

CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2012

**Consolidated income statement
for the six months ended 30 June 2012**

US\$ million	Note	6 months ended 30.06.12			6 months ended 30.06.11			Year ended 31.12.11		
		Before special items and remeasurements	Special items and remeasurements (note 4)	Total	Before special items and remeasurements	Special items and remeasurements (note 4)	Total	Before special items and remeasurements	Special items and remeasurements (note 4)	Total
Group revenue	2	13,678	–	13,678	15,237	–	15,237	30,580	–	30,580
Total operating costs		(10,437)	(452)	(10,889)	(10,057)	303	(9,754)	(20,912)	(229)	(21,141)
Operating profit from subsidiaries and joint ventures	2	3,241	(452)	2,789	5,180	303	5,483	9,668	(229)	9,439
Non-operating special items	4	–	(39)	(39)	–	417	417	–	183	183
Share of net income from associates	2	324	(9)	315	593	12	605	978	(1)	977
Total profit from operations and associates		3,565	(500)	3,065	5,773	732	6,505	10,646	(47)	10,599
Investment income		316	–	316	340	–	340	668	–	668
Interest expense		(377)	–	(377)	(348)	–	(348)	(695)	–	(695)
Other financing (losses)/gains		(77)	15	(62)	28	46	74	7	203	210
Net finance (costs)/income	7	(138)	15	(123)	20	46	66	(20)	203	183
Profit before tax		3,427	(485)	2,942	5,793	778	6,571	10,626	156	10,782
Income tax expense	8	(954)	(54)	(1,008)	(1,696)	140	(1,556)	(2,741)	(119)	(2,860)
Profit for the financial period		2,473	(539)	1,934	4,097	918	5,015	7,885	37	7,922
Attributable to:										
Non-controlling interests		782	(55)	727	977	50	1,027	1,765	(12)	1,753
Equity shareholders of the Company		1,691	(484)	1,207	3,120	868	3,988	6,120	49	6,169
Earnings per share (US\$)										
Basic	9	1.38	(0.40)	0.98	2.58	0.72	3.30	5.06	0.04	5.10
Diluted	9	1.35	(0.38)	0.97	2.47	0.68	3.15	4.85	0.04	4.89

**Consolidated statement of comprehensive income
for the six months ended 30 June 2012**

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Profit for the financial period	1,934	5,015	7,922
Net gain on revaluation of available for sale investments	105	237	115
Net loss on cash flow hedges	(5)	(64)	(94)
Net exchange difference on translation of foreign operations (including associates)	(159)	(283)	(4,060)
Actuarial net gain/(loss) on post employment benefit schemes	76	(18)	(214)
Share of associates' expense recognised directly in equity, net of tax	(1)	(5)	(32)
Tax on items recognised directly in equity	(70)	(48)	24
Net expense recognised directly in equity	(54)	(181)	(4,261)
Transferred to income statement: sale of available for sale investments	–	(11)	(10)
Transferred to income statement: impairment of available for sale investments	33	–	–
Transferred to income statement: cash flow hedges	2	2	5
Transferred to initial carrying amount of hedged items: cash flow hedges	6	35	54
Transferred to income statement: exchange differences on disposal of foreign operations	–	42	45
Tax on items transferred from equity	(1)	(12)	(14)
Total transferred from equity	40	56	80
Total comprehensive income for the financial period	1,920	4,890	3,741
Attributable to:			
Non-controlling interests	742	921	1,142
Equity shareholders of the Company	1,178	3,969	2,599

**Consolidated balance sheet
as at 30 June 2012**

US\$ million	Note	30.06.12	30.06.11	31.12.11
Intangible assets		2,259	2,341	2,322
Property, plant and equipment		41,269	41,433	40,549
Environmental rehabilitation trusts		368	385	360
Investments in associates		5,396	5,301	5,240
Financial asset investments		2,936	3,555	2,896
Trade and other receivables		496	340	437
Deferred tax assets		620	534	530
Other financial assets (derivatives)		721	509	668
Other non-current assets		139	191	138
Total non-current assets		54,204	54,589	53,140
Inventories		3,901	3,770	3,517
Trade and other receivables		3,711	4,430	3,674
Current tax assets		152	270	207
Other financial assets (derivatives)		104	488	172
Cash and cash equivalents	12b	11,249	6,805	11,732
Total current assets		19,117	15,763	19,302
Assets classified as held for sale	14	645	–	–
Total assets		73,966	70,352	72,442
Trade and other payables		(4,500)	(5,068)	(5,098)
Short term borrowings	11,12b	(788)	(1,061)	(1,018)
Provisions for liabilities and charges		(341)	(318)	(372)
Current tax liabilities		(350)	(749)	(1,528)
Other financial liabilities (derivatives)		(190)	(57)	(162)
Total current liabilities		(6,169)	(7,253)	(8,178)
Medium and long term borrowings	11,12b	(12,957)	(12,497)	(11,855)
Retirement benefit obligations		(533)	(566)	(639)
Deferred tax liabilities		(6,082)	(6,059)	(5,730)
Other financial liabilities (derivatives)		(1,125)	(508)	(950)
Provisions for liabilities and charges		(1,866)	(1,747)	(1,830)
Other non-current liabilities		(52)	(83)	(71)
Total non-current liabilities		(22,615)	(21,460)	(21,075)
Liabilities directly associated with assets classified as held for sale	14	(483)	–	–
Total liabilities		(29,267)	(28,713)	(29,253)
Net assets		44,699	41,639	43,189
Equity				
Called-up share capital	10	772	738	738
Share premium account		4,357	2,714	2,714
Own shares		(6,709)	(7,051)	(6,985)
Other reserves		(176)	3,548	283
Retained earnings		42,384	37,748	42,342
Equity attributable to equity shareholders of the Company		40,628	37,697	39,092
Non-controlling interests		4,071	3,942	4,097
Total equity		44,699	41,639	43,189

The Condensed financial statements of Anglo American plc, registered number 3564138, were approved by the Board of directors on 26 July 2012 and signed on its behalf by:

Cynthia Carroll
Chief Executive

René Médori
Finance Director

**Consolidated cash flow statement
for the six months ended 30 June 2012**

US\$ million	Note	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Cash flows from operations	12a	3,201	5,233	11,498
Dividends from associates		165	165	344
Dividends from financial asset investments		33	32	59
Income tax paid		(921)	(1,444)	(2,539)
Net cash inflows from operating activities		2,478	3,986	9,362
Cash flows from investing activities				
Purchase of property, plant and equipment	2	(2,322)	(2,595)	(6,203)
Cash inflows from derivatives related to capital expenditure	2	14	267	439
Investments in associates		(30)	(23)	(47)
Net repayment/(advance) of loans granted		46	(24)	22
Interest received and other investment income		164	169	350
Disposal of subsidiaries, net of cash and cash equivalents disposed	13	–	486	514
Sale of interests in joint ventures	13	–	19	19
Other investing activities		7	19	53
Net cash used in investing activities		(2,121)	(1,682)	(4,853)
Cash flows from financing activities				
Interest paid		(412)	(424)	(807)
Cash inflows from derivatives related to financing activities		112	53	226
Dividends paid to Company shareholders		(559)	(495)	(818)
Dividends paid to non-controlling interests		(753)	(686)	(1,404)
Repayment of short term borrowings		(272)	(691)	(1,261)
Net receipts of medium and long term borrowings		3,043	457	964
Movements in non-controlling interests		(690)	7	4,964
Tax on sale of non-controlling interest in Anglo American Sur		(1,015)	–	–
Sale of shares under employee share schemes		11	14	20
Purchase of shares by subsidiaries for employee share schemes ⁽¹⁾		(230)	(132)	(367)
Other financing activities		(2)	(12)	(43)
Net cash (used in)/from financing activities		(767)	(1,909)	1,474
Net (decrease)/increase in cash and cash equivalents		(410)	395	5,983
Cash and cash equivalents at start of period		11,732	6,460	6,460
Cash movements in the period		(410)	395	5,983
Effects of changes in foreign exchange rates		(32)	(50)	(711)
Cash and cash equivalents at end of period⁽²⁾	12c	11,290	6,805	11,732

⁽¹⁾ Includes purchase of Kumba Iron Ore Limited and Anglo American Platinum Limited shares for their respective employee share schemes.

⁽²⁾ Includes cash and cash equivalents relating to a disposal group, see note 12b.

**Consolidated statement of changes in equity
for the six months ended 30 June 2012**

US\$ million	Total share capital ⁽¹⁾	Own shares ⁽²⁾	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves ⁽³⁾	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2011	3,451	(7,159)	34,305	476	1,474	1,692	34,239	3,732	37,971
Total comprehensive income	–	–	3,969	–	(167)	167	3,969	921	4,890
Dividends payable to Company shareholders	–	–	(495)	–	–	–	(495)	–	(495)
Dividends payable to non-controlling interests	–	–	–	–	–	–	–	(664)	(664)
Issue of shares to non-controlling interests	–	–	–	–	–	–	–	7	7
Equity settled share-based payment schemes	–	108	(31)	(88)	–	–	(11)	(12)	(23)
Other	1	–	–	(6)	–	–	(5)	(42)	(47)
Balance at 30 June 2011	3,452	(7,051)	37,748	382	1,307	1,859	37,697	3,942	41,639
Total comprehensive income	–	–	1,959	–	(3,237)	(92)	(1,370)	221	(1,149)
Dividends payable to Company shareholders	–	–	(339)	–	–	–	(339)	–	(339)
Dividends payable to non-controlling interests	–	–	–	–	–	–	–	(737)	(737)
Changes in ownership interest in subsidiaries	–	–	3,027	–	–	–	3,027	788	3,815
Issue of shares to non-controlling interests	–	–	–	–	–	–	–	9	9
Equity settled share-based payment schemes	–	66	(162)	70	–	–	(26)	(155)	(181)
IFRS 2 charges on black economic empowerment transactions	–	–	102	–	–	–	102	29	131
Other	–	–	7	1	–	(7)	1	–	1
Balance at 31 December 2011	3,452	(6,985)	42,342	453	(1,930)	1,760	39,092	4,097	43,189
Total comprehensive income	–	–	1,291	–	(182)	69	1,178	742	1,920
Dividends payable to Company shareholders	–	–	(559)	–	–	–	(559)	–	(559)
Dividends payable to non-controlling interests	–	–	–	–	–	–	–	(738)	(738)
Conversion of convertible bond (note 11)	1,677	–	185	–	–	(355)	1,507	–	1,507
Changes in ownership interest in subsidiaries	–	–	(631)	–	–	–	(631)	(59)	(690)
Issue of shares to non-controlling interests	–	–	–	–	–	–	–	8	8
Equity settled share-based payment schemes	–	276	(244)	9	–	–	41	21	62
Balance at 30 June 2012	5,129	(6,709)	42,384	462	(2,112)	1,474	40,628	4,071	44,699

⁽¹⁾ Includes share capital and share premium.

⁽²⁾ Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts. Own shares have previously been aggregated with retained earnings. Comparatives have been reclassified to align with current presentation.

⁽³⁾ Includes the convertible debt reserve, available for sale reserve, cash flow hedge reserve, legal reserve, capital redemption reserve and revaluation reserve.

Dividends

	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Proposed ordinary dividend per share (US cents)	32	28	46
Proposed ordinary dividend (US\$ million)	409	339	557
Ordinary dividends payable during the period per share (US cents)	46	40	68
Ordinary dividends payable during the period (US\$ million)	559	495	834

Notes to the Condensed financial statements

1. Basis of preparation

The Condensed financial statements for the six month period ended 30 June 2012 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Services Authority (FSA) in the United Kingdom as applicable to interim financial reporting.

The Condensed financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FSA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2011, which were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union. The financial information for the year ended 31 December 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. This information was derived from the statutory accounts for the year ended 31 December 2011, a copy of which has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The Condensed financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments.

The accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 December 2011, with the exception of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were applicable from 1 January 2012. These have not had a material impact on the accounting policies, methods of computation or presentation applied by the Group.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial review of Group results on pages 11 to 15. The Group's net debt at 30 June 2012 was \$3.1 billion (including related hedges) (30 June 2011: \$6.8 billion; 31 December 2011: \$1.4 billion) representing a gearing level of 6.5% (30 June 2011: 14.0%; 31 December 2011: 3.1%). Further analysis of net debt is set out in note 12 and details of borrowings and facilities are set out in note 11.

The directors have considered the Group's cash flow forecasts for the period to the end of 31 December 2013. The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its Condensed financial statements.

Non-GAAP measures

Investors should consider non-GAAP financial measures in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with IFRS. The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures. Reconciliations of key non-GAAP data to directly comparable IFRS financial measures are presented in notes 2, 3, 5 and 9 to the Condensed financial statements.

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 three years (the latest being in 2010). 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 the six month period to 30 June 2012, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by \$172 million (2011: \$61 million). This resulted in the recognition of an after tax gain in the period of \$124 million (2011: \$44 million).

2. Segmental information

The Group's segments are aligned to the structure of business units based around core commodities. Each business unit has a management team that is accountable to the Chief Executive. 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).

Following a strategic review during the six month period to 30 June 2012, Amapá is now managed as part of the Other Mining and Industrial business unit, and accordingly is presented as part of the Other Mining and Industrial segment. It was previously reported as part of the Iron Ore and Manganese segment. Consistent with the Group's financial statements for the year ended 31 December 2011, Peace River Coal is managed as part of the Metallurgical Coal business unit, and accordingly is presented as part of the Metallurgical Coal segment. At 30 June 2011 it was reported within the Other Mining and Industrial segment. Comparatives have been reclassified to align with current presentation.

Catalão and Copebrás, reported in the Other Mining and Industrial segment, are considered core to the Group. Tarmac and Scaw have been identified for divestment, whilst the possibility of divesting the Group's stake in Amapá is being explored. These operations are not considered to be individually significant to the Group and are also presented in the Other Mining and Industrial segment.

The Group's Executive Committee evaluates the financial performance of the Group and its segments principally with reference to operating profit before special items and remeasurements which includes the Group's attributable share of associates' operating profit before special items and remeasurements.

Segments predominantly derive revenue as follows – Iron Ore and Manganese: iron ore, manganese ore and alloys; Metallurgical Coal: metallurgical coal; Thermal Coal: thermal coal; Copper and Nickel: base metals; Platinum: platinum group metals; Diamonds: rough and polished diamonds and diamond jewellery; and Other Mining and Industrial: phosphates, niobium, heavy building materials, steel products and iron ore.

The Exploration segment includes the cost of the Group's exploration activities across all segments, excluding Diamonds.

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

Analysis by segment

Revenue and operating profit

US\$ million	Revenue ⁽¹⁾			Operating profit/(loss) ⁽²⁾		
	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Iron Ore and Manganese	3,611	3,989	7,643	1,779	2,462	4,400
Metallurgical Coal	2,006	1,942	4,347	159	501	1,189
Thermal Coal	1,774	1,693	3,722	433	521	1,230
Copper	2,569	2,609	5,144	978	1,401	2,461
Nickel	219	293	488	58	93	57
Platinum	2,582	3,760	7,359	84	542	890
Diamonds	1,506	1,750	3,320	250	450	659
Other Mining and Industrial	2,138	2,256	4,520	180	136	315
Exploration	–	–	–	(72)	(46)	(121)
Corporate Activities and Unallocated Costs	3	2	5	(125)	(36)	15
Segment measure	16,408	18,294	36,548	3,724	6,024	11,095
Reconciliation:						
Less: Associates	(2,730)	(3,057)	(5,968)	(483)	(844)	(1,427)
Operating special items and remeasurements	–	–	–	(452)	303	(229)
Statutory measure	13,678	15,237	30,580	2,789	5,483	9,439

⁽¹⁾ Segment revenue includes the Group's attributable share of associates' revenue. This is reconciled to Group revenue from subsidiaries and joint ventures as presented in the Consolidated income statement.

⁽²⁾ Segment operating profit is revenue less operating costs before special items and remeasurements, and includes the Group's attributable share of associates' operating profit before special items and remeasurements. This is reconciled to operating profit from subsidiaries and joint ventures after special items and remeasurements as presented in the Consolidated income statement.

2. Segmental information (continued)

Associates' revenue and operating profit

US\$ million	Associates' revenue			Associates' operating profit/(loss) ⁽¹⁾		
	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Iron Ore and Manganese	426	491	926	20	106	165
Metallurgical Coal	165	172	372	65	115	207
Thermal Coal	515	507	1,080	214	212	482
Platinum	117	136	269	(66)	(39)	(86)
Diamonds	1,506	1,750	3,320	250	450	659
Other Mining and Industrial	1	1	1	–	–	–
	2,730	3,057	5,968	483	844	1,427
Reconciliation:						
Associates' net finance costs				(35)	(26)	(48)
Associates' income tax expense				(121)	(217)	(385)
Associates' non-controlling interests				(3)	(8)	(16)
Share of net income from associates (before special items and remeasurements)				324	593	978
Associates' special items and remeasurements				(11)	17	(5)
Associates' special items and remeasurements tax				3	(4)	1
Associates' non-controlling interests on special items and remeasurements				(1)	(1)	3
Share of net income from associates				315	605	977

⁽¹⁾ Associates' operating profit is the Group's attributable share of associates' revenue less operating costs before special items and remeasurements.

Non-cash items

Significant non-cash items included within operating profit before special items and remeasurements are as follows:

US\$ million	Depreciation and amortisation ⁽¹⁾			Other non-cash movements ⁽²⁾		
	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Iron Ore and Manganese	96	77	153	(18)	43	95
Metallurgical Coal	213	175	375	78	40	104
Thermal Coal	62	65	128	50	13	30
Copper	232	126	289	29	49	124
Nickel	14	13	27	9	2	10
Platinum	335	364	729	39	36	76
Other Mining and Industrial	98	111	225	(64)	22	83
Exploration	–	–	–	1	1	3
Corporate Activities and Unallocated Costs	21	18	41	40	24	54
	1,071⁽³⁾	949⁽³⁾	1,967⁽³⁾	164	230	579

⁽¹⁾ The Group's attributable share of depreciation and amortisation in associates is \$147 million (six months ended 30 June 2011: \$139 million; year ended 31 December 2011: \$286 million) and is split by segment as follows: Iron Ore and Manganese \$37 million (six months ended 30 June 2011: \$15 million; year ended 31 December 2011: \$33 million), Metallurgical Coal \$7 million (six months ended 30 June 2011: \$7 million; year ended 31 December 2011: \$13 million), Thermal Coal \$27 million (six months ended 30 June 2011: \$25 million; year ended 31 December 2011: \$52 million), Platinum \$20 million (six months ended 30 June 2011: \$25 million; year ended 31 December 2011: \$53 million) and Diamonds \$56 million (six months ended 30 June 2011: \$67 million; year ended 31 December 2011: \$135 million).

⁽²⁾ Other non-cash movements include equity settled share-based payment charges and amounts included in operating costs in respect of provisions, excluding amounts recorded within special items.

⁽³⁾ In addition \$44 million (six months ended 30 June 2011: \$42 million; year ended 31 December 2011: \$84 million) of accelerated depreciation has been recorded within operating special items (see note 4) and \$34 million (six months ended 30 June 2011: \$10 million; year ended 31 December 2011: \$39 million) of pre-commercial production depreciation has been capitalised.

2. Segmental information (continued)

Capital expenditure and net debt

US\$ million	Capital expenditure ⁽¹⁾			Net debt ⁽²⁾		
	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11	30.06.12	30.06.11	31.12.11
Iron Ore and Manganese	784	563	1,659	1,377	725	1,277
Metallurgical Coal	370	222	695	(213)	(642)	(211)
Thermal Coal	101	31	190	85	28	81
Copper	488	831	1,570	(803)	(562)	(781)
Nickel	89	177	398	541	547	603
Platinum	356	410	970	192	(77)	20
Other Mining and Industrial	109	88	225	(149)	442	272
Exploration	1	–	1	(10)	(2)	(6)
Corporate Activities and Unallocated Costs	10	6	56	1,842	6,335	119
	2,308	2,328	5,764	2,862	6,794	1,374
Net debt in disposal group				262	–	–
				3,124	6,794	1,374
Remove: cash inflows from derivatives relating to capital expenditure	14	267	439			
Purchase of property, plant and equipment	2,322	2,595	6,203			
Interest capitalised	139	152	321			
Non-cash movements ⁽³⁾	(44)	30	27			
Property, plant and equipment additions in disposal group	(7)	(2)	(2)			
Property, plant and equipment additions⁽⁴⁾	2,410	2,775	6,549			

⁽¹⁾ Capital expenditure is segmented on a cash basis and is reconciled to balance sheet additions. Cash capital expenditure includes cash flows on related derivatives.

⁽²⁾ Segment net debt includes related hedges and excludes net debt in the disposal group. For a reconciliation of net debt to the balance sheet see note 12b.

⁽³⁾ Includes movements on capital expenditure accruals, movements relating to deferred stripping and the impact of realised cash flow hedges.

⁽⁴⁾ Capital expenditure on an accruals basis is split by segment as follows: Iron Ore and Manganese \$852 million (30 June 2011: \$827 million; 31 December 2011: \$2,052 million), Metallurgical Coal \$390 million (30 June 2011: \$201 million; 31 December 2011: \$681 million), Thermal Coal \$100 million (30 June 2011: \$37 million; 31 December 2011: \$231 million), Copper \$482 million (30 June 2011: \$975 million; 31 December 2011: \$1,877 million), Nickel \$100 million (30 June 2011: \$201 million; 31 December 2011: \$405 million), Platinum \$379 million (30 June 2011: \$445 million; 31 December 2011: \$1,014 million), Other Mining and Industrial \$96 million (30 June 2011: \$83 million; 31 December 2011: \$232 million), Exploration \$1 million (30 June 2011: nil; 31 December 2011: \$1 million) and Corporate Activities and Unallocated Costs \$10 million (30 June 2011: \$6 million; 31 December 2011: \$56 million).

Segment assets and liabilities

The following balance sheet segment measures are provided for information:

US\$ million	Segment assets ⁽¹⁾			Segment liabilities ⁽²⁾			Net segment assets/(liabilities)		
	30.06.12	30.06.11	31.12.11	30.06.12	30.06.11	31.12.11	30.06.12	30.06.11	31.12.11
Iron Ore and Manganese	13,773	12,720	12,909	(458)	(508)	(482)	13,315	12,212	12,427
Metallurgical Coal	5,779	5,818	5,660	(983)	(1,135)	(968)	4,796	4,683	4,692
Thermal Coal	2,522	2,864	2,650	(780)	(784)	(764)	1,742	2,080	1,886
Copper	9,122	8,112	8,767	(1,060)	(1,062)	(1,124)	8,062	7,050	7,643
Nickel	2,739	2,630	2,655	(97)	(104)	(120)	2,642	2,526	2,535
Platinum	12,652	14,408	12,288	(984)	(1,150)	(1,097)	11,668	13,258	11,191
Other Mining and Industrial	4,180	5,164	4,660	(676)	(871)	(817)	3,504	4,293	3,843
Exploration	3	4	2	(4)	(6)	(3)	(1)	(2)	(1)
Corporate Activities and Unallocated Costs	339	405	375	(498)	(363)	(584)	(159)	42	(209)
	51,109	52,125	49,966	(5,540)	(5,983)	(5,959)	45,569	46,142	44,007
Other assets and liabilities									
Investments in associates ⁽³⁾	5,396	5,301	5,240	–	–	–	5,396	5,301	5,240
Financial asset investments	2,936	3,555	2,896	–	–	–	2,936	3,555	2,896
Deferred tax assets/(liabilities)	620	534	530	(6,082)	(6,059)	(5,730)	(5,462)	(5,525)	(5,200)
Other financial assets/(liabilities) – derivatives	825	997	840	(1,315)	(565)	(1,112)	(490)	432	(272)
Cash and cash equivalents	11,249	6,805	11,732	–	–	–	11,249	6,805	11,732
Other non-operating assets/(liabilities)	1,831	1,035	1,238	(1,787)	(1,841)	(2,715)	44	(806)	(1,477)
Borrowings	–	–	–	(13,745)	(13,558)	(12,873)	(13,745)	(13,558)	(12,873)
Other provisions for liabilities and charges	–	–	–	(798)	(707)	(864)	(798)	(707)	(864)
	73,966	70,352	72,442	(29,267)	(28,713)	(29,253)	44,699	41,639	43,189

⁽¹⁾ Segment assets are operating assets and consist of intangible assets of \$2,259 million (30 June 2011: \$2,341 million; 31 December 2011: \$2,322 million), property, plant and equipment of \$41,269 million (30 June 2011: \$41,433 million; 31 December 2011: \$40,549 million), biological assets of \$17 million (30 June 2011: \$4 million; 31 December 2011: \$17 million), environmental rehabilitation trusts of \$368 million (30 June 2011: \$385 million; 31 December 2011: \$360 million), retirement benefit assets of \$83 million (30 June 2011: \$127 million; 31 December 2011: \$70 million), inventories of \$3,901 million (30 June 2011: \$3,770 million; 31 December 2011: \$3,517 million) and operating receivables of \$3,212 million (30 June 2011: \$4,065 million; 31 December 2011: \$3,131 million).

⁽²⁾ Segment liabilities are operating liabilities and consist of non-interest bearing current liabilities of \$3,598 million (30 June 2011: \$4,059 million; 31 December 2011: \$3,982 million), environmental restoration and decommissioning provisions of \$1,409 million (30 June 2011: \$1,358 million; 31 December 2011: \$1,338 million) and retirement benefit obligations of \$533 million (30 June 2011: \$566 million; 31 December 2011: \$639 million).

⁽³⁾ Investments in associates are split by segment as follows: Iron Ore and Manganese \$922 million (30 June 2011: \$925 million; 31 December 2011: \$936 million), Metallurgical Coal \$269 million (30 June 2011: \$284 million; 31 December 2011: \$294 million), Thermal Coal \$1,013 million (30 June 2011: \$837 million; 31 December 2011: \$932 million), Platinum \$810 million (30 June 2011: \$1,021 million; 31 December 2011: \$848 million) and Diamonds \$2,382 million (30 June 2011: \$2,234 million; 31 December 2011: \$2,230 million).

2. Segmental information (continued)

Revenue by product

The Group's analysis of segment revenue by product (including attributable share of revenue from associates) is as follows:

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Iron ore	3,170	3,535	6,830
Manganese ore and alloys	426	491	926
Metallurgical coal	1,606	1,497	3,444
Thermal coal	2,172	2,136	4,621
Copper	2,528	2,536	5,023
Nickel	423	567	948
Platinum	1,548	2,251	4,578
Palladium	423	561	1,076
Rhodium	207	395	703
Diamonds	1,506	1,750	3,320
Phosphates	296	259	571
Heavy building materials	1,100	1,197	2,347
Steel products	445	483	931
Other	558	636	1,230
	16,408	18,294	36,548

Geographical analysis

Revenue by destination and non-current segment assets by location

The Group's geographical analysis of segment revenue (including attributable share of revenue from associates) allocated based on the country in which the customer is located, and non-current segment assets, allocated based on the country in which the assets are located, is as follows:

US\$ million	Revenue			Non-current segment assets ⁽¹⁾		
	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11	30.06.12	30.06.11	31.12.11
South Africa	1,623	1,799	3,589	14,885	17,194	15,215
Other Africa	285	321	618	353	390	357
Brazil	564	571	1,177	13,257	11,957	12,622
Chile	693	1,143	2,030	7,204	6,358	7,001
Other South America	17	38	50	622	645	655
North America	561	1,040	1,861	730	569	685
Australia	145	200	312	4,319	4,219	4,170
China	3,413	3,109	6,446	–	5	–
India	1,160	1,084	2,343	–	–	–
Japan	2,024	2,381	4,925	–	–	–
Other Asia	1,796	1,624	3,487	32	38	47
United Kingdom (Anglo American plc's country of domicile)	1,661	1,952	3,962	2,123	2,348	2,117
Other Europe	2,466	3,032	5,748	3	51	2
	16,408	18,294	36,548	43,528	43,774	42,871

⁽¹⁾ Non-current segment assets are non-current operating assets and consist of intangible assets and property, plant and equipment.

Revenue and operating profit by origin

Segment revenue and operating profit before special items and remeasurements by origin (including attributable share of revenue and operating profit from associates) have been provided for information:

US\$ million	Revenue			Operating profit/(loss) before special items and remeasurements		
	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
South Africa	7,519	9,099	17,855	2,138	3,322	6,059
Other Africa	1,276	1,440	2,763	207	371	501
Brazil	684	642	1,404	116	67	152
Chile	2,569	2,622	5,170	1,052	1,450	2,581
Other South America	643	692	1,364	238	260	512
North America	278	271	615	(54)	72	256
Australia and Asia	2,398	2,319	5,058	204	603	1,318
Europe	1,041	1,209	2,319	(177)	(121)	(284)
	16,408	18,294	36,548	3,724	6,024	11,095

2. Segmental information (continued)

Segment assets and liabilities by location

The Group's geographical analysis of segment assets and liabilities, allocated based on where the assets and liabilities are located, has been provided for information:

US\$ million	Segment assets ⁽¹⁾			Segment liabilities			Net segment assets		
	30.06.12	30.06.11	31.12.11	30.06.12	30.06.11	31.12.11	30.06.12	30.06.11	31.12.11
South Africa	18,190	20,746	18,364	(2,360)	(2,717)	(2,620)	15,830	18,029	15,744
Other Africa	423	393	385	(16)	(37)	(20)	407	356	365
Brazil	13,859	12,475	13,188	(293)	(307)	(303)	13,566	12,168	12,885
Chile	8,252	7,411	7,950	(1,042)	(1,053)	(1,101)	7,210	6,358	6,849
Other South America	818	746	808	(44)	(36)	(48)	774	710	760
North America	815	640	782	(97)	(46)	(107)	718	594	675
Australia and Asia	5,659	6,014	5,450	(946)	(1,158)	(953)	4,713	4,856	4,497
Europe	3,093	3,700	3,039	(742)	(629)	(807)	2,351	3,071	2,232
	51,109	52,125	49,966	(5,540)	(5,983)	(5,959)	45,569	46,142	44,007

⁽¹⁾ Investments in associates of \$5,396 million (30 June 2011: \$5,301 million; 31 December 2011: \$5,240 million) are not included in segment assets. The geographical distribution of these investments, based on the location of the underlying assets, is as follows: South Africa \$1,889 million (30 June 2011: \$2,233 million; 31 December 2011: \$1,950 million), Other Africa \$1,117 million (30 June 2011: \$1,043 million; 31 December 2011: \$996 million), Other South America \$1,004 million (30 June 2011: \$817 million; 31 December 2011: \$917 million), North America \$325 million (30 June 2011: \$342 million; 31 December 2011: \$343 million), Australia and Asia \$833 million (30 June 2011: \$788 million; 31 December 2011: \$794 million) and Europe \$228 million (30 June 2011: \$78 million; 31 December 2011: \$240 million).

3. Operating profit and underlying earnings by segment

The following table analyses operating profit (including attributable share of associates' operating profit) by segment and reconciles it to underlying earnings by segment. In 2012 Amapá has been reclassified from the Iron Ore and Manganese segment to Non-core within the Other Mining and Industrial segment to align with internal management reporting. Consistent with the Group's financial statements for the year ended 31 December 2011, Peace River Coal is managed as part of the Metallurgical Coal business unit, and accordingly is presented as part of the Metallurgical Coal segment. Comparatives have been reclassified to align with current presentation.

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 period 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 'Profit for the financial period attributable to equity shareholders of the Company' to 'Underlying earnings for the financial period', see note 9.

US\$ million	6 months ended 30.06.12				
	Operating profit/(loss) before special items and remeasurements ⁽¹⁾	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements (note 4)	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	1,779	1,680	99	(1,228)	551
Metallurgical Coal	159	20	139	(49)	110
Thermal Coal	433	433	–	(148)	285
Copper	978	986	(8)	(468)	510
Nickel	58	–	58	(26)	32
Platinum	84	(113)	197	(63)	21
Diamonds	250	254	(4)	(74)	176
Other Mining and Industrial	180	197	(17)	(78)	102
Exploration	(72)	(72)	–	3	(69)
Corporate Activities and Unallocated Costs	(125)	(125)	–	98	(27)
Total	3,724	3,260	464	(2,033)	1,691
Analysed as:					
Core operations	3,616	3,135	481	(1,981)	1,635
Non-core operations ⁽²⁾	108	125	(17)	(52)	56

⁽¹⁾ Operating profit includes attributable share of associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.

⁽²⁾ Non-core operations relate to Amapá, Tarmac and Scaw and, until February 2011, the zinc operations.

3. Operating profit and underlying earnings by segment (continued)

US\$ million	6 months ended 30.06.11				
	Operating profit/(loss) before special items and remeasurements ⁽¹⁾	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements (note 4)	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	2,462	2,747	(285)	(1,595)	867
Metallurgical Coal	501	501	–	(143)	358
Thermal Coal	521	519	2	(136)	385
Copper	1,401	1,406	(5)	(559)	842
Nickel	93	89	4	(35)	58
Platinum	542	563	(21)	(257)	285
Diamonds	450	458	(8)	(151)	299
Other Mining and Industrial	136	136	–	(46)	90
Exploration	(46)	(46)	–	1	(45)
Corporate Activities and Unallocated Costs	(36)	(38)	2	17	(19)
Total	6,024	6,335	(311)	(2,904)	3,120
Analysed as:					
Core operations	5,962	6,273	(311)	(2,877)	3,085
Non-core operations ⁽²⁾	62	62	–	(27)	35

US\$ million	Year ended 31.12.11				
	Operating profit/(loss) before special items and remeasurements ⁽¹⁾	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements (note 4)	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	4,400	4,321	79	(2,943)	1,457
Metallurgical Coal	1,189	1,189	–	(345)	844
Thermal Coal	1,230	1,231	(1)	(328)	902
Copper	2,461	2,460	1	(851)	1,610
Nickel	57	(15)	72	(34)	23
Platinum	890	884	6	(480)	410
Diamonds	659	641	18	(216)	443
Other Mining and Industrial	315	245	70	(140)	175
Exploration	(121)	(121)	–	3	(118)
Corporate Activities and Unallocated Costs	15	13	2	359	374
Total	11,095	10,848	247	(4,975)	6,120
Analysed as:					
Core operations	10,968	10,791	177	(4,910)	6,058
Non-core operations ⁽²⁾	127	57	70	(65)	62

⁽¹⁾ Operating profit includes attributable share of associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.

⁽²⁾ Non-core operations relate to Amapá, Tarmac and Scaw and, until February 2011, the zinc operations.

Underlying earnings by origin

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
South Africa	899	1,503	2,726
Other Africa	137	246	326
South America	783	1,110	2,080
North America	(58)	57	218
Australia and Asia	146	456	967
Europe	(216)	(252)	(197)
	1,691	3,120	6,120

4. Special items and remeasurements

Special items are those items of financial performance that 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. Such items are material by nature or amount to the period's results and require separate disclosure in accordance with IAS 1 *Presentation of Financial Statements* paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and include impairment charges and reversals and other exceptional items, including restructuring costs. Non-operating special items include profits and losses on disposals of investments and businesses, including partial disposals through broad based empowerment schemes, as well as certain adjustments relating to business combinations.

Remeasurements comprise other items which the Group believes should be reported separately to aid an understanding of the underlying financial performance of the Group. This category includes:

- unrealised gains and losses on 'non-hedge' derivative instruments open at the period end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the period. Where the underlying transaction is recorded in the income statement, the realised gains or losses are recorded in underlying earnings in the same period as the underlying transaction for which such instruments provide an economic, but not formally designated, hedge. If the underlying transaction is recorded in the balance sheet, e.g. 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.
- 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 included within income tax expense.

US\$ million	6 months ended 30.06.12			6 months ended 30.06.11			Year ended 31.12.11		
	Subsidiaries and joint ventures	Associates ⁽¹⁾	Total	Subsidiaries and joint ventures	Associates ⁽¹⁾	Total	Subsidiaries and joint ventures	Associates ⁽¹⁾	Total
Impairment and related charges	(368)	(16)	(384)	(15)	–	(15)	(154)	–	(154)
Restructuring costs	–	–	–	(10)	–	(10)	(10)	(9)	(19)
Operating special items	(368)	(16)	(384)	(25)	–	(25)	(164)	(9)	(173)
Operating remeasurements	(84)	4	(80)	328	8	336	(65)	(9)	(74)
Operating special items and remeasurements	(452)	(12)	(464)	303	8	311	(229)	(18)	(247)
Disposal of Lisheen and Black Mountain	–	–	–	397	–	397	397	–	397
Disposal of Tarmac businesses	–	–	–	–	–	–	(75)	–	(75)
Platinum BEE transactions and related charges	–	–	–	–	–	–	(141)	–	(141)
Kumba Envision Trust	(39)	–	(39)	–	–	–	–	–	–
Other	–	–	–	20	6	26	2	20	22
Non-operating special items	(39)	–	(39)	417	6	423	183	20	203
Financing special items	–	–	–	–	–	–	–	(9)	(9)
Financing remeasurements	15	1	16	46	3	49	203	2	205
Total special items and remeasurements before tax and non-controlling interests	(476)	(11)	(487)	766	17	783	157	(5)	152
Special items and remeasurements tax	(54)	3	(51)	140	(4)	136	(119)	1	(118)
Non-controlling interests on special items and remeasurements	55	(1)	54	(50)	(1)	(51)	12	3	15
Net total special items and remeasurements attributable to equity shareholders of the Company	(475)	(9)	(484)	856	12	868	50	(1)	49

⁽¹⁾ Relates to the Diamonds segment and Samancor.

Operating special items

Impairment and related charges were \$384 million in the six months ended 30 June 2012 (six months ended 30 June 2011: \$15 million; year ended 31 December 2011: \$154 million). This principally relates to asset write-offs and impairments of \$184 million in the Platinum segment primarily arising from certain operations being placed into care and maintenance and an impairment of \$139 million relating to the Callide operation within Metallurgical Coal. Accelerated depreciation of \$44 million (six months ended 30 June 2011: \$42 million; year ended 31 December 2011: \$84 million) has been recognised at Loma de Níquel (Nickel segment) due to ongoing uncertainty over the renewal of three concessions that expire in 2012 and over the restoration of 13 concessions that have been cancelled.

4. Special items and remeasurements (continued)

Operating remeasurements

Operating remeasurements reflect a net loss of \$80 million (six months ended 30 June 2011: gain of \$336 million; year ended 31 December 2011: loss of \$74 million) principally in respect of non-hedge derivatives related to capital expenditure in Iron Ore Brazil. Derivatives which have been realised during the period had a cumulative net operating remeasurement gain since their inception of \$13 million (six months ended 30 June 2011: \$224 million; year ended 31 December 2011: \$383 million).

Non-operating special items

The Kumba Envision Trust charge of \$39 million relates to Kumba's broad based employee share scheme provided solely for the benefit of non-managerial Historically Disadvantaged South African employees who do not participate in other Kumba share schemes.

There were no gains or losses on disposals of businesses in the six months ended 30 June 2012 (six months ended 30 June 2011: gain of \$423 million; year ended 31 December 2011: gain of \$203 million).

Financing remeasurements

Financing remeasurements reflect a net gain of \$16 million (six months ended 30 June 2011: \$49 million; year ended 31 December 2011: \$205 million) and relate to an embedded interest rate derivative, non-hedge derivatives relating to debt and other financing remeasurements.

Special items and remeasurements tax

Special items and remeasurements tax amounted to a charge of \$51 million (six months ended 30 June 2011: credit of \$136 million; year ended 31 December 2011: charge of \$118 million). This relates to a credit for one-off tax items of \$18 million (six months ended 30 June 2011: \$154 million; year ended 31 December 2011: \$137 million), a tax remeasurement charge of \$152 million (six months ended 30 June 2011: credit of \$126 million; year ended 31 December 2011: charge of \$230 million) and a tax credit on special items and remeasurements of \$83 million (six months ended 30 June 2011: charge of \$144 million; year ended 31 December 2011: charge of \$25 million).

The total tax charge relating to subsidiaries and joint ventures of \$54 million (six months ended 30 June 2011: credit of \$140 million; year ended 31 December 2011: charge of \$119 million) comprises a current tax credit of \$10 million (six months ended 30 June 2011: charge of \$21 million; year ended 31 December 2011: charge of \$12 million) and a deferred tax charge of \$64 million (six months ended 30 June 2011: credit of \$161 million; year ended 31 December 2011: charge of \$107 million).

The credit relating to one-off tax items of \$18 million (six months ended 30 June 2011: \$154 million; year ended 31 December 2011: \$137 million), relates principally to the reassessment of deferred tax assets as a result of changes in tax regimes within operating segments.

5. EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
By segment			
Iron Ore and Manganese ⁽¹⁾	1,912	2,554	4,586
Metallurgical Coal ⁽²⁾	379	683	1,577
Thermal Coal	522	611	1,410
Copper	1,210	1,527	2,750
Nickel	72	106	84
Platinum	439	931	1,672
Diamonds	306	517	794
Other Mining and Industrial ⁽¹⁾⁽²⁾	278	247	540
Exploration	(72)	(46)	(121)
Corporate Activities and Unallocated Costs	(104)	(18)	56
EBITDA	4,942	7,112	13,348

⁽¹⁾ In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

⁽²⁾ In 2011 Peace River Coal was reclassified from Other Mining and Industrial to Metallurgical Coal to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

5. EBITDA (continued)

EBITDA is reconciled to operating profit, including attributable share of associates, before special items and remeasurements and to 'Total profit from operations and associates' as follows:

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Total profit from operations and associates	3,065	6,505	10,599
Operating special items and remeasurements	452	(303)	229
Non-operating special items	39	(417)	(183)
Associates' net special items and remeasurements	9	(12)	1
Share of associates' net finance costs, tax and non-controlling interests	159	251	449
Operating profit, including associates, before special items and remeasurements	3,724	6,024	11,095
Depreciation and amortisation: subsidiaries and joint ventures	1,071	949	1,967
Depreciation and amortisation: associates	147	139	286
EBITDA	4,942	7,112	13,348

EBITDA is reconciled to 'Cash flows from operations' as follows:

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
EBITDA	4,942	7,112	13,348
Share of operating profit of associates before special items and remeasurements	(483)	(844)	(1,427)
Cash element of operating special items ⁽¹⁾	(12)	(31)	(59)
Share of associates' depreciation and amortisation	(147)	(139)	(286)
Share-based payment charges	133	115	254
Provisions	(115)	(116)	6
Increase in inventories	(620)	(176)	(352)
Increase in operating receivables	(177)	(725)	(264)
(Decrease)/increase in operating payables	(271)	119	457
Deferred stripping	(39)	(78)	(171)
Other adjustments	(10)	(4)	(8)
Cash flows from operations	3,201	5,233	11,498

⁽¹⁾ Includes cash outflows related to prior year operating special items.

6. Exploration expenditure

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
By commodity			
Iron ore	7	1	5
Metallurgical coal	4	1	5
Thermal coal	3	4	9
Copper	16	10	27
Nickel	16	9	26
Platinum group metals	2	2	5
Central exploration activities	24	19	44
	72	46	121

7. Net finance (costs)/income

Finance costs and exchange (losses)/gains are presented net of hedges for respective interest bearing and foreign currency borrowings.

The weighted average capitalisation rate applied to qualifying capital expenditure was 3.8% (six months ended 30 June 2011: 4.4%; year ended 31 December 2011: 5.0%).

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Investment income			
Interest income from cash and cash equivalents	94	119	239
Other interest income	103	101	194
Expected return on defined benefit arrangements	88	100	199
Dividend income from financial asset investments	35	32	59
	320	352	691
Less: interest income capitalised	(4)	(12)	(23)
Total investment income	316	340	668
Interest expense			
Interest and other finance expense	(327)	(305)	(615)
Interest payable on convertible bond	(25)	(34)	(68)
Unwinding of discount on convertible bond	(25)	(34)	(71)
Interest cost on defined benefit arrangements	(98)	(103)	(205)
Unwinding of discount relating to provisions and other non-current liabilities	(45)	(36)	(80)
	(520)	(512)	(1,039)
Less: interest expense capitalised	143	164	344
Total interest expense	(377)	(348)	(695)
Other financing (losses)/gains			
Net foreign exchange (losses)/gains	(73)	32	(16)
Net fair value (losses)/gains on fair value hedges	(17)	1	16
Other net fair value gains/(losses)	13	(5)	7
Total other financing (losses)/gains	(77)	28	7
Net finance (costs)/income before remeasurements	(138)	20	(20)
Remeasurements (note 4)	15	46	203
Net finance (costs)/income after remeasurements	(123)	66	183

8. Income tax expense

a) Analysis of charge for the period

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
United Kingdom corporation tax at 24.5% (2011: 26.5%)	36	8	16
South Africa tax	496	721	1,307
Other overseas tax	244	608	1,067
Prior period adjustments	19	(61)	(92)
Current tax⁽¹⁾	795	1,276	2,298
Deferred tax	159	420	443
Income tax expense before special items and remeasurements	954	1,696	2,741
Special items and remeasurements tax (note 4)	54	(140)	119
Income tax expense	1,008	1,556	2,860

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

8. Income tax expense (continued)

b) Factors affecting tax charge for the period

The effective tax rate for the period of 34.3% (six months ended 30 June 2011: 23.7%; year ended 31 December 2011: 26.5%) is higher (six months ended 30 June 2011: lower; year ended 31 December 2011: the same as) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 24.5% (six months ended 30 June 2011 and year ended 31 December 2011: 26.5%). The reconciling items are:

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Profit before tax	2,942	6,571	10,782
Less: share of net income from associates	(315)	(605)	(977)
Profit before tax (excluding associates)	2,627	5,966	9,805
Tax on profit (excluding associates) calculated at United Kingdom corporation tax rate of 24.5% (2011: 26.5%)	644	1,581	2,598
Tax effects of:			
Items not taxable/deductible for tax purposes			
Exploration expenditure	19	10	27
Non-taxable/deductible net foreign exchange losses	4	6	24
Non-taxable/deductible net interest income	(9)	(19)	(20)
Other non-deductible expenses	24	72	60
Other non-taxable income	(11)	(27)	(57)
Temporary difference adjustments			
Current year losses not recognised	11	25	38
Recognition of losses not previously recognised	(86)	(30)	(103)
Other temporary differences	(17)	(13)	(57)
Special items and remeasurements	171	(343)	77
Other adjustments			
Secondary tax on companies and dividend withholding taxes	186	328	407
Effect of differences between local and United Kingdom tax rates	74	(1)	(61)
Prior year adjustments to current tax	19	(61)	(92)
Other adjustments	(21)	28	19
Income tax expense	1,008	1,556	2,860

IAS 1 requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within 'Share of net income from associates' for the six months ended 30 June 2012 is \$118 million (six months ended 30 June 2011: \$221 million; year ended 31 December 2011: \$384 million). Excluding special items and remeasurements this becomes \$121 million (six months ended 30 June 2011: \$217 million; year ended 31 December 2011: \$385 million).

The effective rate of tax before special items and remeasurements including attributable share of associates' tax for the six months ended 30 June 2012 was 30.3%. This was lower than the equivalent effective rate of 31.8% in the six months ended 30 June 2011 due to the further recognition of previously unrecognised losses. The equivalent effective rate for the year ended 31 December 2011 was 28.3% due to a number of non-recurring factors that include the recognition of previously unrecognised tax losses and the reassessment of certain withholding tax provisions across the Group. In future periods it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

9. Earnings per share

US\$	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Profit for the financial period attributable to equity shareholders of the Company			
Basic earnings per share	0.98	3.30	5.10
Diluted earnings per share	0.97	3.15	4.89
Headline earnings for the financial period⁽¹⁾			
Basic earnings per share	1.15	2.96	4.89
Diluted earnings per share	1.13	2.84	4.69
Underlying earnings for the financial period⁽¹⁾			
Basic earnings per share	1.38	2.58	5.06
Diluted earnings per share	1.35	2.47	4.85

⁽¹⁾ Basic and diluted earnings per share are shown based on headline earnings, a Johannesburg Stock Exchange (JSE Limited) defined performance measure, and underlying earnings, which the directors consider to be a useful additional measure of the Group's performance. Both earnings measures are further explained below.

9. Earnings per share (continued)

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

	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Earnings (US\$ million)			
Basic earnings, being profit for the financial period attributable to equity shareholders of the Company	1,207	3,988	6,169
Effect of dilutive potential ordinary shares			
Interest payable on convertible bond prior to conversion (net of tax) ⁽¹⁾	19	25	50
Unwinding of discount on convertible bond prior to conversion (net of tax) ⁽¹⁾	19	25	52
Diluted earnings	1,245	4,038	6,271
Number of shares (million)			
Basic number of ordinary shares outstanding ⁽²⁾	1,230	1,209	1,210
Effect of dilutive potential ordinary shares ⁽³⁾			
Share options and awards	7	10	10
Convertible bond	47	62	62
Diluted number of ordinary shares outstanding⁽²⁾	1,284	1,281	1,282

⁽¹⁾ All outstanding convertible bonds were converted or redeemed during the six months ended 30 June 2012, see note 11.

⁽²⁾ Basic and diluted number of ordinary shares outstanding represent the weighted average for the period. The average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies.

⁽³⁾ 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 from the beginning of the period presented.

In the six months ended 30 June 2012 there were 6,442,855 share options (six months ended 30 June 2011: 188,733; year ended 31 December 2011: 270,095) which were potentially dilutive but were not included in the calculation of diluted earnings per share because they were anti-dilutive.

Underlying earnings is presented after non-controlling interests and excludes special items and remeasurements (see note 4). Underlying earnings is distinct from 'headline earnings', which is a JSE Limited defined performance measure.

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

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Profit for the financial period attributable to equity shareholders of the Company	1,207	3,988	6,169
Operating special items	246	–	70
Operating special items – tax	(15)	–	–
Operating special items – non-controlling interests	(29)	–	–
Non-operating special items	–	(423)	(347)
Non-operating special items – tax	–	40	36
Non-operating special items – non-controlling interests	–	2	–
Financing special items	–	–	9
Tax special items	–	(24)	(24)
Headline earnings for the financial period	1,409	3,583	5,913
Operating special items ⁽¹⁾	138	25	103
Operating remeasurements	80	(336)	74
Non-operating special items ⁽²⁾	39	–	144
Financing remeasurements	(16)	(49)	(205)
Special items and remeasurements tax	66	(152)	106
Non-controlling interests on special items and remeasurements	(25)	49	(15)
Underlying earnings for the financial period	1,691	3,120	6,120

⁽¹⁾ Includes onerous contract provisions, accelerated depreciation and related charges.

⁽²⁾ Includes Kumba Envision Trust charge (2011: Platinum BEE transactions and related charges).

10. Called-up share capital

	30.06.12		30.06.11		31.12.11	
	Number of shares	US\$ million	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	–	50,000	–
Ordinary shares of 54 ⁸⁶ / ₉₁ US cents each	1,405,454,933	772	1,342,964,288	738	1,342,967,458	738

In the six months ended 30 June 2012, 3,534 ordinary shares of 54⁸⁶/₉₁ US cents each were allotted to certain non-executive directors by subscription of their after tax directors' fees (six months ended 30 June 2011: 2,317 ordinary shares; year ended 31 December 2011: 5,487 ordinary shares).

In addition, 62,483,941 ordinary shares of 54⁸⁶/₉₁ US cents each were allotted upon the conversion of Anglo American plc convertible bonds due 2014 (six months ended 30 June 2011 and year ended 31 December 2011: 29,257), see note 11.

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.

11. Financial liabilities analysis

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

US\$ million	30.06.12			30.06.11			31.12.11		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Secured									
Bank loans and overdrafts	–	–	–	59	362	421	55	276	331
Obligations under finance leases	2	19	21	3	3	6	4	17	21
	2	19	21	62	365	427	59	293	352
Unsecured									
Bank loans and overdrafts	602	1,842	2,444	743	1,972	2,715	673	1,722	2,395
Bonds issued under EMTN programme ⁽¹⁾	63	6,051	6,114	100	4,501	4,601	163	4,167	4,330
US bonds	–	4,047	4,047	–	3,300	3,300	–	3,408	3,408
Convertible bond ⁽²⁾	–	–	–	–	1,467	1,467	–	1,504	1,504
Other loans	121	998	1,119	156	892	1,048	123	761	884
	786	12,938	13,724	999	12,132	13,131	959	11,562	12,521
Total⁽³⁾	788	12,957	13,745	1,061	12,497	13,558	1,018	11,855	12,873

⁽¹⁾ Refers to the Euro Medium Term Note programme.

⁽²⁾ All outstanding convertible bonds were converted or redeemed during the six months ended 30 June 2012, see below.

⁽³⁾ Excludes secured borrowings relating to a disposal group, see note 14.

The Group had the following undrawn committed borrowing facilities at the period end:

US\$ million	30.06.12	30.06.11	31.12.11
Expiry date			
Within one year ⁽¹⁾	2,186	2,072	1,781
Greater than one year, less than two years	1,248	1,907	1,268
Greater than two years, less than five years	4,527	4,904	5,294
Greater than five years	–	88	76
	7,961	8,971	8,419

⁽¹⁾ Includes undrawn rand facilities equivalent to \$1.6 billion (30 June 2011: \$1.7 billion; 31 December 2011: \$1.6 billion) in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis, unless notice is served.

Net receipts of medium and long term borrowings were \$3,043 million (six months ended 30 June 2011: \$457 million; year ended 31 December 2011: \$964 million) and net repayments of short term borrowings were \$272 million (six months ended 30 June 2011: \$691 million; year ended 31 December 2011: \$1,261 million) as disclosed in the Consolidated cash flow statement.

11. Financial liabilities analysis (continued)

Corporate bonds

In the six months ended 30 June 2012, the Group issued corporate bonds with a US\$ equivalent value of \$2.8 billion in the US, European and South African markets. These included \$600 million 2.625% senior notes due 2017, €750 million 3.50% guaranteed notes due 2022 and €750 million 2.75% guaranteed notes due 2019 issued under the EMTN programme, and R600 million floating rate notes at JIBAR + 1.38% due 2017 and R1.4 billion 9.27% fixed rate notes due 2019 issued under the South African Domestic Medium Term Note programme.

Convertible bond

On 23 March 2012, Anglo American plc gave notice that it had exercised its right to redeem its \$1.7 billion of convertible bonds (the Bonds) on 22 May 2012 (the optional redemption date). The Bonds were due to mature on 7 May 2014. On 13 April 2012, following the announcement of the recommended 2011 full year dividend, and in accordance with the terms and conditions of the Bonds, the conversion price was adjusted from £18.36 to £18.02.

Of the \$1,700 million Bonds issued, \$1,678 million were converted to equity prior to the optional redemption date, including \$1 million converted in 2011, and the remaining \$22 million were redeemed by the Group. As a result, 62.5 million ordinary shares were issued and the financial liability of \$1,529 million, representing the notional value of the outstanding Bonds of \$1,699 million less unamortised discount of \$170 million, was derecognised. The balance in the convertible debt reserve of \$355 million, which related to the Bonds, was transferred to share premium (\$170 million) and retained earnings (\$185 million).

12. Consolidated cash flow analysis

a) Reconciliation of profit before tax to cash flows from operations

US\$ million	6 months ended 30.06.12	6 months ended 30.06.11	Year ended 31.12.11
Profit before tax	2,942	6,571	10,782
Depreciation and amortisation	1,071	949	1,967
Share-based payment charges	133	115	254
Non-operating special items	39	(417)	(183)
Operating and financing remeasurements	69	(374)	(138)
Operating special items	356	(6)	105
Net finance costs/(income) before remeasurements	138	(20)	20
Share of net income from associates	(315)	(605)	(977)
Provisions	(115)	(116)	6
Increase in inventories	(620)	(176)	(352)
Increase in operating receivables	(177)	(725)	(264)
(Decrease)/increase in operating payables	(271)	119	457
Deferred stripping	(39)	(78)	(171)
Other adjustments	(10)	(4)	(8)
Cash flows from operations	3,201	5,233	11,498

b) Reconciliation to the balance sheet

US\$ million	Cash and cash equivalents			Short term borrowings			Medium and long term borrowings		
	30.06.12	30.06.11	31.12.11	30.06.12	30.06.11	31.12.11	30.06.12	30.06.11	31.12.11
Balance sheet	11,249	6,805	11,732	(788)	(1,061)	(1,018)	(12,957)	(12,497)	(11,855)
Balance sheet – disposal group ⁽¹⁾ (note 14)	41	–	–	(58)	–	–	(245)	–	–
Net debt classifications	11,290	6,805	11,732	(846)	(1,061)	(1,018)	(13,202)	(12,497)	(11,855)

⁽¹⁾ Disposal group balances are shown within 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' on the balance sheet.

12. Consolidated cash flow analysis (continued)

c) Movement in net debt

US\$ million	Cash and cash equivalents ⁽¹⁾	Debt due within one year	Debt due after one year	Net debt excluding hedges	Hedges ⁽²⁾	Net debt including hedges
Balance at 1 January 2011	6,460	(1,535)	(11,904)	(6,979)	(405)	(7,384)
Cash flow	395	691	(457)	629	(53)	576
Unwinding of discount on convertible bond	–	–	(34)	(34)	–	(34)
Reclassifications	–	(187)	187	–	–	–
Movements in fair value	–	–	(10)	(10)	418	408
Other non-cash movements	–	(10)	(11)	(21)	–	(21)
Currency movements	(50)	(20)	(268)	(338)	(1)	(339)
Balance at 30 June 2011	6,805	(1,061)	(12,497)	(6,753)	(41)	(6,794)
Cash flow	5,588	570	(507)	5,651	(173)	5,478
Unwinding of discount on convertible bond	–	–	(37)	(37)	–	(37)
Disposal of businesses	–	5	–	5	–	5
Reclassifications	–	(590)	590	–	–	–
Movements in fair value	–	–	(254)	(254)	(14)	(268)
Other non-cash movements	–	(8)	(27)	(35)	–	(35)
Currency movements	(661)	66	877	282	(5)	277
Balance at 31 December 2011	11,732	(1,018)	(11,855)	(1,141)	(233)	(1,374)
Cash flow	(410)	272	(3,043)	(3,181)	(112)	(3,293)
Unwinding of discount on convertible bond	–	–	(25)	(25)	–	(25)
Conversion of convertible bond	–	–	1,507	1,507	–	1,507
Reclassifications	–	(111)	111	–	–	–
Movements in fair value	–	–	(88)	(88)	(21)	(109)
Other non-cash movements	–	(9)	(5)	(14)	–	(14)
Currency movements	(32)	20	196	184	–	184
Balance at 30 June 2012	11,290	(846)	(13,202)	(2,758)	(366)	(3,124)

⁽¹⁾ The Group operates in certain countries where the existence of exchange controls may restrict the use of certain cash balances (principally South Africa and Venezuela). These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations.

⁽²⁾ Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the period end. These consist of net current derivative assets of \$56 million (30 June 2011: \$91 million; 31 December 2011: \$82 million) and net non-current derivative liabilities of \$422 million (30 June 2011: \$132 million; 31 December 2011: \$315 million) which are classified within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)' on the balance sheet.

13. Disposals of subsidiaries and joint ventures

There were no disposals of subsidiaries or joint ventures in the six months ended 30 June 2012.

US\$ million	6 months ended 30.06.11	Year ended 31.12.11
Net assets disposed		
Property, plant and equipment	110	167
Other non-current assets	53	79
Current assets	431	461
Current liabilities	(39)	(55)
Non-current liabilities	(100)	(108)
Net assets	455	544
Non-controlling interests	(42)	(42)
Net assets disposed	413	502
Cumulative translation differences recycled from reserves	42	45
Net profit on disposals (note 4)	397	337
Net sale proceeds	852	884
Net cash and cash equivalents disposed	(356)	(358)
Accrued transaction costs and similar items	3	3
Net cash inflow from disposals⁽¹⁾	499	529

⁽¹⁾ Net cash inflow in the six months ended 30 June 2012 was nil in respect of disposals in previous periods (six months ended 30 June 2011: \$6 million; year ended 31 December 2011: \$4 million). Total cash inflows were \$505 million in the six months ended 30 June 2011 and \$533 million in the year ended 31 December 2011. Of this, a net cash inflow of \$486 million related to disposals of subsidiaries and \$19 million related to the sale of interests in joint ventures in the six months ended 30 June 2011, and a net cash inflow of \$514 million related to disposals of subsidiaries and \$19 million related to the sale of interests in joint ventures in the year ended 31 December 2011.

Disposals of subsidiaries during 2011 mainly related to the disposal of Lisheen and a 74% interest in Black Mountain (the Group's remaining zinc operations) and disposals of Tarmac businesses (China, Turkey and Romania) in the Other Mining and Industrial segment.

14. Assets and liabilities held for sale

The following assets and liabilities were classified as held for sale at 30 June 2012. The Group expects to complete the sale of this disposal group within 12 months of this reporting date. There were no assets or liabilities classified as held for sale at 30 June 2011 or 31 December 2011.

US\$ million	30.06.12 ⁽¹⁾
Intangible assets	41
Property, plant and equipment	206
Other non-current assets	23
Total non-current assets	270
Inventories	179
Trade and other receivables	155
Cash and cash equivalents	41
Total current assets	375
Total assets	645
Trade and other payables	(115)
Short term borrowings	(58)
Provisions for liabilities and charges	(18)
Total current liabilities	(191)
Medium and long term borrowings	(245)
Provisions for liabilities and charges	(6)
Other non-current liabilities	(41)
Total non-current liabilities	(292)
Total liabilities	(483)
Net assets	162

⁽¹⁾ Relates to the Group's investment in Scaw South Africa (Other Mining and Industrial segment) for which the disposal transaction had not been completed at 30 June 2012.

15. Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. Additionally, and as set out in the 2007 demerger agreement, Anglo American and the Mondi Group have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Anglo American has also provided Mitsubishi Corporation LLC (Mitsubishi) with indemnities against certain liabilities as part of the sale of a 24.5% interest in Anglo American Sur SA (AA Sur). Having taken appropriate legal advice, the Group believes that the likelihood of a material liability arising from the indemnities provided is unlikely.

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 30 June 2012, 30 June 2011 or 31 December 2011.

15. Contingent liabilities (continued)

Other

Anglo American Sur SA

Anglo American and Enami, a wholly owned Chilean state controlled minerals company, amended an agreement Anglo American inherited when it acquired AA Sur in 2002. In 2008 the option under this agreement was transferred by Enami to Codelco, the Chilean state copper company. AA Sur is majority owned by the Group and owns the Los Bronces and El Soldado copper mines and the Chagres smelter. The agreement granted Codelco the right, subject to certain conditions and limitations, to acquire up to a 49% interest in AA Sur. The right to exercise the option was restricted to a window that occurred once every three years in the month of January until January 2027. The previous option exercise window was in January 2009.

The calculations of the price at which Codelco could have exercised its rights take account of company profitability over a five year period, shareholder loans and undistributed earnings. Under IAS 39 *Financial Instruments: Recognition and Measurement*, the fair valuation of an option is required to be performed from the perspective of a market participant in an arm's length transaction and does not take into account specific factors relevant to any individual counterparty. In particular, the IAS 39 valuation does not incorporate any capital gains tax payable by the Group on exercise of the option to Codelco's shareholder, the Chilean government. The valuation also excludes any commercial or strategic benefit to Anglo American in extinguishing the option.

The option's fair value is calculated as the difference between the estimated fair value of the underlying assets to which the option relates and the estimated option price. The estimated fair value of the underlying assets may vary based on a market participant's assumptions at any point in time, including, *inter alia*, commodity prices, foreign exchange rates and discount rates. In addition, the option price cannot be finalised in advance of the option window and must be estimated based on assumptions about inputs that are subject to significant fluctuations.

Further, Anglo American had a right to sell up to 100% of its interest in AA Sur to a third party at any time prior to the exercise of the option, which would correspondingly reduce any value attributed to the option during the non-exercise period.

Based on a range of scenarios for these key variables, it was concluded that the option had insufficient value to warrant recognition on the balance sheet at 30 June 2011.

In the fourth quarter of 2011, Anglo American disposed of a 24.5% interest in AA Sur to Mitsubishi for \$5.4 billion, as it was entitled to do under the option agreement.

On 22 December 2011 Anglo American filed a writ with the Court of Appeals in Santiago against Codelco for breach of contract. The breach consisted of Codelco's premature attempt to exercise the option outside of a contractual exercise window and Codelco's actions aimed at preventing Anglo American from exercising its contractual rights under the option agreement. The writ seeks to render ineffective the potential future exercise of the option by Codelco and also seeks damages.

In accordance with Anglo American's legal advice, as a result of Codelco's breach of contract, it is no longer entitled to enforce the option to acquire shares of AA Sur and any attempt to do so is ineffective. The Group remains confident that this position will be upheld should the various claims and counter claims proceed to a court judgment. As a liability would only be recognised by the Group where a present obligation, that could be measured reliably, existed at the balance sheet date, no liability has been recognised as at 31 December 2011 or 30 June 2012. If the option over 24.5% of AA Sur had been legally enforceable an option liability of \$2.9 billion would have been recognised by the Group at 31 December 2011. Upon exercise of the option in January 2012 this liability would have been reversed and, in addition, an accounting gain of approximately \$1.0 billion would have been recognised in equity.

The Group remains open to reaching a commercial settlement and has agreed with Codelco to explore the possibility of negotiating an agreement in relation to AA Sur. All legal proceedings are currently suspended during negotiations. To date no settlement has been reached.

15. Contingent liabilities (continued)

Kumba Iron Ore (Kumba)

Sishen Supply Agreement arbitration – ArcelorMittal

A dispute arose between Sishen Iron Ore Company (SIOC) and ArcelorMittal South Africa Limited (ArcelorMittal) in February 2010, in relation to SIOC's contention that the contract mining agreement concluded between them in 2001 had become inoperative as a result of the fact that ArcelorMittal had failed to convert its old order mining rights. This dispute has been referred to arbitration. On 9 December 2011, SIOC and ArcelorMittal agreed to postpone the arbitration until the final resolution of the mining right dispute (see below).

The Interim Pricing Arrangement (IPA) between SIOC and ArcelorMittal expires on 31 July 2012. Letters to commence the negotiations regarding the extension or renewal of the IPA have been exchanged between the parties, and the parties have commenced with negotiations.

21.4% undivided share of the Sishen mine mineral rights

On 3 February 2012 the Department of Mineral Resources (DMR) and Imperial Crown Trading 289 (Pty) Limited (ICT) submitted applications for leave to appeal against the High Court judgment delivered in December 2011. SIOC has noted an application for leave to present a conditional cross appeal, in order to protect its rights. The application for leave to appeal was heard by the High Court on 11 May 2012. The High Court granted the DMR and ICT the leave to appeal at the Supreme Court of Appeal (SCA) and SIOC leave to conditionally cross appeal. It is anticipated that the hearing before the SCA will occur during the first quarter of 2013.

The High Court order does not affect the interim supply agreement between ArcelorMittal and SIOC, which will endure until 31 July 2012 as indicated above.

SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in 24 separate lawsuits in South Africa, each one on behalf of a former mineworker (or his dependents 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. In addition, AASA is a defendant in one lawsuit filed in the High Court in London, England on behalf of 19 former mineworkers, and a second lawsuit which is currently on behalf of 1,106 claimants and is also a 'representative claim' on behalf of all black underground miners in 'Anglo gold mines' who have been certified as suffering from silicosis and related diseases. The Group understands a third claim on behalf of an additional 421 persons has been filed but no details on this claim have been received nor has this claim been served on AASA.

The aggregate amount of the 24 South African claims is less than \$5 million. No specific amount of damages has been specified in the claims filed in England. If these claims are determined adversely to AASA there are a substantial number of additional former mineworkers (or their dependents or survivors) who may seek to bring similar claims or whose claims could become part of the representative claim filed in England. The first trials of the South African claims are not expected before August 2013. AASA is contesting the jurisdiction of the English courts to hear the claims filed against it.

16. Related party transactions

The Group has a related party relationship with its subsidiaries, joint ventures and associates.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates 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. These transactions are not considered to be significant.

Dividends received from associates during the six months ended 30 June 2012 totalled \$165 million (six months ended 30 June 2011: \$165 million; year ended 31 December 2011: \$344 million), as disclosed in the Consolidated cash flow statement.

At 30 June 2012, the Group had provided loans to joint ventures of \$255 million (30 June 2011: \$331 million; 31 December 2011: \$263 million). These loans are included in Financial asset investments. Amounts payable to joint ventures at 30 June 2012 were nil (30 June 2011: \$43 million; 31 December 2011: nil).

In addition to the investments in associates disclosed on the Consolidated balance sheet, the Group had provided loans to associates at 30 June 2012 of \$600 million (30 June 2011: \$621 million; 31 December 2011: \$572 million). These are included in Financial asset investments.

At 30 June 2012, the directors of the Company and their immediate relatives controlled 0.1% (30 June 2011: 0.1%; 31 December 2011: 0.1%) of the voting shares of the Company.

Related party transactions with De Beers

The Group has in prior financial periods entered into various transactions with DB Investments SA and De Beers SA (together De Beers) which were considered to be related party transactions for the purposes of the United Kingdom Listing Authority Listing Rules as a result of the interest in De Beers held by CHL Holdings Limited (CHL) and certain of its subsidiaries in which Mr N. F. Oppenheimer, a director of the Company at the time of these transactions, had a relevant interest for the purpose of the rules. The related party transactions entered into and which continue to be relevant in the current financial period are detailed below.

At 30 June 2012, the amount of outstanding loans owed by De Beers (and included in the loans to associates amount disclosed above) was \$309 million (30 June 2011: \$315 million; 31 December 2011: \$301 million) which includes accrued interest of \$18 million (30 June 2011: nil; 31 December 2011: \$10 million). These loans are subordinated in favour of third party lenders and include:

- dividend reinvestment loans of \$133 million (30 June 2011: \$133 million; 31 December 2011: \$133 million) advanced during 2008 and 2009. These loans were interest free for two years from the date of advance and subsequently became interest bearing in line with market rates at the date of the initial reinvestment.
- a further shareholder loan of \$158 million (30 June 2011: \$182 million; 31 December 2011: \$158 million) advanced in 2009. This loan was interest free for two years after which it reverted to a rate of interest equal to LIBOR plus 700 basis points. From April 2016, provided all interest payments are up to date, the rate of interest reduces to LIBOR plus 300 basis points. No loan repayments were received from De Beers during the period (30 June 2011: \$45 million including \$2 million of accrued interest; 31 December 2011: \$72 million including \$5 million of accrued interest).

On 4 November 2011, Anglo American announced it had entered into an agreement with CHL and Centhold International Limited (CHL Sellers), together representing the Oppenheimer family interests in De Beers, to acquire up to their 40% interest in De Beers for a total cash consideration of \$5.1 billion, subject to adjustment and conditions as provided for in the agreement (the Transaction).

Under the terms of the existing shareholders' agreement between Anglo American, CHL and the Government of the Republic of Botswana (GRB), the GRB has pre-emption rights in respect of the interests in De Beers to be sold, enabling it to participate in the Transaction and to increase its interest in De Beers, on a pro rata basis, to up to 25%. In the event that the GRB does not exercise pre-emption rights, in whole or in part, Anglo American's interest in De Beers will increase to 85%.

In the event that the GRB exercises its pre-emption rights in full, Anglo American, under the Transaction, would acquire an incremental 30% interest in De Beers, taking its total interest to 75%, and the consideration payable by Anglo American to the sellers would be reduced proportionately.

16. Related party transactions (continued)

In view of the fact that the CHL Sellers are ultimately controlled through intermediary companies by trusts of which Mr N. F. Oppenheimer is a potential discretionary beneficiary and Mr N. F. Oppenheimer has been a director of Anglo American within the 12 months preceding the agreement of the Transaction, the Transaction is categorised as a related party transaction. As a result, the Transaction required the approval of Anglo American shareholders (other than Mr N. F. Oppenheimer and his associates), which was obtained at a general meeting of the Company held on 6 January 2012.

17. Events occurring after the period end

On 6 July 2012, the Group's agreement to purchase up to an additional 40% stake in De Beers from the Oppenheimer family interests became unconditional following the receipt of the final necessary regulatory clearances. The transaction is expected to close in the third quarter of 2012 following completion of the period in which the GRB may elect to exercise their pre-emption rights. Further information in relation to the transaction is set out in the circular posted to the Company's shareholders in December 2011, see note 16.

On 20 July 2012, Anglo American increased its shareholding in Kumba Iron Ore Limited by 4.5% through the exercise of options acquired in 2011 and 2012. This increased the Group's shareholding from 65.2% to 69.7%, for a total cost of \$948 million.

On 24 July 2012, Anglo American agreed to acquire a 58.9% interest in the Revuboè metallurgical coal project in Mozambique from the Talbot Estate for a total cash consideration of approximately \$555 million. The transaction is subject to a number of conditions and is expected to be completed during the third quarter of 2012.

With the exception of the above and the declaration of the 2012 interim dividend, there have been no material reportable events since 30 June 2012.

Responsibility statement

We confirm that to the best of our knowledge:

- (a) the Condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and give a true and fair view of the assets, liabilities, financial position and profit of the undertakings included in the consolidation as a whole, as required by DTR 4.2.4 R;
- (b) the Half year financial report includes a fair review of the information required by DTR 4.2.7 R (being an indication of important events that have occurred during the first six months of the financial year, and their impact on the Half year financial report, and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- (c) the Half year financial report includes a fair review of the information required by DTR 4.2.8 R (being disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year).

By order of the Board

Cynthia Carroll
Chief Executive

René Médori
Finance Director

INDEPENDENT REVIEW REPORT TO ANGLO AMERICAN PLC

We have been engaged by the Company to review the Condensed financial statements in the Half year financial report for the six months ended 30 June 2012 which 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 and related notes 1 to 17. We have read the other information contained in the Half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Half year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The Condensed financial statements included in this Half year financial report have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34), as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Condensed financial statements in the Half year financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed financial statements in the Half year financial report for the six months ended 30 June 2012 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom

26 July 2012