</b>
Selling and distribution costs	(1,464)	(1,661)
Administrative expenses	(1,422)	(1,937)
Other losses and gains (see below)	(48)	149
Exploration expenditure (see below)	(154)	(181)
<b>Operating (loss)/profit</b>	<b>(4,112)</b>	<b>138</b>

US\$ million	2015	2014
<b>Operating (loss)/profit is stated after charging:</b>		
Depreciation of property, plant and equipment (note 12) <sup>(1)</sup>	(2,337)	(2,545)
Amortisation of intangible assets (note 11) <sup>(2)</sup>	(44)	(46)
Rentals under operating leases	(123)	(134)
Exploration expenditure (see below)	(154)	(181)
Evaluation expenditure (see below)	(145)	(218)
Research and development expenditure	(83)	(101)
Operating special items (note 6)	(5,972)	(4,374)
Employee costs (note 26)	(3,955)	(4,514)
Provisional pricing adjustment <sup>(3)</sup>	(578)	(219)
Royalties <sup>(4)</sup>	(264)	(405)
<b>Other losses and gains comprise:</b>		
Operating remeasurements (note 6)	(178)	(1)
Other fair value losses on derivatives – realised	(19)	(20)
Foreign exchange gains on other monetary items	149	172
Other	–	(2)
<b>Total other losses and gains</b>	<b>(48)</b>	<b>149</b>

<sup>(1)</sup> In addition \$82 million (2014: \$110 million) of depreciation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements (see note 6) and \$73 million (2014: \$105 million) of pre-commercial production depreciation has been capitalised.

<sup>(2)</sup> In addition \$17 million (2014: \$19 million) of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements (see note 6) and \$3 million (2014: nil) of pre-commercial amortisation has been capitalised.

<sup>(3)</sup> Provisionally priced sales contracts resulted in a total (realised and unrealised) loss in revenue of \$610 million (2014: \$226 million). Of this, \$79 million relates to realised losses (2014: \$49 million) for sales outstanding at 31 December 2014 that were settled in 2015, \$390 million relates to realised losses (2014: \$73 million) for sales entered into and settled in 2015, and \$141 million relates to unrealised losses (2014: \$104 million) for sales outstanding at 31 December 2015. In addition, provisionally priced purchase contracts resulted in operating gains of \$32 million (2014: \$7 million).

<sup>(4)</sup> Excludes those royalties which meet the definition of income tax on profit and accordingly have been accounted for as taxes.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 4. OPERATING (LOSS)/PROFIT FROM SUBSIDIARIES AND JOINT OPERATIONS continued

## Exploration and evaluation expenditure

See note 39j for the Group's accounting policy on exploration and evaluation expenditure.

The Group's analysis of exploration and evaluation expenditure recognised in the Consolidated income statement is as follows:

US\$ million	Exploration expenditure <sup>(1)</sup>		Evaluation expenditure <sup>(2)</sup>	
	2015	2014	2015	2014
<b>By commodity/product</b>				
Platinum group metals	7	8	6	9
Diamonds	34	37	29	26
Copper	41	37	69	84
Nickel	9	16	4	4
Niobium	–	–	1	1
Phosphates	4	4	1	8
Iron ore	13	25	11	56
Metallurgical coal	7	8	14	19
Thermal coal	4	9	10	11
Central exploration activities	35	37	–	–
	<b>154</b>	<b>181</b>	<b>145</b>	<b>218</b>

<sup>(1)</sup> Exploration for Mineral Resources other than that occurring at existing operations and projects.

<sup>(2)</sup> Evaluation of Mineral Resources relating to projects in the conceptual or pre-feasibility stage or further evaluation of Mineral Resources at existing operations.

## 5. UNDERLYING EBIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses underlying EBIT (including the Group's attributable share of associates' and joint ventures' underlying EBIT) by segment and reconciles it to underlying earnings by segment. Refer to note 3 for the definition of underlying EBIT.

Underlying earnings is an alternative earnings measure, which the directors consider to be a useful additional measure of the Group's performance.

Underlying earnings is profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax expense and non-controlling interests. For a reconciliation from 'Loss for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year', see note 9.

US\$ million	2015					
	Underlying EBIT	Operating special items and remeasurements	EBIT after special items and remeasurements	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
Platinum	263	788	(525)	(56)	(39)	168
De Beers	571	709	(138)	(274)	(39)	258
Copper	228	282	(54)	(120)	(41)	67
Nickel	(22)	2	(24)	3	–	(19)
Niobium and Phosphates <sup>(1)</sup>	119	(1)	120	(71)	–	48
Iron Ore and Manganese	671	3,314	(2,643)	(323)	(250)	98
Coal	457	1,235	(778)	(158)	(7)	292
Corporate and other	(64)	47	(111)	(34)	13	(85)
	<b>2,223</b>	<b>6,376</b>	<b>(4,153)</b>	<b>(1,033)</b>	<b>(363)</b>	<b>827</b>

  

US\$ million	2014					
	Underlying EBIT	Operating special items and remeasurements	EBIT after special items and remeasurements	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
Platinum	32	52	(20)	(14)	7	25
De Beers	1,363	155	1,208	(264)	(176)	923
Copper	1,193	–	1,193	(482)	(218)	493
Nickel	21	21	–	(15)	–	6
Niobium and Phosphates <sup>(1)</sup>	124	13	111	(59)	–	65
Iron Ore and Manganese	1,957	3,670	(1,713)	(583)	(657)	717
Coal	458	372	86	(154)	(8)	296
Corporate and other	(215)	92	(307)	(111)	18	(308)
	<b>4,933</b>	<b>4,375</b>	<b>558</b>	<b>(1,682)</b>	<b>(1,034)</b>	<b>2,217</b>

<sup>(1)</sup> Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

**6. SPECIAL ITEMS AND REMEASUREMENTS**

Special items and remeasurements are those items of financial performance that, due to their size and nature, the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group.

Special items that relate to the operating performance of the Group are classified as operating special items and principally include impairment charges and restructuring costs. Non-operating special items include costs in relation to closure of operations, profits and losses on disposal of investments and businesses as well as certain adjustments relating to business combinations.

Remeasurements include:

- Unrealised gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges related to financing arrangements. Where the underlying transaction is recorded in the income statement, the realised gains or losses are reversed from remeasurements and are recorded in underlying earnings in the same year as the underlying transaction for which the instruments provide the economic hedge. If the underlying transaction is recorded in the balance sheet, for example capital expenditure, the realised amount remains in remeasurements on settlement of the derivative. Such amounts are classified in the income statement as operating when the underlying exposure is in respect of the operating performance of the Group and otherwise as financing.
- The remeasurement and subsequent depreciation and amortisation of a previously held equity interest as a result of a business combination.
- Foreign exchange impacts arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence deferred tax is susceptible to currency fluctuations. Such amounts are reported as tax remeasurements within income tax expense.

US\$ million	2015	2014
<b>Subsidiaries and joint operations</b>		
Minas-Rio impairment	(2,503)	(3,800)
Coal impairments	(1,218)	(363)
Platinum impairments	(720)	(44)
De Beers Snap Lake care and maintenance	(595)	-
Sishen impairment	(514)	-
El Soldado impairment	(274)	-
Other impairments and related charges	-	(39)
Restructuring costs	(148)	(128)
<b>Operating special items</b>	<b>(5,972)</b>	<b>(4,374)</b>
<b>Operating remeasurements</b>	<b>(178)</b>	<b>(1)</b>
<b>Operating special items and remeasurements</b>	<b>(6,150)</b>	<b>(4,375)</b>
Write-down to fair value of Rustenburg mine	(728)	-
Disposal of Anglo American Norte	(287)	-
Disposal of Tarmac businesses	(172)	-
Disposal of Amapá	(35)	(46)
Closure of Drayton	-	(222)
Ponahalo refinancing	-	(58)
Atlatsa refinancing (note 35)	-	22
Kumba Envision Trust	(40)	(44)
Other	(16)	(37)
<b>Non-operating special items</b>	<b>(1,278)</b>	<b>(385)</b>
<b>Financing special items and remeasurements</b>	<b>615</b>	<b>36</b>
<b>Special items and remeasurements before tax and non-controlling interests</b>	<b>(6,813)</b>	<b>(4,724)</b>
Special items and remeasurements tax	47	2
Non-controlling interests on special items and remeasurements	584	38
<b>Share of associates' and joint ventures' special items and remeasurements<sup>(1)</sup></b>	<b>(269)</b>	<b>(46)</b>
<b>Total special items and remeasurements</b>	<b>(6,451)</b>	<b>(4,730)</b>

<sup>(1)</sup> Relates to the Iron Ore and Manganese, Coal and Platinum segments (2014: Coal segment).

**Operating special items****Impairments: Iron ore and coal operations**

During 2015 a number of factors, including slowing of the expected rate of economic growth in China, together with a rebalancing of the Chinese economy, have driven a fundamental shift in the commodity demand outlook. At the same time, excess supply of a number of commodities, notably steel-making materials including iron ore and hard coking coal, is likely to persist in the short to medium term, further weighing on the prices of these commodities.

Consequently, the valuations of the Group's iron ore and hard coking coal operations have been reviewed based on the latest operating assumptions and management's current estimates of future commodity prices and foreign exchange rates. This has resulted in a number of asset impairments which are detailed below.

The valuations prepared as at 31 December 2015 assume that prices and foreign exchange rates will remain close to those that prevailed in the final quarter of 2015 for a three- to five-year period with a gradual recovery thereafter as supply tightens and producer country economies recover. The long- and short-term price assumptions used in the valuations are within the range of published analyst forecasts.

**Minas-Rio**

The Minas-Rio iron ore project (Minas-Rio) (Iron Ore and Manganese) in Brazil was acquired in two separate transactions in 2007 and 2008. Production commenced in 2014 and First Ore On Ship (FOOS) was delivered in October 2014.

In 2012, an impairment charge of \$4,960 million (before tax) was recorded against the carrying value of Minas-Rio. This was based on the value in use of the CGU and reflected an increase in estimate of attributable project capital expenditure to \$8.8 billion, including a \$0.6 billion contingency, as well as the impact of high inflation on operational costs. In 2014, a further impairment charge of \$3,800 million (before tax) was recorded due to a continued decline in the pricing environment for iron ore based on a value in use of \$5.6 billion. At the time it was highlighted that the valuation remained sensitive to price and further deterioration in prices might result in additional impairment.

**NOTES TO THE CONSOLIDATED INCOME STATEMENT****6. SPECIAL ITEMS AND REMEASUREMENTS** *continued*

In June 2015 the Group recorded an additional impairment charge of \$2,503 million (before tax) against the carrying value of the CGU, driven by a further deterioration in iron ore pricing. The valuation of Minas-Rio, based on the value in use of the CGU, determined on a pre-tax discounted cash flow basis (see note 1) (real pre-tax discount rate of 8.5% (2014: 8.5%)) was \$3.6 billion as at 30 June 2015. This charge was recorded against capital works in progress. A related deferred tax asset of \$404 million was also written down to reflect a reduced likelihood of recovering the associated tax deductions.

The valuation of Minas-Rio was re-assessed as at 31 December 2015 in light of the continued decline in iron ore prices. No further impairment has been recorded as the impact of lower pricing in the short term has been offset by a number of factors, notably a significant weakening of the Brazilian real. However, the valuation remains sensitive to price, and to assumptions regarding the permit and licence issuance schedule. Adverse changes to these assumptions could result in further impairments.

**Sishen**

The Sishen iron ore mine (Iron Ore and Manganese) is located in the Northern Cape Province in South Africa. As a result of the deterioration in the iron ore market, management has undertaken a strategic review to reconfigure the Sishen pit in order to optimise margins. The new pit shell configuration will enable a more flexible mining approach and lower unit costs and capital expenditure over the Life of Mine.

Whilst these measures have been undertaken to respond to the impact of the weaker iron ore price environment, a pre-tax impairment charge of \$514 million (\$372 million after tax) has been recorded against the carrying value of the CGU, based on a valuation of \$1.3 billion. The valuation has been assessed based on the asset's fair value less costs of disposal and measured using discounted cash flow projections (see note 1). Of the impairment charge, \$184 million has been recorded against mining properties and leases, \$55 million against land and buildings, \$61 million against capital works in progress and \$214 million against plant and equipment, with an associated tax credit of \$142 million. The valuation remains sensitive to price and execution of the new pit design, and adverse changes to these assumptions could result in further impairments.

**Coal**

In June 2015, a pre-tax impairment of \$624 million (\$437 million after tax) was recorded in relation to the Coal Australia assets, principally comprising an impairment of \$539 million at Capcoal. At the time it was highlighted that the valuation remained sensitive to price and further deterioration in prices might result in additional impairment.

In the second half of the year, further pre-tax impairments totalling \$429 million have been recorded against the Group's metallurgical coal operations in central Queensland, driven by the impact of weak coal prices on margins, particularly for the open cut operations. The post-tax impairment charge is also \$429 million. This comprises an additional impairment of \$100 million at Capcoal, based on a valuation of \$0.2 billion, \$234 million at Dawson, based on a valuation of \$0.2 billion, and \$95 million at Foxleigh, which has been fully impaired. Of this charge, \$201 million has been recorded against plant and equipment, \$155 million against mining properties and leases, \$41 million against land and buildings and \$32 million against capital works in progress.

The remaining impairment charge of \$165 million relates to Peace River Coal in Canada which was fully impaired at 30 June 2015. The post-tax impairment charge is also \$165 million.

The valuations have been assessed based on the respective operations' fair value less costs of disposal and measured using discounted cash flow projections (see note 1). The valuation of the Group's Coal Australia assets remains sensitive to price and further deterioration in pricing could result in additional impairments.

**Other impairments****Platinum**

During 2015 there has been a significant deterioration in platinum group metals (PGM) market conditions. Although, in the near term, the growth outlook for PGMs is unclear due to potentially reduced platinum jewellery demand in China and uncertainty surrounding the auto-catalyst market, longer term demand is forecast to be robust given the expected demand for new and cleaner vehicles in maturing economies, coupled with increasingly stringent global emissions legislation.

The Group has taken a number of steps to respond to these conditions. These include restructuring the business to reduce overheads, cutting cash negative production, and suspending capital expenditure on growth projects other than those that are already near completion.

In the second half of 2015, development of the Twickenham project has been suspended. Existing operations at Twickenham will be placed on care and maintenance during 2016 and the project is being reconfigured for the longer term as a largely mechanised underground operation. As a result, some of the previously capitalised costs associated with the development of Twickenham as a conventional mine, along with related assets and infrastructure, are no longer expected to provide future economic benefits, resulting in an impairment charge of \$236 million. In addition, as a result of the review of capital projects across the Platinum business, further capitalised development costs and assets of \$42 million have been written off.

The Group, along with Atlatza Resources Corporation (Atlatza), the controlling shareholder of Bokoni, has conducted a technical review of the Bokoni operation to optimise the mine plan and allow it to operate on a cash-positive basis. The revised plan is currently being implemented but Bokoni is likely to remain cash negative for some time. Consequently, the Group has fully impaired its equity interests in Bokoni, which comprise a 49% interest in the underlying operation, and a 23% interest in Atlatza. In addition, the Group has fully impaired the loans it has extended to Atlatza and Atlatza Holdings (the controlling Black Economic Empowerment shareholder of Atlatza). The total impairment charge relating to Bokoni is \$212 million, of which \$93 million has been recorded against Investments in associates and \$119 million against Financial asset investments.

The Group holds a 33% interest in the Bafokeng-Rasimone Platinum Mine (BRPM) and a 12% shareholding in Royal Bafokeng Platinum Limited (RBPlat), the Johannesburg Stock Exchange listed controlling shareholder of the operation. Given the reduction in the market capitalisation of RBPlat, the carrying value of the investment in BRPM has been assessed for impairment. This has resulted in an impairment of \$178 million which has been recorded against Investments in associates.

In addition, cumulative fair value losses of \$52 million on the Group's 12% investment in RBPlat, which have previously been recorded in the statement of comprehensive income, have been recycled to the income statement as an impairment loss, as the decline in RBPlat's market value is considered to have been significant and prolonged.

The aggregate pre-tax impairment charge is \$720 million and the aggregate post-tax impairment charge is \$642 million.

**Snap Lake (De Beers)**

Following a review of the operation, and in light of current market conditions, management has decided to place the Snap Lake operation, located in the North West Territory in Canada, on long term care and maintenance. A pre-tax impairment of \$595 million has been recorded. The carrying value associated with the operation, comprising \$502 million of mining properties and leases, is considered unlikely to provide future economic benefit and has been reduced to nil. The remainder of the impairment charge relates to the write-off of associated goodwill, redundant consumables and provisions for severance costs and similar items. The aggregate post-tax impairment charge is also \$595 million.

**NOTES TO THE CONSOLIDATED INCOME STATEMENT****6. SPECIAL ITEMS AND REMEASUREMENTS** continued**El Soldado (Copper)**

The Group holds a 50.1% interest in the El Soldado copper mine, which is part of Anglo American Sur. To mitigate the impact of the recent deterioration in copper prices, management has made changes to the mine sequencing, in order to optimise cash flows in the near term. Despite these modifications, an impairment of \$274 million (before tax) has been recorded against the carrying value of the asset. The valuation of the asset, based on the operation's fair value less costs of disposal and measured using discounted cash flow projections (see note 1), is \$0.2 billion. Of this charge, \$202 million has been recorded against mining properties and leases and \$72 million against plant and equipment with an associated tax credit of \$82 million. The post-tax impairment charge is \$192 million. The valuation is sensitive to price and further deterioration might result in additional impairment.

**Restructuring costs**

Restructuring costs of \$148 million (2014: \$128 million) relate to organisational changes as part of the *Driving Value* programme. The post-tax charge is \$119 million (2014: \$107 million).

**2014**

Operating special items in 2014 principally comprise impairments and related charges in respect of Minas-Rio and Peace River Coal.

**Operating remeasurements**

Operating remeasurements reflect a net loss of \$178 million (2014: \$1 million) which principally comprises losses of \$78 million (2014: gains of \$136 million) in respect of derivatives related to capital expenditure in Iron Ore Brazil and a \$99 million depreciation and amortisation charge (2014: \$129 million) arising due to the fair value uplift on the Group's pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake. The post-tax loss is \$123 million (2014: \$27 million).

Derivatives in relation to Iron Ore Brazil which have been realised during the period had a cumulative net operating remeasurement loss of \$162 million (2014: \$140 million).

**Non-operating special items****Rustenburg**

On 9 September, Anglo American Platinum announced that it had entered into a binding agreement to sell the Rustenburg mine to Sibanye Gold Limited, subject to certain conditions.

The value of the Rustenburg mine and its associated mineral rights is expected to be recovered principally through sale. A pre-tax impairment charge of \$728 million (\$537 million after tax) has been recorded against the carrying value of the Rustenburg assets in order to bring their carrying value into line with fair value less costs of disposal, based upon the estimated value of the agreed sale consideration, of \$0.2 billion. This excludes any economic value generated from the future purchase of concentrate and toll treatment arrangements which will be recognised for accounting purposes at the time when the benefit is received. The impairment charge has been recorded principally against property, plant and equipment, of which \$452 million is against mining properties and leases, and includes an allocation of goodwill of \$41 million.

**Anglo American Norte**

On 11 September 2015, the Group completed the sale of its interest in Anglo American Norte S.A. (AA Norte) (Copper). The company consists of the Mantoverde and Mantos Blancos copper mines located in northern Chile. The consideration comprises \$300 million in cash plus deferred consideration up to a maximum of \$200 million, contingent upon certain conditions (see note 30). At 31 December 2015 the remaining deferred contingent consideration, of up to \$150 million, has been valued at nil. A pre-tax loss on disposal of \$287 million (post-tax \$350 million) has been recorded.

**Tarmac**

On 17 July 2015, the Group completed the sale of its 50% ownership interest in Lafarge Tarmac (Corporate and other) to Lafarge for cash proceeds of approximately £992 million (\$1,559 million), constituting the agreed minimum consideration of £885 million and approximately £107 million of working capital and other adjustments. In addition, during the year the Group has disposed of the majority of its interests in Tarmac Middle East (TME) (Corporate and other) which supplies aggregates, asphalt and road base contracting services to the Middle East construction industry. The sale of a further interest in TME was completed in January 2016. Disposal of the one remaining TME interest is well advanced. A loss of \$172 million (also \$172 million after tax) has been recognised on disposal of the Tarmac businesses.

**2014**

Non-operating special items in 2014 principally relate to closure provisions and asset write downs in relation to Drayton and Drayton South (Coal), charges arising on the revaluation of deferred contingent consideration for the disposal of Amapá (Corporate and other), the refinancing of Ponahalo Investments (RF) Proprietary Limited, a Black Economic Empowerment partner (De Beers), and a net gain on the refinancing transaction for Atlatsa (Platinum).

**Financing special items and remeasurements**

Financing special items and remeasurements reflect a net gain of \$615 million (2014: \$36 million). The associated tax is a credit of \$54 million (2014: charge of \$36 million). This principally relates to a debit valuation adjustment on derivative liabilities hedging net debt of \$555 million. This adjustment is incorporated into the valuation of these derivatives to reflect the impact on the fair value of Anglo American's own credit quality. The net gain reflects an increase in observed credit spreads for Anglo American, see note 18 for further detail.

**Tax associated with special items and remeasurements**

Total tax relating to subsidiaries and joint operations amounts to a credit of \$47 million (2014: \$2 million).

This includes one-off tax charges of \$829 million (2014: \$105 million), tax credits on special items and remeasurements of \$769 million (2014: \$412 million) and tax remeasurement credits of \$107 million (2014: charges of \$305 million).

One-off tax charges of \$829 million primarily comprise the write down of deferred tax assets at Minas-Rio of \$404 million, Kumba Iron Ore of \$65 million, Coal of \$175 million, De Beers Canada of \$61 million and Corporate of \$83 million, where it is no longer considered probable that these assets can be recovered against future taxable profits.

Of the total tax credit of \$47 million, \$55 million relates to a current tax charge (2014: credit of \$31 million) and \$102 million relates to a deferred tax credit (2014: charge of \$29 million).

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

**7. NET FINANCE INCOME/(COSTS)**

See note 39b for the Group's accounting policy on borrowing costs.

Net finance income/(costs) are presented net of hedges for respective interest bearing and foreign currency borrowings. The weighted average capitalisation rate applied to qualifying capital expenditure was 2.90% (2014: 3.83%).

US\$ million	2015	2014
<b>Investment income</b>		
Interest income from cash and cash equivalents	92	128
Other interest income	69	88
Net interest income on defined benefit arrangements	12	14
Dividend income from financial asset investments	9	25
	182	255
Less: interest income capitalised	(10)	(13)
<b>Total investment income<sup>(1)</sup></b>	<b>172</b>	<b>242</b>
<b>Interest expense</b>		
Interest and other finance expense	(706)	(709)
Net interest cost on defined benefit arrangements	(54)	(69)
Unwinding of discount relating to provisions	(96)	(101)
	(856)	(879)
Less: interest expense capitalised	367	382
<b>Total interest expense<sup>(1)</sup></b>	<b>(489)</b>	<b>(497)</b>
<b>Other net financing losses</b>		
Net foreign exchange losses	(180)	(37)
Other net fair value gains	39	36
<b>Total other net financing losses</b>	<b>(141)</b>	<b>(1)</b>
<b>Net finance costs before special items and remeasurements</b>	<b>(458)</b>	<b>(256)</b>
Special items and remeasurements (note 6)	615	36
<b>Net finance income/(costs) after special items and remeasurements</b>	<b>157</b>	<b>(220)</b>

<sup>(1)</sup> Interest income recognised at amortised cost is \$115 million (2014: \$152 million) and interest expense recognised at amortised cost is \$307 million (2014: \$286 million).

**8. INCOME TAX EXPENSE**

See note 39c for the Group's accounting policy on tax.

**a) Analysis of charge for the year**

US\$ million	2015	2014
United Kingdom corporation tax	(11)	(14)
South Africa tax	214	479
Other overseas tax	338	712
Prior year adjustments	(58)	(68)
<b>Current tax<sup>(1)</sup></b>	<b>483</b>	<b>1,109</b>
<b>Deferred tax</b>	<b>(48)</b>	<b>158</b>
<b>Income tax expense before special items and remeasurements</b>	<b>435</b>	<b>1,267</b>
Special items and remeasurements tax (note 6)	(47)	(2)
<b>Income tax expense</b>	<b>388</b>	<b>1,265</b>

<sup>(1)</sup> Includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 8. INCOME TAX EXPENSE continued

## b) Factors affecting tax charge for the year

The effective tax rate for the year of (7.1)% (2014: (488.4%)) is lower (2014: lower) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%). The reconciling items, excluding the impact of associates and joint ventures, are:

US\$ million	2015	2014
<b>Loss before tax</b>	<b>(5,454)</b>	<b>(259)</b>
<b>Less: share of net loss/(income) from associates and joint ventures</b>	<b>221</b>	<b>(208)</b>
<b>Loss before tax (excluding associates and joint ventures)</b>	<b>(5,233)</b>	<b>(467)</b>
Tax on loss (excluding associates and joint ventures) calculated at United Kingdom corporation tax rate of 20.25% (2014: 21.5%)	<b>(1,060)</b>	<b>(100)</b>
<b>Tax effects of:</b>		
<b>Items non-taxable/deductible for tax purposes</b>		
Exploration expenditure	15	18
Non-deductible/(taxable) net foreign exchange losses/(gains)	15	(12)
Non-taxable net interest income	(29)	(8)
Other non-deductible expenses	144	72
Other non-taxable income	(92)	(138)
<b>Temporary difference adjustments</b>		
Current year losses not recognised	12	79
Recognition of losses not previously recognised	(18)	(143)
Utilisation of losses not previously recognised	(13)	(13)
Write-off of losses previously recognised	29	65
Adjustment in deferred tax due to change in tax rate	(2)	106
Other temporary differences	13	95
<b>Special items and remeasurements<sup>(1)</sup></b>	<b>1,333</b>	<b>1,014</b>
<b>Other adjustments</b>		
Secondary tax on companies and dividend withholding taxes	52	193
Effect of differences between local and United Kingdom tax rates	46	106
Prior year adjustments to current tax	(58)	(68)
Other adjustments	1	(1)
<b>Income tax expense</b>	<b>388</b>	<b>1,265</b>

<sup>(1)</sup> The special items and remeasurements reconciling item of \$1,333 million (2014: \$1,014 million) relates to the net tax impact of total special items and remeasurements before tax calculated at the United Kingdom corporation tax rate less the associated tax recorded against these items, one-off tax charges and tax remeasurements. See note 6 for further details of the tax amounts included within special items and remeasurements.

IAS 1 requires income from associates and joint ventures to be presented net of tax on the face of the income statement. Associates' and joint ventures' tax is therefore excluded from the Group's income tax expense. Associates' and joint ventures' tax included within 'Share of net (loss)/income from associates and joint ventures' for the year ended 31 December 2015 is \$143 million (2014: \$159 million). Excluding special items and remeasurements this becomes \$100 million (2014: \$113 million).

The effective tax rate before special items and remeasurements including attributable share of associates' and joint ventures' tax for the year ended 31 December 2015 was 31.0%. This is higher than the equivalent effective tax rate of 29.8% for the year ended 31 December 2014 due to the net impact of certain prior year adjustments, the remeasurement of withholding tax provisions across the Group, and the relative levels of profits arising in the Group's operating jurisdictions. In future periods it is expected that the effective tax rate will remain above the United Kingdom statutory tax rate.

## c) Tax amounts included in other comprehensive income

An analysis of tax by individual item presented in the Consolidated statement of comprehensive income is presented below:

US\$ million	2015	2014
<b>Tax (charge)/credit on items recognised directly in equity that will not be reclassified to the income statement</b>		
Remeasurement of net retirement benefit obligation	(30)	9
<b>Tax credit/(charge) on items recognised directly in equity that may subsequently be reclassified to the income statement</b>		
Net exchange differences on translation of foreign operations	35	(15)
Net loss on revaluation of available for sale investments	33	26
Net (gain)/loss on cash flow hedges	(5)	4
	<b>33</b>	<b>24</b>
<b>Tax credit on items transferred from equity</b>		
Transferred to initial carrying amount of hedged items: cash flow hedges	–	1
	<b>–</b>	<b>1</b>

## d) Tax amounts recognised directly in equity

No significant amounts of tax have been charged directly to equity in 2015 or 2014.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 9. LOSS PER SHARE

US\$	2015	2014
<b>Loss per share</b>		
Basic	(4.36)	(1.96)
Diluted	(4.36)	(1.96)
<b>Headline earnings per share</b>		
Basic	0.29	1.20
Diluted	0.29	1.19
<b>Underlying earnings per share</b>		
Basic	0.64	1.73
Diluted	0.64	1.72

Basic and diluted earnings per share are shown based on headline earnings, a Johannesburg Stock Exchange (JSE) defined performance measure, and underlying earnings (explained in note 5) which the directors consider to be a useful additional measure of the Group's performance.

Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies.

The calculation of basic and diluted earnings per share is based on the following data:

	Loss attributable to equity shareholders of the Company		Headline earnings		Underlying earnings	
	2015	2014	2015	2014	2015	2014
<b>(Loss)/earnings (US\$ million)</b>						
Basic and diluted (loss)/earnings	(5,624)	(2,513)	369	1,535	827	2,217
<b>Number of shares (million)</b>						
Basic number of ordinary shares outstanding	1,289	1,284	1,289	1,284	1,289	1,284
Effect of dilutive potential ordinary shares:						
Share options and awards	–	–	3	5	3	5
<b>Diluted number of ordinary shares outstanding</b>	<b>1,289</b>	<b>1,284</b>	<b>1,292</b>	<b>1,289</b>	<b>1,292</b>	<b>1,289</b>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Basic loss per share is equal to diluted loss per share as all 12,855,264 (2014: 18,431,061) potential ordinary shares are anti-dilutive. 8,996,586 (2014: 178,808) shares have been excluded from the calculation of diluted headline earnings per share and diluted underlying earnings per share as they are anti-dilutive.

The calculation of basic and diluted earnings per share, based on headline and underlying earnings, uses the following earnings data:

US\$ million	2015	2014
<b>Loss for the financial year attributable to equity shareholders of the Company</b>	<b>(5,624)</b>	<b>(2,513)</b>
Operating special items	5,899	4,268
Operating special items – tax	(489)	(362)
Operating special items – non-controlling interests	(413)	(16)
Non-operating special items	1,181	218
Non-operating special items – tax	(127)	(51)
Non-operating special items – non-controlling interests	(58)	(9)
<b>Headline earnings for the financial year</b>	<b>369</b>	<b>1,535</b>
Operating special items <sup>(1)</sup>	299	106
Operating remeasurements	178	1
Non-operating special items <sup>(2)</sup>	97	167
Financing special items and remeasurements	(615)	(36)
Tax special items	829	105
Special items and remeasurements tax	(217)	352
Non-controlling interests on special items and remeasurements	(113)	(13)
<b>Underlying earnings for the financial year</b>	<b>827</b>	<b>2,217</b>

<sup>(1)</sup> Includes restructuring costs (2014: restructuring costs).

<sup>(2)</sup> Principally relates to the Kumba Envision Trust (2014: Kumba Envision Trust and Ponahalo refinancing).

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 10. DIVIDENDS

Dividends payable during the year are as follows:

US\$ million	2015	2014
Final ordinary dividend for 2014 – 53 US cents per ordinary share (2013: 53 US cents per ordinary share)	680	696
Interim ordinary dividend for 2015 – 32 US cents per ordinary share (2014: 32 US cents per ordinary share)	398	403
	<b>1,078</b>	1,099

Total dividends paid during the year were \$1,078 million (2014: \$1,099 million).

No final dividend is proposed in respect of the financial year ended 31 December 2015 (2014: 53 US cents per share).

The employee benefit trust has waived the right to receive dividends on the shares it holds (see note 32).

## 11. INTANGIBLE ASSETS

See notes 39d, 39e and 39i for the Group's accounting policies on intangible assets.

US\$ million	2015			2014		
	Brands, contracts and other intangibles <sup>(1)</sup>	Goodwill	Total	Brands, contracts and other intangibles <sup>(1)</sup>	Goodwill	Total
<b>Net book value</b>						
At 1 January	1,359	2,553	3,912	1,415	2,668	4,083
Additions	10	–	10	22	–	22
Amortisation charge for the year <sup>(2)</sup>	(64)	–	(64)	(65)	–	(65)
Impairments <sup>(3)</sup>	–	(93)	(93)	–	–	–
Remeasurements	–	–	–	–	46	46
Currency movements	(81)	(290)	(371)	(13)	(161)	(174)
<b>At 31 December</b>	<b>1,224</b>	<b>2,170</b>	<b>3,394</b>	<b>1,359</b>	<b>2,553</b>	<b>3,912</b>
Cost	1,481	2,170	3,651	1,592	2,553	4,145
Accumulated amortisation	(257)	–	(257)	(233)	–	(233)

<sup>(1)</sup> Includes brands, contracts and other intangibles of \$1,185 million (2014: \$1,308 million) relating to De Beers, principally comprising assets that were recognised at fair value on acquisition of a controlling interest in De Beers in August 2012. Of these, \$517 million (2014: \$517 million) have indefinite useful lives.

<sup>(2)</sup> Includes \$17 million (2014: \$19 million) of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers, which has been included within operating remeasurements (see note 6) and \$3 million (2014: nil) of pre-commercial production amortisation which has been capitalised.

<sup>(3)</sup> Includes goodwill of \$52 million allocated to Snap Lake (De Beers) which has been written off as the operation has been placed on care and maintenance, and goodwill of \$41 million allocated to Rustenburg (Platinum) which has been written down to fair value. See note 6 for further details.

## Impairment tests for goodwill

See note 39f for the Group's accounting policy on impairment of goodwill.

Goodwill is allocated for impairment testing purposes to cash generating units (CGUs) or groups of CGUs which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's segments. The allocation of goodwill to CGUs or groups of CGUs is as follows:

US\$ million	2015	2014
Platinum	189	230
De Beers	1,553	1,895
Copper	124	124
Coal South Africa	88	88
Other	216	216
	<b>2,170</b>	2,553

For the purposes of goodwill impairment testing, the recoverable amount of each of the CGUs or group of CGUs has been determined based on a fair value less costs of disposal basis. The key assumptions used in determining fair value less costs of disposal are set out in note 1. Management believes that any reasonably possible change in a key assumption on which the recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 12. PROPERTY, PLANT AND EQUIPMENT

See notes 39g to 39j for the Group's accounting policies on property, plant and equipment.

US\$ million	2015					2014				
	Mining properties and leases	Land and buildings <sup>(1)</sup>	Plant and equipment	Capital works in progress	Total	Mining properties and leases	Land and buildings <sup>(1)</sup>	Plant and equipment	Capital works in progress	Total
<b>Net book value</b>										
At 1 January	13,018	3,067	11,115	11,275	38,475	14,996	3,030	11,530	11,949	41,505
Additions	568	25	160	3,846	4,599	596	46	311	5,452	6,405
Depreciation charge for the year <sup>(2)</sup>	(921)	(150)	(1,421)	–	(2,492)	(1,065)	(161)	(1,534)	–	(2,760)
Impairments and losses on assets transferred to held for sale	(2,104)	(166)	(1,018)	(2,699)	(5,987) <sup>(3)</sup>	(1,242)	(26)	(213)	(2,935)	(4,416)
Disposal of assets	–	(5)	(18)	(5)	(28)	(3)	(20)	(30)	(3)	(56)
Disposal of business and transferred to held for sale	(63)	(9)	(294)	(60)	(426) <sup>(4)</sup>	–	–	–	–	–
Reclassifications	714	380	1,602	(2,696)	–	859	345	1,573	(2,777)	–
Currency movements	(2,239)	(371)	(1,196)	(714)	(4,520)	(1,123)	(147)	(522)	(411)	(2,203)
<b>At 31 December</b>	<b>8,973</b>	<b>2,771</b>	<b>8,930</b>	<b>8,947</b>	<b>29,621</b>	<b>13,018</b>	<b>3,067</b>	<b>11,115</b>	<b>11,275</b>	<b>38,475</b>
Cost	21,859	4,199	19,321	14,520	59,899	24,206	4,307	21,525	14,497	64,535
Accumulated depreciation	(12,886)	(1,428)	(10,391)	(5,573)	(30,278)	(11,188)	(1,240)	(10,410)	(3,222)	(26,060)

<sup>(1)</sup> Net book value principally comprises freehold land and buildings.

<sup>(2)</sup> Includes \$2,337 million (2014: \$2,545 million) of depreciation within operating loss, \$82 million (2014: \$110 million) of depreciation arising due to the fair value uplift on the pre-existing 45% shareholding in De Beers which has been included within operating remeasurements (see note 6), and \$73 million (2014: \$105 million) of pre-commercial production depreciation which has been capitalised.

<sup>(3)</sup> Includes \$684 million for the write-down of Rustenburg (see note 6).

<sup>(4)</sup> Includes \$412 million for the transfer and subsequent disposal of Anglo American Norte (see note 30).

For information on the impairments recorded in the year see note 6.

Included in the additions is \$357 million (2014: \$369 million) of net interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year.

Assets held under finance leases relate to plant and equipment with a net book value of \$56 million (2014: \$70 million), of which depreciation charges in the year amounted to \$6 million (2014: \$13 million).

## 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

See note 39k for the Group's accounting policy on associates and joint arrangements, which includes joint ventures.

Details of principal associates and joint ventures are set out in note 37.

US\$ million	2015			2014		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
At 1 January	2,681	1,695	4,376	2,936	1,676	4,612
Share of net (loss)/income from associates and joint ventures	14	(235)	(221)	140	68	208
Dividends received	(81)	(243)	(324)	(432)	(3)	(435)
Investment in equity and capitalised loans	77	3	80	125 <sup>(1)</sup>	25	150
Repayments of capitalised loans	(67)	–	(67)	–	–	–
Reclassification <sup>(2)</sup>	(812)	812	–	–	–	–
Impairments and losses on assets transferred to held for sale	(271) <sup>(3)</sup>	(71)	(342)	–	–	–
Transferred to assets held for sale	–	(1,547)	(1,547)	–	–	–
Other movements	–	45	45	1	28	29
Currency movements	(167)	(16)	(183)	(89)	(99)	(188)
<b>At 31 December</b>	<b>1,374</b>	<b>443</b>	<b>1,817</b>	<b>2,681</b>	<b>1,695</b>	<b>4,376</b>

<sup>(1)</sup> Includes non-cash investment of \$69 million relating to the refinancing of Atlatsa Resources Corporation (see note 35).

<sup>(2)</sup> The reclassification relates to the Group's interest in Samancor (Iron Ore and Manganese). Samancor has been accounted for as a joint venture since March 2015, following amendments to the agreement that governs the Group's interests in Samancor which resulted in the Group acquiring joint control over the business (previously accounted for as an associate).

<sup>(3)</sup> Includes \$93 million relating to the impairment of the Group's interest in Bokoni and \$178 million for the Group's interest in Bafokeng Rasimone Platinum Mine (see note 6).

The Group's total investments in associates and joint ventures comprise:

US\$ million	2015			2014		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Equity	1,233	294	1,527	2,294	1,695	3,989
Loans <sup>(1)</sup>	141	149	290	387	–	387
	<b>1,374</b>	<b>443</b>	<b>1,817</b>	<b>2,681</b>	<b>1,695</b>	<b>4,376</b>

<sup>(1)</sup> The Group's total investments in associates and joint ventures include long term loans which in substance form part of the Group's net investment. These loans are not repayable in the foreseeable future.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

None of the Group's associates or joint ventures are considered to be individually material to the Group, and therefore the Group's share of the financial information of associates and joint ventures is disclosed on an aggregated basis.

US\$ million	2015			2014		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Non-current assets	1,314	640	1,954	2,742	2,035	4,777
Current assets	458	50	508	924	626	1,550
Current liabilities	(184)	(172)	(356)	(363)	(557)	(920)
Non-current liabilities	(214)	(75)	(289)	(622)	(409)	(1,031)
<b>Net assets</b>	<b>1,374</b>	<b>443</b>	<b>1,817</b>	<b>2,681</b>	<b>1,695</b>	<b>4,376</b>
Revenue	1,208	1,340	2,548	2,101	1,814	3,915
Share of net (loss)/income from associates and joint ventures	14	(235)	(221)	140	68	208
Total comprehensive (expense)/income	14	(235)	(221)	141	68	209

Segmental information is provided in aggregate for associates and joint ventures in the table below.

US\$ million	Aggregate investment	
	2015	2014
Platinum	251	659
De Beers	44	33
Iron Ore and Manganese	391	867
Coal	1,096	1,225
Corporate and other	35	1,592
	<b>1,817</b>	<b>4,376</b>

## 14. FINANCIAL ASSET INVESTMENTS

See notes 39l and 39m for the Group's accounting policies on financial asset investments.

US\$ million	2015			2014		
	Loans and receivables	Available for sale investments	Total	Loans and receivables	Available for sale investments	Total
At 1 January	761	505	1,266	759	706	1,465
Additions	–	1	1	–	12	12
Interest receivable	43	–	43	52	–	52
Net loans granted	216	–	216	33 <sup>(1)</sup>	–	33
Impairments	(130) <sup>(2)</sup>	–	(130)	–	–	–
Movements in fair value	(7)	(236)	(243)	(1)	(150)	(151)
Currency movements	(221)	(86)	(307)	(82)	(63)	(145)
<b>At 31 December</b>	<b>662</b>	<b>184</b>	<b>846</b>	<b>761</b>	<b>505</b>	<b>1,266</b>

<sup>(1)</sup> Includes net non-cash settlements of \$47 million relating to the refinancing of Atlatsa Resources Corporation (see note 35).

<sup>(2)</sup> Includes \$119 million relating to the impairment of loans to Atlatsa and Atlatsa Holdings (see note 6).

## NOTES TO THE CONSOLIDATED BALANCE SHEET

**15. INVENTORIES**

See note 39q for the Group's accounting policy on inventories.

US\$ million	2015	2014
Raw materials and consumables	952	1,087
Work in progress	1,076	1,445
Finished products	2,023	2,188
	<b>4,051</b>	<b>4,720</b>

The cost of inventories recognised as an expense and included in cost of sales amounted to \$13,945 million (2014: \$17,779 million).

Inventories held at net realisable value amounted to \$1,048 million (2014: \$1,014 million).

The write-down of inventories (net of revaluation of provisionally priced purchases) amounted to \$121 million (2014: \$153 million).

**16. TRADE AND OTHER RECEIVABLES**

Trade receivables do not incur any interest, are principally short term in nature and are measured at their nominal value (with the exception of receivables relating to provisionally priced sales, as set out in the revenue recognition accounting policy, see note 39a), net of appropriate provision for estimated irrecoverable amounts. Such provisions are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

US\$ million	2015			2014		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	1,355	135	1,490	1,807	161	1,968
Tax receivables	271	238	509	383	253	636
Prepayments	105	23	128	157	58	215
Other receivables	252	143	395	221	273	494
	<b>1,983</b>	<b>539</b>	<b>2,522</b>	2,568	745	3,313

Of the year end trade receivables balance, \$55 million (2014: \$61 million) were past due at 31 December, stated after an associated impairment provision of \$18 million (2014: \$30 million). The overdue debtor ageing profile is typical of the industry in which certain of the Group's businesses operate. Given this, the use of payment security instruments (including letters of credit from acceptable financial institutions), and the nature of the related counterparties, these amounts are considered recoverable. The historical level of customer default is minimal and as a result the credit quality of year end trade receivables is considered to be high.

**17. TRADE AND OTHER PAYABLES**

Trade payables are not interest bearing and are measured at their nominal value (with the exception of payables relating to purchases of provisionally priced concentrate which are marked to market using the appropriate forward price) until settled.

US\$ million	2015	2014
Trade payables	1,610	1,931
Accruals	741	975
Deferred income <sup>(1)</sup>	46	57
Tax and social security	71	99
Other payables	311	478
	<b>2,779</b>	<b>3,540</b>

<sup>(1)</sup> Includes \$26 million (2014: \$25 million) of deferred income recorded within non-current liabilities.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 18. FINANCIAL INSTRUMENTS

See notes 39l, 39m and 39n for the Group's accounting policies on impairment of financial assets, derivative financial instruments and hedge accounting.

The carrying amounts of financial assets and financial liabilities are as shown below. Where the carrying amount of a financial asset or liability does not approximate its fair value, this is also disclosed.

For financial assets and liabilities which are traded on an active market, such as listed investments or listed debt instruments, fair value is determined by reference to market value. For non-traded financial assets and liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, and based on observable market data where available, unless carrying value is considered to approximate fair value.

All derivatives that have been designated into hedge relationships have been separately disclosed.

	2015					
US\$ million	At fair value through profit and loss	Loans and receivables	Available for sale	Designated into hedges	Financial liabilities at amortised cost	Total
<b>Financial assets</b>						
Trade and other receivables <sup>(1)</sup>	632	1,253	–	–	–	1,885
Derivative financial assets <sup>(2)</sup>	672	–	–	477	–	1,149
Cash and cash equivalents	–	6,895	–	–	–	6,895
Financial asset investments	–	662	184	–	–	846
	1,304	8,810	184	477	–	10,775
<b>Financial liabilities</b>						
Trade and other payables <sup>(1)</sup>	(225)	–	–	–	(2,437)	(2,662)
Derivative financial liabilities <sup>(2)</sup>	(2,439)	–	–	(24)	–	(2,463)
Borrowings <sup>(3)</sup>	–	–	–	(14,800)	(3,167)	(17,967)
	(2,664)	–	–	(14,824)	(5,604)	(23,092)
<b>Net financial (liabilities)/assets</b>	<b>(1,360)</b>	<b>8,810</b>	<b>184</b>	<b>(14,347)</b>	<b>(5,604)</b>	<b>(12,317)</b>

	2014					
US\$ million	At fair value through profit and loss	Loans and receivables	Available for sale	Designated into hedges	Financial liabilities at amortised cost	Total
<b>Financial assets</b>						
Trade and other receivables <sup>(1)</sup>	912	1,553	–	–	–	2,465
Derivative financial assets <sup>(2)</sup>	153	–	–	980	–	1,133
Cash and cash equivalents	–	6,748	–	–	–	6,748
Financial asset investments	–	761	505	–	–	1,266
	1,065	9,062	505	980	–	11,612
<b>Financial liabilities</b>						
Trade and other payables <sup>(1)</sup>	(314)	–	–	–	(3,073)	(3,387)
Derivative financial liabilities <sup>(2)</sup>	(2,277)	–	–	(47)	–	(2,324)
Borrowings <sup>(3)</sup>	–	–	–	(15,048)	(3,487)	(18,535)
	(2,591)	–	–	(15,095)	(6,560)	(24,246)
<b>Net financial (liabilities)/assets</b>	<b>(1,526)</b>	<b>9,062</b>	<b>505</b>	<b>(14,115)</b>	<b>(6,560)</b>	<b>(12,634)</b>

<sup>(1)</sup> Trade and other receivables exclude prepayments and tax receivables. Trade and other payables exclude tax and social security and deferred income.

<sup>(2)</sup> Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 19.

<sup>(3)</sup> Borrowings designated in fair value hedges represent listed debt which is held at amortised cost, adjusted for the fair value of the hedged risk (for example interest rate risk). The fair value of these borrowings is \$10,898 million (2014: \$15,339 million), which is based on the quoted market price and consequently categorised as level 1 in the fair value hierarchy. The fair value of the remaining borrowings at amortised cost of \$3,167 million, principally comprising bank borrowings, is \$2,463 million as at 31 December 2015, with the difference between the carrying value and the fair value reflecting primarily the debit valuation adjustment to reflect the effect of Anglo American's own credit quality based on observed credit spreads at the balance sheet date. At 31 December 2014 the carrying value of borrowings at amortised cost of \$3,487 million was considered to approximate the fair value.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 18. FINANCIAL INSTRUMENTS continued

## Fair value hierarchy

An analysis of financial assets and liabilities carried at fair value is set out below:

US\$ million	2015				2014			
	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>	Total	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>	Total
<b>Financial assets</b>								
At fair value through profit and loss								
Provisionally priced trade receivables	–	562	–	562	–	812	–	812
Other receivables	–	–	70	70	–	–	100	100
Derivatives hedging net debt	–	628	17	645	–	51	59	110
Other derivatives	9	18	–	27	1	42	–	43
Designated into hedges								
Derivatives hedging net debt	–	477	–	477	–	979	–	979
Other derivatives	–	–	–	–	1	–	–	1
Available for sale investments								
Financial asset investments	162	–	22	184	457	–	48	505
	171	1,685	109	1,965	459	1,884	207	2,550
<b>Financial liabilities</b>								
At fair value through profit and loss								
Provisionally priced trade payables	–	(225)	–	(225)	–	(314)	–	(314)
Derivatives hedging net debt	–	(2,207)	(736)	(2,943)	–	(1,647)	(499)	(2,146)
Other derivatives	–	(63)	–	(63)	(2)	(129)	–	(131)
Designated into hedges								
Derivatives hedging net debt	–	(17)	–	(17)	–	(27)	–	(27)
Other derivatives	–	(7)	–	(7)	–	(20)	–	(20)
Debit valuation adjustment to derivative liabilities <sup>(4)</sup>								
	–	386	181	567	–	–	–	–
	–	(2,133)	(555)	(2,688)	(2)	(2,137)	(499)	(2,638)
<b>Net assets/(liabilities) carried at fair value</b>	<b>171</b>	<b>(448)</b>	<b>(446)</b>	<b>(723)</b>	<b>457</b>	<b>(253)</b>	<b>(292)</b>	<b>(88)</b>

<sup>(1)</sup> Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.

<sup>(2)</sup> Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

<sup>(3)</sup> Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

<sup>(4)</sup> The debit valuation adjustment is recorded to reflect in the fair value of financial liabilities the effect of Anglo American's own credit quality based on observed credit spreads. This adjustment is calculated in total for each counterparty based on the net expected exposure. In many cases this includes exposures on a number of different types of derivative instruments. Consequently the impact of this adjustment has been presented as a separate item within the analysis of derivatives above. Based on an allocation weighted by exposure to each category of instrument, \$555 million is attributable to derivatives hedging net debt and \$12 million relates to other derivatives. The impact of this adjustment at 31 December 2014 was insignificant and consequently no adjustment has been made to the prior year presentation.

Financial assets and liabilities included within level 3 primarily consist of certain cross currency swaps of Brazilian real denominated borrowings (whose valuation depends upon regulated interest rates), contingent proceeds and related receivables relating to disposals and unlisted equity investments.

The movements in the fair value of the level 3 financial assets and liabilities are shown as follows:

US\$ million	Assets		Liabilities	
	2015	2014	2015	2014
At 1 January	207	225	(499)	(456)
Net loss recorded in the income statement <sup>(1)</sup>	(75)	(7)	(90)	(43)
Net loss recorded in the statement of comprehensive income	(15)	(6)	–	–
Settlement	–	–	34	–
Currency movements	(8)	(5)	–	–
<b>At 31 December</b>	<b>109</b>	<b>207</b>	<b>(555)</b>	<b>(499)</b>

<sup>(1)</sup> This is principally recorded in special items and remeasurements.

For the level 3 financial assets and liabilities, changing certain estimated inputs to reasonably possible alternative assumptions does not change the fair value significantly.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 19. DERIVATIVES

See note 39n for the Group's accounting policy on derivatives.

The fair values of derivatives are separately recorded on the Consolidated balance sheet within 'Derivative financial assets' and 'Derivative financial liabilities'. Derivatives are classified as current or non-current depending on the contracted maturity of the derivative.

The Group utilises derivative instruments to manage certain market risk exposures. The Group does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives are classified as 'Held for trading' and fair value movements are recorded in the Consolidated income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

**Cash flow hedges**

In certain cases the Group classifies its forward foreign currency contracts, which hedge highly probable forecast transactions, as cash flow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the Consolidated income statement (or hedged balance sheet item).

**Fair value hedges**

The majority of interest rate swaps (taken out to swap the Group's fixed rate borrowings to floating rate, in accordance with the Group's policy) have been designated as fair value hedges. The carrying value of the hedged debt is adjusted at each balance sheet date to reflect the impact on its fair value of changes in market interest rates. Changes in the fair value of the hedged debt are offset against fair value changes in the interest rate swap and recognised in the Consolidated income statement as financing remeasurements.

**Net investment hedges**

In certain instances, the Group uses derivative instruments to hedge exposures in non-US dollar functional subsidiaries to exchange rate fluctuations on US dollar denominated borrowings. Such derivatives may be designated as net investment hedges and at 31 December 2014 principally related to the Group's Australian coal operations. Fair value changes in these derivatives are recognised within the 'Cumulative translation adjustment reserve' and recycled upon disposal of the related subsidiary.

**Held for trading**

The Group may choose not to designate certain derivatives as hedges. This may occur where the Group is economically hedged but IAS 39 hedge accounting cannot be achieved or where gains and losses on both the derivative and hedged item naturally offset in the Consolidated income statement, as is the case for certain cross currency swaps of non-US dollar debt. Fair value changes on these derivatives are recognised in the Consolidated income statement as remeasurements and are classified as financing or operating depending on the nature of the associated hedged risk.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value.

The fair value of the Group's open derivative positions at 31 December (excluding normal purchase and sale contracts held off balance sheet), recorded within 'Derivative financial assets' and 'Derivative financial liabilities', is as follows:

US\$ million	2015		Current		2015		Non-current	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
<b>Derivatives hedging net debt</b>								
Fair value hedge <sup>(1)</sup>								
Interest rate swaps	23	–	15	–	454	(18)	617	(27)
Net investment hedge								
Forward foreign currency contracts	–	–	–	–	–	–	347	–
Held for trading								
Forward foreign currency contracts	628	(10)	51	(10)	–	–	–	–
Cross currency swaps	14	(430)	38	(386)	3	(2,502)	21	(1,750)
Other	–	–	–	–	–	–	–	–
Debit valuation adjustment to derivative liabilities <sup>(2)</sup>	–	19	–	–	–	536	–	–
	665	(421)	104	(396)	457	(1,984)	985	(1,777)
<b>Other derivatives<sup>(3)</sup></b>	24	(56)	43	(143)	3	(2)	1	(8)
<b>Total derivatives</b>	689	(477)	147	(539)	460	(1,986)	986	(1,785)

<sup>(1)</sup> Recognised in the Consolidated income statement is a loss on fair value hedged items of \$143 million (2014: \$440 million), offset by a gain on fair value hedging instruments of \$146 million (2014: \$381 million).

<sup>(2)</sup> Relates to cross currency swaps. Refer to note 18.

<sup>(3)</sup> Other derivatives primarily relate to forward foreign currency contracts hedging capital expenditure that are accounted for as 'Held for trading'.

These marked to market valuations are not predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of closing all hedge contracts at 31 December, at market prices and rates available at the time.

The Group is exposed in varying degrees to a variety of financial instrument related risks. For more information about these risks and the ways in which the Group manages them see notes 24 and 38.

**NOTES TO THE CONSOLIDATED BALANCE SHEET****20. PROVISIONS FOR LIABILITIES AND CHARGES**

See note 39r for the Group's accounting policy on environmental restoration and decommissioning obligations.

US\$ million	Environmental restoration	Decommissioning	Employee benefits	Onerous contracts	Other	Total
At 1 January 2015	1,090	595	437	644	722	3,488
Charged to the income statement	136	–	114	17	229	496
Capitalised	70	44	–	–	28	142
Unwinding of discount	49	36	2	55	10	152
Amounts applied	(25)	(1)	(156)	(64)	(182)	(428)
Unused amounts reversed	(24)	(6)	(43)	(11)	(34)	(118)
Disposal of business and transferred to held for sale	(53)	(27)	(10)	–	–	(90)
Currency movements	(194)	(98)	(19)	(69)	(77)	(457)
<b>At 31 December 2015</b>	<b>1,049</b>	<b>543</b>	<b>325</b>	<b>572</b>	<b>696</b>	<b>3,185</b>
Current	72	5	295	67	181	620
Non-current	977	538	30	505	515	2,565

**Environmental restoration**

The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs, based on management's best estimate of the legal and constructive obligations incurred. These estimates reflect industry best practice and currently applicable legislation. Significant changes in legislation could result in changes in provisions recognised. It is anticipated that these costs will be incurred over a period in excess of 20 years.

**Decommissioning**

Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that these costs will be incurred over a period in excess of 20 years.

**Employee benefits**

Provision is made for statutory or contractual employee entitlements including long service leave, annual leave, sickness pay and similar obligations. It is anticipated that these costs will be incurred when employees choose to take their benefits.

**Onerous contracts**

Provision is made for the present value of certain long term contracts where the unavoidable cost of meeting the Group's obligations is expected to exceed the benefits to be received. It is anticipated that these costs will be incurred over a period of up to 15 years.

**Other**

Other provisions primarily relate to restructuring costs, indemnities, legal and other claims. It is anticipated that the majority of these costs will be incurred over a five year period.

**Environmental rehabilitation trusts**

The Group makes contributions to controlled funds that were established to meet the cost of some of its restoration and environmental rehabilitation liabilities, primarily in South Africa. The funds comprise the following investments:

US\$ million	2015	2014
Equity	115	139
Bonds	121	155
Cash	54	64
	<b>290</b>	<b>358</b>

These assets are primarily denominated in South African rand. Cash is held in short term fixed deposits or earns interest at floating inter-bank rates. Bonds earn interest at a weighted average fixed rate of 8.1% (2014: 8.2%) for an average period of four years (2014: four years). Equity investments are recorded at fair value through profit and loss and bonds are recorded at amortised cost.

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in provisions stated above.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

**21. DEFERRED TAX**

See note 39c for the Group's accounting policy on tax.

The movement in net deferred tax liabilities during the year is as follows:

US\$ million	2015	2014
At 1 January	(3,147)	(3,293)
Credited/(charged) to the income statement <sup>(1)</sup>	150	(187)
Credited to the statement of comprehensive income	33	25
Disposal of business	(72)	-
Currency movements	697	308
<b>At 31 December</b>	<b>(2,339)</b>	<b>(3,147)</b>
<b>Comprising:</b>		
Deferred tax assets	914	1,351
Deferred tax liabilities	(3,253)	(4,498)

<sup>(1)</sup> This includes a charge to tax special items of \$788 million (2014: \$104 million) relating to the write-off of deferred tax, a credit of \$107 million (2014: charge of \$306 million) relating to deferred tax remeasurements and a credit of \$783 million (2014: \$381 million) relating to deferred tax on special items.

The amount of deferred tax recognised in the Consolidated balance sheet is as follows:

US\$ million	2015	2014
<b>Deferred tax assets</b>		
Tax losses	534	573
Post employment benefits	31	66
Share-based payments	10	13
Enhanced tax depreciation	121	653
Other temporary differences	218	46
	<b>914</b>	<b>1,351</b>
<b>Deferred tax liabilities</b>		
Capital allowances in excess of depreciation	(2,080)	(2,845)
Fair value adjustments	(689)	(1,068)
Tax losses	24	53
Derivatives	2	3
Provisions	278	255
Withholding tax	(510)	(568)
Other temporary differences	(278)	(328)
	<b>(3,253)</b>	<b>(4,498)</b>

The amount of deferred tax credited/(charged) to the Consolidated income statement is as follows:

US\$ million	2015	2014
Capital allowances in excess of depreciation	123	(523)
Fair value adjustments	(243)	12
Tax losses	(54)	20
Derivatives	87	(39)
Provisions	(163)	(14)
Withholding tax	58	2
Other temporary differences	342	355
	<b>150</b>	<b>(187)</b>

The Group has the following balances in respect of which no deferred tax asset has been recognised:

US\$ million	2015				2014			
	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
<b>Expiry date</b>								
Within one year	-	-	-	-	3	-	-	3
Greater than one year, less than five years	334	-	-	334	420	-	-	420
Greater than five years	239	-	3,398	3,637	297	-	3,117	3,414
No expiry date	5,580	806	1,547	7,933	4,463	1,058	3,775	9,296
	<b>6,153</b>	<b>806</b>	<b>4,945</b>	<b>11,904</b>	<b>5,183</b>	<b>1,058</b>	<b>6,892</b>	<b>13,133</b>

The Group has no unused tax credits (2014: \$11 million) for which no deferred tax asset is recognised in the Consolidated balance sheet.

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, branches, associates and interests in joint arrangements where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries, branches, associates and interests in joint arrangements is represented by the contribution of those investments to the Group's retained earnings and amounted to \$15,103 million (2014: \$17,488 million).

**CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES****22. CAPITAL EXPENDITURE**

Capital expenditure is defined as cash expenditure on property, plant and equipment including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests.

**Capital expenditure by segment**

US\$ million	2015	2014
Platinum	366	576
De Beers	697	689
Copper	659	728
Nickel	26	14
Niobium and Phosphates <sup>(1)</sup>	50	239
Iron Ore and Manganese	1,422	2,685
Coal	941	1,045
Corporate and other	16	42
<b>Capital expenditure<sup>(2)</sup></b>	<b>4,177</b>	<b>6,018</b>
<b>Exclude:</b>		
Cash outflows from derivatives related to capital expenditure	(200)	(157)
Proceeds from disposal of property, plant and equipment	30	71
Direct funding for capital expenditure received from non-controlling interests	46	42
<b>Expenditure on property, plant and equipment</b>	<b>4,053</b>	<b>5,974</b>

<sup>(1)</sup> Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

<sup>(2)</sup> Cash capital expenditure includes capitalised operating cash outflows of \$147 million (2014: \$9 million cash inflows) generated by operations that have not yet reached commercial production, principally in relation to Minas-Rio (Iron Ore and Manganese) and Barro Alto (Nickel).

**Capital expenditure by category**

US\$ million	2015	2014
Expansionary <sup>(1)</sup>	2,083	3,248
Stay-in-business	1,384	1,973
Stripping and development	740	868
Proceeds from disposal of property, plant and equipment	(30)	(71)
	<b>4,177</b>	<b>6,018</b>

<sup>(1)</sup> The expansionary category includes the cash flows from derivatives related to capital expenditure and is net of direct funding for capital expenditure received from non-controlling interests.

## CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

**23. NET DEBT**

See note 39o for the Group's accounting policy on cash and debt.

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of net debt, see note 19).

**a) Reconciliation to the balance sheet**

US\$ million	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
	2015	2014	2015	2014	2015	2014
Balance sheet	6,895	6,748	(1,649)	(1,618)	(16,318)	(16,917)
Balance sheet – disposal groups	9	–	–	–	–	–
Bank overdrafts	(15)	(1)	15	1	–	–
<b>Net cash/(debt) classifications</b>	<b>6,889</b>	<b>6,747</b>	<b>(1,634)</b>	<b>(1,617)</b>	<b>(16,318)</b>	<b>(16,917)</b>

**b) Movement in net debt**

US\$ million	Cash and cash equivalents	Short term borrowings	Medium and long term borrowings	Net debt excluding derivatives	Derivatives hedging net debt <sup>(1)</sup>	Net debt including derivatives
At 1 January 2014	7,702	(2,106)	(15,740)	(10,144)	(508)	(10,652)
Cash flow	(841)	1,785	(3,568)	(2,624)	(203)	(2,827)
Reclassifications	–	(1,487)	1,487	–	–	–
Movement in fair value	–	(7)	(434)	(441)	(373)	(814)
Other non-cash movements	–	(2)	(72)	(74)	–	(74)
Currency movements	(114)	200	1,410	1,496	–	1,496
At 31 December 2014	6,747	(1,617)	(16,917)	(11,787)	(1,084)	(12,871)
Cash flow	416	1,404	(2,736)	(916)	170	(746)
Reclassifications	–	(1,616)	1,616	–	–	–
Movement in fair value	–	(9)	151	142	(924)	(782)
Other non-cash movements	–	(2)	(45)	(47)	–	(47)
Currency movements	(274)	206	1,613	1,545	–	1,545
<b>At 31 December 2015</b>	<b>6,889</b>	<b>(1,634)</b>	<b>(16,318)</b>	<b>(11,063)</b>	<b>(1,838)</b>	<b>(12,901)</b>

<sup>(1)</sup> Derivatives hedging net debt represents the mark to market valuation of such derivatives before taking into account the effect of debit valuation adjustments which reduce the valuation of derivative liabilities hedging net debt by \$555 million (2014: nil). Further details on this adjustment are provided in note 18.

**c) Net debt by segment**

The Group's policy is to hold the majority of its cash and borrowings at the corporate centre. Business units may from time to time raise borrowings in connection with specific capital projects, and subsidiaries with non-controlling interests have borrowings which are without recourse to the Group. Other than the impact of South African exchange controls (see 23d below), there are no significant restrictions over the Group's ability to access these cash balances or repay these borrowings. Net cash/(debt) by segment is stated after elimination of inter-segment balances.

US\$ million	2015	2014
Platinum	(176)	24
De Beers	(109)	(126)
Copper	820	738
Nickel	(138)	(262)
Niobium and Phosphates <sup>(1)</sup>	123	76
Iron Ore and Manganese	(2,370)	(2,294)
Coal	260	201
Corporate and other	(11,311)	(11,228)
	<b>(12,901)</b>	<b>(12,871)</b>

<sup>(1)</sup> Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

**d) South Africa net debt**

The Group operates in South Africa where the existence of exchange controls may restrict the use of certain cash balances. The Group therefore monitors the cash and debt associated with these operations separately. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations. Below is a breakdown of net debt in South Africa.

US\$ million	2015	2014
Cash and cash equivalents	1,419	1,298
Short term borrowings	(49)	(118)
Medium and long term borrowings	(1,471)	(1,252)
<b>Net debt excluding derivatives</b>	<b>(101)</b>	<b>(72)</b>
Derivatives hedging net debt	(4)	1
<b>Net debt including derivatives</b>	<b>(105)</b>	<b>(71)</b>

## CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

## 24. BORROWINGS

See note 39o for the Group's accounting policy on bank borrowings.

The Group accesses borrowings mostly in capital markets through bonds issued under the Euro Medium Term Note (EMTN) programme, the South African Domestic Medium Term Note (DMTN) programme, the Australian Medium Term Note (AMTN) programme and through accessing the United States (US) bond markets. The Group uses interest rate and cross currency swaps to ensure that the majority of the Group's borrowings are floating rate US dollar denominated.

During 2015, the Group issued corporate bonds with a US dollar equivalent value of \$2.2 billion. These included the following bonds:

- €600 million 1.5% guaranteed loan notes due 2020 issued under the EMTN programme.
- \$850 million 3.625% senior notes due 2020 and \$650 million 4.875% senior notes due 2025 through accessing the US bond markets.

An analysis of borrowings, as presented on the Consolidated balance sheet, is set out below:

US\$ million	2015				2014			
	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
<b>Secured</b>								
Bank loans and overdrafts <sup>(1)</sup>	9	10	19	19	9	21	30	30
Obligations under finance leases <sup>(2)</sup>	7	53	60	60	25	52	77	77
	16	63	79	79	34	73	107	107
<b>Unsecured</b>								
Bank loans and overdrafts	270	1,961	2,231	2,979	211	2,198	2,409	2,805
Bonds issued under EMTN programme								
5.875% €1,000m bond due April 2015	–	–	–	–	1,228	–	1,228	1,577
4.375% €750m bond due December 2016	839	–	839	1,122	–	959	959	1,122
1.75% €900m bond due November 2017	–	995	995	1,211	–	1,107	1,107	1,211
1.75% €750m bond due April 2018	–	829	829	1,033	–	922	922	1,033
6.875% £400m bond due May 2018	–	644	644	793	–	701	701	793
2.5% €750m bond due September 2018	–	841	841	959	–	938	938	959
1.028% JPY10,000m bond due December 2018	–	83	83	97	–	84	84	97
2.75% €750m bond due June 2019	–	854	854	941	–	956	956	941
1.5% €600m bond due April 2020	–	651	651	659	–	–	–	–
2.875% €600m bond due November 2020	–	688	688	807	–	769	769	807
2.5% €750m bond due April 2021	–	849	849	977	–	947	947	977
3.5% €750m bond due March 2022	–	908	908	992	–	1,025	1,025	992
3.25% €750m bond due April 2023	–	868	868	1,033	–	976	976	1,033
US bonds								
LIBOR+0.95% \$500m bond due April 2016	500	–	500	500	–	499	499	500
2.625% \$600m bond due April 2017	–	602	602	600	–	604	604	600
2.625% \$750m bond due September 2017	–	744	744	750	–	738	738	750
9.375% \$750m bond due April 2019	–	795	795	750	–	804	804	750
3.625% \$850m bond due May 2020	–	842	842	850	–	–	–	–
4.45% \$500m bond due September 2020	–	522	522	500	–	521	521	500
4.125% \$500m bond due April 2021	–	508	508	500	–	505	505	500
4.125% \$600m bond due September 2022	–	588	588	600	–	578	578	600
4.875% \$650m bond due May 2025	–	644	644	650	–	–	–	–
Bonds issued under AMTN programme								
5.75% AUD500m bond due November 2018	–	379	379	470	–	423	423	470
Bonds issued under DMTN programme								
9.77% R1,000m bond due May 2015	–	–	–	–	86	–	86	86
JIBAR+0.5% R200m bond due March 2016	13	–	13	13	–	17	17	17
JIBAR+1.38% R600m bond due March 2017	–	39	39	39	–	52	52	52
9.27% R1,400m bond due March 2019	–	87	87	91	–	121	121	121
9.49% R650m bond due April 2021	–	40	40	42	–	56	56	56
JIBAR+1.47% R400m bond due April 2021	–	26	26	26	–	35	35	35
Other loans	11	268	279	279	59	309	368	368
<b>Total borrowings</b>	<b>1,633</b>	<b>16,255</b>	<b>17,888</b>	<b>20,263</b>	<b>1,584</b>	<b>16,844</b>	<b>18,428</b>	<b>19,752</b>
	<b>1,649</b>	<b>16,318</b>	<b>17,967</b>	<b>20,342</b>	<b>1,618</b>	<b>16,917</b>	<b>18,535</b>	<b>19,859</b>

<sup>(1)</sup> Assets with a book value of \$91 million (2014: \$73 million) have been pledged as security, of which \$40 million (2014: \$47 million) are property, plant and equipment, \$49 million (2014: \$24 million) are financial assets and \$2 million (2014: \$2 million) are inventories. Related to these assets are borrowings of \$19 million (2014: \$30 million).

<sup>(2)</sup> Details of assets held under finance leases are provided in note 12.

## CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

## 24. BORROWINGS continued

## Liquidity risk

The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any Group distribution restrictions that exist. In addition, certain projects may be financed by means of limited recourse project finance, if appropriate.

The expected undiscounted cash flows of the Group's net debt related and other financial liabilities, by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows:

US\$ million	Net debt related financial liabilities				2015
	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
<b>Amount due for repayment within one year</b>	(1,631)	(702)	(232)	(2,662)	(5,227)
Greater than one year, less than two years	(2,617)	(657)	(113)	–	(3,387)
Greater than two years, less than three years	(3,067)	(587)	(544)	–	(4,198)
Greater than three years, less than four years	(1,871)	(424)	(43)	–	(2,338)
Greater than four years, less than five years	(3,508)	(286)	(101)	–	(3,895)
Greater than five years	(4,853)	(459)	(420)	–	(5,732)
<b>Total due for repayment after more than one year</b>	<b>(15,916)</b>	<b>(2,413)</b>	<b>(1,221)</b>	–	<b>(19,550)</b>
<b>Total</b>	<b>(17,547)</b>	<b>(3,115)</b>	<b>(1,453)</b>	<b>(2,662)</b>	<b>(24,777)</b>

US\$ million	Net debt related financial liabilities				2014
	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
<b>Amount due for repayment within one year</b>	(1,602)	(752)	(175)	(3,387)	(5,916)
Greater than one year, less than two years	(1,866)	(670)	(101)	–	(2,637)
Greater than two years, less than three years	(2,806)	(581)	(47)	–	(3,434)
Greater than three years, less than four years	(3,555)	(489)	(277)	–	(4,321)
Greater than four years, less than five years	(2,053)	(320)	44	–	(2,329)
Greater than five years	(6,094)	(556)	(201)	–	(6,851)
<b>Total due for repayment after more than one year</b>	<b>(16,374)</b>	<b>(2,616)</b>	<b>(582)</b>	–	<b>(19,572)</b>
<b>Total</b>	<b>(17,976)</b>	<b>(3,368)</b>	<b>(757)</b>	<b>(3,387)</b>	<b>(25,488)</b>

The Group had the following undrawn committed borrowing facilities at 31 December:

US\$ million	2015	2014
<b>Expiry date</b>		
Within one year <sup>(1)</sup>	683	1,073
Greater than one year, less than two years	32	525
Greater than two years, less than three years	1,110	1,172
Greater than three years, less than four years	192	597
Greater than four years, less than five years	5,862	5,000
	<b>7,879</b>	<b>8,367</b>

<sup>(1)</sup> Includes undrawn South African rand facilities equivalent to \$0.5 billion (2014: \$0.9 billion) in respect of facilities with 364 day maturity which roll automatically on a daily basis, unless notice is served.

## Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to enable the business to operate effectively.

In order to manage the short and long term capital structure, the Group has a number of options including raising and refinancing debt, adjusting returns to equity shareholders, managing the allocation of capital and divesting non-core assets to reduce debt.

The Group monitors capital using various financial metrics including the ratio of net debt to total capital (gearing). Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of net debt). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt. Total capital and gearing are as follows:

US\$ million	2015	2014
Net assets	21,342	32,177
Net debt including related derivatives (note 23)	12,901	12,871
<b>Total capital</b>	<b>34,243</b>	<b>45,048</b>
<b>Gearing</b>	<b>37.7%</b>	<b>28.6%</b>

Gearing has increased from 28.6% to 37.7% as total capital has decreased. Net debt remained consistent at \$12.9 billion at 31 December 2015 as cash inflows from operating activities were offset by outflows primarily relating to capital expenditure and dividends to Anglo American plc shareholders as well as to non-controlling interests. Total capital decreased from \$45.0 billion to \$34.2 billion primarily due to the impact of impairments and the effect of a stronger US dollar on assets denominated in other currencies.

## CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

## 24. BORROWINGS continued

## Market risk

Market risk is the risk that financial instrument fair values and related cash flows will fluctuate due to changes in market prices. The Group manages interest rate risks and foreign exchange risks on borrowings and cash with the use of cross currency swaps and interest rate swaps in order to ensure that the majority of borrowings are floating rate US dollar denominated. The Group does not hedge foreign exchange exposures on rand denominated borrowings in South Africa. For more information regarding the Group's financial risk management see note 38.

The table below reflects the exposure of the Group's net debt to currency and interest rate risk.

	2015					
US\$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	6,239	(1,197)	(5,400)	(1,835)	(10,221)	(12,414)
Euro	6	-	(8,322)	-	8,322	6
South African rand	116	(966)	(136)	(3)	-	(989)
Brazilian real	238	(793)	-	-	793	238
Australian dollar	148	-	(379)	-	379	148
Sterling	18	-	(644)	-	644	18
Other	124	(17)	(98)	-	83	92
Impact of interest derivatives	-	(14,800)	14,800	-	-	-
<b>Total</b>	<b>6,889</b>	<b>(17,773)</b>	<b>(179)</b>	<b>(1,838)</b>	<b>-</b>	<b>(12,901)</b>

	2014					
US\$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	6,151	(1,291)	(3,896)	(1,087)	(12,336)	(12,459)
Euro	24	-	(9,827)	-	9,827	24
South African rand	134	(703)	(266)	3	-	(832)
Brazilian real	211	(1,303)	-	-	1,301	209
Australian dollar	61	-	(423)	-	423	61
Sterling	29	-	(701)	-	701	29
Other	137	(7)	(117)	-	84	97
Impact of interest derivatives	-	(15,050)	15,050	-	-	-
<b>Total</b>	<b>6,747</b>	<b>(18,354)</b>	<b>(180)</b>	<b>(1,084)</b>	<b>-</b>	<b>(12,871)</b>

## 25. COMMITMENTS

See note 39x for the Group's accounting policy on leases.

A commitment is a contractual obligation to make a payment in the future which is not provided for in the balance sheet. The Group also has purchase obligations relating to take or pay agreements which are legally binding and enforceable.

Capital commitments for subsidiaries and joint operations relating to the acquisition of property, plant and equipment is \$1,168 million (2014: \$1,936 million), of which 82% (2014: 80%) relates to expenditure to be incurred within the next year.

The Group's share of joint ventures' outstanding capital commitments, including its share of commitments made jointly with other investors, relating to the acquisition of property, plant and equipment is \$5 million (2014: \$63 million), of which 100% (2014: 98%) relates to expenditure to be incurred within the next year.

The Group's outstanding commitments relating to take or pay agreements is \$9,552 million (2014: \$10,197 million), of which 10% (2014: 9%) relates to expenditure to be incurred within the next year.

At 31 December the Group had the following commitments under non-cancellable operating leases:

US\$ million	2015	2014
<b>Expiry date</b>		
Within one year	92	94
Greater than one year, less than two years	75	65
Greater than two years, less than five years	72	115
Greater than five years	24	80
	<b>263</b>	<b>354</b>

Operating leases relate principally to land and buildings, vehicles and mining equipment.

## EMPLOYEE REMUNERATION

## 26. EMPLOYEE NUMBERS AND COSTS

The average number of employees, excluding contractors and associates' and joint ventures' employees, and including a proportionate share of employees within joint operations, was:

Thousand	2015	2014
<b>By segment</b>		
Platinum	48	51
De Beers	11	10
Copper	5	6
Nickel	2	2
Niobium and Phosphates <sup>(1)</sup>	2	2
Iron Ore and Manganese	10	9
Coal	11	12
Corporate and other	2	3
	<b>91</b>	<b>95</b>

<sup>(1)</sup> Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

The average number of employees by principal location of employment was:

Thousand	2015	2014
South Africa	69	72
Other Africa	4	4
South America	10	11
North America	2	2
Australia and Asia	4	4
Europe	2	2
	<b>91</b>	<b>95</b>

Payroll costs in respect of the employees included in the tables above were:

US\$ million	2015	2014
Wages and salaries	3,798	4,244
Social security costs	135	166
Post employment benefits <sup>(1)</sup>	332	404
Share-based payments (note 28)	209	258
<b>Total payroll costs</b>	<b>4,474</b>	<b>5,072</b>
<b>Reconciliation:</b>		
Less: employee costs capitalised	(319)	(367)
Less: employee costs included within special items	(200)	(191)
<b>Employee costs included in operating costs</b>	<b>3,955</b>	<b>4,514</b>

<sup>(1)</sup> Includes contributions to defined contribution pension and medical plans, current and past service costs related to defined benefit pension and medical plans and other benefits provided to certain employees during retirement (see note 27).

## Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (executive and non-executive) of the Group. Key management comprises members of the Board and the Group Management Committee.

Compensation for key management was as follows:

US\$ million	2015	2014
Salaries and short term employee benefits	22	31
Social security costs	4	5
Termination benefits	2	3
Post employment benefits	3	3
Share-based payments	13	18
	<b>44</b>	<b>60</b>

Disclosure of directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 2006 and those specified for audit by Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the Remuneration report.

## EMPLOYEE REMUNERATION

## 27. RETIREMENT BENEFITS

See note 39t for the Group's accounting policy on retirement benefits.

The Group operates a number of defined contribution and defined benefit pension plans. It also operates post employment medical plans, principally in South Africa.

**Defined contribution plans**

The defined contribution pension and medical cost represents the actual contributions payable by the Group to the various plans.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of the contribution payable by the Group in the financial year. The charge for the year for defined contribution pension plans (net of amounts capitalised) was \$221 million (2014: \$244 million) and for defined contribution medical plans (net of amounts capitalised) was \$73 million (2014: \$81 million).

**Defined benefit pension plans and post employment medical plans**

The Group operates defined benefit pension and medical plans across a number of regions. The most significant plans are in South Africa and the United Kingdom.

A summary of the movements in the net pension plan assets and retirement benefit obligations on the Consolidated balance sheet is as follows:

US\$ million	2015	2014
Net liability recognised at 1 January	(889)	(1,013)
Net income statement charge	(60)	(113)
Remeasurement of net defined benefit obligation	290	(15)
Employer contributions to funded pension plans	118	132
Benefits paid to unfunded plans	24	15
Disposal of business	41	-
Other	12	16
Currency movements	103	89
<b>Net liability recognised at 31 December</b>	<b>(361)</b>	<b>(889)</b>
<b>Amounts recognised as:</b>		
Defined benefit pension plans in surplus <sup>(1)</sup>	306	184
Retirement benefit obligation – pension plans	(330)	(615)
Retirement benefit obligation – medical plans	(337)	(458)
	<b>(361)</b>	<b>(889)</b>

<sup>(1)</sup> Included in Other non-current assets on the Consolidated balance sheet.

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group, in independently administered funds, in accordance with statutory requirements or local practice in the relevant jurisdiction. The unfunded liabilities are principally in relation to termination indemnity plans in Chile.

The post employment medical plans provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded and are principally in South Africa.

Independent qualified actuaries carry out full valuations at least every three years using the projected unit credit method. The actuaries have updated the valuations to 31 December 2015. Assumptions are set after consultation with the qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the Group's other comprehensive income.

**Characteristics and risks of plans**

The defined benefit plans are exposed to risks such as longevity, investment risk, inflation risk, interest rate risk and foreign exchange risk.

The weighted average duration of the South African plans is 11 years (2014: 12 years), United Kingdom plans is 18 years (2014: 18 years) and plans in other regions is 14 years (2014: 14 years). This represents the average period over which future benefit payments are expected to be made.

Employer contributions are made in accordance with the terms of each plan and may vary from year to year. Employer contributions made to funded plans in the year ended 31 December 2015 were \$118 million. In addition \$24 million of benefits were paid to unfunded plans and \$23 million of benefits were paid in relation to post employment medical plans. The Group expects to contribute \$118 million to its pension plans and \$20 million to its post employment medical plans in 2016.

The responsibility for the governance of the funded retirement benefit plans, including investment and funding decisions, lies with the Trustees of each scheme.

**South Africa**

The pension plans in South Africa are in surplus, with the asset recognised on the Consolidated balance sheet restricted to the amount in the Employer Surplus Account, being plan assets less plan liabilities less any contingency reserves as recommended by the funds' actuaries.

The Employer Surplus Account is the amount that the Group is entitled to by way of refund. All pension plans in South Africa are closed to new members and the majority of plans are closed to future benefit accrual. As the plans are in surplus no employer contributions are currently being made.

The Group's provision of anti-retroviral therapy to HIV positive staff does not significantly impact the post employment medical plan liability.

**United Kingdom**

The Group operates funded pension plans in the United Kingdom. These plans are closed to new members and to the future accrual of benefits.

Certain assets held by the main plans in the United Kingdom are structured to closely match the characteristics of the liabilities through a variety of investment strategies, including the use of interest rate hedging and inflation hedging to manage interest rate risk and inflation rate risk, respectively.

The Group is committed to make payments to certain United Kingdom pension plans under deficit funding plans agreed with the respective Trustees. Where the present value of the agreed funding payments exceeds the liability in respect of the plans as measured under IFRS, and would therefore, when paid, give rise to a surplus as measured under IFRS, a provision is recognised for any part of that surplus that would not be recoverable. Any resulting surplus has been assessed to be fully recoverable and as such no provision has been recognised.

## EMPLOYEE REMUNERATION

## 27. RETIREMENT BENEFITS continued

**Other**

Other pension and post employment medical plans primarily comprise obligations in Chile where legislation requires employers to provide for a termination indemnity, entitling employees to a cash payment made on the termination of an employment contract. The features of this provision meet the definition of a post employment benefit obligation and consequently an unfunded liability is recognised on the Consolidated balance sheet. Other plans are in Brazil, Canada and mainland Europe and consist of funded and unfunded pension plans and unfunded medical aid plans. These plans are not considered to be significant to the Group.

**Actuarial assumptions**

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits are detailed below (shown as weighted averages):

	2015			2014		
	South Africa	United Kingdom	Other	South Africa	United Kingdom	Other
<b>Defined benefit pension plans</b>						
Average discount rate for plan liabilities	10.3%	3.9%	6.8%	8.3%	3.6%	6.4%
Average rate of inflation	7.9%	3.1%	3.6%	6.2%	3.1%	3.5%
Average rate of increase of pensions in payment	7.9%	3.1%	3.2%	6.2%	3.2%	3.2%
<b>Post employment medical plans</b>						
Average discount rate for plan liabilities	10.3%	3.9%	9.1%	8.3%	3.9%	7.0%
Average rate of inflation	7.9%	3.1%	6.9%	6.2%	3.3%	5.2%
Expected average increase in healthcare costs	9.6%	7.8%	9.1%	7.9%	8.0%	7.7%

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In South Africa, the PA90 tables are used. The main plans in the United Kingdom use either SAPS tables or Club Vita models with plan specific adjustments based on mortality investigations. The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy (shown as weighted averages):

Years	Male		Female	
	2015	2014	2015	2014
South Africa	19.8	19.9	24.5	24.6
United Kingdom	28.2	28.7	30.0	30.2
Other	22.8	22.8	27.2	27.1

The table below summarises the expected life expectancy from the age of 60 for a male or female aged 45 at the balance sheet date. When viewed together with the respective life expectancy at age 60 in the table above this indicates the anticipated improvement in life expectancy (shown as weighted averages):

Years	Male		Female	
	2015	2014	2015	2014
South Africa	19.8	19.9	24.5	24.6
United Kingdom	29.6	29.7	32.0	31.9
Other	25.1	23.3	29.3	27.5

**Sensitivity analysis**

Significant actuarial assumptions for the determination of pension and medical plan liabilities are the discount rate, inflation rate and mortality. The sensitivity analysis below has been provided by local actuaries on an approximate basis based on changes in the assumptions occurring at the end of the year, assuming that all other assumptions are held constant and the effect of interrelationships is excluded. The effect on plan liabilities is as follows:

US\$ million	2015			
	South Africa	United Kingdom	Other	Total
<b>Discount rate</b> – 0.5% decrease	(57)	(360)	(14)	(431)
<b>Inflation rate – pension plans</b> – 0.5% increase	(39)	(169)	(10)	(218)
<b>Inflation rate – medical plans</b> – 0.5% increase	(17)	–	(3)	(20)
<b>Life expectancy</b> – increase by 1 year	(48)	(126)	(4)	(178)

**Income statement**

The amounts recognised in the Consolidated income statement are as follows:

US\$ million	2015			2014		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Amount charged within operating costs	14	4	18	54	4	58
Net charge to net finance costs	9 <sup>(1)</sup>	33	42	18	37	55
<b>Total charge to the income statement</b>	<b>23</b>	<b>37</b>	<b>60</b>	<b>72</b>	<b>41</b>	<b>113</b>

<sup>(1)</sup> Includes interest expense on surplus restriction of \$13 million.

## EMPLOYEE REMUNERATION

## 27. RETIREMENT BENEFITS continued

## Comprehensive income

The amounts recognised in the Consolidated statement of comprehensive income are as follows:

US\$ million	2015			2014		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Return on plan assets, excluding interest income	(125)	–	(125)	542	(1)	541
Actuarial gains/(losses) on plan liabilities <sup>(1)</sup>	401	23	424	(527)	(8)	(535)
Movement in surplus restriction	(9)	–	(9)	(21)	–	(21)
<b>Remeasurement of net defined benefit obligation</b>	<b>267</b>	<b>23</b>	<b>290</b>	<b>(6)</b>	<b>(9)</b>	<b>(15)</b>

<sup>(1)</sup> Comprises gains/(losses) from changes in financial and demographic assumptions as well as experience on plan liabilities.

## Pension plan assets and liabilities by geography

The split of the present value of funded and unfunded obligations in defined benefit pension plans and the fair value of pension assets at 31 December is as follows:

US\$ million	2015				2014			
	South Africa	United Kingdom	Other	Total	South Africa	United Kingdom	Other	Total
Equity	354	857	9	1,220	454	885	11	1,350
Corporate bonds	247	1,356	33	1,636	275	1,368	66	1,709
Government bonds	459	1,378	35	1,872	687	1,513	37	2,237
Cash	66	51	1	118	69	48	1	118
Other	–	199	6	205	–	203	10	213
<b>Fair value of pension plan assets<sup>(1)</sup></b>	<b>1,126</b>	<b>3,841</b>	<b>84</b>	<b>5,051</b>	<b>1,485</b>	<b>4,017</b>	<b>125</b>	<b>5,627</b>
Active members	(7)	(179)	(17)	(203)	(9)	(307)	(35)	(351)
Deferred members	(12)	(1,401)	(5)	(1,418)	(24)	(1,672)	(9)	(1,705)
Pensioners	(827)	(2,242)	(67)	(3,136)	(1,136)	(2,372)	(93)	(3,601)
<b>Present value of funded obligations</b>	<b>(846)</b>	<b>(3,822)</b>	<b>(89)</b>	<b>(4,757)</b>	<b>(1,169)</b>	<b>(4,351)</b>	<b>(137)</b>	<b>(5,657)</b>
<b>Present value of unfunded obligations<sup>(2)</sup></b>	<b>–</b>	<b>–</b>	<b>(161)</b>	<b>(161)</b>	<b>–</b>	<b>–</b>	<b>(219)</b>	<b>(219)</b>
Net surplus/(deficit) in pension plans	280	19	(166)	133	316	(334)	(231)	(249)
Surplus restriction	(156)	–	(1)	(157)	(182)	–	–	(182)
<b>Recognised retirement benefit assets/(liabilities)</b>	<b>124</b>	<b>19</b>	<b>(167)</b>	<b>(24)</b>	<b>134</b>	<b>(334)</b>	<b>(231)</b>	<b>(431)</b>
<b>Amounts in the Consolidated balance sheet</b>								
Defined benefit pension plans in surplus	124	182	–	306	134	50	–	184
Retirement benefit obligation – pension plans	–	(163)	(167)	(330)	–	(384)	(231)	(615)
	<b>124</b>	<b>19</b>	<b>(167)</b>	<b>(24)</b>	<b>134</b>	<b>(334)</b>	<b>(231)</b>	<b>(431)</b>

<sup>(1)</sup> The fair value of assets is used to determine the funding level of the plans. The fair value of the assets of the funded plans was sufficient to cover 106% (2014: 99%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions.

<sup>(2)</sup> Includes \$151 million (2014: \$214 million) relating to active members.

All investments have been fair valued based on quoted market prices.

## Movement analysis

The changes in the fair value of plan assets are as follows:

US\$ million	2015			2014		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	5,627	14	5,641	5,315	17	5,332
Effects of settlements	(6)	–	(6)	(4)	–	(4)
Interest income	260 <sup>(1)</sup>	1	261	284 <sup>(1)</sup>	1	285
Return on plan assets, excluding interest income	(125) <sup>(1)</sup>	–	(125)	542 <sup>(1)</sup>	(1)	541
Contributions paid by employer to funded pension plans	118	–	118	132	–	132
Benefits paid <sup>(2)</sup>	(243)	(1)	(244)	(236)	(1)	(237)
Other	5	–	5	6	–	6
Currency movements	(585)	(1)	(586)	(412)	(2)	(414)
<b>At 31 December</b>	<b>5,051</b>	<b>13</b>	<b>5,064</b>	<b>5,627</b>	<b>14</b>	<b>5,641</b>

<sup>(1)</sup> The actual return on assets in respect of pension plans was \$135 million (2014: \$826 million).

<sup>(2)</sup> Includes \$10 million (2014: \$10 million) of benefits paid to defined contribution plans.

## EMPLOYEE REMUNERATION

## 27. RETIREMENT BENEFITS continued

The changes in the present value of defined benefit obligations are as follows:

US\$ million	2015			2014		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	(5,876)	(472)	(6,348)	(5,674)	(494)	(6,168)
Current service costs	(21)	(4)	(25)	(25)	(4)	(29)
Effects of curtailments/settlements	6	–	6	(17)	–	(17)
Interest cost	(256)	(34)	(290)	(302)	(38)	(340)
Actuarial gain/(loss) arising from changing financial assumptions	221	18	239	(548)	(9)	(557)
Actuarial gain arising from changing demographic assumptions	40	–	40	19	1	20
Actuarial gain arising from experience adjustment	140	5	145	2	–	2
Benefits paid	257	23	280	241	27	268
Disposal of business	41	–	41	–	–	–
Other	(5)	–	(5)	(6)	–	(6)
Currency movements	535	114	649	434	45	479
<b>At 31 December</b>	<b>(4,918)</b>	<b>(350)</b>	<b>(5,268)</b>	<b>(5,876)</b>	<b>(472)</b>	<b>(6,348)</b>

## 28. SHARE-BASED PAYMENTS

See note 39u for the Group's accounting policy on share-based payments.

During the year ended 31 December 2015 the Group had share-based payment arrangements with employees relating to shares of the Company, the details of which are described in the Remuneration report. All of these Company schemes are equity settled, either by award of ordinary shares (BSP, LTIP and SIP) or award of options to acquire ordinary shares (ESOS, DOP and SAYE). The ESOS is now closed to new participants, having been replaced with the BSP, and there have been no outstanding awards since 31 December 2014. No options have been granted under the DOP.

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US\$ million	2015	2014
BSP	88	94
LTIP	42	60
Other schemes	5	3
<b>Share-based payment charge relating to Anglo American plc shares<sup>(1)</sup></b>	<b>135</b>	<b>157</b>

<sup>(1)</sup> In addition, there are equity settled share-based payment charges of \$47 million (2014: \$58 million) relating to Kumba Iron Ore Limited shares and \$26 million (2014: \$35 million) relating to Anglo American Platinum Limited shares. Certain business units also operate cash settled employee share-based payment schemes. These schemes had a charge of \$1 million (2014: \$8 million).

## Schemes settled by award of ordinary shares

The fair value of ordinary shares under the BSP, LTIP and LTIP-ROCE, being the more material schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP-TSR scheme was calculated using a Monte Carlo model.

The awards were granted on 03/03/15 (2014: 07/03/14) with a share price of £12.05 (2014: £14.63). These awards have a contractual life of three years and are conditional on three years continuous employment. The LTIP-ROCE and LTIP-TSR awards are conditional on a Group ROCE target and market based performance conditions, respectively, being achieved. The following assumptions were used in the valuation of the awards: expected volatility of 35% (2014: 35%) based on historic volatility over the last five years; risk free interest rate of 0.9% (2014: 1.1%) based on the yield on zero-coupon UK government bonds with a term similar to the expected life of the award; expected departures rate of 5% pa (2014: 5% pa); and a dividend yield of 2.1% (2014: 2.1%).

The awards granted during the year under these assumptions are summarised below:

	2015		2014	
	Number of instruments <sup>(1)</sup>	Fair value at date of grant (weighted average)(£)	Number of instruments <sup>(1)</sup>	Fair value at date of grant (weighted average)(£)
BSP	5,560,276	12.05	5,128,574	14.63
LTIP	2,792,470	12.05	1,934,900	14.63
LTIP-ROCE	827,674	12.05	613,682	14.63
LTIP-TSR	827,674	5.30	613,682	7.87

<sup>(1)</sup> The number of instruments used in the fair value models may differ from the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.

The charges arising in respect of the other Anglo American plc employee share schemes that the Group operated during the year are not considered material.

## GROUP STRUCTURE AND TRANSACTIONS

## 28. SHARE-BASED PAYMENTS continued

The movements in the number of shares for the more significant share-based payment arrangements are as follows:

**Bonus Share Plan<sup>(1)</sup>**

Ordinary shares of 54<sup>86</sup>/<sub>91</sub> US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2015	2014
Outstanding at 1 January	12,104,010	10,871,470
Conditionally awarded in year	5,560,276	5,128,574
Vested in year	(2,937,812)	(2,144,872)
Forfeited or expired in year	(2,102,712)	(1,751,162)
<b>Outstanding at 31 December</b>	<b>12,623,762</b>	<b>12,104,010</b>

<sup>(1)</sup> The BSP was approved by shareholders in 2004 as a replacement for the ESOS. Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

**Long Term Incentive Plan<sup>(1)</sup>**

Ordinary shares of 54<sup>86</sup>/<sub>91</sub> US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2015	2014
Outstanding at 1 January	6,131,998	4,762,211
Conditionally awarded in year	4,447,817	3,162,264
Vested in year	(1,313,835)	(986,324)
Forfeited or expired in year	(707,091)	(806,153)
<b>Outstanding at 31 December</b>	<b>8,558,889</b>	<b>6,131,998</b>

<sup>(1)</sup> The early vesting of share awards is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death. The LTIP awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the Remuneration report.

## 29. ASSETS AND LIABILITIES HELD FOR SALE

Assets classified as held for sale as at 31 December 2015 of \$27 million and associated liabilities of \$17 million principally relate to the Kimberley Mines (De Beers) in South Africa. The sale transaction was announced on 1 December 2015 and completion was subsequently announced on 21 January 2016.

The Group's investment in the Lafarge Tarmac joint venture (Corporate and other) was classified as held for sale at 30 June 2015, and the disposal subsequently completed on 17 July 2015, see note 30.

## 30. DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES

US\$ million	2015		
	Tarmac businesses	Anglo American Norte	Total
Property, plant and equipment	–	412	412
Investments in joint ventures	1,539	–	1,539
Other non-current assets	–	73	73
Current assets	–	316	316
Current liabilities	–	(119)	(119)
Non-current liabilities	–	(114)	(114)
<b>Net assets disposed</b>	<b>1,539</b>	<b>568</b>	<b>2,107</b>
<b>Consideration net of transaction costs</b>	<b>1,543</b>	<b>281</b>	<b>1,824</b>
Cash and cash equivalents disposed	–	(82)	(82)
Cash inflow from hedging of proceeds	13	–	13
Net cash inflow	1,556	199	1,755
Loss on transfer to held for sale	(100)	–	(100)
Cumulative translation loss recycled from reserves	(101)	–	(101)
Other credits	12	–	12
<b>Net loss on disposal</b>	<b>(172)</b>	<b>(287)</b>	<b>(459)</b>

## GROUP STRUCTURE AND TRANSACTIONS

## 30. DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES continued

## 2015

## Tarmac businesses

On 17 July 2015, the Group completed the sale of its 50% ownership interest in Lafarge Tarmac (Corporate and other) to Lafarge for cash proceeds of approximately £992 million (\$1,559 million, which includes \$13 million of proceeds on a related hedge).

In addition, during the year the Group disposed of the majority of its interests in Tarmac Middle East (Corporate and other), which supplies aggregates, asphalt and road base contracting services to the Middle East construction industry.

The net loss on disposal of Tarmac businesses of \$172 million comprises a net cash inflow of \$1,556 million less net assets disposed of \$1,539 million, a loss on transfer to held for sale of \$100 million (recognised in the six months ended 30 June 2015), a cumulative translation loss recycled from reserves of \$101 million, and other credits of \$12 million. The net loss is recorded in non-operating special items (see note 6). The post-tax loss is also \$172 million.

## Anglo American Norte

On 11 September 2015, the Group completed the sale of its interest in Anglo American Norte S.A. (AA Norte) (Copper). The company consists of the Mantoverde and Mantos Blancos copper mines located in northern Chile.

The consideration comprised \$300 million in cash plus deferred consideration up to a maximum of \$200 million, contingent upon factors including the average London Metals Exchange copper price and any future decision to pursue the sulphide life extension of the Mantoverde mine. At 31 December 2015 the remaining deferred contingent consideration, of up to \$150 million, has been valued at nil. A pre-tax loss of \$287 million (post-tax \$350 million) on disposal has been recorded in non-operating special items (see note 6) which comprises net consideration of \$281 million less net assets disposed of \$568 million.

## Other

In addition to the above, the Group incurred a net cash outflow of \$10 million relating, *inter alia*, to payments in respect of provisions recognised on completion of disposals in prior years.

## 2014

There were no significant disposals in 2014.

Disposal proceeds of \$44 million received in 2014 primarily related to deferred consideration from the sale of certain Tarmac Quarry Materials' operations prior to the formation of the Lafarge Tarmac joint venture in 2013.

## 31. NON-CONTROLLING INTERESTS

Non-controlling interests that are material to the Group relate to the following subsidiaries:

- Kumba Iron Ore Limited (Kumba Iron Ore), which is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Sishen, Kolomela and Thabazimbi iron ore mines which are located in South Africa. Non-controlling interests hold an effective 46.3% interest in the operations of Kumba Iron Ore, comprising the 30.3% interest held by other shareholders in Kumba Iron Ore and the 23% of Kumba Iron Ore's principal operating subsidiary, Sishen Iron Ore Company (Proprietary) Limited, that is held by shareholders outside the Group.
- Anglo American Sur SA (Anglo American Sur), which is a company incorporated in Chile. Its principal operations are the Los Bronces and El Soldado copper mines and the Chagres smelting plant, which are located in Chile. Non-controlling interests hold a 49.9% interest in Anglo American Sur.

US\$ million	2015				2014			
	Kumba Iron Ore	Anglo American Sur	Other <sup>(1)</sup>	Total	Kumba Iron Ore	Anglo American Sur	Other <sup>(1)</sup>	Total
(Loss)/profit attributable to non-controlling interests	52	(55)	(215)	(218)	614	218	157	989
Equity attributable to non-controlling interests	731	2,130	1,912	4,773	1,060	2,212	2,488	5,760
Dividends paid to non-controlling interests	(131)	(62)	(49)	(242)	(674)	(116)	(33)	(823)

<sup>(1)</sup> Other consists of individually immaterial non-controlling interests.

Summarised financial information on a 100% basis and before inter-company eliminations for Kumba Iron Ore and Anglo American Sur is as follows:

US\$ million	2015		2014	
	Kumba Iron Ore	Anglo American Sur	Kumba Iron Ore	Anglo American Sur
Non-current assets	2,205	4,419	3,405	4,746
Current assets	931	751	1,161	958
Current liabilities	(320)	(271)	(841)	(616)
Non-current liabilities	(1,189)	(627)	(1,271)	(653)
<b>Net assets</b>	<b>1,627</b>	<b>4,272</b>	<b>2,454</b>	<b>4,435</b>
Revenue	2,876	2,080	4,388	2,792
Profit/(loss) for the financial year <sup>(1)</sup>	43	(102)	1,339	441
Total comprehensive (expense)/income	(566)	(108)	1,124	424
Net cash inflow from operating activities	1,119	599	1,657	1,136

<sup>(1)</sup> Stated after special items. See note 6.

There were no significant changes in ownership interests in subsidiaries in 2015 or 2014.

## ADDITIONAL DISCLOSURES

## 32. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS

## Called-up share capital

	2015		2014	
	Number of shares	US\$ million	Number of shares	US\$ million
Called-up, allotted and fully paid: 5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 54 <sup>86</sup> / <sub>91</sub> US cents each: At 1 January and 31 December	1,405,465,332	772	1,405,465,332	772

During 2015, no ordinary shares were allotted to non-executive directors (2014: no ordinary shares were allotted to non-executive directors).

Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined in the Tenon and Employee benefit trust sections below) the number and carrying value of called-up, allotted and fully paid ordinary shares as at 31 December 2015 was 1,401,861,508 and \$770 million (2014: 1,396,671,247 and \$767 million).

At general meetings, every member who is present in person has one vote on a show of hands and, on a poll, every member who is present in person or by proxy has one vote for every ordinary share held.

In the event of winding up, the holders of the cumulative preference shares will be entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the cumulative preference shares held by them and any accrued dividend, whether such dividend has been earned or declared or not, calculated up to the date of the winding up.

## Own shares

	2015		2014	
	Number of shares	US\$ million	Number of shares	US\$ million
<b>Own shares</b>				
Treasury shares	3,603,824	173	8,794,085	481
Own shares held by subsidiaries and employee benefit trusts	117,334,305	5,878	116,665,530	5,878
<b>Total</b>	<b>120,938,129</b>	<b>6,051</b>	<b>125,459,615</b>	<b>6,359</b>

The movement in treasury shares during the year is as follows:

	2015		2014	
	Number of shares	US\$ million	Number of shares	US\$ million
<b>Treasury shares</b>				
At 1 January	8,794,085	481	11,315,992	599
Transferred to employees in settlement of share awards	(5,190,261)	(308)	(2,521,907)	(118)
<b>At 31 December</b>	<b>3,603,824</b>	<b>173</b>	<b>8,794,085</b>	<b>481</b>

## Tenon

Tenon Investment Holdings Proprietary Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Limited (AASA), has entered into agreements with Epoch Investment Holdings Proprietary Limited (Epoch), Epoch Two Investment Holdings Proprietary Limited (Epoch Two) and Tarl Investment Holdings Proprietary Limited (Tarl) (collectively the Investment Companies), each owned by independent charitable trusts whose trustees are independent of the Group. Under the terms of these agreements, the Investment Companies have purchased Anglo American plc shares on the market and have granted to Tenon the right to nominate a third party (which may include Anglo American plc but not any of its subsidiaries) to take transfer of the Anglo American plc shares each has purchased on the market. Tenon paid the Investment Companies 80% of the cost of the Anglo American plc shares including associated costs for this right to nominate, which together with subscriptions by Tenon for non-voting participating redeemable preference shares in the Investment Companies, provided all the funding required to acquire the Anglo American plc shares through the market. These payments by Tenon were sourced from the cash resources of AASA. Tenon is able to exercise its right of nomination at any time up to 31 December 2025 against payment of an average amount of \$3.51 per share to Epoch, \$5.46 per share to Epoch Two and \$4.53 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by the Investment Companies. The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, as these are own shares of the Company, any resulting gain or loss recorded by Tenon will not be recognised in the Consolidated income statement of Anglo American plc.

Under the agreements, the Investment Companies will receive dividends on the shares they hold and have agreed to waive the right to vote on those shares. The preference shares issued to the charitable trusts are entitled to a participating right of up to 10% of the profit after tax of Epoch and 5% of the profit after tax of Epoch Two and Tarl. The preference shares issued to Tenon will carry a fixed coupon of 3% plus a participating right of up to 80% of the profit after tax of Epoch and 85% of the profit after tax of Epoch Two and Tarl. Any remaining distributable earnings in the Investment Companies, after the above dividends, are then available for distribution as ordinary dividends to the charitable trusts.

The structure effectively provides Tenon with a beneficial interest in the price risk on these shares together with participation in future dividend receipts. The Investment Companies will retain legal title to the shares until Tenon exercises its right to nominate a transferee.

At 31 December 2015 the Investment Companies together held 112,300,129 (2014: 112,300,129) Anglo American plc shares, which represented 8.0% (2014: 8.0%) of the ordinary shares in issue (excluding treasury shares) with a market value of \$498 million (2014: \$2,100 million). The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time.

The Investment Companies are considered to be structured entities. Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Group considers that the agreement outlined above, including Tenon's right to nominate the transferee of the Anglo American plc shares held by the Investment Companies, result in the Group having control over the Investment Companies as defined under IFRS 10. Accordingly, the Investment Companies are required to be consolidated by the Group.

## ADDITIONAL DISCLOSURES

## 32. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS continued

## Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes may be facilitated by an employee benefit trust or settled by the issue of treasury shares. Shares held by the trust are recorded as own shares, and the carrying value is shown as a reduction within shareholders' equity. The employee benefit trust has waived the right to receive dividends on these shares. The costs of operating the trust are borne by the Group but are not material.

The market value of the 1 share (2014: 1 share) held by the trust at 31 December 2015 was \$4 (2014: \$19).

## Consolidated equity analysis

Fair value and other reserves comprise:

US\$ million	Share-based payment reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves <sup>(1)</sup>	Total fair value and other reserves
At 1 January 2014	548	571	9	140	1,268
Total comprehensive expense	–	(115)	(7)	–	(122)
Equity settled share-based payment schemes	(8)	–	–	–	(8)
At 1 January 2015	540	456	2	140	1,138
Total comprehensive expense	–	(153)	9	–	(144)
Equity settled share-based payment schemes	(41)	–	–	–	(41)
Other	–	–	–	(17)	(17)
<b>At 31 December 2015</b>	<b>499</b>	<b>303</b>	<b>11</b>	<b>123</b>	<b>936</b>

<sup>(1)</sup> Other reserves comprise a capital redemption reserve of \$115 million (2014: \$115 million), a revaluation reserve of nil (2014: \$17 million) and a legal reserve of \$8 million (2014: \$8 million).

## 33. AUDITOR'S REMUNERATION

US\$ million	2015				2014			
	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)
	United Kingdom	Overseas	Total	Overseas	United Kingdom	Overseas	Total	Overseas
<b>Paid to the Company's auditor for audit of the Anglo American plc Annual Report</b>	<b>1.5</b>	<b>2.1</b>	<b>3.6</b>	<b>–</b>	1.6	2.5	4.1	–
<b>Paid to the Company's auditor for other services to the Group</b>								
Audit of the Company's subsidiaries	0.5	5.9	6.4	0.2	0.7	6.4	7.1	0.1
<b>Total audit fees</b>	<b>2.0</b>	<b>8.0</b>	<b>10.0</b>	<b>0.2</b>	2.3	8.9	11.2	0.1
Audit related assurance services <sup>(1)</sup>	0.6	1.3	1.9	–	0.7	1.7	2.4	–
Taxation compliance services	–	0.2	0.2	0.1	–	0.3	0.3	–
Taxation advisory services	0.1	0.4	0.5	0.1	0.2	1.0	1.2	–
Other assurance services <sup>(2)</sup>	0.3	0.4	0.7	–	0.4	0.4	0.8	–
Other non-audit services	0.4	0.7	1.1	0.1	0.3	0.3	0.6	–
<b>Total non-audit fees</b>	<b>1.4</b>	<b>3.0</b>	<b>4.4</b>	<b>0.3</b>	1.6	3.7	5.3	–

<sup>(1)</sup> Includes \$1.5 million (2014: \$1.4 million) for the interim review.

<sup>(2)</sup> Includes nil (2014: \$0.1 million) for the audit of Group pension plans.

## ADDITIONAL DISCLOSURES

## 34. CONTINGENT LIABILITIES

The Group is subject to various claims which arise in the ordinary course of business. Additionally, the Group has provided indemnities against certain liabilities as part of agreements for the sale or other disposal of business operations. Having taken appropriate legal advice, the Group believes that a material liability arising from the indemnities provided is remote.

The Group is required to provide guarantees in several jurisdictions in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities.

No contingent liabilities were secured on the assets of the Group at 31 December 2015 or 31 December 2014.

**Anglo American South Africa Limited (AASA)**

AASA, a wholly owned subsidiary of the Company, is a defendant in a number of lawsuits filed in South Africa on behalf of former mineworkers (or their dependants or survivors) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services.

The law suits in South Africa against AASA are: (i) Approximately 4,400 separate lawsuits filed in the North Gauteng High Court (Pretoria) which have been referred to arbitration; and (ii) A consolidated class certification application filed in the South Gauteng High Court (Johannesburg) in which AASA is named as one of 32 defendants.

AASA is defending the separate lawsuits and is opposing the application for consolidated class certification.

AASA, AngloGold Ashanti, Gold Fields, Harmony Gold and Sibanye Gold announced in November 2014 that they had formed an industry working group to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa. The companies are in the process of engaging all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended. The industry working group is seeking a comprehensive solution to address legacy compensation issues and future legal frameworks that is fair to past and current employees and enables companies to continue to be competitive over the long term.

**Kumba Iron Ore****21.4% undivided share of the Sishen mine mineral rights**

In December 2013 the Constitutional Court ruled that Sishen Iron Ore Company (SIOC) held a 78.6% undivided share of the Sishen mining right and that, based on the provisions of the Mineral and Petroleum Resources Development Act (MPRDA), only SIOC can apply for, and be granted, the residual 21.4% share of the mining right at the Sishen mine. The grant of the mining right may be made subject to such conditions considered by the Minister of Mineral Resources ('the Minister') to be appropriate. SIOC applied for the residual right in early 2014.

SIOC received notice from the Department of Mineral Resources (DMR) that the Director General of the DMR had consented to the amendment of SIOC's mining right in respect of the Sishen mine to include the residual 21.4% undivided share of the mining right for the Sishen mine. The consent letter is subject to certain conditions (which are described by the DMR as 'proposals'). The conditions contained in the Letter of Grant relate substantively to domestic supply, support for skills development, research and development, and procurement.

Until the legal and practical implications of the proposed conditions have been clarified with the DMR, SIOC is unable to accept the conditions.

Section 96 of the MPRDA allows for an internal appeal to the Minister. SIOC therefore submitted an internal appeal to the Minister, as required by the MPRDA. SIOC has not yet received a response to its appeal.

In the interim, SIOC continues to engage with the DMR in relation to the proposed conditions in order to achieve a mutually beneficial solution.

**Kumba Iron Ore tax**

At 31 December 2015, Kumba Iron Ore has certain unresolved tax matters that are currently under review with the South African Revenue Service (SARS). Kumba Iron Ore management has consulted with external tax and legal advisers, who support the positions taken. Nonetheless, Kumba Iron Ore management is actively discussing the issue with SARS with a view to seeking resolution and believes that the accounting for these matters is appropriate in the results for the year ended 31 December 2015.

## 35. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint operations, associates and joint ventures (see note 37 and 40). Members of the Board and the Group Management Committee are considered to be related parties.

The Company and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with joint operations, associates, joint ventures and others in which the Group has a material interest. These transactions are under terms that are no less favourable to the Group than those arranged with third parties.

US\$ million	Associates		Joint ventures		Joint operations <sup>(1)</sup>	
	2015	2014	2015	2014	2015	2014
<b>Transactions with related parties</b>						
Sale of goods and services	28	31	3	-	123	141
Purchase of goods and services	(425)	(587)	(183)	(31)	(2,606)	(3,949)
<b>Balances with related parties</b>						
Trade and other receivables from related parties	7	23	-	37	15	28
Trade and other payables to related parties	(135)	(140)	(15)	(17)	(68)	(97)
Loans receivable from related parties <sup>(2)</sup>	— <sup>(3)</sup>	98	431 <sup>(4)</sup>	329	21	23

<sup>(1)</sup> Represents the portion of balances and transactions with joint operations or joint operation partners that the Group does not have the right to offset against the corresponding amount recorded by the respective joint operations. These amounts primarily relate to purchases by De Beers and Platinum from their joint operations in excess of the Group's attributable share of their production.

<sup>(2)</sup> Included in Financial asset investments on the Consolidated balance sheet.

<sup>(3)</sup> An impairment charge of \$98 million has been recorded against loans receivable from associates during the year. This relates to loans to Atlatza Resources Corporation (Platinum) and its subsidiaries, which have been fully impaired. The impairment charge is included within operating special items. See note 6 for further details.

<sup>(4)</sup> Includes \$200 million receivable from Samancor (Iron Ore and Manganese). Samancor has been accounted for as a joint venture since March 2015, following amendments to the agreement that governs the Group's interests in Samancor which resulted in the Group acquiring joint control over the business (previously accounted for as an associate).

**ADDITIONAL DISCLOSURES****35. RELATED PARTY TRANSACTIONS** continued

At 31 December 2015 the directors of the Company and their immediate relatives controlled 0.2% (2014: 0.1%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the Remuneration report. Remuneration and benefits of key management personnel, including directors, are disclosed in note 26.

Information relating to pension fund arrangements is disclosed in note 27.

**Refinancing of Atlatsa**

In January 2014, Platinum completed the final phase of the refinancing transaction for Atlatsa Resources Corporation, which resulted in an increase in Investments in associates of \$69 million, a net decrease in Financial asset investments of \$47 million and a net gain of \$22 million recorded within Non-operating special items.

**36. EVENTS OCCURRING AFTER END OF YEAR**

There have been no reportable events since 31 December 2015.

**37. GROUP COMPANIES**

The Group consists of the parent company, Anglo American plc, incorporated in the United Kingdom and its subsidiaries, joint operations, joint ventures and associates. For information on the Group's policies and the nature of any significant judgements in relation to the basis of accounting for interests in other entities, see note 1. Further information on interests in associates and joint ventures is provided in note 13.

The Group holds certain interests in both consolidated and unconsolidated structured entities. Further details on consolidated structured entities can be found in note 32. Unconsolidated structured entities consist of employee benefit trusts and community investment vehicles, principally in South Africa. Financial support provided to these entities by the Group is not material.

The principal subsidiaries, joint operations, joint ventures and associates of the Group and the Group percentage of equity capital are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. A complete list of the Group's related undertakings can be found in note 40.

Subsidiary undertakings	Country of incorporation <sup>(1)</sup>	Business	Percentage of equity owned <sup>(2)</sup>	
			2015	2014
<b>Platinum</b>				
Anglo American Platinum Limited <sup>(3)</sup>	South Africa	Platinum	78%	78%
<b>De Beers</b>				
De Beers Consolidated Mines Proprietary Limited <sup>(4)</sup>	South Africa	Diamonds	74%	74%
De Beers Société Anonyme	Luxembourg	Diamonds	85%	85%
<b>Copper</b>				
Anglo American Sur SA	Chile	Copper	50.1%	50.1%
Anglo American Quellaveco SA	Peru	Copper project	81.9%	81.9%
Anglo American Norte SA <sup>(5)</sup>	Chile	Copper	–	100%
<b>Nickel</b>				
Anglo American Níquel Brasil Limitada (Barro Alto)	Brazil	Nickel project	100%	100%
Anglo American Níquel Brasil Limitada (Codemin)	Brazil	Nickel	100%	100%
<b>Niobium and Phosphates<sup>(6)</sup></b>				
Anglo American Nióbio Brasil Limitada	Brazil	Niobium	100%	100%
Anglo American Fosfatos Brasil Limitada	Brazil	Phosphates	100%	100%
<b>Iron Ore and Manganese</b>				
Anglo American Minério de Ferro Brasil S.A.	Brazil	Iron ore project	100%	100%
Anglo Ferrous Brazil SA	Brazil	Iron ore	100%	100%
Kumba Iron Ore Limited	South Africa	Iron ore	69.7%	69.7%
Sishen Iron Ore Company (Proprietary) Limited <sup>(7)</sup>	South Africa	Iron ore	73.9%	73.9%
<b>Coal</b>				
Anglo American Metallurgical Coal Holdings Limited	Australia	Coal	100%	100%
Anglo Coal <sup>(8)</sup>	South Africa	Coal	100%	100%
Peace River Coal Inc.	Canada	Coal	100%	100%
<b>Proportionately consolidated joint operations</b>				
Debswana Diamond Company (Proprietary) Limited <sup>(10)</sup>	Botswana	Diamonds	50%	50%
Namdeb Holdings (Proprietary) Limited <sup>(11)</sup>	Namibia	Diamonds	50%	50%
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	44%	44%
Capcoal <sup>(12)</sup>	Australia	Coal	70%	70%
Dawson <sup>(12)</sup>	Australia	Coal	51%	51%
Drayton <sup>(12)</sup>	Australia	Coal	88.2%	88.2%
Foxleigh <sup>(12)</sup>	Australia	Coal	70%	70%
Moranbah North <sup>(12)</sup>	Australia	Coal	88%	88%

See page 157 for footnotes.

## ADDITIONAL DISCLOSURES

## 37. GROUP COMPANIES continued

Joint ventures	Country of incorporation <sup>(1)</sup>	Business	Percentage of equity owned <sup>(9)</sup>	
			2015	2014
Ferroport Logistica Comercial Exportadora S.A. <sup>(13)</sup>	Brazil	Port	50%	50%
Samancor Holdings Proprietary Limited <sup>(14)(15)(16)</sup>	South Africa	Manganese	40%	40%
Groote Eylandt Mining Company Pty Limited (GEMCO) <sup>(14)(15)</sup>	Australia	Manganese	40%	40%
Tasmanian Electro Metallurgical Company Pty Limited (TEMCO) <sup>(14)(15)</sup>	Australia	Manganese	40%	40%
Lafarge Tarmac Holdings Limited <sup>(17)</sup>	United Kingdom	Heavy building materials	–	50%
Al Futtain Tarmac Quarry Products Limited <sup>(18)</sup>	Dubai	Heavy building materials	–	49%
Tarmac Oman Limited <sup>(18)</sup>	Hong Kong	Heavy building materials	–	50%
Midmac Tarmac Qatar LLC <sup>(18)</sup>	Qatar	Heavy building materials	–	50%

Associates	Country of incorporation <sup>(1)</sup>	Business	Percentage of equity owned <sup>(9)</sup>	
			2015	2014
Carbones del Cerrejón LLC	Anguilla	Coal	33.3%	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	33.3%	33.3%
Jellinbah Group Pty Limited <sup>(19)</sup>	Australia	Coal	33.3%	33.3%

<sup>(1)</sup> The principal country of operation is the same as the country of incorporation for all entities with the exception of De Beers Société Anonyme, which has worldwide operations.

<sup>(2)</sup> The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned.

<sup>(3)</sup> The Group's effective interest in Anglo American Platinum Limited is 79.6% (2014: 79.8%), which includes shares issued as part of a community empowerment deal.

<sup>(4)</sup> The 74% interest in De Beers Consolidated Mines Proprietary Limited (DBCM) is held indirectly through De Beers. The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.

<sup>(5)</sup> Non-controlling interest of 0.018%. On 24 August 2015, Anglo American announced that it had reached an agreement to sell its interest in Anglo American Norte SA to an investor consortium. On 11 September 2015 this transaction was completed. See note 30.

<sup>(6)</sup> Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

<sup>(7)</sup> The 73.9% interest in Sishen Iron Ore Company (Proprietary) Limited (SIOC) is held indirectly through Kumba Iron Ore Limited, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore Limited. Consequently the effective interest in SIOC included in the Group's results is 53.7%.

<sup>(8)</sup> A division of Anglo Operations Proprietary Limited, a wholly owned subsidiary.

<sup>(9)</sup> All equity interests shown are ordinary shares.

<sup>(10)</sup> The 50% interest in Debswana Diamond Company (Proprietary) Limited is held indirectly through De Beers and is consolidated on a 19.2% proportionate basis, reflecting economic interest. The Group's effective interest in Debswana Diamond Company (Proprietary) Limited is 16.3%.

<sup>(11)</sup> The 50% interest in Namdeb Holdings (Proprietary) Limited is held indirectly through De Beers. The Group's effective interest in Namdeb Holdings (Proprietary) Limited is 42.5%.

<sup>(12)</sup> The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated joint operations. These operations are unincorporated and jointly controlled.

<sup>(13)</sup> Previously LLX Minas-Rio Logistica Comercial Exportadora S.A.

<sup>(14)</sup> Samancor has been accounted for as a joint venture since March 2015, following amendments to the agreement that governs the Group's interests in Samancor which resulted in the Group acquiring joint control over the business (previously accounted for as an associate).

<sup>(15)</sup> These entities have a 30 June year end.

<sup>(16)</sup> Samancor Holdings Proprietary Limited is the parent company of Hotazel Manganese Mines (HMM) and the Metalloys Smelter. BEE shareholders hold a 27% interest in HMM and therefore the Group's effective ownership interest in HMM is 29%.

<sup>(17)</sup> On 17 July 2015 the Group disposed of its 50% interest in Lafarge Tarmac Holdings Limited to Lafarge SA. See note 30.

<sup>(18)</sup> The Group disposed of its interest in these joint ventures during December 2015.

<sup>(19)</sup> The Group's effective interest in the Jellinbah operation is 23.3%. The entity has a 30 June year end.

## 38. FINANCIAL RISK MANAGEMENT

The Board approves and monitors the risk management processes, including documented treasury policies, counterparty limits and controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the Consolidated balance sheet at 31 December is as follows (subcategorised into credit risk, commodity price risk, foreign exchange risk and interest rate risk). See note 24 for liquidity risk.

## Market risks

## a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a loss to the Group by failing to pay for its obligation. The Group's principal financial assets are cash, trade and other receivables, investments and derivative financial instruments. The Group's maximum exposure to credit risk primarily arises from these financial assets and is as follows:

US\$ million	2015	2014
Cash and cash equivalents	6,895	6,748
Trade and other receivables <sup>(1)</sup>	1,885	2,465
Financial asset investments <sup>(2)</sup>	662	761
Derivative financial assets	1,149	1,133
	10,591	11,107

<sup>(1)</sup> Trade and other receivables exclude prepayments and tax receivables.

<sup>(2)</sup> Financial asset investments exclude available for sale investments.

The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of financial institutions approved by the Board. Counterparty limits are set for each financial institution with reference to credit ratings assigned by Standard & Poor's, Moody's and Fitch Ratings, shareholder equity (in case of relationship banks) and fund size (in case of asset managers).

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), and the use of payment security instruments (including letters of credit from financial institutions), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

A provision for impairment of trade receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Details of the credit quality of trade receivables and the associated provision for impairment are disclosed in note 16.

## ADDITIONAL DISCLOSURES

## 38. FINANCIAL RISK MANAGEMENT continued

## b) Commodity price risk

The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group's policy is to sell its products at prevailing market prices and is generally not to hedge commodity price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group generally uses forward contracts to hedge the price risk.

Certain of the Group's sales and purchases are provisionally priced, meaning that the selling price is determined normally 30 to 180 days after delivery to the customer, based on quoted market prices stipulated in the contract, and as a result are susceptible to future price movements. The exposure of the Group's financial assets and liabilities to commodity price risk is as follows:

US\$ million	2015				2014			
	Commodity price linked			Total	Commodity price linked			Total
	Subject to price movements <sup>(1)</sup>	Fixed price <sup>(2)</sup>	Not linked to commodity price		Subject to price movements <sup>(1)</sup>	Fixed price <sup>(2)</sup>	Not linked to commodity price	
Total net financial instruments (excluding derivatives)	337	334	(11,674)	(11,003)	498	649	(12,590)	(11,443)
Derivatives	16	–	(1,330)	(1,314)	3	–	(1,194)	(1,191)
	353	334	(13,004)	(12,317)	501	649	(13,784)	(12,634)

<sup>(1)</sup> Includes provisionally priced trade receivables and trade payables.

<sup>(2)</sup> Includes receivables and payables for commodity sales and purchases not subject to price adjustment at the balance sheet date.

Commodity based contracts that are settled through physical delivery of the Group's production or are used within the production process are classified as normal purchase or sale contracts and are not marked to market.

## c) Foreign exchange risk

As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs and, to a lesser extent, from non-US dollar revenue. The Brazilian real, South African rand and Australian dollar are the most significant non-US dollar currencies influencing costs. A strengthening of the US dollar against the currencies to which the Group is exposed has a positive effect on the Group's underlying earnings. The Group's policy is generally not to hedge such exposures given the correlation, over the longer term, with commodity prices and the diversified nature of the Group, though exceptions can be approved by the Group Management Committee.

In addition, currency exposures exist in respect of non-US dollar approved capital expenditure projects and non-US dollar borrowings in US dollar functional currency entities. The Group's policy is that such exposures should be hedged subject to a review of the specific circumstances of the exposure.

Analysis of foreign exchange risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within note 24. Net other financial assets (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) are \$593 million. This includes net assets of \$920 million denominated in US dollars and \$92 million denominated in Brazilian real, and net liabilities of \$231 million denominated in Australian dollars, \$217 million denominated in Chilean pesos and \$191 million denominated in South African rand.

## d) Interest rate risk

Interest rate risk arises due to fluctuations in interest rates which impact on the value of short term investments and financing activities. The Group is principally exposed to US and South African interest rates.

The Group's policy is to borrow funds at floating rates of interest given the link with economic output and therefore the correlation, over the longer term, with commodity prices. The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its debt. Strategic hedging using fixed rate debt may also be undertaken from time to time if approved by the Group Management Committee.

In respect of financial assets, the Group's policy is to invest cash at floating rates of interest and to maintain cash reserves in short term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Analysis of interest rate risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within note 24. Net other financial assets (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) of \$593 million, are primarily non-interest bearing.

## ADDITIONAL DISCLOSURES

## 38. FINANCIAL RISK MANAGEMENT continued

## e) Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis is intended to illustrate the sensitivity of the Group's financial instruments at 31 December to changes in foreign currencies, commodity prices and interest rates.

The sensitivity analysis has been prepared on the basis that the components of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December. In addition, the commodity price impact for provisionally priced contracts is based on the related trade receivables and trade payables at 31 December. As a consequence, this sensitivity analysis relates to the position at 31 December.

The following assumptions were made in calculating the sensitivity analysis:

- all income statement sensitivities also impact equity
- for debt and other deposits carried at amortised cost, carrying value does not change as interest rates move
- no sensitivity is provided for interest accruals as these are based on pre-agreed interest rates and therefore are not susceptible to further rate changes
- no sensitivity has been calculated on derivatives and related underlying instruments designated into fair value hedge relationships as these are assumed materially to offset one another
- all hedge relationships are assumed to be fully effective
- debt with a maturity of less than one year is floating rate, unless it is a long term fixed rate debt in its final year
- translation of foreign subsidiaries and operations into the Group's presentation currency has been excluded from the sensitivity.

Using the above assumptions, the following table shows the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant commodity price.

US\$ million	2015		2014	
	Income	Equity	Income	Equity
<b>Foreign currency sensitivities<sup>(1)</sup></b>				
+10% US dollar to rand	(19)	(19)	(13)	(13)
-10% US dollar to rand	19	19	13	13
+10% US dollar to Brazilian real <sup>(2)</sup>	(46)	(46)	(154)	(154)
-10% US dollar to Brazilian real <sup>(2)</sup>	46	46	154	154
+10% US dollar to Australian dollar	9	9	30	30
-10% US dollar to Australian dollar	(9)	(9)	(30)	(30)
+10% US dollar to Chilean peso	21	21	36	36
-10% US dollar to Chilean peso	(24)	(24)	(40)	(40)
<b>Commodity price sensitivities</b>				
10% increase in the copper price	117	117	103	103
10% decrease in the copper price	(117)	(117)	(103)	(103)
10% increase in the platinum group metals price	(13)	(13)	(21)	(21)
10% decrease in the platinum group metals price	13	13	21	21
<b>Interest rate sensitivity</b>				
50bps increase in LIBOR <sup>(3)</sup>	(32)	(32)	(33)	(33)
50bps decrease in LIBOR <sup>(3)</sup>	32	32	33	33

<sup>(1)</sup> + represents strengthening of US dollar against the respective currency.

<sup>(2)</sup> Includes sensitivities for derivatives related to capital expenditure.

<sup>(3)</sup> Without the impact of capitalised interest, the Group's sensitivity to a 50bps increase and decrease in LIBOR would be \$61 million (2014: \$49 million) loss and gain respectively.

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including:

- fluctuating trade receivable and trade payable balances
- derivative instruments and borrowings settled throughout the year
- fluctuating cash balances
- changes in currency mix.

As the sensitivities are limited to year end financial instrument balances, they do not take account of the Group's sales and operating costs, which are highly sensitive to changes in commodity prices and exchange rates. In addition, each of the sensitivities is calculated in isolation whilst, in reality, commodity prices, interest rates and foreign currencies do not move independently.

## ADDITIONAL DISCLOSURES

### 39. ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the Disclosure and Transparency rules of the Financial Conduct Authority in the United Kingdom as applicable to periodic financial reporting. The financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments. A summary of the principal Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

As permitted by UK company law, the Group's results are presented in US dollars, the currency in which its business is primarily conducted.

#### Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Directors' report on page 190.

#### Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint arrangements and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

For non-wholly owned subsidiaries, non-controlling interests are presented in equity separately from the equity attributable to shareholders of the Company. Profit or loss and other comprehensive income are attributed to the shareholders of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest in subsidiaries that do not result in a change in control are accounted for in equity. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity and attributed to the shareholders of the Company.

#### 39a. Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Sales of metal concentrate are stated at their invoiced amount which is net of treatment and refining charges. Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date and is based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recognised in revenue, see note 4 for more information on provisional price adjustments.

Revenues from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Revenue from services is recognised as services are rendered and accepted by the customer. Amounts billed to customers in respect of shipping and handling activities are classified as revenue where the Group is responsible for freight. In situations where the Group is acting as an agent, amounts billed to customers are offset against the relevant costs.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

#### 39b. Borrowing costs

Interest on borrowings directly relating to the financing of qualifying assets in the course of construction is added to the capitalised cost of those projects under 'Capital works in progress', until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

#### 39c. Tax

The tax expense includes the current tax and deferred tax charge recognised in the income statement.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

## ADDITIONAL DISCLOSURES

### 39. ACCOUNTING POLICIES *continued*

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis in that taxation authority.

#### 39d. Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, a joint arrangement or an associate, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. Goodwill is the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) less the fair value of the Group's share of identifiable net assets on acquisition.

Where a business combination is achieved in stages, the Group's previously held interests in the acquiree are remeasured to fair value at the acquisition date and the resulting gain or loss is recognised in the income statement.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement, where such treatment would be appropriate if that interest were disposed of.

Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint operations is included within intangible assets. Goodwill relating to associates and joint ventures is included within the carrying value of the investment.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is recognised directly in the income statement in the period of acquisition.

For non-wholly owned subsidiaries, non-controlling interests are initially recorded at the non-controlling interests' proportion of the fair values of net assets recognised at acquisition.

#### 39e. Non-mining licences and other intangibles

Non-mining licences and other intangibles are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Intangible assets are amortised over their estimated useful lives, usually between 3 and 20 years, except goodwill and those intangible assets that are considered to have indefinite lives. For intangible assets with a finite life, the amortisation period is determined as the period over which the Group expects to obtain benefits from the asset, taking account of all relevant facts and circumstances including contractual lives and expectations about the renewal of contractual arrangements without significant incremental costs. An intangible asset is deemed to have an indefinite life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

#### 39f. Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of cash generating units (CGUs) that is expected to benefit from synergies of the combination, and represents the lowest level at which goodwill is monitored by the Group's board of directors for internal management purposes. The recoverable amount of the CGU, or group of CGUs, to which goodwill has been allocated is tested for impairment annually, or when events or changes in circumstances indicate that it may be impaired.

Any impairment loss is recognised immediately in the income statement. Impairment of goodwill is not subsequently reversed.

#### 39g. Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost is the fair value of consideration required to acquire and develop the asset and includes the purchase price, acquisition of mineral rights, costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation and, for assets that take a substantial period of time to get ready for their intended use, borrowing costs.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount. The gain or loss is recognised in the income statement.

#### Depreciation of property, plant and equipment

Mining properties are depreciated to their residual values using the unit of production method based on Proved and Probable Ore Reserves and, in certain limited circumstances, other Mineral Resources included in the Life of Mine Plan. These other Mineral Resources are included in depreciation calculations where, taking into account historic rates of conversion to Ore Reserves, there is a high degree of confidence that they will be extracted in an economic manner. This is the case principally for diamond operations, where depreciation calculations are based on Diamond Reserves and Diamond Resources included in the Life of Mine Plan. This reflects the unique nature of diamond deposits where, due to the difficulty in estimating grade, Life of Mine Plans frequently include significant amounts of Indicated or Inferred Resources.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilisation or to throughput rather than production, are depreciated to their residual values at varying rates on a straight line basis over their estimated useful lives, or the Reserve Life, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings. Under limited circumstances, items of plant and equipment may be depreciated over a period that exceeds the Reserve Life by taking into account additional Mineral Resources other than Proved and Probable Reserves included in the Life of Mine Plan, after making allowance for expected production losses based on historic rates of resource conversion.

'Capital works in progress' are measured at cost less any recognised impairment. Depreciation commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset class.

Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

#### 39h. Deferred stripping

The removal of rock or soil overlying a mineral deposit, overburden, and other waste materials is often necessary during the initial development of an open pit mine site, in order to access the mineral ore deposit. The process of removing overburden and other mine waste materials is referred to as stripping. The directly attributable cost of this activity is capitalised in full within 'Mining properties and leases', until the point at which the mine is considered to be capable of operating in the manner intended by management. This is classified as expansionary capital expenditure, within investing cash flows.

The removal of waste material after the point at which depreciation commences is referred to as production stripping. When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2 *Inventories*.

## ADDITIONAL DISCLOSURES

### 39. ACCOUNTING POLICIES *continued*

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised within 'Mining properties and leases'. This is classified as stripping and development capital expenditure, within investing cash flows. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. Components are specific volumes of a mine's orebody that are determined by reference to the Life of Mine Plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. This may occur at both open pit and underground mines, for example longwall development.

The cost of this waste removal is capitalised in full to 'Mining properties and leases'.

All amounts capitalised in respect of waste removal are depreciated using the unit of production method based on Proved and Probable Ore Reserves of the component of the orebody to which they relate.

The effects of changes to the Life of Mine Plan on the expected cost of waste removal or remaining Ore Reserves for a component are accounted for prospectively as a change in estimate.

### 39i. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU. A reversal of an impairment loss is recognised in the income statement.

### 39j. Exploration and evaluation expenditure

Exploration and evaluation expenditure is expensed in the year in which it is incurred.

Exploration expenditure is the cost of exploring for Mineral Resources other than that occurring at existing operations and projects and comprises geological and geophysical studies, exploratory drilling and sampling and resource development.

Evaluation expenditure includes the cost of conceptual and pre-feasibility studies and evaluation of Mineral Resources at existing operations.

When a decision is taken that a mining project is technically feasible and commercially viable, usually after a pre-feasibility study has been completed, subsequent directly attributable expenditure, including feasibility study costs, are considered development expenditure and are capitalised within property, plant and equipment.

Exploration properties acquired are recognised in the balance sheet when management considers that their value is recoverable. These properties are measured at cost less any accumulated impairment losses.

### 39k. Associates and joint arrangements

Associates are investments over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but without the ability to exercise control or joint control. Typically the Group owns between 20% and 50% of the voting equity of its associates.

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control.

Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the substance of the arrangement. In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties, and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates the parties to the arrangements have rights to the assets and obligations for the liabilities.

The Group accounts for joint operations by recognising the assets, liabilities, revenue and expenses for which it has rights or obligations, including its share of such items held or incurred jointly.

Investments in associates and joint ventures are accounted for using the equity method of accounting except when classified as held for sale. The Group's share of associates' and joint ventures' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates and joint ventures represent the cost of each investment including the carrying value of goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of associates and joint ventures are reviewed on a regular basis and if there is objective evidence that an impairment in value has occurred as a result of one or more events during the period, the investment is impaired.

The Group's share of an associate's or joint venture's losses in excess of its interest in that associate or joint venture is not recognised unless the Group has an obligation to fund such losses. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

### 39l. Financial asset investments

Investments, other than investments in subsidiaries, joint arrangements and associates, are financial asset investments and are initially recognised at fair value. At subsequent reporting dates, financial assets classified as held-to-maturity or as loans and receivables are measured at amortised cost, less any impairment losses. Other investments are classified as either at fair value through profit or loss (which includes investments held for trading) or available for sale financial assets. Both categories are subsequently measured at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses. For available for sale investments, unrealised gains and losses are recognised in equity until the investment is disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity is recycled to the income statement.

## ADDITIONAL DISCLOSURES

**39. ACCOUNTING POLICIES** continued**39m. Impairment of financial assets (including receivables)**

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment losses relating to available for sale investments are recognised when a decline in fair value is considered significant or prolonged. These impairment losses are recognised by transferring the cumulative loss that has been recognised in the statement of comprehensive income to the income statement. The loss recognised in the income statement is the difference between the acquisition cost and the current fair value.

**39n. Derivative financial instruments and hedge accounting**

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward, option and swap contracts. The Group does not use derivative financial instruments for speculative purposes. Commodity based (own use) contracts that meet the scope exemption in IAS 39 *Financial Instruments: Recognition and Measurement* are recognised in earnings when they are settled by physical delivery.

All derivatives are held at fair value in the balance sheet within 'Derivative financial assets' or 'Derivative financial liabilities' except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows (cash flow hedges) are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged. The corresponding entry, along with gains or losses from remeasuring the associated derivative, are recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity (within the cumulative translation adjustment reserve). The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in the cumulative translation adjustment reserve are recycled to the income statement on disposal of the foreign operations to which they relate.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is recycled to the income statement for the period.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement and are classified within other gains and losses (operating costs) or net finance costs depending on the type of risk to which the derivative relates.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

**39o. Cash and debt****Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost.

**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.

**Bank borrowings**

Interest bearing bank loans and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**39p. Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

**39q. Inventories**

Inventory and work in progress are measured at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following basis:

- Raw materials and consumables are measured at cost on a first in, first out (FIFO) basis or a weighted average cost basis.
- Work in progress and finished products are measured at raw material cost, labour cost and a proportion of manufacturing overhead expenses.
- Metal and coal stocks are included within finished products and are measured at average cost.

At precious metals operations that produce 'joint products', cost is allocated amongst products according to the ratio of contribution of these metals to gross sales revenues.

**39r. Environmental restoration and decommissioning obligations**

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of a mining asset. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises.

These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses.

## ADDITIONAL DISCLOSURES

### 39. ACCOUNTING POLICIES *continued*

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate), are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out above.

For some South African operations annual contributions are made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are disclosed separately on the balance sheet as non-current assets.

The trusts' assets are measured based on the nature of the underlying assets in accordance with accounting policies for similar assets.

#### 39s. Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable within one year from the date of classification, management is committed to the sale and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets and disposal groups are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment loss is recognised in the income statement.

On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

#### 39t. Retirement benefits

The Group operates both defined benefit and defined contribution pension plans for its employees as well as post employment medical plans. For defined contribution plans the amount recognised in the income statement is the contributions paid or payable during the year.

For defined benefit pension and post employment medical plans, full actuarial valuations are carried out at least every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no deep market for such bonds, is based on government bonds. Pension plan assets are measured using year end market values.

Remeasurements comprising actuarial gains and losses, movements in asset surplus restrictions and the return on scheme assets (excluding interest income) are recognised immediately in the statement of comprehensive income and are not recycled to the income statement. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The net interest income or cost on the net defined benefit asset or liability is included in investment income and interest expense respectively.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise amortised on a straight line basis over the average period until the benefits vest.

The retirement benefit obligation recognised on the balance sheet represents the present value of the deficit or surplus of the defined benefit plans. Any recognised surplus is limited to the present value of available refunds or reductions in future contributions to the plan.

#### 39u. Share-based payments

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model.

For all other share awards, the fair value is determined by reference to the market value of the shares at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

#### 39v. Black Economic Empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 Accounting for Black Economic Empowerment (BEE) Transactions).

The discount provided or value given is calculated in accordance with IFRS 2 and the cost, representing the fair value of the BEE credentials obtained by the subsidiary, is recorded in the income statement.

#### 39w. Foreign currency transactions and translation

Foreign currency transactions by Group companies are recognised in the functional currencies of the companies at the exchange rate ruling on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the income statement for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of the transactions. Any exchange differences arising are classified within the statement of comprehensive income and transferred to the Group's cumulative translation adjustment reserve. Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future, and therefore form part of the Group's net investment in these foreign operations, are offset in the cumulative translation adjustment reserve.

Cumulative translation differences are recycled from equity and recognised as income or expense on disposal of the operation to which they relate.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets of the foreign entity and translated at the closing rate.

#### 39x. Leases

In addition to lease contracts, other significant contracts are assessed to determine whether, in substance, they are or contain a lease. This includes assessment of whether the arrangement is dependent on use of a specific asset and the right to use that asset is conveyed through the contract.

Rental costs under operating leases are recognised in the income statement in equal annual amounts over the lease term.

## ADDITIONAL DISCLOSURES

## 40. RELATED UNDERTAKINGS OF THE GROUP

The Group consists of the parent company, Anglo American plc, incorporated in the United Kingdom and its subsidiaries, joint operations, joint ventures and associates. In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings, the country of incorporation and the effective percentage of equity owned as at 31 December 2015 is disclosed below. See note 37 for the Group's principal subsidiaries, joint operations, joint ventures and associates.

Wholly owned subsidiaries<sup>(1)(2)</sup>

0912055 BC Ltd (Canada)  
A.C.N 127 881 510 Pty Ltd (Australia)  
A.R.H. Investments (Luxembourg)  
A.R.H. Limited (Luxembourg)  
AA Holdings Argentina B.V. (Netherlands)  
AA Sakatti Mining Oy (Finland)  
Acro (Hanise) (South Africa)  
Addon Investments (Private) Limited (Zimbabwe)  
Alluvium Limited (Ireland)  
Almenta 127 (Pty) Ltd (South Africa)  
Amaprop Townships Limited (South Africa)  
Ambase Exploration (Botswana) (Pty) Ltd (Botswana)  
Ambase Exploration Africa (RDC) SPRL (Democratic Republic of Congo)  
Ambase Exploration (Zambia) (Pty) Ltd (Zambia)  
Ambase Exploration Mocambique Limitada (Mozambique)  
Ambase Investment Africa (Botswana) (Pty) Ltd (South Africa)  
Ambase Investment Africa (DRC) (Pty) Ltd (South Africa)  
Ambase Investment Africa (Mozambique) (Pty) Ltd (South Africa)  
Ambase Investment Africa (Namibia) (Pty) Ltd (South Africa)  
Ambase Investment Africa (Tanzania) (Pty) Ltd (South Africa)  
Ambase Investment Africa (Zambia) (Pty) Ltd (South Africa)  
Ambase Prospecting (Botswana) (Pty) Ltd (Botswana)  
Ambase Prospecting (Namibia) (Pty) Ltd (Namibia)  
Ambase Prospecting (Tanzania) (Pty) Ltd (Tanzania)  
Ambras Holdings (Luxembourg)<sup>(3)</sup>  
Amcoal Collieries Recruiting Organisation (Hanise) (Proprietary) Limited (South Africa)  
Amcoal Collieries Recruiting Organisation (Lesotho) (Pty) Ltd (Lesotho)  
Amcoal Collieries Recruiting Organisation (Pty) Limited (South Africa)  
Ammin Coal Holdings (Luxembourg)  
Ampros (Pty) Ltd (South Africa)  
Amzim Holdings Limited (Zimbabwe)  
Anglo (Operation) Netherlands BV (Netherlands)  
Anglo African Exploration Holdings (Luxembourg)  
Anglo American (London) (United Kingdom)  
Anglo American (London) 2 (United Kingdom)  
Anglo American (NA) 1 BV (Netherlands)  
Anglo American (NA) 3 BV (Netherlands)  
Anglo American 2005 Limited (United Kingdom)<sup>(4)</sup>  
Anglo American Amcoll (UK) Limited (Cyprus)  
Anglo American Australia Finance Limited (Australia)  
Anglo American Australia Holdings Ltd (Australia)  
Anglo American Australia Investments Limited (United Kingdom)<sup>(5)</sup>  
Anglo American Australia Limited (Australia)  
Anglo American Bokamoso Limited (Botswana)  
Anglo American Capital Australia Limited (United Kingdom)  
Anglo American Capital International Limited (United Kingdom)  
Anglo American Capital Luxembourg (Luxembourg)  
Anglo American Capital plc (United Kingdom)<sup>(5)</sup>  
Anglo American Chile Inversiones S.A. (Chile)  
Anglo American Chile Investments (UK) Limited (Cyprus)  
Anglo American Chile Ltda (Chile)  
Anglo American Clarent (UK) Limited (Cyprus)  
Anglo American CMC Holdings Limited (United Kingdom)  
Anglo American Colombia Exploration S.A. (Colombia)  
Anglo American Consultoria em Minério de Ferro Ltda. (Brazil)  
Anglo American Corporation Botswana (Services) Limited (Botswana)  
Anglo American Corporation de Chile Holdings Limited (Liberia)  
Anglo American Corporation de Chile Holdings Limited (Isle of Man)  
Anglo American Corporation Mocambique Servicos Limitada (Mozambique)  
Anglo American Corporation Mozambique Ltd (Mozambique)  
Anglo American Corporation of South Africa (Pty) Ltd (South Africa)  
Anglo American Corporation Zimbabwe Limited (Zimbabwe)  
Anglo American Development LLC (Mongolia)  
Anglo American Diamond Holdings Limited (United Kingdom)  
Anglo American EMEA Shared Services (Pty) Ltd (South Africa)  
Anglo American Explora B.V. (Netherlands)  
Anglo American Exploration (Australia) Pty Ltd (Australia)  
Anglo American Exploration (Canada) Ltd. (Canada)  
Anglo American Exploration (India) B.V. (Netherlands)  
Anglo American Exploration (India) Pvt. Ltd (India)  
Anglo American Exploration (Philippines) B.V. (Netherlands)  
Anglo American Exploration (Philippines) Inc. (Philippines)  
Anglo American Exploration (Singapore) Pte. Ltd (Singapore)  
Anglo American Exploration (USA), Inc. (USA)  
Anglo American Exploration Colombia (Luxembourg)  
Anglo American Exploration Luxembourg (Luxembourg)  
Anglo American Farms (Pty) Ltd (South Africa)  
Anglo American Farms (UK) Limited (United Kingdom)  
Anglo American Farms Investment Holdings (Pty) Ltd (South Africa)  
Anglo American Farms Limited A (South Africa)  
Anglo American Ferrous 2 (United Kingdom)  
Anglo American Ferrous Investments (Luxembourg)  
Anglo American Ferrous Investments Limited (United Kingdom)  
Anglo American Finance (UK) Limited (United Kingdom)  
Anglo American Finance Luxembourg (Luxembourg)<sup>(6)</sup>  
Anglo American Finland Holdings 1 (Luxembourg)  
Anglo American Finland Holdings 2 (Luxembourg)  
Anglo American Fosfatos Brasil Ltda (Brazil)  
Anglo American Global Finance Limited (United Kingdom)  
Anglo American Group Employee Shareholder Nominees (Pty) Ltd (South Africa)  
Anglo American Group Foundation (United Kingdom)  
Anglo American Holdings Limited (United Kingdom)  
Anglo American India Holdings B.V. (Netherlands)  
Anglo American International (Luxembourg)  
Anglo American International BV (Netherlands)  
Anglo American International Holdings Limited (United Kingdom)  
Anglo American Investimentos – Minério de Ferro Ltda. (Brazil)  
Anglo American Investments (Australia) Limited (Australia)  
Anglo American Investments (NA) Limited (United Kingdom)  
Anglo American Investments (UK) Limited (United Kingdom)  
Anglo American Italy Sarl (Italy)  
Anglo American Kumba Exploration Liberia Ltd (Liberia)  
Anglo American Liberia Holdings (Luxembourg)  
Anglo American Luxembourg (Luxembourg)  
Anglo American Marketing Limited (United Kingdom)  
Anglo American Medical Plan Limited (United Kingdom)  
Anglo American Metallurgical Coal Assets Eastern Australia Ltd (Australia)  
Anglo American Metallurgical Coal Assets Pty Ltd (Australia)  
Anglo American Metallurgical Coal Finance Ltd (Australia)  
Anglo American Metallurgical Coal Holdings Ltd (Australia)  
Anglo American Metallurgical Coal Pty Ltd (Australia)  
Anglo American Mexico S.A. de C.V. (Mexico)  
Anglo American Michiquillay Peru (Luxembourg)  
Anglo American Michiquillay S.A. (Peru)  
Anglo American Minerio de Ferro Brasil S.A (Brazil)  
Anglo American Mongolia Holdings Pte. Ltd (Singapore)  
Anglo American Netherlands B.V. (Netherlands)  
Anglo American Nickel Marketing Limited (United Kingdom)  
Anglo American Niobio Brasil Ltda. (Brazil)  
Anglo American Niquel Brasil Ltda (Brazil)  
Anglo American Participacoes Minerio de Ferro Ltda. (Brazil)  
Anglo American Peru S.A. (Peru)  
Anglo American PNG Holdings Limited (United Kingdom)  
Anglo American Prefco Limited (United Kingdom)  
Anglo American Properties Limited (South Africa)  
Anglo American Prospecting Services (Pty) Ltd (South Africa)  
Anglo American REACH Limited (United Kingdom)  
Anglo American Representative Offices Limited (United Kingdom)  
Anglo American SA Finance Limited (South Africa)  
Anglo American Sebenza Fund (Pty) Ltd (South Africa)  
Anglo American Services (International) Limited (British Virgin Islands)  
Anglo American Services (UK) Ltd (United Kingdom)<sup>(5)</sup>  
Anglo American Services India Private Limited (India)  
Anglo American Services Overseas Limited (United Kingdom)  
Anglo American Servicios Peru S.A. (Peru)  
Anglo American South Africa Limited (South Africa)  
Anglo American Thermal Coal (Australia) Pty Ltd (Australia)  
Anglo American US (Pebble) LLC (USA)  
Anglo American US (Utah) Inc (USA)  
Anglo American US Holdings Inc (USA)  
Anglo American Venezuela Holdings (Luxembourg)  
Anglo American Venezuela C.A. (Venezuela)  
Anglo American Zimele (Pty) Limited (South Africa)  
Anglo American Zimele Community Fund (Pty) Ltd (South Africa)  
Anglo American Zimele Green Fund (Pty) Ltd (South Africa)  
Anglo Australia Investments (Luxembourg)  
Anglo Base Metals Marketing Limited (United Kingdom)  
Anglo Coal (Archvevor Management) Pty Ltd (Australia)  
Anglo Coal (Callide Management) Pty Ltd (Australia)  
Anglo Coal (Callide) Pty Ltd (Australia)  
Anglo Coal (Callide) No 2 Pty Ltd (Australia)  
Anglo Coal (Capcoal Management) Pty Ltd (Australia)  
Anglo Coal (Contracting) Pty Ltd (Australia)  
Anglo Coal (Dartbrook Management) Pty Ltd (Australia)  
Anglo Coal (Dartbrook) Pty Ltd (Australia)  
Anglo Coal (Dawson Management) Pty Ltd (Australia)  
Anglo Coal (Dawson Services) Pty Ltd (Australia)  
Anglo Coal (Dawson South Management) Pty Ltd (Australia)  
Anglo Coal (Dawson South) Pty Ltd (Australia)  
Anglo Coal (Dawson) Holdings Pty Ltd (Australia)  
Anglo Coal (Dawson) Limited (Australia)

See page 168 for footnotes.



## ADDITIONAL DISCLOSURES

## 40. RELATED UNDERTAKINGS OF THE GROUP continued

Colliery Training College (Pty) Limited (South Africa, 56%)	Element Six Trading (Shanghai) Co. Ltd (SHDOF) (China, 51%)
D.B.L.H. Limited (Liberia, 85%)	Element Six Trading (Suzhou) Co. Ltd (China, 51%)
Dartbrook Coal (Sales) Pty Ltd (Australia, 83%)	Element Six Treasury Limited (ESTL2-IRE) (Ireland, 85%)
Dawson Sales Pty Ltd (Australia, 51%)	Element Six US Corporation (USA, 51%)
Dawson South Sales Pty Ltd (Australia, 51%)	Element Six Ventures Sarl (Luxembourg, 85%)
DB Investments (Netherlands) NV (Netherlands, 85%)	Erabas B.V (Netherlands, 78%)
DB Investments S.A. (Luxembourg, 85%)	Forevermark Diamonds Private Limited (India, 85%)
DBCM Holdings (Pty) Ltd (South Africa, 63%)	Forevermark Italy S.R.L (Italy, 85%)
De Beers Angola Holdings S.A. (Angola, 85%)	Forevermark KK (Japan, 85%)
De Beers Angola Investments Limited (British Virgin Islands, 68%)	Forevermark Limited (United Kingdom, 85%)
De Beers Angola Prospecting Pty Ltd (British Virgin Islands, 68%)	Forevermark Limited (Hong Kong, 85%)
De Beers Auction Sales Belgium NV (Belgium, 85%)	Forevermark Marketing Shanghai Co. Ltd (China, 85%)
De Beers Auction Sales Holdings Ltd (Hong Kong, 85%)	Forevermark US Inc. (USA, 85%)
De Beers Auction Sales Hong Kong Ltd (Hong Kong, 85%)	Foxleigh Land Pty Ltd (Australia, 70%)
De Beers Auction Sales Israel Ltd (Israel, 85%)	Foxleigh Sales & Marketing Pty Ltd (Australia, 70%)
De Beers Auction Sales Singapore Pte Ltd (Singapore, 85%)	German Creek Coal Pty Ltd (Australia, 70%)
De Beers Australia Exploration Limited (Australia, 85%)	IIDGR (UK) Limited (United Kingdom, 85%)
De Beers BC Ltd (British Virgin Islands, 85%)	Indiapro BV (Netherlands, 51%)
De Beers Botswana (Pty) Ltd (Botswana, 85%)	Ingagane Colliery (Pty) Ltd (South Africa, 98%)
De Beers Canada Holdings Inc. (Canada, 85%)	International Institute of Diamond Grading & Research Holdings (Luxembourg, 85%)
De Beers Canada Inc. (Canada, 85%)	International Institute of Diamond Grading & Research India Private Limited (India, 85%)
De Beers Centenary AG (Switzerland, 85%)	International Institute of Diamond Grading and Research (Belgium) (Belgium, 85%)
De Beers Centenary Angola Properties Ltd (British Virgin Islands, 85%)	International Institute of Diamond Valuation (USA, 85%)
De Beers Centenary Mauritius Limited (Mauritius, 85%)	Intersea Pension Services Ltd (Guernsey, 85%)
De Beers Consolidated Mines (Pty) Ltd (South Africa, 63%) <sup>(9)</sup>	Kaymin Resources Limited (Canada, 78%)
De Beers DRC Exploration sprl (Democratic Republic of Congo, 85%)	KIO Exploration Liberia (Luxembourg, 70%)
De Beers Exploration Holdings (Luxembourg, 85%)	KIO Investments Holdings (Pty) Ltd (South Africa, 70%)
De Beers Global Sightholder Sales (Pty) Ltd (Botswana, 85%)	Kumba BSP Trust (South Africa, 52%)
De Beers Group Services (Pty) Ltd (South Africa, 85%)	Kumba International BV (Netherlands, 70%)
De Beers Holdings Botswana (Pty) Ltd (Botswana, 85%)	Kumba International Trading Sarl (Luxembourg, 51%)
De Beers Holdings Luxembourg (Luxembourg, 85%)	Kumba Iron Ore Holdings (Luxembourg, 52%)
De Beers India Private Ltd (India, 85%)	Kumba Iron Ore Limited (South Africa, 70%)
De Beers Intangibles Ltd (United Kingdom, 85%)	Kumba Singapore (Pte) Ltd (Singapore, 51%)
De Beers Marine (Pty) Ltd (South Africa, 85%)	Lexshell 688 Investments (Pty) Ltd (South Africa, 66%)
De Beers Matlafalang Business Development (Pty) Ltd (South Africa, 63%)	Loma de Niquel Holdings Limited (British Virgin Islands, 94%)
De Beers Mauritius Holdings Private Ltd (Mauritius, 85%)	Mafube Coal Mining (Pty) Ltd (South Africa, 50%)
De Beers Mauritius Private Ltd (Mauritius, 85%)	Main Street 1252 (Pty) Ltd (South Africa, 63%)
De Beers Namibia Holdings (Pty) Ltd (Namibia, 85%)	Main Street 576 (Pty) Ltd (South Africa, 70%)
De Beers Namibia (Pty) Ltd (Namibia, 85%)	Manganore Iron Mining (Pty) Ltd (South Africa, 52%)
De Beers Sightholder Sales South Africa (Pty) Ltd (South Africa, 63%)	Masa Chrome Company (Pty) Ltd (South Africa, 50%)
De Beers Société Anonyme (Luxembourg, 85%)	Matthey Rustenburg Refiners (Pty) Ltd (South Africa, 78%)
De Beers Trademarks Ltd (United Kingdom, 85%)	Micawber 146 (Pty) Ltd (South Africa, 78%)
De Beers UK Ltd (United Kingdom, 85%)	Minera Loma de Niquel (Venezuela, 98%)
De Beers Zimbabwe Prospecting Limited (Zimbabwe, 85%)	Mineração Tariana Ltda. (Brazil, 77%)
Delibes Holdings Limited (British Virgin Islands, 85%)	Mogalakwena Platinum Limited (South Africa, 78%)
Diamdel (Hong Kong) Limited (Hong Kong, 85%)	Moranbah North Coal (Sales) Pty Ltd (Australia, 88%)
Diamdel Diamonds Ltd (Israel, 85%)	MR Iron Ore Marketing Services Pte Ltd (Singapore, 50.1%)
Diamdel Holdings Limited (Hong Kong, 85%)	Ndowna Exploration (Pty) Ltd (South Africa, 42%)
Diamond Trading Company Proprietary Ltd NV (Belgium, 85%)	Newsheff 480 (Pty) Ltd (South Africa, 55%)
Diapros Canada Inc. (Canada, 85%)	Norsand Holdings (Pty) Ltd (South Africa, 78%)
Drayton Coal Shipping Pty Ltd (Australia, 88%)	Peruke (Pty) Ltd (South Africa, 51%)
DTC Marketing India Private Limited (India, 85%)	PGI (Hong Kong) (Hong Kong, 78%)
DTC Valuations Namibia (Pty) Ltd (Namibia, 85%)	PGI (Shanghai) Co. Limited (China, 78%)
EL Ramsden Bleskop (Pty) Ltd (South Africa, 67%)	PGI (United Kingdom) Limited (United Kingdom, 78%)
Element Six (Holdings) Limited (Ireland, 51%)	PGI (United States of America) Jewelry Inc. (USA, 78%)
Element Six (Isle of Man) Corporate Trustee Limited (Isle of Man, 85%)	PGI India (India, 78%)
Element Six (Production) (Pty) Ltd (South Africa, 51%)	PGI KK (Japan, 78%)
Element Six (Production) Ltd (United Kingdom, 51%)	PGI SA (Switzerland, 78%)
Element Six (Pty) Ltd (South Africa, 51%)	PGM Investment Company (Pty) Ltd (South Africa, 78%)
Element Six (Trade Marks) (Ireland, 51%)	Platinum Guild India OVT Limited (India, 78%)
Element Six (UK) Ltd (United Kingdom, 51%)	Platmed Properties (Pty) Ltd (South Africa, 78%)
Element Six AB (Sweden, 51%)	Platmed (Pty) Ltd (South Africa, 78%)
Element Six Abrasives SA (Luxembourg, 51%)	Ponahalo Investments (Pty) Ltd (South Africa, 0%) <sup>(9)</sup>
Element Six Abrasives Treasury Ltd (ESATL2) (Ireland, 51%)	Prime Trading (Proprietary) Limited (Namibia, 85%)
Element Six BV (New NLTEC) (Netherlands, 85%)	RA Gilbert (Pty) Ltd (South Africa, 78%)
Element Six GmbH (DECAR) (Germany, 51%)	Rainbow Gas and Coal Exploration (Pty) Ltd (Botswana, 51%)
Element Six GmbH (DEDOF) (Germany, 51%)	Rietvlei Mining Company (Pty) Ltd (South Africa, 40%) <sup>(10)</sup>
Element Six Hard Materials (Wuxi) Co. Ltd (China, 51%)	Riverbank Investments Ltd (United Kingdom, 85%)
Element Six Industrial Diamonds (Suzhou) Ltd (China, 51%)	Rustenburg Platinum Mines Ltd (South Africa, 78%)
Element Six Ltd (United Kingdom, 85%)	SASA Gold Exploration (Pty) Ltd (South Africa, 63%)
Element Six Ltd (Hong Kong, 51%)	Satijnduiker Holdings BV (Netherlands, 51%)
Element Six Ltd (Ireland, 51%)	Scallion (British Virgin Islands, 85%)
Element Six Ltd (Isle of Man, 85%)	Sibelo Resource Development (Pty) Ltd (South Africa, 26%)
Element Six Ltd (Japan, 51%)	Sishen Iron Ore Company (Pty) Ltd (South Africa, 54%) <sup>(11)</sup>
Element Six Ltda (Brazil, 51%)	Spectrem Air Ltd (South Africa, 75%)
Element Six NV (Netherlands, 85%)	Tarmac Oman Minerals LLC (Oman, 99%)
Element Six S.A. (Lux) (Luxembourg, 85%)	The Diamond Trading Company Ltd England (United Kingdom, 85%)
Element Six SA (Switz) (Switzerland, 51%)	The Village of Cullinan (Pty) Ltd (South Africa, 63%)
Element Six South Africa (Pty) Ltd (South Africa, 51%)	Unki Mines (Private) Limited (Zimbabwe, 78%)
Element Six Technologies (Pty) Ltd (South Africa, 85%)	Whiskey Creek Management Services (Pty) Ltd (South Africa, 78%)
Element Six Technologies Holding Ltd (Malta, 85%)	
Element Six Technologies Ltd (Malta, 85%)	
Element Six Technologies Ltd (United Kingdom, 85%)	
Element Six Technologies sarl (Luxembourg, 85%)	
Element Six Technologies U.S. Corporation (USA, 85%)	

See page 168 for footnotes.

## ADDITIONAL DISCLOSURES

## 40. RELATED UNDERTAKINGS OF THE GROUP continued

**Joint operations**<sup>(1)(2)</sup>

Anglo American SEFA Mining Fund (Pty) Ltd (South Africa, 50%)  
 Anglo American Sur S.A. (Chile, 50%)  
 Belcourt Saxon Coal Limited (Canada, 50%)  
 Belcourt Saxon Coal Limited Partnership (Canada, 50%)  
 Compania Minera Dona Ines De Collahuasi SCM (Chile, 44%)  
 Compañía Minera Westwall S.C.M (Chile, 50%)  
 De Beers Marine Namibia (Pty) Ltd (Namibia, 43%)  
 Debmarmine Namdeb Foundation (Namibia, 43%)  
 Debswana ART Fund Trust (Botswana, 43%)  
 Debswana Diamond Company (Pty) Ltd (Botswana, 43%)<sup>(12)</sup>  
 Diamond Trading Company Botswana (Pty) Ltd (Botswana, 43%)  
 Exclusive Properties (Pty) Ltd (Namibia, 43%)  
 Godisa Supplier Development Fund (Pty) Ltd (South Africa, 50%)  
 HL & H Timber Processors (Pty) Ltd (South Africa, 50%)  
 Kroondal Unincorporated Joint Venture (South Africa, 50%)  
 Mafube Coal Mining (Proprietary) Limited (South Africa, 50%)  
 Marmora Mines and Estates Limited (Namibia, 28%)  
 Modikwa Mining Personnel Services (Pty) Ltd (South Africa, 50%)  
 Modikwa Platinum Mine (Pty) Limited (South Africa, 50%)  
 Modikwa Unincorporated Joint Venture (South Africa, 50%)  
 Monash Energy Pty Ltd (Australia, 50%)  
 Morupule Coal Mine Ltd (Botswana, 43%)  
 Mototolo Holdings (Pty) Ltd (South Africa, 50%)  
 Mototolo Unincorporated Joint Venture (South Africa, 50%)  
 Namdeb Diamond Corporation (Pty) Ltd (Namibia, 43%)  
 Namdeb Holdings (Pty) Ltd (Namibia, 43%)  
 Namdeb Hospital Pharmacy (Pty) Ltd (Namibia, 43%)  
 Namdeb Properties (Pty) Ltd (Namibia, 43%)  
 Namibia Diamond Trading Company (Pty) Ltd (Namibia, 43%)  
 Oranjemund Private Hospital (Pty) Limited (Namibia, 43%)  
 Oranjemund Town Management Company (Pty) Ltd (Namibia, 43%)  
 Phola Coal Processing Plant (Pty) Ltd (South Africa, 37%)  
 Sesiro Insurance Company (Proprietary) Limited (Botswana, 43%)  
 Tarmac Zawawi LLC (Oman, 49%)  
 The Diamond Trust (Botswana, 21%)

**Associates**<sup>(1)(2)</sup>

AEF Mining Services (Pty) Ltd (South Africa, 25%)  
 Atlatsa Resources Corporation (Canada, 23%)  
 AuruMar (Pty) Ltd (South Africa, 43%)  
 AuruMar SASA Holdings (Pty) Ltd (South Africa, 43%)  
 Bafokeng-Rasimone Platinum Mine (South Africa, 33%)  
 Blue Steam Investments (Pty) Ltd (South Africa, 37%)  
 Boikgantsho Platinum Mine (Pty) Ltd (South Africa, 49%)  
 Bokoni Platinum Holdings (Pty) Ltd (South Africa, 49%)  
 Bokoni Platinum Mines (Pty) Ltd (South Africa, 49%)  
 Bowen Basin Coal (Pty) Ltd (Australia, 23%)  
 Carbones Del Cerrejón LLC (Anguilla, 33%)  
 Cerrejón Zona Norte SA (Colombia, 33%)  
 CMC-Coal Marketing Company Ltd Ireland (Ireland, 33%)  
 Coal Marketing Company (USA) Inc. (USA, 33%)  
 Curtis Fitch Limited (United Kingdom, 21%)  
 Dalrymple Bay Coal Terminal Pty Ltd (Australia, 25%)  
 DMS Powders (Pty) Ltd (South Africa, 21%)  
 Elipsis Blue Trading 43 (Pty) Ltd (South Africa, 30%)  
 Ga-Phasha Platinum Mine (Proprietary) Limited (South Africa, 49%)  
 GD Empreendimentos Imobiliários S.A. (Brazil, 33%)  
 Hindustan Diamond Company Pvt Ltd (India, 43%)  
 Hydrogenious Technologies GmbH (Germany, 27%)  
 Ikhwezi Fleet Services (Pty) Ltd (South Africa, 30%)  
 Jellinbah Group Pty Ltd (Australia, 23%)<sup>(13)</sup>  
 Jellinbah Mining Pty Ltd (Australia, 23%)<sup>(13)</sup>  
 Jellinbah Resources Pty Ltd (Australia, 23%)<sup>(13)</sup>  
 JG Land Company Pty Ltd (Australia, 23%)  
 Kwanda Platinum Mine (Pty) Ltd (South Africa, 49%)  
 Lake Vermont Marketing Pty Ltd (Australia, 33%)  
 Lake Vermont Resources Pty Ltd (Australia, 33%)  
 Lebowa Platinum Mines Ltd (South Africa, 49%)  
 Lexshell 49 General Trading (Pty) Ltd (South Africa, 35%)  
 Main Place Holdings (Pty) Ltd (South Africa, 39%)  
 Pandora Unincorporated Associate (South Africa, 43%)  
 Peglerae Hospital (Pty) Ltd (South Africa, 40%)  
 QCMM (Lake Vermont Holdings) Pty Ltd (Australia, 33%)  
 QCMM Finance Pty Ltd (Australia, 33%)  
 Richards Bay Coal Terminal (Proprietary) Limited (South Africa, 23%)  
 Roodepoortjie Resources (Pty) Ltd (South Africa, 25%)  
 Sheba's Ridge Platinum (Pty) Ltd (South Africa, 35%)  
 Societe Civile De Prospection De Nickel A Madagascar (Madagascar, 32%)  
 Spectrem Air (Pty) Ltd (South Africa, 21%)  
 Synova S.A. (Switzerland, 28%)  
 Tremell Pty Ltd (Australia, 33%)  
 Zimshelf Seven Investment Holdings (Pty) Ltd (South Africa, 50%)

**Joint ventures**<sup>(1)(2)</sup>

Birchall Gardens LLP (United Kingdom, 50%)  
 Copper Creek Project LLC (USA, 50%)  
 De Beers Diamond Jewellers (Hong Kong) Limited (Hong Kong, 43%)  
 De Beers Diamond Jewellers (Macau) Company Limited (Macau, 43%)  
 De Beers Diamond Jewellers Ltd (United Kingdom, 43%)  
 De Beers Diamond Jewellers Ltd (Japan) (Japan, 43%)  
 De Beers Diamond Jewellers Trade Mark Limited (United Kingdom, 43%)  
 De Beers Diamond Jewellers UK Ltd (United Kingdom, 43%)  
 De Beers Diamond Jewellers US, Inc (USA, 43%)  
 De Beers Jewellers Commercial (Shanghai) Co., LTD (China, 43%)  
 Ebbsfleet Property Limited (United Kingdom, 50%)  
 Electrolytical Metal Corporation (Pty) Limited (South Africa, 40%)<sup>(13)</sup>  
 Ferroport Logística Comercial Exportadora S.A. (Brazil, 50%)  
 Groote Eylandt Mining Company Pty Limited (GEMCO) (Australia, 40%)<sup>(13)</sup>  
 Guaporé Mineração Ltda. (Brazil, 49%)  
 Hotazel Manganese Mines (Pty) Ltd (South Africa, 40%)<sup>(13)</sup>  
 Middelpaats Manganese Limited (South Africa, 40%)<sup>(13)</sup>  
 Mineração Tanagra Ltda. (Brazil, 49%)  
 Minphil Exploration Co Inc (Philippines, 40%)  
 Northern Luzon Exploration & Mining Co Inc (Philippines, 40%)  
 Northfleet Property LLP (United Kingdom, 50%)  
 Peo Venture Capital (Pty) Ltd (Botswana, 21%)  
 Polokwane Iron Ore (Pty) Ltd (South Africa, 52%)  
 Samancor AG (Switzerland, 40%)<sup>(13)</sup>  
 Samancor Gabon (Gabon, 40%)<sup>(13)</sup>  
 Samancor Holdings (Pty) Ltd (South Africa, 40%)<sup>(13)</sup>  
 Samancor Holdings Proprietary Limited (South Africa, 40%)<sup>(13)</sup>  
 Samancor Manganese Pty Limited (South Africa, 40%)<sup>(13)</sup>  
 Swanscombe Developments LLP (United Kingdom, 50%)  
 Tasmanian Electro Metallurgical Company Pty Limited (TEMCO) (Australia, 40%)<sup>(13)</sup>  
 Terra Nominees (Pty) Limited (South Africa, 40%)<sup>(13)</sup>

<sup>(1)</sup> All equity interests shown are ordinary shares.

<sup>(2)</sup> All entities are indirectly held, unless otherwise stated.

<sup>(3)</sup> 2% direct holding by Anglo American plc.

<sup>(4)</sup> 4% direct holding by Anglo American plc.

<sup>(5)</sup> 100% direct holding by Anglo American plc.

<sup>(6)</sup> 5% direct holding by Anglo American plc.

<sup>(7)</sup> The Group's effective interest in Anglo American Platinum Limited is 79.6% (2014: 79.8%), which includes shares issued as part of a community empowerment deal.

<sup>(8)</sup> A 74% interest in De Beers Consolidated Mines Proprietary Limited (DBCM) is held indirectly through De Beers. The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.

<sup>(9)</sup> Ponahalo Investments (Pty) Ltd is deemed to be controlled due to the financing structure in place and is therefore included as a majority owned subsidiary.

<sup>(10)</sup> 60% of Rietvlei Mining Company (Pty) Ltd is held by Butsanani Energy Investment Holdings Ltd, in which the Group has an effective interest of 67%. The Group's effective interest in Rietvlei Mining Company Ltd is therefore 40%.

<sup>(11)</sup> The 73.9% interest in Sishen Iron Ore Company (Proprietary) Limited (SIOC) is held indirectly through Kumba Iron Ore Limited, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore Limited. Consequently the effective interest in SIOC included in the Group's results is 53.7%.

<sup>(12)</sup> The 50% interest in Debswana Diamond Company (Proprietary) Limited is held indirectly through De Beers and is consolidated on a 19.2% proportionate basis, reflecting economic interest. The Group's effective interest in Debswana Diamond Company (Proprietary) Limited is 16.3%.

<sup>(13)</sup> These entities have a 30 June year end.

## FINANCIAL STATEMENTS OF THE PARENT COMPANY

### Balance sheet of the Company, Anglo American plc, as at 31 December 2015

US\$ million	Note	2015	2014
<b>Fixed assets</b>			
Investment in subsidiaries	1	15,125	15,071
<b>Current assets</b>			
Amounts due from subsidiaries		15,067	13,908
Cash at bank and in hand		15	3
		15,082	13,911
<b>Creditors due within one year</b>			
Amounts owed to group undertakings		(231)	(309)
Other creditors		–	(1)
		(231)	(310)
<b>Net current assets</b>		14,851	13,601
<b>Total assets less current liabilities</b>		29,976	28,672
<b>Net assets</b>		29,976	28,672
<b>Capital and reserves</b>			
Called-up share capital	2	772	772
Share premium account	2	4,358	4,358
Capital redemption reserve	2	115	115
Other reserves	2	1,955	1,955
Profit and loss account	2	22,776	21,472
<b>Total shareholders' funds (equity)</b>		29,976	28,672

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 15 February 2016 and signed on its behalf by:

**Mark Cutifani**  
Chief Executive

**René Médori**  
Finance Director

**1) Investment in subsidiaries**

US\$ million	2015	2014
<b>Cost</b>		
At 1 January	15,088	13,295
Capital contributions <sup>(1)</sup>	54	142
Additions	–	1,651
<b>At 31 December</b>	<b>15,142</b>	<b>15,088</b>
<b>Provisions for impairment at 1 January and 31 December</b>	<b>(17)</b>	<b>(17)</b>
<b>Net book value</b>	<b>15,125</b>	<b>15,071</b>

<sup>(1)</sup> This amount is net of \$78 million (2014: \$6 million) of intra-group recharges.

Further information about subsidiaries is provided in note 40 to the Consolidated financial statements.

**2) Reconciliation of movements in equity shareholders' funds**

US\$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves <sup>(1)</sup>	Share-based payment reserve	Profit and loss account <sup>(2)</sup>	Total
Balance at 1 January 2014	772	4,358	115	1,955	1	19,941	27,142
Profit for the financial year	–	–	–	–	–	2,019	2,019
Dividends payable to Company shareholders <sup>(3)</sup>	–	–	–	–	–	(620)	(620)
Net purchase of treasury shares under employee share schemes	–	–	–	–	–	(17)	(17)
Capital contribution to Group undertakings	–	–	–	–	–	148	148
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(1)	1	–
Balance at 1 January 2015	772	4,358	115	1,955	–	21,472	28,672
Profit for the financial year	–	–	–	–	–	1,850	1,850
Dividends payable to Company shareholders <sup>(3)</sup>	–	–	–	–	–	(684)	(684)
Capital contribution to Group undertakings	–	–	–	–	–	132	132
Other	–	–	–	–	–	6	6
<b>Balance at 31 December 2015</b>	<b>772</b>	<b>4,358</b>	<b>115</b>	<b>1,955</b>	<b>–</b>	<b>22,776</b>	<b>29,976</b>

<sup>(1)</sup> At 31 December 2015 other reserves of \$1,955 million (2014: \$1,955 million) were not distributable under the Companies Act 2006.

<sup>(2)</sup> At 31 December 2015 \$2,685 million (2014: \$2,685 million) of the Company profit and loss account of \$22,776 million (2014: \$21,472 million) was not distributable under the Companies Act 2006.

<sup>(3)</sup> Dividends payable relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association. The directors are proposing no final dividend in respect of the year ended 31 December 2015 (see note 10 of the Consolidated financial statements).

The audit fee in respect of the Company was \$10,613 (2014: \$7,807). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 33.

**3) Accounting policies: Anglo American plc (the Company)**

The Company balance sheet and related notes have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 100 *Application of Financial Reporting Requirements* (FRS 100) and 101 *Reduced Disclosure Framework* (FRS 101).

A summary of the principal accounting policies is set out below.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to \$1,850 million (2014: \$2,019 million).

**First time application of FRS 100 and FRS 101**

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)).

The change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all the available disclosure exemptions permitted by FRS 101 in the financial statements. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

**Significant accounting policies****Investments**

Investments represent equity holdings in subsidiaries and are measured at cost less accumulated impairment.

**Financial Instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

**Dividends**

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Share-based payments**

The Company has applied the requirements of IFRS 2 *Share-based payment*.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market vesting conditions, the fair value is determined using a Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using a Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in investments in subsidiaries.

Details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 28 to the Consolidated financial statements of the Group for the year ended 31 December 2015.

## SUMMARY BY BUSINESS OPERATION

Marketing activities are allocated to the underlying operation to which they relate.

US\$ million	Revenue <sup>(1)</sup>		Underlying EBITDA <sup>(2)</sup>		Underlying EBIT <sup>(3)</sup>		Underlying earnings	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Platinum</b>	<b>4,900</b>	5,396	<b>718</b>	527	<b>263</b>	32	<b>168</b>	25
Mogalakwena	<b>1,092</b>	1,271	<b>496</b>	504	<b>368</b>	371	<b>n/a</b>	n/a
Amandelbult	<b>712</b>	593	<b>97</b>	(37)	<b>36</b>	(96)	<b>n/a</b>	n/a
Other operations	<b>3,096</b>	3,532	<b>177</b>	118	<b>(89)</b>	(185)	<b>n/a</b>	n/a
Projects and corporate	–	–	<b>(52)</b>	(58)	<b>(52)</b>	(58)	<b>n/a</b>	n/a
<b>De Beers</b>	<b>4,671</b>	7,114	<b>990</b>	1,818	<b>571</b>	1,363	<b>258</b>	923
Mining								
Debswana	<b>n/a</b>	n/a	<b>379</b>	604	<b>352</b>	579	<b>n/a</b>	n/a
Namdeb Holdings	<b>n/a</b>	n/a	<b>147</b>	207	<b>120</b>	177	<b>n/a</b>	n/a
South Africa	<b>n/a</b>	n/a	<b>282</b>	344	<b>174</b>	243	<b>n/a</b>	n/a
Canada	<b>n/a</b>	n/a	<b>154</b>	178	<b>65</b>	77	<b>n/a</b>	n/a
Trading	<b>n/a</b>	n/a	<b>107</b>	579	<b>100</b>	572	<b>n/a</b>	n/a
Other <sup>(4)</sup>	<b>n/a</b>	n/a	<b>(30)</b>	(50)	<b>(191)</b>	(241)	<b>n/a</b>	n/a
Projects and corporate	–	–	<b>(49)</b>	(44)	<b>(49)</b>	(44)	<b>n/a</b>	n/a
<b>Copper</b>	<b>3,539</b>	4,827	<b>942</b>	1,902	<b>228</b>	1,193	<b>67</b>	493
Los Bronces	<b>1,852</b>	2,497	<b>622</b>	1,173	<b>240</b>	822	<b>n/a</b>	n/a
Collahuasi	<b>971</b>	1,311	<b>381</b>	707	<b>167</b>	495	<b>77</b>	207
Other operations	<b>716</b>	1,019	<b>55</b>	138	<b>(63)</b>	(8)	<b>n/a</b>	n/a
Projects and corporate	–	–	<b>(116)</b>	(116)	<b>(116)</b>	(116)	<b>(89)</b>	(84)
<b>Nickel</b>	<b>146</b>	142	<b>(3)</b>	28	<b>(22)</b>	21	<b>(19)</b>	6
Codemin	<b>100</b>	142	<b>20</b>	43	<b>12</b>	37	<b>10</b>	23
Loma de Niquel	–	–	<b>3</b>	22	<b>3</b>	22	<b>3</b>	22
Barro Alto	<b>46</b>	–	<b>(14)</b>	(25)	<b>(25)</b>	(26)	<b>(21)</b>	(25)
Projects and corporate	–	–	<b>(12)</b>	(12)	<b>(12)</b>	(12)	<b>(11)</b>	(14)
<b>Niobium and Phosphates<sup>(5)</sup></b>	<b>544</b>	666	<b>146</b>	152	<b>119</b>	124	<b>48</b>	65
Niobium	<b>111</b>	180	<b>40</b>	75	<b>33</b>	69	<b>7</b>	31
Phosphates	<b>433</b>	486	<b>111</b>	88	<b>91</b>	66	<b>45</b>	39
Projects and corporate	–	–	<b>(5)</b>	(11)	<b>(5)</b>	(11)	<b>(4)</b>	(5)
<b>Iron Ore and Manganese</b>	<b>3,390</b>	5,176	<b>1,026</b>	2,286	<b>671</b>	1,957	<b>98</b>	717
Kumba Iron Ore	<b>2,876</b>	4,388	<b>1,011</b>	2,162	<b>739</b>	1,911	<b>280<sup>(6)</sup></b>	747 <sup>(6)</sup>
Iron Ore Brazil	–	–	<b>(20)</b>	(29)	<b>(21)</b>	(34)	<b>(61)</b>	(32)
Samancor	<b>514</b>	788	<b>104</b>	251	<b>22</b>	178	<b>(54)</b>	78
Projects and corporate	–	–	<b>(69)</b>	(98)	<b>(69)</b>	(98)	<b>(67)<sup>(6)</sup></b>	(76) <sup>(6)</sup>
<b>Coal</b>	<b>4,888</b>	5,808	<b>1,046</b>	1,207	<b>457</b>	458	<b>292</b>	296
Australia and Canada	<b>2,374</b>	2,970	<b>586</b>	543	<b>190</b>	(1)	<b>123</b>	(30)
South Africa	<b>1,893</b>	2,083	<b>345</b>	463	<b>230</b>	350	<b>174</b>	271
Colombia	<b>621</b>	755	<b>168</b>	255	<b>90</b>	163	<b>44</b>	105
Projects and corporate	–	–	<b>(53)</b>	(54)	<b>(53)</b>	(54)	<b>(49)</b>	(50)
<b>Corporate and other</b>	<b>925</b>	1,859	<b>(11)</b>	(88)	<b>(64)</b>	(215)	<b>(85)</b>	(308)
Other Mining and Industrial	<b>921</b>	1,854	<b>110</b>	162	<b>64</b>	62	<b>52</b>	44
Exploration	–	–	<b>(152)</b>	(180)	<b>(154)</b>	(181)	<b>(142)</b>	(163)
Corporate activities and unallocated costs	<b>4</b>	5	<b>31</b>	(70)	<b>26</b>	(96)	<b>5</b>	(189)
	<b>23,003</b>	30,988	<b>4,854</b>	7,832	<b>2,223</b>	4,933	<b>827</b>	2,217

<sup>(1)</sup> Revenue includes the Group's attributable share of associates' and joint ventures' revenue. Revenue for copper is shown after deduction of treatment and refining charges (TC/RCs).

<sup>(2)</sup> Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBITDA.

<sup>(3)</sup> Underlying EBIT is operating profit before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT.

<sup>(4)</sup> Other includes Element Six, downstream activities and the purchase price allocation (PPA) adjustment.

<sup>(5)</sup> Niobium and Phosphates are now aggregated, having previously been presented separately. Refer to note 3 of the Consolidated financial statements.

<sup>(6)</sup> Of the projects and corporate expense, which includes a corporate cost allocation, \$42 million (2014: \$54 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is \$238 million (2014: \$693 million).

## KEY FINANCIAL DATA

US\$ million (unless otherwise stated)	2015	2014	2013	2012 restated <sup>(1)</sup>	2011	2010	2009	2008	2007	2006 <sup>(2)</sup>
<b>Income statement measures</b>										
Group revenue including associates and joint ventures	23,003	30,988	33,063	32,785	36,548	32,929	24,637	32,964	30,559	29,404
Underlying EBIT <sup>(3)</sup>	2,223	4,933	6,620	6,253	11,095	9,763	4,957	10,085	9,590	8,888
Underlying EBITDA <sup>(4)</sup>	4,854	7,832	9,520	8,860	13,348	11,983	6,930	11,847	12,132	12,197
Group revenue (statutory measure)	20,455	27,073	29,342	28,680	30,580	27,960	20,858	26,311	25,470	24,991
Net finance costs (before special items and remeasurements)	(458)	(256)	(276)	(299)	(20)	(244)	(273)	(452)	(137)	(110)
(Loss)/profit before tax	(5,454)	(259)	1,700	(171)	10,782	10,928	4,029	8,571	8,821	8,443
(Loss)/profit for the financial year	(5,842)	(1,524)	426	(564)	7,922	8,119	2,912	6,120	8,172	6,922
Non-controlling interests	218	(989)	(1,387)	(906)	(1,753)	(1,575)	(487)	(905)	(868)	(736)
(Loss)/profit attributable to equity shareholders of the Company	(5,624)	(2,513)	(961)	(1,470)	6,169	6,544	2,425	5,215	7,304	6,186
Underlying earnings <sup>(5)</sup>	827	2,217	2,673	2,860	6,120	4,976	2,569	5,237	5,761	5,471
<b>Balance sheet measures</b>										
Total capital employed <sup>(6)</sup>	32,842	43,782	46,551	49,757	41,667	42,135	36,623	29,808	24,401	28,285
Net assets	21,342	32,177	37,364	43,738	43,189	37,971	28,069	21,756	24,330	27,127
Non-controlling interests	(4,773)	(5,760)	(5,693)	(6,127)	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)
Equity attributable to equity shareholders of the Company	16,569	26,417	31,671	37,611	39,092	34,239	26,121	20,221	22,461	24,271
<b>Cash flow measures</b>										
Cash flow from operations	4,240	6,949	7,729	7,370	11,498	9,924	4,904	9,579	9,845	10,057
Capital expenditure <sup>(7)</sup>	(4,177)	(6,018)	(6,075)	(5,947)	(5,672)	(4,902)	(4,707)	(5,282)	(4,002)	(3,575)
Net debt <sup>(8)</sup>	(12,901)	(12,871)	(10,652)	(8,510)	(1,374)	(7,384)	(11,280)	(11,340)	(4,851)	(3,131)
<b>Metrics and ratios</b>										
Underlying earnings per share (US\$)	0.64	1.73	2.09	2.28	5.06	4.13	2.14	4.36	4.40	3.73
(Loss)/earnings per share (statutory basis) (US\$)	(4.36)	(1.96)	(0.75)	(1.17)	5.10	5.43	2.02	4.34	5.58	4.21
Ordinary dividend per share (US cents)	32	85	85	85	74	65	-	44	124	108
Ordinary dividend cover (based on underlying earnings per share)	2.0	2.0	2.5	2.7	6.8	6.4	-	9.9	3.5	3.5
Underlying EBIT margin	9.7%	15.9%	20.0%	19.1%	30.4%	29.6%	20.1%	30.6%	28.4%	25.4%
Underlying EBIT interest cover <sup>(9)</sup>	10.1	30.1	35.8	36.8	n/a	34.2	19.6	24.1	33.2	33.2
Effective tax rate <sup>(10)</sup>	31.0%	29.8%	32.0%	29.0%	28.3%	31.9%	33.1%	33.4%	31.8%	33.0%
Gearing (net debt to total capital) <sup>(11)</sup>	37.7%	28.6%	22.2%	16.3%	3.1%	16.3%	28.7%	34.3%	16.6%	10.3%

<sup>(1)</sup> Certain balances relating to 2012 were restated to reflect the adoption of new accounting pronouncements. See note 2 of the 2013 Consolidated financial statements for details.

<sup>(2)</sup> Comparatives for 2006 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

<sup>(3)</sup> Underlying EBIT is operating profit presented before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of revenue less operating costs before special items and remeasurements of associates and joint ventures.

<sup>(4)</sup> Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation.

<sup>(5)</sup> Underlying earnings is profit attributable to equity shareholders of the Company before special items and remeasurements, and is therefore presented after net finance costs, income tax and non-controlling interests.

<sup>(6)</sup> Total capital employed is net assets excluding net debt (including related hedges and net debt in disposal groups) and financial asset investments.

<sup>(7)</sup> Capital expenditure is defined as cash expenditure on property, plant and equipment including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests.

<sup>(8)</sup> Net debt is calculated as total borrowings less cash and cash equivalents (including related hedges and net debt in disposal groups).

<sup>(9)</sup> Underlying EBIT interest cover is underlying EBIT divided by net finance costs, excluding net foreign exchange gains and losses, unwinding of discount relating to provisions and other liabilities, financing special items and remeasurements, and including the Group's attributable share of associates' and joint ventures' net finance costs, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.

<sup>(10)</sup> The effective tax rate is presented before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' tax.

<sup>(11)</sup> Net debt to total capital is calculated as net debt (including related hedges and net debt in disposal groups) divided by total capital.

## EXCHANGE RATES AND COMMODITY PRICES

US\$ exchange rates		2015	2014
<b>Year end spot rates</b>			
South African rand		15.47	11.57
Brazilian real		3.96	2.66
Sterling		0.68	0.64
Australian dollar		1.37	1.22
Euro		0.92	0.82
Chilean peso		709	607
Botswana pula		11.25	9.51
<b>Average rates for the year</b>			
South African rand		12.78	10.85
Brazilian real		3.34	2.35
Sterling		0.65	0.61
Australian dollar		1.33	1.11
Euro		0.90	0.75
Chilean peso		655	571
Botswana pula		10.12	8.97
<b>Commodity prices</b>			
<b>Year end spot prices</b>			
Platinum <sup>(1)</sup>	US\$/oz	868	1,206
Palladium <sup>(1)</sup>	US\$/oz	555	811
Rhodium <sup>(2)</sup>	US\$/oz	644	1,230
Copper <sup>(3)</sup>	US cents/lb	213	288
Nickel <sup>(3)</sup>	US cents/lb	393	677
Iron ore (62% Fe CFR) <sup>(4)</sup>	US\$/tonne	43	72
Iron ore (66% Fe Concentrate CFR) <sup>(5)</sup>	US\$/tonne	46	82
Thermal coal (FOB South Africa) <sup>(6)</sup>	US\$/tonne	49	66
Thermal coal (FOB Australia) <sup>(7)</sup>	US\$/tonne	50	65
Hard coking coal (FOB Australia) <sup>(8)</sup>	US\$/tonne	89	119
<b>Average market prices for the year</b>			
Platinum <sup>(1)</sup>	US\$/oz	1,051	1,385
Palladium <sup>(1)</sup>	US\$/oz	691	803
Rhodium <sup>(2)</sup>	US\$/oz	932	1,173
Copper <sup>(3)</sup>	US cents/lb	249	311
Nickel <sup>(3)</sup>	US cents/lb	536	765
Iron ore (62% Fe CFR) <sup>(4)</sup>	US\$/tonne	56	97
Iron ore (66% Fe Concentrate CFR) <sup>(5)</sup>	US\$/tonne	67	112
Thermal coal (FOB South Africa) <sup>(6)</sup>	US\$/tonne	57	72
Thermal coal (FOB Australia) <sup>(7)</sup>	US\$/tonne	59	71
Hard coking coal (FOB Australia) <sup>(8)</sup>	US\$/tonne	102	125

<sup>(1)</sup> Source: London Platinum and Palladium Market (LPPM).<sup>(2)</sup> Source: Comdaq.<sup>(3)</sup> Source: London Metal Exchange (LME).<sup>(4)</sup> Source: Platts.<sup>(5)</sup> Source: Metal Bulletin.<sup>(6)</sup> Source: McCloskey.<sup>(7)</sup> Source: globalCOAL.<sup>(8)</sup> Source: Represents the quarter four benchmark.<sup>(9)</sup> Source: Represents the average quarterly benchmark.