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Anglo American plc financial reporting is of the highest quality; to continue to achieve this we have changed the format of our consolidated financial statements in order to make them clearer and easier to follow.

We have changed the grouping and structure of the notes to the financial statements to help the user to understand our business better. Individual notes have been reorganised to highlight their most material items, certain items that are no longer considered to be material have been removed and accounting policy references have been included in the relevant note.

Unaudited financial information has been brought into the end of this section to make it easier to navigate to all financial information.

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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 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 41 and the balance sheet of the Company and related information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRS 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).

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 150 that the Group is a going concern. We confirm that:

- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern which we believe would need to be disclosed in accordance with IFRS as adopted by the European Union; and
- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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.

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.

Risk	How the scope of our audit responded to the risk
Impairments Assessment of the recoverable amount of operating assets and development projects, including specifically the Minas-Rio project within the Iron Ore Brazil business unit and the Barro Alto project within the Nickel business unit.	We challenged management's assessment as to whether indicators of impairment exist for specific assets, specifically, in relation to the Minas-Rio and Barro Alto projects. Where 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. We challenged the assumptions made by management in relation to these models, including the discount rate used, the commodity price, capital expenditure and operating cost forecasts and the expected production profiles, by reference to third party documentation where available and consultation with operational management. We ensured that assumptions had been determined and applied on a consistent basis across the Group.
Platinum portfolio review Assessment of the accounting impact arising from the finalisation of the portfolio review carried out by Anglo American Platinum and the related impairments and provisions recorded within the financial statements.	We assessed the status and recoverability of all Anglo American Platinum operating assets and projects in the context of the results of the portfolio review, and analysed management's estimates for restructuring costs, giving particular consideration to the timing of key decisions made by management and hence the timing of the recognition of any provisions.
Amapá disposal Assessment of the loss on disposal of Amapá, taking into account the fair value of consideration received and the insurance claims, including those relating to the port incident in March 2013, which were acquired by the Group as part of the sales agreement.	We audited the disposal calculations in respect of the sale to Zamin Ferrous Limited with a particular focus on challenging the fair value of the insurance claim asset acquired (through consultation with the Group's external legal advisors and review of the related agreements and expert insurance reports), as well as the valuation of the deferred consideration receivable which is linked to future iron ore prices.
Taxation Assessment of the Group's taxation exposures in all jurisdictions, including transfer pricing arrangements and recognition of deferred taxation assets and liabilities.	We reviewed all significant 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. We considered, in the context of our tax specialists' prior experience of similar issues, the Group's transfer pricing arrangements and deferred taxation assets and liabilities recognised, to confirm that they were reasonable.
Special items and remeasurements Assessment of the appropriateness of items accounted for within 'Special items and remeasurements'.	We considered each item accounted for within 'Special items and remeasurements' as defined in note 6 to the financial statements. We determined, through examination of the audit evidence obtained relating to the underlying transactions and discussion with management, 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.

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.

The Audit Committee's consideration of these risks is set out on page 115.

Our application of materiality

We determined planning materiality for the Group to be \$250 million, which is approximately 4.1% of pre-tax profit before special items and remeasurements, and below 1% of equity. Pre-tax profit is normalised for the materiality calculation to exclude 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 audit differences in excess of \$10 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

All business units were subject to a full scope audit with the exception of Manganese. The principal operation within Manganese, part of the Iron Ore and Manganese segment, is Samancor Holdings Proprietary Limited (Samancor), an associate of the Group, which is subject to a separate audit engagement. We have received a reporting pack from the Samancor auditor and have performed specific procedures on the remaining balances within Manganese.

The Senior Statutory Auditor 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:

- 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;
- 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. Under the Listing Rules we are required to review certain elements of the Directors' Remuneration Report. We have nothing to report arising from these matters or our review.

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 nine 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;
- 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

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.

Carl D. Hughes MA, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
13 February 2014

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2013

US\$ million	Note	2013			2012 restated ⁽¹⁾		
		Before special items and remeasurements	Special items and remeasurements (note 6)	Total	Before special items and remeasurements	Special items and remeasurements (note 6)	Total
Group revenue	3	29,342	–	29,342	28,680	–	28,680
Operating costs		(23,174)	(3,761)	(26,935)	(23,187)	(7,093)	(30,280)
Operating profit/(loss) from subsidiaries and joint operations		6,168	(3,761)	2,407	5,493	(7,093)	(1,600)
Non-operating special items and remeasurements	3, 4	–	(469)	(469)	–	1,396	1,396
Share of net income from associates and joint ventures	6						
	3, 13	243	(75)	168	482	(61)	421
Profit from operations, associates and joint ventures		6,411	(4,305)	2,106	5,975	(5,758)	217
Investment income		271	–	271	418	–	418
Interest expense		(584)	–	(584)	(630)	–	(630)
Other financing (losses)/gains		37	(130)	(93)	(87)	(89)	(176)
Net finance costs	7	(276)	(130)	(406)	(299)	(89)	(388)
Profit/(loss) before tax		6,135	(4,435)	1,700	5,676	(5,847)	(171)
Income tax expense	8a	(1,861)	587	(1,274)	(1,506)	1,113	(393)
Profit/(loss) for the financial year		4,274	(3,848)	426	4,170	(4,734)	(564)
Attributable to:							
Non-controlling interests	32	1,601	(214)	1,387	1,310	(404)	906
Equity shareholders of the Company		2,673	(3,634)	(961)	2,860	(4,330)	(1,470)
Earnings/(loss) per share (US\$)							
Basic	9	2.09	(2.84)	(0.75)	2.28	(3.45)	(1.17)
Diluted	9	2.08	(2.83)	(0.75)	2.26	(3.43)	(1.17)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2013

US\$ million	Note	2013	2012 restated ⁽¹⁾
Profit/(loss) for the financial year		426	(564)
Items that may subsequently be reclassified to the income statement			
Net (loss)/gain on revaluation of available for sale investments		(69)	173
Net loss on cash flow hedges		(16)	–
Net exchange difference on translation of foreign operations (including associates and joint ventures)		(4,872)	(750)
Share of associates' and joint ventures' expense recognised directly in equity, net of tax		–	(17)
Tax on items recognised directly in equity that may be reclassified	8c	173	(96)
Items that will not be reclassified to the income statement			
Remeasurement of net retirement benefit obligation		97	190
Share of associates' and joint ventures' income recognised directly in equity, net of tax		–	14
Tax on items recognised directly in equity that will not be reclassified	8c	(37)	(25)
Net expense recognised directly in equity		(4,724)	(511)
Transferred to the income statement			
Disposal of available for sale investments		(89)	(57)
Impairment of available for sale investments		14	84
Net exchange difference on disposal of foreign operations		73	24
Cash flow hedges		–	4
Transferred to initial carrying amount of hedged items: cash flow hedges		4	5
Share of associates' and joint ventures' net expense transferred from equity		–	(10)
Tax on items transferred from equity	8c	12	29
Total transferred from equity		14	79
Total comprehensive expense for the financial year		(4,284)	(996)
Attributable to:			
Non-controlling interests		769	867
Equity shareholders of the Company		(5,053)	(1,863)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

CONSOLIDATED BALANCE SHEET

US\$ million		31 December 2013	31 December 2012 restated ⁽¹⁾	1 January 2012 restated ⁽¹⁾
	Note			
ASSETS				
Non-current assets				
Intangible assets	11	4,083	4,569	2,320
Property, plant and equipment	12	41,505	44,731	40,082
Environmental rehabilitation trusts	20	348	392	360
Investments in associates and joint ventures	13	4,612	3,162	5,352
Financial asset investments	14	1,446	2,389	3,003
Trade and other receivables	16	797	560	434
Deferred tax assets	21	1,364	1,204	515
Derivative financial assets	19	604	747	668
Other non-current assets		247	235	138
Total non-current assets		55,006	57,989	52,872
Current assets				
Inventories	15	4,789	5,002	3,514
Financial asset investments	14	19	102	-
Trade and other receivables	16	3,351	3,243	3,639
Current tax assets		226	470	207
Derivative financial assets	19	70	101	172
Cash and cash equivalents	24a	7,704	9,080	11,712
Total current assets		16,159	17,998	19,244
Assets classified as held for sale	22	-	3,150	-
Total assets		71,165	79,137	72,116
LIABILITIES				
Current liabilities				
Trade and other payables	17	(4,369)	(4,494)	(5,047)
Short term borrowings	24a, 25	(2,108)	(2,485)	(902)
Provisions for liabilities and charges	20	(768)	(560)	(369)
Current tax liabilities		(734)	(819)	(1,528)
Derivative financial liabilities	19	(372)	(280)	(162)
Total current liabilities		(8,351)	(8,638)	(8,008)
Non-current liabilities				
Trade and other payables	17	(22)	(18)	-
Medium and long term borrowings	24a, 25	(15,740)	(15,150)	(11,855)
Retirement benefit obligations	28	(1,204)	(1,409)	(639)
Deferred tax liabilities	21	(4,657)	(6,051)	(5,693)
Derivative financial liabilities	19	(1,139)	(801)	(950)
Provisions for liabilities and charges	20	(2,688)	(2,384)	(1,829)
Other non-current liabilities		-	(29)	(71)
Total non-current liabilities		(25,450)	(25,842)	(21,037)
Liabilities directly associated with assets classified as held for sale	22	-	(919)	-
Total liabilities		(33,801)	(35,399)	(29,045)
Net assets		37,364	43,738	43,071
EQUITY				
Called-up share capital	33	772	772	738
Share premium account		4,358	4,357	2,714
Own shares		(6,463)	(6,659)	(6,985)
Other reserves		(5,372)	(1,202)	283
Retained earnings		38,376	40,343	42,240
Equity attributable to equity shareholders of the Company		31,671	37,611	38,990
Non-controlling interests	32	5,693	6,127	4,081
Total equity		37,364	43,738	43,071

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 13 February 2014 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013

US\$ million	Note	2013	2012 restated ⁽¹⁾
Cash flows from operating activities			
Total profit/(loss) before tax		1,700	(171)
Net finance costs		406	388
Share of net income from associates and joint ventures		(168)	(421)
Non-operating special items and remeasurements	6	469	(1,396)
Total operating profit/(loss) from subsidiaries and joint operations	4	2,407	(1,600)
Depreciation and amortisation	3	2,638	2,374
Share-based payment charges		201	233
Operating remeasurements	6	550	116
Non-cash element of operating special items		3,065	6,913
Decrease in provisions		(56)	(127)
Increase in inventories		(562)	(329)
Increase in operating receivables		(541)	(32)
Decrease in operating payables		(18)	(165)
Other adjustments		45	(13)
Cash flows from operations		7,729	7,370
Dividends from associates and joint ventures	13	246	294
Dividends from financial asset investments		18	54
Income tax paid		(1,201)	(1,799)
Net cash inflows from operating activities		6,792	5,919
Cash flows from investing activities			
Expenditure on property, plant and equipment	23	(6,125)	(5,959)
Cash flows from derivatives related to capital expenditure	23	(136)	(71)
Proceeds from disposal of property, plant and equipment		140	66
Investments in associates and joint ventures	13	(221)	(114)
Purchase of financial asset investments	14	–	(16)
Net repayment of loans granted		301	81
Interest received and other investment income		193	278
Acquisition of subsidiaries, net of cash and cash equivalents acquired		–	(4,816)
Disposal of subsidiaries, net of cash and cash equivalents disposed	31	13	100
Repayment of capitalised loans by associates	13	108	36
Net proceeds from disposal of interests in available for sale investments	14	99	273
Other investing activities		3	(32)
Net cash used in investing activities		(5,625)	(10,174)
Cash flows from financing activities			
Interest paid		(907)	(775)
Cash flows from derivatives related to financing activities	24b	181	149
Dividends paid to Company shareholders		(1,078)	(970)
Dividends paid to non-controlling interests		(1,159)	(1,267)
Net repayment of short term borrowings	24b	(2,307)	(747)
Net receipt of medium and long term borrowings	24b	3,279	5,633
Movements in non-controlling interests		71	1,220
Tax on sale of non-controlling interest in Anglo American Sur		(395)	(1,015)
Sale of shares under employee share schemes		14	24
Purchase of shares by subsidiaries for employee share schemes ⁽²⁾		(92)	(253)
Other financing activities		(9)	(48)
Net cash (used in)/inflows from financing activities		(2,402)	1,951
Net decrease in cash and cash equivalents		(1,235)	(2,304)
Cash and cash equivalents at start of year			
Cash movements in the year	24b	9,298	11,712
Effects of changes in foreign exchange rates		(1,235)	(2,304)
Cash and cash equivalents at end of year	24b	7,702	9,298

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Includes purchase of Kumba Iron Ore Limited and Anglo American Platinum Limited shares for their respective employee share schemes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

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
At 1 January 2012	3,452	(6,985)	42,342	453	(1,930)	1,760	39,092	4,097	43,189
Adoption of new standards ⁽⁴⁾	-	-	(102)	-	-	-	(102)	(16)	(118)
At 1 January 2012 (restated)	3,452	(6,985)	42,240	453	(1,930)	1,760	38,990	4,081	43,071
Total comprehensive (expense)/ income	-	-	(1,304)	-	(687)	128	(1,863)	867	(996)
Dividends payable to Company shareholders	-	-	(970)	-	-	-	(970)	-	(970)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	(1,259)	(1,259)
Conversion of convertible bond	1,677	-	185	-	-	(355)	1,507	-	1,507
Changes in ownership interest in subsidiaries	-	-	(219)	-	-	-	(219)	970	751
Acquired through business combinations	-	-	-	-	-	-	-	1,423	1,423
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	17	17
Equity settled share-based payment schemes	-	326	(256)	96	-	-	166	28	194
Other	-	-	667	-	-	(667)	-	-	-
At 31 December 2012 (restated)	5,129	(6,659)	40,343	549	(2,617)	866	37,611	6,127	43,738
Total comprehensive (expense)/ income	-	-	(901)	-	(4,023)	(129)	(5,053)	769	(4,284)
Dividends payable to Company shareholders	-	-	(1,078)	-	-	-	(1,078)	-	(1,078)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	(1,273)	(1,273)
Changes in ownership interest in subsidiaries	-	-	38	-	-	-	38	(14)	24
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	47	47
Equity settled share-based payment schemes	-	196	(43)	(1)	-	-	152	37	189
Other	1	-	17	-	-	(17)	1	-	1
At 31 December 2013	5,130	(6,463)	38,376	548	(6,640)	720	31,671	5,693	37,364

⁽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.⁽³⁾ See note 33 for breakdown of fair value and other reserves.⁽⁴⁾ Certain balances and changes in equity related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.**Dividends**

	Note	2013	2012
Proposed ordinary dividend per share (US cents)	10	53	53
Proposed ordinary dividend (US\$ million)	10	678	676
Ordinary dividends payable during the year per share (US cents)	10	85	78
Ordinary dividends payable during the year (US\$ million)	10	1,078	970

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 estimation of Ore Reserves, assessment of fair value, impairment of assets, restoration, rehabilitation and environmental costs, deferred stripping, taxation, retirement benefits, contingent liabilities and the classification of joint arrangements. The use of inaccurate assumptions in assessments made for any of these estimates could result in a significant impact on financial results.

Ore Reserve estimates

When determining Ore Reserves, which may be used to calculate depreciation on the Group's mining properties, assumptions that were valid at the time of estimation may change when new information becomes available. Any changes could affect prospective depreciation rates and asset carrying values.

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 based on Proved and Probable Ore Reserves.

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

- changes to Proved and Probable Ore Reserves
- 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 Ore Reserves and Mineral Resources section of the Annual Report.

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.

Fair value is determined based on observable market data (in the case of listed subsidiaries, market share price at 31 December of the respective entity) or discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. 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.

In particular, expected future cash flows, which are 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 Resources, together with economic factors such as commodity prices, discount rates, exchange rates, estimates of production costs and future capital expenditure.

Cash flow projections

Cash flow projections are based on financial budgets and mine life plans or non-mine production plans, incorporating key assumptions as detailed below:

- Reserves and 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 requirements of reserve classification.

- 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.

- Operating costs, capital expenditure and other operating factors
Operating costs and capital expenditure are based on financial budgets covering a three year period. Cash flow projections beyond three years are based on mine life 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.

- 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 of 6.5% (2012: 6.5%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows.

- Foreign exchange rates
Foreign exchange rates are based on latest internal forecasts for foreign exchange, benchmarked with external sources of information for relevant countries of operation. Foreign exchange rates are kept constant (on a real basis) from 2017 onwards.

Impairment of assets

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 (CGU), and also in estimating the timing and value of underlying cash flows within the calculation of recoverable amount.

The calculation of recoverable amount is based either on fair value less costs of disposal or on value in use. The cash flow projections used in assessments of fair value less costs of disposal or value in use are subject to the areas of judgement outlined above.

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.

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. Management uses its judgement and experience to provide for and amortise these estimated costs over the life of the mine.

Deferred 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 pit design and Life of Mine Plan and therefore changes to the pit 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.

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

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. In addition, in arriving at the tax charge in the financial statements a degree of judgement is required by management about the future taxable profits and repatriation of retained earnings. These judgements in turn are influenced, *inter alia*, by factors such as estimates of future production, commodity lines, operating costs, future capital expenditure, and dividend policies. Given the many uncertainties that could arise from any or all of these factors and judgements, future adjustments to the tax charge already recorded could occur. Where management is aware of potential uncertainties around these factors and judgements, provision is made and reviewed on a regular basis. These are subject to risk and changes may be required to the amount provided in respect of historic or future tax costs.

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 impact the Group's other comprehensive income.

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 liability 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 other contingent liabilities is made in note 35 unless the possibility of a loss arising is considered remote.

Classification of 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 40k. 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.

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 where counts take place once every three years (the latest being in 2010, the planned stock count in 2013 having been deferred until 2014 due to disruption caused by industrial action). 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 year ended 31 December 2013, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by \$38 million (2012: \$172 million), resulting in the recognition of a post-tax gain of \$28 million (2012: \$124 million) in the period.

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 2012, except for changes arising from the adoption of new accounting pronouncements detailed below.

The following accounting amendments, standard and interpretation became effective in the current reporting period:

- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*
- IAS 19 *Employee Benefits* revised 2011
- IFRS 13 *Fair Value Measurement*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

In addition, the Group has early adopted the following standards and amendments, which are endorsed by the EU but not effective until 1 January 2014:

- IFRS 10 *Consolidated Financial Statements*
- IAS 27 *Separate Financial Statements*
- IFRS 11 *Joint Arrangements*
- IAS 28 *Investments in Associates and Joint Ventures*
- IFRS 12 *Disclosure of Interests in Other Entities*

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.

The nature and impact of each of the new amendments, standards or interpretations is described below:

Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 introduced the grouping of items presented in other comprehensive income. Items that may be reclassified (or recycled) to the income statement at a future point in time are now presented separately from items that will not be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 19 *Employee Benefits* revised 2011 (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans. The principal impact for the Group arises from the requirement to replace the interest cost on the defined benefit obligation and the expected return on plan assets, with a net interest cost/income based on the net defined benefit liability/asset, calculated using the discount rate used to measure the defined benefit obligation. This has increased the income statement charge as the discount rate now applied to the assets is lower than the expected return on plan assets. There is no effect on total comprehensive income as the increased charge in the income statement is offset by a credit in other comprehensive income.

The Group has applied the standard retrospectively in accordance with the transitional provisions, and the 2012 results have been restated accordingly. Further detail of the impact on the Group financial statements for the year ended 31 December 2012 is set out in note 41.

IAS 19R introduces more extensive disclosure requirements particularly relating to the characteristics, risks and amounts in the financial statements related to defined benefit plans. The additional disclosure requirements are reflected in note 28 to the Group financial statements.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value when such measurements are required or permitted by other standards. The application of IFRS 13 has not materially affected the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. The additional disclosure requirements are reflected within the relevant notes to the Group financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

continued

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 specifies the accounting for costs associated with waste removal (stripping) during the production phase of a surface mine. When the benefit from the stripping activity is realised in the current period, the stripping costs are accounted for as the cost of inventory. When the benefit is the improved access to ore in future periods, the costs are recognised as a non-current asset, if certain criteria are met. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit of production method) over the expected useful life of the identified component of the orebody that becomes more accessible as a result of the stripping activity.

There are two key changes to the Group's previous accounting policy as a result of the adoption of IFRIC 20. Firstly, the initial recognition of the stripping asset and subsequent depreciation is determined by reference to components of the orebody rather than by reference to the entire operation. Secondly, the subsequent remeasurement of the asset is recognised as depreciation on a unit of production basis, rather than as a charge to operating costs based on the expected strip ratio.

The Group has applied IFRIC 20 retrospectively in accordance with the transitional provisions, and the 2012 results have been restated accordingly. Upon adoption of IFRIC 20, the stripping assets on the balance sheet at 1 January 2012 were assessed and it was determined that elements of the assets did not relate to identifiable components of the orebodies. These elements of the assets have been derecognised and recorded against opening retained earnings at 1 January 2012.

The adoption of IFRIC 20 has resulted in increased capitalisation of waste stripping costs and a reduction in cost of sales in 2012. Further detail of the impact on the Group financial statements for the year ended 31 December 2012 is set out in note 41.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 replaces the parts of the previously existing IAS 27 that dealt with consolidated financial statements. The new standard changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to control those returns through its power over the investee. The adoption of IFRS 10 has had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. The new standard changes the classifications for joint arrangements and removes the option to account for joint ventures using proportionate consolidation. Under IFRS 11, investments in joint arrangements are classified as either joint ventures or joint operations based on the rights and obligations of the parties to the arrangement. In a joint venture, the parties sharing joint control of the arrangement have rights to the net assets and must account for their interests in the arrangement using the equity method. In a joint operation, the parties have rights to the assets and obligations for the liabilities and must account for the assets and liabilities, revenues and expenses for which they have rights or obligations including their share of such items held or incurred jointly.

The application of this standard has resulted in the newly formed joint venture, Lafarge Tarmac Holdings Limited, and the existing joint venture in Brazil, LLX Minas-Rio Logística Comercial Exportadora SA, being accounted for under the equity method. No other material joint arrangements within the Group were affected.

The Group has applied IFRS 11 retrospectively in accordance with the transitional provisions, and the 2012 results have been restated accordingly. There is no impact on the net assets or underlying earnings of the Group. Further detail of the impact on the Group financial statements for the year ended 31 December 2012 is set out in note 41.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries (including related non-controlling interests), joint arrangements, associates and structured entities. These disclosures are reflected within the relevant notes to the Group financial statements.

A number of other amendments to accounting standards issued by the International Accounting Standards Board also apply for the first time in 2013. These do not have a significant impact on the accounting policies, methods of computation or presentation applied by the Group.

New IFRS accounting standards, amendments and interpretations not yet adopted

The following new IFRS accounting standard not yet adopted is expected to have a significant impact on the Group:

- IFRS 9 *Financial Instruments* will replace IAS 39 *Financial Instruments: Recognition and Measurement*. The first and third phases of the new standard, *Classification and Measurement* and *Hedge Accounting*, have been published. These relate to the classification and measurement of financial assets and liabilities, and replace the rule-based hedge accounting requirements in IAS 39 to align the accounting more closely with risk management activities, respectively. The second phase of the standard, covering impairment, is not yet published. The effective date of the new standard has been removed pending the completion of all phases of IFRS 9 (previously 1 January 2015).

The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Group:

- Amendments to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets* revise disclosure requirements related to the measurement of the recoverable amount and are effective for annual reporting periods beginning on or after 1 January 2014.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting* are effective for annual reporting periods beginning on or after 1 January 2014.
- Amendments to IAS 32 *Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities* are effective for annual reporting periods beginning on or after 1 January 2014.
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Separate Financial Statements: Investment Entities* are effective for annual reporting periods beginning on or after 1 January 2014.
- IFRIC 21 *Levies* provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation applies to annual periods beginning on or after 1 January 2014.
- Amendments to IAS 19 *Employee Benefits: Defined Benefit Plans – Employee Contributions* provides additional guidance on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendment is effective for annual periods beginning on or after 1 July 2014.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. 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. In the instance of Copper, Nickel and Niobium and Phosphates, the same management team is responsible for the management of all three business units.

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 Other Mining and Industrial segment includes the Lafarge Tarmac joint venture and other Tarmac businesses, and also included Amapá until it was disposed of in November 2013. Until November 2012, this segment also included Scaw South Africa. Following a Group reorganisation in the second half of 2013, and to align to the way the businesses are now managed, the Niobium and Phosphates business is reported as a separate segment, having previously been reported in the Other Mining and Industrial segment. Comparatives have been reclassified to align with current year presentation.

On 16 August 2012, the Group acquired a controlling interest in De Beers Société Anonyme (De Beers) (Diamonds segment). Until this date De Beers was accounted for as an associate of the Group. From 16 August 2012, De Beers ceased to be an associate and has been accounted for as a subsidiary. For details of this acquisition see note 30.

The Group Management Committee evaluates the financial performance of the Group and its segments principally with reference to underlying operating profit. Underlying operating profit is operating profit before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' operating profit before special items and remeasurements. Underlying EBITDA is underlying operating profit before depreciation and amortisation in subsidiaries and joint operations and includes attributable share of underlying operating profit before depreciation and amortisation of associates and joint ventures.

Segment revenue includes the Group's attributable share of associates' and joint ventures' revenue. 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; Niobium and Phosphates: niobium and phosphates; Platinum: platinum group metals; Diamonds: rough and polished diamonds; and Other Mining and Industrial: heavy building materials, until November 2013, iron ore and until November 2012, steel products.

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

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

Segment results

See note 40a for the Group's accounting policy on revenue recognition.

US\$ million	Revenue		Underlying operating profit/(loss)	
	2013	2012 restated ⁽¹⁾	2013	2012 restated ⁽¹⁾
Iron Ore and Manganese	6,517	6,403	3,119	3,011
Metallurgical Coal	3,396	3,889	46	405
Thermal Coal	3,004	3,447	541	793
Copper	5,392	5,122	1,739	1,736
Nickel	136	336	(44)	26
Niobium and Phosphates	726	770	150	169
Platinum	5,688	5,489	464	(120)
Diamonds	6,404	4,028	1,003	474
Other Mining and Industrial	1,795	3,296	(13)	168
Exploration	–	–	(207)	(206)
Corporate Activities and Unallocated Costs	5	5	(178)	(203)
Segment measure	33,063	32,785	6,620	6,253
Reconciliation:				
Less: associates and joint ventures	(3,721)	(4,105)	(452)	(760)
Include: operating special items and remeasurements	–	–	(3,761)	(7,093)
Statutory measure	29,342	28,680	2,407	(1,600)

US\$ million	Depreciation and amortisation		Underlying EBITDA	
	2013	2012 restated ⁽¹⁾	2013	2012 restated ⁽¹⁾
Iron Ore and Manganese	271	251	3,390	3,262
Metallurgical Coal	566	472	612	877
Thermal Coal	194	179	735	972
Copper	663	552	2,402	2,288
Nickel	7	24	(37)	50
Niobium and Phosphates	26	27	176	196
Platinum	584	700	1,048	580
Diamonds	448	238	1,451	712
Other Mining and Industrial	94	121	81	289
Exploration	2	–	(205)	(206)
Corporate Activities and Unallocated Costs	45	43	(133)	(160)
	2,900⁽²⁾	2,607⁽²⁾	9,520	8,860
Less: associates and joint ventures	(262)	(233)	(714)	(993)
	2,638	2,374	8,806	7,867

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ In addition \$131 million (2012: \$41 million) of depreciation and amortisation charges arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers and nil (2012: \$70 million) of accelerated depreciation arising from the cessation of Loma de Niquel have been recorded within operating special items and remeasurements (see note 6), and \$100 million (2012: \$81 million) of pre-commercial production depreciation has been capitalised.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

Associates' and joint ventures' results by segment

US\$ million	Associates' and joint ventures' revenue		Associates' and joint ventures' underlying operating profit/(loss) ⁽¹⁾		Share of net income/(loss)	
	2013	2012 restated ⁽²⁾	2013	2012 restated ⁽²⁾	2013	2012 restated ⁽²⁾
Iron Ore and Manganese	874	831	205	103	91	20
Metallurgical Coal	319	315	44	111	27	80
Thermal Coal	817	970	231	355	135	248
Platinum	228	231	(19)	(63)	(30)	(94)
Diamonds	89	1,675	(21)	249	(35)	163
Other Mining and Industrial	1,394	83	12	5	(20)	4
	3,721	4,105	452	760	168	421

US\$ million	Associates' and joint ventures' depreciation and amortisation		Associates' and joint ventures' underlying EBITDA	
	2013	2012 restated ⁽²⁾	2013	2012 restated ⁽²⁾
Iron Ore and Manganese	48	50	253	153
Metallurgical Coal	15	14	59	125
Thermal Coal	71	54	302	409
Platinum	35	42	16	(21)
Diamonds	5	68	(16)	317
Other Mining and Industrial	88	5	100	10
	262	233	714	993

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

⁽²⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The reconciliation of associates' and joint ventures' underlying operating profit to 'Share of net income from associates and joint ventures' is as follows:

US\$ million	2013	2012 restated ⁽¹⁾
Associates' and joint ventures' underlying operating profit	452	760
Net finance costs	(36)	(75)
Income tax expense	(158)	(197)
Non-controlling interests	(15)	(6)
Share of net income from associates and joint ventures (before special items and remeasurements)	243	482
Special items and remeasurements	(80)	(57)
Special items and remeasurements tax	3	(3)
Non-controlling interests on special items and remeasurements	2	(1)
Share of net income from associates and joint ventures	168	421

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Underlying EBITDA is reconciled to underlying operating profit and to 'Profit from operations, associates and joint ventures' as follows:

US\$ million	2013	2012 restated ⁽¹⁾
Underlying EBITDA	9,520	8,860
Depreciation and amortisation: subsidiaries and joint operations	(2,638)	(2,374)
Depreciation and amortisation: associates and joint ventures	(262)	(233)
Underlying operating profit	6,620	6,253
Operating special items and remeasurements	(3,761)	(7,093)
Non-operating special items and remeasurements	(469)	1,396
Associates' and joint ventures' net special items and remeasurements	(75)	(61)
Share of associates' and joint ventures' net finance costs, tax and non-controlling interests	(209)	(278)
Profit from operations, associates and joint ventures	2,106	217

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

Other non-cash expenses

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

US\$ million	2013	2012
Iron Ore and Manganese	73	31
Metallurgical Coal	149	140
Thermal Coal	65	30
Copper	142	98
Nickel	16	25
Niobium and Phosphates	6	(3)
Platinum	56	81
Diamonds	42	52
Other Mining and Industrial	5	(56)
Exploration	1	3
Corporate Activities and Unallocated Costs	70	70
	625	471

Segment assets and liabilities

US\$ million	Segment assets ⁽¹⁾		Segment liabilities ⁽²⁾		Net segment assets/(liabilities)	
	2013	2012 restated ⁽³⁾	2013	2012 restated ⁽³⁾	2013	2012 restated ⁽³⁾
Iron Ore and Manganese	11,502	9,603	(468)	(465)	11,034	9,138
Metallurgical Coal	5,335	6,078	(705)	(859)	4,630	5,219
Thermal Coal	2,148	2,726	(726)	(761)	1,422	1,965
Copper	9,549	9,557	(1,169)	(1,126)	8,380	8,431
Nickel	1,695	2,613	(98)	(104)	1,597	2,509
Niobium and Phosphates	955	806	(101)	(115)	854	691
Platinum	9,579	11,490	(957)	(1,071)	8,622	10,419
Diamonds	12,688	14,392	(1,337)	(1,468)	11,351	12,924
Other Mining and Industrial	86	105	(61)	(40)	25	65
Exploration	8	8	(5)	(4)	3	4
Corporate Activities and Unallocated Costs	492	424	(612)	(709)	(120)	(285)
	54,037	57,802	(6,239)	(6,722)	47,798	51,080
Other assets and liabilities						
Investments in associates and joint ventures	4,612	3,162	-	-	4,612	3,162
Financial asset investments	1,465	2,491	-	-	1,465	2,491
Deferred tax assets/(liabilities)	1,364	1,204	(4,657)	(6,051)	(3,293)	(4,847)
Derivative financial assets/(liabilities)	674	848	(1,511)	(1,081)	(837)	(233)
Cash and cash equivalents	7,704	9,080	-	-	7,704	9,080
Other non-operating assets/(liabilities)	1,309	1,400	(1,733)	(1,651)	(424)	(251)
Borrowings	-	-	(17,848)	(17,635)	(17,848)	(17,635)
Other provisions for liabilities and charges	-	-	(1,813)	(1,340)	(1,813)	(1,340)
Assets/(liabilities) classified as held for sale	-	3,150 ⁽⁴⁾	-	(919) ⁽⁴⁾	-	2,231 ⁽⁴⁾
	71,165	79,137	(33,801)	(35,399)	37,364	43,738

⁽¹⁾ Segment assets are operating assets and consist of intangible assets of \$4,083 million (2012: \$4,569 million), property, plant and equipment of \$41,505 million (2012: \$44,731 million), biological assets of \$16 million (2012: \$19 million), environmental rehabilitation trusts of \$348 million (2012: \$392 million), retirement benefit assets of \$191 million (2012: \$176 million), inventories of \$4,789 million (2012: \$5,002 million) and operating receivables of \$3,105 million (2012: \$2,913 million).

⁽²⁾ Segment liabilities are operating liabilities and consist of non-interest bearing current liabilities of \$3,392 million (2012: \$3,709 million), environmental restoration and decommissioning provisions of \$1,643 million (2012: \$1,604 million) and retirement benefit obligations of \$1,204 million (2012: \$1,409 million).

⁽³⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽⁴⁾ Balances for 2012 relate to Amapá and Tarmac Quarry Materials.

Product analysis

Revenue by product

US\$ million	2013	2012
Iron ore	5,365	5,508
Manganese ore and alloys	874	831
Metallurgical coal	2,610	3,048
Thermal coal	3,802	4,287
Copper	5,253	5,038
Nickel	461	678
Niobium	182	173
Phosphates	544	597
Platinum	3,586	3,441
Palladium	1,052	906
Rhodium	316	389
Diamonds	6,391	4,027
Heavy building materials	1,695	2,171
Steel products	-	798
Other	932	893
	33,063	32,785

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

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	2013	2012
South Africa	2,474	3,115
Other Africa	1,201	715
Brazil	1,019	1,093
Chile	1,692	1,241
Other South America	32	46
North America	1,084	1,274
Australia	277	340
China	6,469	5,927
India	2,505	2,544
Japan	3,769	4,049
Other Asia	3,252	3,595
United Kingdom (Anglo American plc's country of domicile)	3,697	3,781
Other Europe	5,592	5,065
	33,063	32,785

Revenue and underlying operating profit by origin

The origin of the revenue and underlying operating profit is the location of the operation generating the revenue and operating profit.

US\$ million	Revenue		Underlying operating profit/(loss)	
	2013	2012	2013	2012 restated ⁽¹⁾
South Africa	14,132	14,592	4,189	3,374
Other Africa	4,544	3,256	532	437
Brazil	965	1,274	75	200
Chile	5,392	5,122	1,849	1,913
Other South America	817	1,131	185	304
North America	882	559	(129)	(138)
Australia and Asia	4,255	4,616	238	465
Europe	2,076	2,235	(319)	(302)
	33,063	32,785	6,620	6,253

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Segment assets and liabilities by location

US\$ million	Segment assets		Segment liabilities		Net segment assets	
	2013	2012 restated ⁽¹⁾	2013	2012 restated ⁽¹⁾	2013	2012 restated ⁽¹⁾
South Africa	17,092	20,194	(2,654)	(2,922)	14,438	17,272
Other Africa	7,783	8,313	(221)	(202)	7,562	8,111
Brazil	9,964	8,833	(216)	(228)	9,748	8,605
Chile	8,847	8,589	(1,131)	(1,094)	7,716	7,495
Other South America	653	717	(55)	(55)	598	662
North America	1,954	2,500	(262)	(298)	1,692	2,202
Australia and Asia	5,534	5,850	(724)	(819)	4,810	5,031
Europe	2,210	2,806	(976)	(1,104)	1,234	1,702
	54,037	57,802	(6,239)	(6,722)	47,798	51,080

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Non-current segment assets by location

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

US\$ million	2013	2012 restated ⁽¹⁾
South Africa	13,542	16,492
Other Africa	6,945	8,029
Brazil	9,650	8,424
Chile	7,472	7,364
Other South America	556	623
North America	1,764	2,205
Australia and Asia	4,260	4,687
United Kingdom (Anglo American plc's country of domicile)	1,257	1,325
Other Europe	142	151
	45,588	49,300

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

US\$ million	2013	2012 restated ⁽¹⁾
Group revenue	29,342	28,680
Cost of sales	(22,336)	(25,835)
Gross profit	7,006	2,845
Selling and distribution costs	(1,780)	(2,023)
Administrative expenses	(2,214)	(2,124)
Other gains and losses (see below)	(398)	(92)
Exploration expenditure	(207)	(206)
Operating profit/(loss) from subsidiaries and joint operations	2,407	(1,600)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

US\$ million	2013	2012 restated ⁽¹⁾
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of property, plant and equipment (note 12) ⁽²⁾	2,579	2,343
Amortisation of intangible assets (note 11) ⁽³⁾	59	31
Rentals under operating leases	142	181
Exploration expenditure	207	206
Evaluation expenditure	326	525
Research and development expenditure	103	80
Operating special items (note 6)	3,211	6,977
Employee costs (note 27)	4,834	5,021
Adjustment due to provisional pricing ⁽⁴⁾	88	(14)
Royalties ⁽⁵⁾	629	554
Other gains and losses comprise:		
Operating remeasurements (note 6)	(550)	(116)
Other fair value (losses)/gains on derivatives – realised	(21)	9
Foreign exchange gains on other monetary items	182	12
Other	(9)	3
Total other gains and losses	(398)	(92)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ In addition \$111 million (2012: \$35 million) of depreciation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers and nil (2012: \$70 million) of accelerated depreciation have been recorded within operating special items and remeasurements (see note 6) and \$100 million (2012: \$81 million) of pre-commercial production depreciation has been capitalised.

⁽³⁾ In addition \$20 million (2012: \$6 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.

⁽⁴⁾ Provisionally priced contracts resulted in a total (realised and unrealised) loss in revenue of \$76 million (2012: gain \$37 million) and total (realised and unrealised) loss in operating costs of \$12 million (2012: \$23 million).

⁽⁵⁾ Excludes those royalties which meet the definition of income tax on profit and accordingly have been accounted for as taxes.

Exploration and evaluation expenditure

See note 40j for the Group's accounting policy on exploration and evaluation expenditure.

US\$ million	Exploration expenditure ⁽¹⁾		Evaluation expenditure ⁽²⁾	
	2013	2012	2013	2012
By commodity				
Iron ore	24	23	69	89
Metallurgical coal	19	18	39	68
Thermal coal	14	14	21	33
Copper	31	39	112	263
Nickel	22	32	8	32
Niobium and phosphates	6	2	16	1
Platinum group metals	2	4	15	24
Diamonds	53	23	46	15
Central exploration activities	36	51	–	–
	207	206	326	525

⁽¹⁾ Exploration for mineral resources other than that occurring at existing operations and projects.

⁽²⁾ Evaluation of mineral resources relating to projects in the conceptual or pre-feasibility stage or further evaluation of mineral resources at existing operations.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5. OPERATING PROFIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses operating profit (including attributable share of associates' and joint ventures' operating profit) by segment and reconciles it to underlying earnings by segment.

Following a Group reorganisation in the second half of 2013, and to align to the way the businesses are now managed, the Niobium and Phosphates business is reported as a separate segment, having previously been reported in the Other Mining and Industrial segment. Comparatives have been reclassified to align with current year presentation.

Operating profit/(loss) before special items and remeasurements includes attributable share of associates' and joint ventures' operating profit before special items and remeasurements which is reconciled to 'Share of net income from associates and joint ventures' in note 3.

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	2013					2012 restated ⁽¹⁾				
	Operating profit/(loss) before special items and remeasurements	Operating special items and remeasurements (note 6)	Operating profit/(loss) after special items and remeasurements	Net finance costs, income tax expense and non-controlling interests	Underlying earnings	Operating profit/(loss) before special items and remeasurements	Operating special items and remeasurements (note 6)	Operating profit/(loss) after special items and remeasurements	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	3,119	435	2,684	(1,994)	1,125	3,011	5,139	(2,128)	(1,965)	1,046
Metallurgical Coal	46	771	(725)	14	60	405	365	40	(130)	275
Thermal Coal	541	244	297	(144)	397	793	(1)	794	(270)	523
Copper	1,739	337	1,402	(936)	803	1,736	(9)	1,745	(795)	941
Nickel	(44)	1,028	(1,072)	(10)	(54)	26	184	(158)	(16)	10
Niobium and Phosphates	150	6	144	(58)	92	169	4	165	(62)	107
Platinum	464	522	(58)	(177)	287	(120)	921	(1,041)	(105)	(225)
Diamonds	1,003	330	673	(471)	532	474	456	18	(185)	289
Other Mining and Industrial	(13)	162	(175)	11	(2)	168	24	144	(47)	121
Exploration	(207)	-	(207)	17	(190)	(206)	-	(206)	11	(195)
Corporate Activities and Unallocated Costs	(178)	6	(184)	(199)	(377)	(203)	68	(271)	171	(32)
	6,620	3,841	2,779	(3,947)	2,673	6,253	7,151	(898)	(3,393)	2,860

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

6. 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 year's results and require separate disclosure in accordance with IAS 1 paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and principally comprise impairment charges. Non-operating special items include profits and losses on disposals of investments and businesses 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 year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. Where the underlying transaction is recorded in the income statement, the realised gains or losses are recorded in underlying earnings in the same year 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, 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.
- 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.
- The remeasurement and subsequent depreciation of a previously held equity interest as a result of a business combination.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6. SPECIAL ITEMS AND REMEASUREMENTS continued

US\$ million	2013			2012 restated ⁽¹⁾		
	Subsidiaries and joint operations	Associates and joint ventures ⁽²⁾	Total	Subsidiaries and joint operations	Associates and joint ventures ⁽²⁾	Total
Impairment of Minas-Rio	–	–	–	(4,960)	–	(4,960)
Impairment of Barro Alto	(1,012)	–	(1,012)	–	–	–
Platinum operations	(379)	–	(379)	(860)	–	(860)
Impairment of Foxleigh	(331)	–	(331)	–	–	–
Impairment of Michiquillay	(337)	–	(337)	–	–	–
Impairment of Thermal Coal operations	(243)	–	(243)	–	–	–
Cessation of Loma de Niquel	–	–	–	(159)	–	(159)
Other impairments and related charges	(172)	–	(172)	(168)	(62)	(230)
Onerous contract provisions	(434)	–	(434)	(386)	–	(386)
Reversal of De Beers inventory uplift	(126)	–	(126)	(421)	–	(421)
Restructuring costs	(177)	(80)	(257)	(23)	–	(23)
Operating special items	(3,211)	(80)	(3,291)	(6,977)	(62)	(7,039)
Operating remeasurements	(550)	–	(550)	(116)	4	(112)
Operating special items and remeasurements	(3,761)	(80)	(3,841)	(7,093)	(58)	(7,151)
Disposal of Amapá	(175)	–	(175)	(404)	–	(404)
Exit from Pebble	(311)	–	(311)	–	–	–
Loss on formation of Lafarge Tarmac joint venture	(55)	–	(55)	(135)	–	(135)
Atlatsa refinancing (note 36)	(37)	–	(37)	–	–	–
Kumba Envision Trust	(54)	–	(54)	(77)	–	(77)
Other	163	–	163	22	–	22
Non-operating special items	(469)	–	(469)	(594)	–	(594)
Non-operating remeasurement – net gain on acquisition of De Beers	–	–	–	1,990	–	1,990
Non-operating special items and remeasurements	(469)	–	(469)	1,396	–	1,396
Financing remeasurements	(130)	–	(130)	(89)	1	(88)
Total special items and remeasurements before tax and non-controlling interests	(4,360)	(80)	(4,440)	(5,786)	(57)	(5,843)
Special items and remeasurements tax	587	3	590	1,113	(3)	1,110
Non-controlling interests on special items and remeasurements	214	2	216	404	(1)	403
Net total special items and remeasurements attributable to equity shareholders of the Company	(3,559)	(75)	(3,634)	(4,269)	(61)	(4,330)

⁽¹⁾ The non-operating remeasurement related to the net gain on acquisition of De Beers has been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Relates to the Diamonds, Other Mining and Industrial and Thermal Coal segments (2012: Iron Ore and Manganese, Platinum and, until 16 August, Diamonds).

Operating special items**Barro Alto**

The Barro Alto nickel project produced first metal in 2011 but its ramp-up has been significantly affected by issues in the kilns and furnaces. In order to eliminate uncertainties, most notably as a result of furnace design flaws, and enable attainment of the nominal capacity of the operation, a redesign and rebuild of the furnaces is planned to take place. The cost of the existing furnaces of \$211 million has been written-off and the impact of lost production during the rebuild process (together with the associated capital expenditure) as well as a decline in nickel prices and updated operational planning has resulted in a further impairment of \$801 million to the asset's carrying value. Consequently a total impairment charge of \$1,012 million has been recorded. The post-tax impairment charge is \$724 million.

Platinum portfolio review

Platinum announced in August 2013 that it had completed the section 189 consultations on its proposals to create a sustainable, competitive and profitable platinum business for the long term benefit of all its stakeholders. Following the conclusion of these consultations, the proposals became effective. As a result, Khuseleka 2 shaft and Khomanani 1 and 2 shafts have been placed on long term care and maintenance as part of the consolidation of the Rustenburg operations into three operating mines, and the Union Mine North declines have been closed. As the Group no longer expects to receive future economic benefits from these operations they have been fully impaired, resulting in a charge of \$379 million. The charge after tax and non-controlling interests is \$232 million. In 2012 an impairment charge of \$860 million was recognised in relation to certain Platinum projects and other assets not in use, that were not considered economically viable.

Foxleigh

An impairment charge of \$331 million has been recorded in relation to Foxleigh (Metallurgical Coal), principally driven by a decline in metallurgical coal prices. The post-tax impairment charge is \$232 million.

Michiquillay

The Group acquired the Michiquillay copper project in northern Peru in 2007. To date, \$337 million in costs have been capitalised, primarily representing the costs of acquisition. In 2013, following a review of the concept level study, the Group decided not to progress the study to the pre-feasibility stage in its existing form, and engaged with the Peruvian government to agree a temporary suspension of acquisition payments to allow for a full review of the conceptual study. In view of the uncertainty in relation to the implementation of the project and its outcome, costs capitalised to date are no longer considered recoverable and have been fully impaired, resulting in a charge of \$337 million. No tax arises on the impairment.

Thermal Coal

This relates to an impairment of \$143 million in relation to the Isibonelo operation, reflecting management's revised expectation of the operation's future profitability under a long term coal supply contract, and an impairment of \$100 million at the Kleinkopje operation, driven primarily by a decline in export thermal coal prices. The total post-tax impairment charge is \$177 million.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6. SPECIAL ITEMS AND REMEASUREMENTS *continued*

Onerous contract provisions

The charge of \$434 million in relation to onerous contracts principally reflects a provision increase of \$393 million for coal supply agreements inherited on acquisition of Callide in 2000. The pricing in the agreements, which extend to 2031, is significantly below market rates resulting in the unavoidable costs of meeting the obligations exceeding the economic benefit expected to be received from the contract. The increased provision reflects higher forecast operating expenditure. The post-tax charge in relation to onerous contract provisions is \$341 million.

Reversal of De Beers inventory uplift

Inventory held by De Beers at the date of acquisition (16 August 2012) was required to be recognised at fair value under IFRS. This resulted in negligible margins being realised upon the subsequent sale of inventory held at the acquisition date. The reversal of fair value uplifts on the remaining inventory sold in 2013 of \$126 million (2012: \$421 million) has been excluded from the Group's underlying earnings so as not to distort the operating margins of De Beers and to provide more useful information about the performance of the Group.

Restructuring costs

Restructuring costs principally comprise charges of \$146 million relating to the implementation of the Platinum portfolio review and \$64 million related to integration costs incurred by the Lafarge Tarmac joint venture following its formation. Restructuring costs after tax and non-controlling interests is \$167 million.

2012

In 2012, significant operating special items included the impairment of the Minas-Rio iron ore project (Iron Ore Brazil), impairments of certain Platinum projects and other Platinum assets not in use, a charge arising at Loma de Niquel due to the cancellation of its mining concessions in November 2012, charges relating to onerous contract provisions, principally in relation to Callide, and the reversal of fair value uplifts on inventory sold by De Beers.

Operating remeasurements

Operating remeasurements reflect a net loss of \$550 million (2012: \$112 million) principally in respect of derivatives related to capital expenditure in Iron Ore Brazil. Derivatives which have been realised during the period had a cumulative net operating remeasurement loss since their inception of \$137 million (2012: loss of \$71 million).

In addition, operating remeasurements includes a \$131 million depreciation and amortisation charge (2012: \$41 million) arising due to the fair value uplift on the pre-existing 45% shareholding of De Beers, which was required on acquisition of a controlling stake.

Non-operating special items

A loss of \$175 million (\$124 million after non-controlling interests) has been recognised in the year relating to the sale of Amapá in November 2013 (Other Mining and Industrial). In December 2012, Amapá was reclassified to held for sale and recognised at fair value less costs to sell, resulting in a loss of \$404 million being recognised. For further details see note 31.

In December 2013, the Group withdrew from the Pebble copper project in Alaska. The Group's 50% interest in the project was written-off in full, resulting in a charge of \$311 million, including exit costs. No tax arises on the exit from Pebble.

A loss of \$55 million has been recognised on the formation of the Lafarge Tarmac joint venture in January 2013 (Other Mining and Industrial) (2012: \$135 million). The loss in the current year primarily relates to the transfer to the income statement of \$62 million cumulative exchange losses previously recognised in equity, partially offset by a net gain of \$7 million arising on the formation of the joint venture and the associated sale of certain of Tarmac Quarry Materials' operations. For further details see note 30.

The Kumba Envision Trust charge of \$54 million (2012: \$77 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.

Other non-operating special items principally comprise a gain of \$44 million on deferred proceeds following payment received in the year in respect of undeveloped coal assets in Australia (Metallurgical Coal) which the Group disposed of in 2010, and a gain on disposal of the Group's 16.79% effective interest in Palabora Mining Company Limited, a company listed on the Johannesburg Stock Exchange (JSE), in July 2013. Other non-operating special items, after tax and non-controlling interests, are a gain of \$154 million.

Financing remeasurements

Financing remeasurements reflect a net loss of \$130 million (2012: net loss of \$88 million) and relate to an embedded interest rate derivative, derivatives relating to debt and other financing remeasurements.

Special items and remeasurements tax

Special items and remeasurements tax amounted to a credit of \$590 million (2012: credit of \$1,110 million). This includes a one-off tax charge of \$188 million offset by a tax credit on special items and remeasurements of \$923 million (2012: credit of \$377 million) and a tax remeasurement charge of \$145 million (2012: charge of \$189 million). The tax charge of \$188 million relates principally to a settlement reached in the current year between the South African Revenue Service and Rustenburg Platinum Mines Limited in respect of certain previously unresolved historical tax matters. The total amount payable in terms of the settlement agreement is \$324 million and has been fully provided for.

The total tax credit relating to subsidiaries and joint operations of \$587 million (2012: credit of \$1,113 million) comprises a current tax charge of \$159 million (2012: charge of \$8 million) offset by a deferred tax credit of \$746 million (2012: credit of \$1,121 million).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7. NET FINANCE COSTS

See note 40b for the Group's accounting policy on borrowing costs.

Net finance 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 4.79% (2012: 4.10%).

US\$ million	2013	2012 restated ⁽¹⁾
Investment income		
Interest income from cash and cash equivalents	113	153
Other interest income	134	208
Net interest income on defined benefit arrangements	13	9
Dividend income from financial asset investments	18	54
	278	424
Less: interest income capitalised	(7)	(6)
Total investment income	271	418
Interest expense		
Interest and other finance expense	(731)	(675)
Interest payable on convertible bond	-	(25)
Unwinding of discount on convertible bond	-	(25)
Net interest cost on defined benefit arrangements	(74)	(63)
Unwinding of discount relating to provisions and other liabilities	(106)	(114)
	(911)	(902)
Less: interest expense capitalised	327	272
Total interest expense	(584)	(630)
Other financing gains/(losses)		
Net foreign exchange losses	(21)	(90)
Net fair value gains/(losses) on fair value hedges	81	(24)
Other net fair value (losses)/gains	(23)	27
Total other financing gains/(losses)	37	(87)
Net finance costs before remeasurements	(276)	(299)
Remeasurements (note 6)	(130)	(89)
Net finance costs after remeasurements	(406)	(388)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

8. INCOME TAX EXPENSE

See note 40c for the Group's accounting policy on tax.

a) Analysis of charge for the year

US\$ million	2013	2012 restated ⁽¹⁾
United Kingdom corporation tax credit	(1)	(12)
South Africa tax	863	802
Other overseas tax	692	605
Prior year adjustments	32	61
Current tax⁽²⁾	1,586	1,456
Deferred tax	275	50
Income tax expense before special items and remeasurements	1,861	1,506
Special items and remeasurements tax (note 6)	(587)	(1,113)
Income tax expense	1,274	393

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ 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 74.9% (2012: (229.8)%) is higher (2012: lower) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 23.25% (2012: 24.5%). The reconciling items, excluding the impact of associates and joint ventures, are:

US\$ million	2013	2012 restated ⁽¹⁾
Profit/(loss) before tax	1,700	(171)
Less: share of net income from associates and joint ventures	(168)	(421)
Profit/(loss) before tax (excluding associates and joint ventures)	1,532	(592)
Tax on profit/(loss) (excluding associates and joint ventures) calculated at United Kingdom corporation tax rate of 23.25% (2012: 24.5%)	356	(145)
Tax effects of:		
Items non-taxable/deductible for tax purposes		
Exploration expenditure	22	43
Non-taxable/deductible net foreign exchange (gains)/losses	(16)	7
Non-taxable net interest income	(9)	(26)
Other non-deductible expenses	110	53
Other non-taxable income	(105)	(61)
Temporary difference adjustments		
Current year losses not recognised	25	86
Recognition of losses not previously recognised	(6)	(69)
Utilisation of losses not previously recognised	(8)	-
Write-off of losses previously recognised	29	-
Adjustment in deferred tax due to change in tax rate	14	37
Other temporary differences	(28)	(77)
Special items and remeasurements	427	305
Other adjustments		
Secondary tax on companies and dividend withholding taxes	242	23
Effect of differences between local and United Kingdom tax rates	173	70
Prior year adjustments to current tax	31	61
Other adjustments	17	86
Income tax expense	1,274	393

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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 not included within the Group's income tax expense. Associates' and joint ventures' tax included within 'Share of net income from associates and joint ventures' for the year ended 31 December 2013 is \$155 million (2012: \$200 million). Excluding special items and remeasurements this becomes \$158 million (2012: \$197 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 2013 was 32.0%. This is higher than the equivalent effective tax rate of 29.0% for the year ended 31 December 2012 due to the impact of various prior year adjustments and the remeasurement of certain withholding tax provisions across the Group. 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 total comprehensive income

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

US\$ million	2013	2012 restated ⁽¹⁾
Tax credit/(charge) on items recognised directly in equity that may subsequently be reclassified to the income statement		
Net loss/(gain) on revaluation of available for sale investments	13	(79)
Net loss/(gain) on cash flow hedges	4	(1)
Net exchange differences on translation of foreign operations	156	(16)
Tax charge on items recognised directly in equity that will not be reclassified to the income statement	(37)	(25)
Remeasurement of net retirement benefit obligation	136	(121)
Tax credit/(charge) on items transferred from equity		
Transferred to income statement: disposal of available for sale investments	12	30
Transferred to initial carrying amount of hedged items: cash flow hedges	-	(1)
	12	29

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

d) Tax amounts recognised directly in equity

A deferred tax credit of \$106 million and current tax charge of \$106 million have been recognised directly in equity in relation to the disposal of a 24.5% interest in Anglo American Sur SA in 2011 (2012: no material current tax amounts, deferred tax charge of \$110 million), see note 21. No capital gains tax has been charged directly to equity (2012: charge of \$290 million relating to the profit on sale of a 25.4% share in Anglo American Sur SA).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. EARNINGS PER SHARE

US\$	2013	2012 restated ⁽¹⁾
Loss for the financial year attributable to equity shareholders of the Company		
Basic loss per share ⁽²⁾	(0.75)	(1.17)
Diluted loss per share ⁽²⁾	(0.75)	(1.17)
Headline earnings for the financial year⁽³⁾		
Basic earnings per share	1.02	0.97
Diluted earnings per share	1.02	0.97
Underlying earnings for the financial year⁽³⁾		
Basic earnings per share	2.09	2.28
Diluted earnings per share	2.08	2.26

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Basic loss per share equals diluted loss per share as all potential ordinary shares are anti-dilutive.

⁽³⁾ Basic and diluted earnings per share are shown based on headline earnings, a Johannesburg Stock Exchange (JSE) 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.

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	
	2013	2012 restated ⁽¹⁾	2013	2012 restated ⁽¹⁾	2013	2012 restated ⁽¹⁾
Earnings (US\$ million)						
Basic (loss)/earnings	(961)	(1,470)	1,312	1,218	2,673	2,860
Effect of dilutive potential ordinary shares						
Interest payable on convertible bond (net of tax) ⁽²⁾	-	-	-	-	-	19
Unwinding of discount on convertible bond (net of tax) ⁽²⁾	-	-	-	-	-	19
Diluted earnings (US\$ million)	(961)	(1,470)	1,312	1,218	2,673	2,898
Number of shares (million)						
Basic number of ordinary shares outstanding	1,281	1,254	1,281	1,254	1,281	1,254
Effect of dilutive potential ordinary shares						
Share options and awards	-	-	4	5	4	5
Convertible bond ⁽²⁾	-	-	-	-	-	23
Diluted number of ordinary shares outstanding (million)	1,281	1,254	1,285	1,259	1,285	1,282

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ All outstanding convertible bonds were converted or redeemed in 2012.

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 16,688,080 (2012: 16,325,905) potential ordinary shares are anti-dilutive and 134,679 (2012: 10,339,454) have been excluded from the calculation of diluted headline earnings per share and diluted underlying earnings per share as they are anti-dilutive.

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.

Underlying earnings is presented after non-controlling interests and excludes special items and remeasurements, see note 5. Underlying earnings is distinct from 'Headline earnings', which is a JSE 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	2013	2012 restated ⁽¹⁾
Loss for the financial year attributable to equity shareholders of the Company	(961)	(1,470)
Operating special items	2,491	6,050
Operating special items – tax	(569)	(1,600)
Operating special items – non-controlling interests	(53)	(123)
Non-operating special items and remeasurements	456	(1,494)
Non-operating special items – tax	10	35
Non-operating special items – non-controlling interests	(62)	(180)
Headline earnings for the financial year	1,312	1,218
Operating special items ⁽²⁾	800	989
Operating remeasurements	550	112
Non-operating special items ⁽³⁾	13	98
Financing remeasurements	130	88
Tax special item	188	-
Special items and remeasurements tax	(219)	455
Non-controlling interests on special items and remeasurements	(101)	(100)
Underlying earnings for the financial year	2,673	2,860

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Includes onerous contract provisions, restructuring costs and the reversal of the inventory uplift on De Beers.

⁽³⁾ Principally relates to the Kumba Envision Trust and elements of the Atlatsa refinancing (2012: Kumba Envision Trust and transaction costs related to the De Beers acquisition).

NOTES TO THE CONSOLIDATED BALANCE SHEET

10. DIVIDENDS

Dividends payable during the year are as follows:

US\$ million	2013	2012
Final ordinary dividend for 2012 – 53 US cents per ordinary share (2011: 46 US cents per ordinary share)	672	559
Interim ordinary dividend for 2013 – 32 US cents per ordinary share (2012: 32 US cents per ordinary share)	406	411
	1,078 ⁽¹⁾	970 ⁽¹⁾

⁽¹⁾ Of this, \$618 million (2012: \$599 million) was recognised in the parent company.

Total dividends paid during the year were \$1,078 million (2012: \$970 million).

The directors are proposing a final dividend in respect of the financial year ended 31 December 2013 of 53 US cents per share. Based on shares eligible for dividends at 31 December 2013, this will result in an estimated distribution of \$678 million of shareholders' funds, of which \$374 million will be distributed by the parent company. These financial statements do not reflect this dividend payable as it is still subject to shareholder approval.

As stated in note 33, the employee benefit trust has waived the right to receive dividends on the shares it holds.

11. INTANGIBLE ASSETS

See notes 40d, 40e and 40i for the Group's accounting policy on intangible assets.

US\$ million	2013			2012 restated ⁽¹⁾		
	Brands, contracts and other intangibles ⁽²⁾	Goodwill ⁽³⁾	Total	Brands, contracts and other intangibles ⁽²⁾	Goodwill ⁽³⁾	Total
Net book value						
At 1 January	1,615	2,954	4,569	83	2,239	2,322
Adoption of new standards ⁽¹⁾	–	–	–	(2)	–	(2)
At 1 January (restated)	1,615	2,954	4,569	81	2,239	2,320
Acquired through business combinations	–	–	–	1,588	2,355	3,943
Additions	15	–	15	34	–	34
Amortisation charge for the year ⁽⁴⁾	(79)	–	(79)	(37)	–	(37)
Impairments and losses on assets transferred to held for sale	(2)	–	(2)	(30)	(1,169)	(1,199)
Disposals and transfer to assets held for sale	–	–	–	(7)	(441)	(448)
Remeasurements	–	(18)	(18)	–	–	–
Currency movements	(134)	(268)	(402)	(14)	(30)	(44)
At 31 December	1,415	2,668	4,083	1,615	2,954	4,569
Cost	1,599	2,668	4,267	1,722	2,954	4,676
Accumulated amortisation	(184)	–	(184)	(107)	–	(107)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Includes \$517 million (2012: \$517 million) of assets with indefinite lives. Brands, contracts and other intangible assets are provided net of cumulative impairment charges of \$31 million (2012: \$29 million).

⁽³⁾ The goodwill balances provided are net of cumulative impairment charges of \$1,105 million (2012: \$1,105 million).

⁽⁴⁾ Includes \$20 million (2012: \$6 million) of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers. This has been included within operating remeasurements.

In December 2012 an impairment of \$1,105 million was recorded against goodwill related to Minas-Rio. The valuation of Minas-Rio was determined on a value in use basis using a real pre-tax discount rate of 8.5%. The total impairment charge of \$4,960 million (before tax) was recorded against the carrying value of goodwill and mining properties, with an associated deferred tax credit of \$960 million.

Impairment tests for goodwill

See note 40f 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. Any goodwill associated with CGUs included within these segments is not significant when compared to the goodwill of the Group. The allocation of goodwill to CGUs or groups of CGUs is as follows:

US\$ million	2013	2012
Thermal Coal	88	88
Copper	124	124
Nickel	10	10
Platinum	230	230
Diamonds	2,056	2,324
Other	160	178
	2,668	2,954

For the purposes of goodwill impairment testing, the recoverable amount of a CGU is 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 40g to 40j for the Group's accounting policies on property, plant and equipment.

US\$ million	2013					2012 restated ⁽¹⁾				
	Mining properties and leases ⁽²⁾	Land and buildings	Plant and equipment	Capital works in progress	Total	Mining properties and leases ⁽²⁾	Land and buildings	Plant and equipment	Capital works in progress ⁽³⁾	Total
Net book value										
At 1 January	17,301	2,996	14,268	10,166	44,731	14,643	2,620	14,822	8,464	40,549
Adoption of new standards ⁽¹⁾	-	-	-	-	-	(155)	-	(20)	(292)	(467)
At 1 January (restated)	17,301	2,996	14,268	10,166	44,731	14,488	2,620	14,802	8,172	40,082
Acquired through business combinations	-	-	-	-	-	7,307	420	395	790	8,912
Additions	827	43	209	5,818	6,897	519	44	179	5,384	6,126
Depreciation charge for the year ⁽⁴⁾	(1,125)	(135)	(1,530)	-	(2,790)	(648)	(200)	(1,637)	(44)	(2,529)
Impairments and losses on transfer to assets held for sale	(959)	(147)	(817)	(401)	(2,324)	(4,009)	(35)	(352)	(794)	(5,190)
Disposal of assets	(286)	(10)	(52)	(106)	(454)	(5)	(4)	(45)	(12)	(66)
Disposal and transfer to assets held for sale	-	-	-	-	-	(644)	(148)	(1,007)	(155)	(1,954)
Reclassifications ⁽⁵⁾	1,432	599	780	(2,811)	-	558	346	2,149	(3,053)	-
Currency movements	(2,194)	(316)	(1,328)	(717)	(4,555)	(265)	(47)	(216)	(122)	(650)
At 31 December	14,996	3,030	11,530	11,949	41,505	17,301	2,996	14,268	10,166	44,731
Cost	24,334	4,191	21,263	12,279	62,067	25,047	4,001	23,312	10,348	62,708
Accumulated depreciation	(9,338)	(1,161)	(9,733)	(330)	(20,562)	(7,746)	(1,005)	(9,044)	(182)	(17,977)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details. The adoption of IFRIC 20 has resulted in the write-off of previously capitalised deferred stripping costs of \$155 million to retained earnings as they were not associated with an existing component of an operating mine. The adoption of IFRS 11 has resulted in \$312 million of property, plant and equipment being reclassified to investments in equity accounted joint ventures.

⁽²⁾ Additions to mining properties and leases include amounts of \$382 million in relation to deferred stripping production stage Ore Reserves development. Before the adoption of IFRIC 20, a net deferral of production stage stripping costs of \$147 million in 2012 was included in additions to mining properties and leases. The treatment of production stage Ore Reserves development has not changed.

⁽³⁾ 2012 includes \$196 million of other assets, all of which have been disposed of or transferred into other categories in 2013.

⁽⁴⁾ Includes \$2,579 million (2012: \$2,343 million) of depreciation within operating profit, \$111 million (2012: \$35 million) of depreciation arising due to the fair value uplift on the pre-existing 45% shareholding of De Beers and nil (2012: \$70 million) of accelerated depreciation, both of which have been recorded within operating special items and remeasurements (see note 6), and \$100 million (2012: \$81 million) of pre-commercial production depreciation which has been capitalised. See note 3 for a split of depreciation and amortisation by segment.

⁽⁵⁾ Relates mainly to amounts transferred from capital works in progress.

The impairments recorded in the year are detailed in note 6. Fair value less costs of disposal has been used as the basis for determining the recoverable amount. The fair value depends principally on unobservable inputs and is classified as level 3 in the fair value hierarchy. Where the recoverable amount is estimated to be less than the carrying amount an impairment has been recorded.

Included in the additions is \$320 million (2012: \$266 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 \$50 million (2012: \$27 million), depreciation charges in the year amounted to \$13 million (2012: \$7 million).

The net book value of land and buildings comprises:

US\$ million	2013	2012
Freehold	2,966	2,952
Leasehold – long	62	41
Leasehold – short (less than 50 years)	2	3
	3,030	2,996

NOTES TO THE CONSOLIDATED BALANCE SHEET

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

See note 40k for the Group's accounting policy on associates and joint arrangements, which includes joint ventures. Prior to the adoption of IFRS 11 joint ventures were accounted for using proportionate consolidation. These arrangements are now accounted for using the equity method.

Details of principal associates and joint ventures are set out in note 38.

US\$ million	2013			2012 restated ⁽¹⁾		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
At 1 January	3,063	99	3,162	5,240	n/a ⁽²⁾	5,240
Adoption of new standards ⁽¹⁾	–	–	–	(1)	113	112
At 1 January (restated)	3,063	99	3,162	5,239	113	5,352
Share of net income/(loss) from associates and joint ventures	238	(70)	168	428	(7)	421
Dividends received	(242)	(4)	(246)	(286)	(8)	(294)
Interest on capitalised loans	–	–	–	9	–	9
Share of expense recognised directly in equity, net of tax	–	–	–	(3)	–	(3)
Other equity movements	–	–	–	(4)	–	(4)
Investment in equity and capitalised loans	175	46	221	114	–	114
Repayment of capitalised loans	(108)	–	(108)	(36)	–	(36)
Acquired through formation of joint ventures (note 30)	–	1,658	1,658	12	–	12
Disposals	–	–	–	(2,370) ⁽³⁾	–	(2,370)
Impairment	–	(98)	(98)	–	–	–
Other movements	–	–	–	1	–	1
Currency movements	(190)	45	(145)	(41)	1	(40)
At 31 December⁽⁴⁾	2,936	1,676	4,612	3,063	99	3,162

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Prior to the adoption of IFRS 11, equity accounted balances comprised only associates.

⁽³⁾ Represents the carrying value of the Group's pre-existing 45% shareholding in De Beers prior to the acquisition of a controlling interest on 16 August 2012, see note 30.

⁽⁴⁾ The fair value of the Group's investment in its associate Atlatsa Resources Corporation at 31 December 2013 was \$64 million (2012: \$18 million).

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

US\$ million	2013			2012 restated ⁽¹⁾		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Equity	2,553	1,676	4,229	2,359	99	2,458
Loans ⁽²⁾	383	–	383	704	–	704
	2,936	1,676	4,612	3,063	99	3,162

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ The Group's total investments in associates include long term loans which in substance form part of the Group's net investment. These loans are not repayable in the foreseeable future.

Associates and joint ventures

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

US\$ million	2013			2012 restated ⁽¹⁾		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Non-current assets	2,900	2,049	4,949	2,521	320	2,841
Current assets	1,234	725	1,959	1,494	61	1,555
Current liabilities	(451)	(785)	(1,236)	(379)	(170)	(549)
Non-current liabilities	(747)	(313)	(1,060)	(573)	(112)	(685)
Net assets	2,936	1,676	4,612	3,063	99	3,162
Revenue	2,238	1,483	3,721	4,024	81	4,105
Share of net income/(loss) from associates and joint ventures	238	(70)	168	428	(7)	421
Other comprehensive expense	–	–	–	(25)	–	(25)
Total comprehensive income/(expense)	238	(70)	168	403	(7)	396

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Segmental information is provided in aggregate for associates and joint ventures as follows:

US\$ million	Aggregate investment	
	2013	2012 restated ⁽¹⁾
Iron Ore and Manganese	907	965
Metallurgical Coal	235	277
Thermal Coal	1,182	1,085
Platinum	648	786
Diamonds	29	13
Other Mining and Industrial	1,611	36
	4,612	3,162

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The Group's share of joint ventures' capital commitments relating to its interests in joint ventures, including its share of commitments made jointly with other investors, is \$364 million (2012: \$462 million).

NOTES TO THE CONSOLIDATED BALANCE SHEET

14. FINANCIAL ASSET INVESTMENTS

See notes 40l and 40m for the Group's accounting policy on financial asset investments.

US\$ million	2013			2012 restated ⁽¹⁾		
	Loans and receivables	Available for sale investments	Total	Loans and receivables	Available for sale investments	Total
At 1 January	1,427	1,064	2,491	1,690	1,206	2,896
Adoption of new standards ⁽¹⁾	–	–	–	107	–	107
At 1 January (restated)	1,427	1,064	2,491	1,797	1,206	3,003
Additions	–	–	–	8	8	16
Acquired through business combinations	–	–	–	41	19	60
Interest receivable	37	–	37	27	–	27
Net repayments	(424) ⁽²⁾	–	(424)	(79)	–	(79)
Transfer to assets held for sale	–	–	–	(16)	–	(16)
Disposals	(9)	(99)	(108)	(314)	(273)	(587)
Movements in fair value	(37)	(69)	(106)	26	173	199
Currency movements	(235)	(190)	(425)	(63)	(69)	(132)
At 31 December	759	706	1,465	1,427	1,064	2,491

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of the new accounting pronouncements. See note 2 for details.

⁽²⁾ Includes non-cash settlements relating to the refinancing of Atlatsa Resources Corporation. See note 6.

No provision for impairment is recorded against financial assets classified as 'Loans and receivables' (2012: nil).

Maturity analysis of financial asset investments is as follows:

US\$ million	2013	2012 restated ⁽¹⁾
Current	19	102
Non-current	1,446	2,389
	1,465	2,491

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of the new accounting pronouncements. See note 2 for details.

15. INVENTORIES

See note 40q for the Group's accounting policy on inventories.

US\$ million	2013	2012 restated ⁽¹⁾
Raw materials and consumables	915	934
Work in progress	1,496	1,500
Finished products	2,378	2,568
	4,789	5,002

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The cost of inventories recognised as an expense and included in cost of sales amounted to \$17,929 million (2012: \$15,709 million). An additional \$126 million was recognised as an expense within operating special items (2012: \$421 million) relating to the reversal of fair value uplifts on De Beers inventory, see note 6. Inventories held at net realisable value amounted to \$308 million (2012: \$352 million).

Write-down of inventories (net of revaluation of provisionally priced purchases) amounted to \$58 million (2012: \$145 million).

The value of inventory write-downs reversed and recognised as a reduction in the inventory expense for the year was \$4 million (2012: nil).

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 40a), 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	2013			2012 restated ⁽¹⁾		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	2,596	235	2,831	2,491	193	2,684
Other receivables	541	502	1,043	572	318	890
Prepayments and accrued income	214	60	274	180	49	229
	3,351	797	4,148	3,243	560	3,803

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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. Of the year end trade receivables balance, \$65 million (2012: \$36 million) were past due at 31 December, stated after an associated impairment provision of \$19 million (2012: \$11 million). The overdue debtor ageing profile is typical of the industry in which certain of the Group's businesses operate. Given this, the existing insurance cover (including letters of credit from financial institutions) and the nature of the related counterparties, these amounts are considered recoverable.

NOTES TO THE CONSOLIDATED BALANCE SHEET

17. TRADE AND OTHER PAYABLES

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

US\$ million	2013	2012 restated ⁽¹⁾
Trade payables	2,364	2,683
Tax and social security	100	103
Other payables	903	700
Accruals and deferred income ⁽²⁾	1,024	1,026
	4,391	4,512

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Includes \$22 million (2012: \$18 million) of deferred income recorded within non-current liabilities.

18. FINANCIAL INSTRUMENTS

See notes 40m and 40n 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.

US\$ million	2013	2012 restated ⁽¹⁾
Financial assets		
At fair value through profit and loss		
Trade and other receivables ⁽²⁾	1,652	581
Derivative financial assets ⁽³⁾	674	848
Loans and receivables		
Cash and cash equivalents	7,704	9,080
Trade and other receivables ⁽²⁾	2,222	2,993
Financial asset investments ⁽⁴⁾	759	1,427
Available for sale investments		
Financial asset investments	706	1,064
	13,717	15,993
Financial liabilities		
At fair value through profit and loss		
Trade and other payables ⁽²⁾	(279)	(296)
Derivative financial liabilities ⁽³⁾	(1,511)	(1,081)
Designated into fair value hedges		
Borrowings ⁽⁵⁾	(14,619)	(13,425)
Financial liabilities at amortised cost		
Trade and other payables ⁽²⁾	(3,923)	(4,075)
Borrowings ⁽⁶⁾	(3,229)	(4,210)
Other non-current liabilities	–	(29)
	(23,561)	(23,116)
Net financial liabilities	(9,844)	(7,123)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Trade and other receivables exclude prepayments and accrued income. Trade and other payables exclude tax and social security and deferred income.

⁽³⁾ Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 19.

⁽⁴⁾ The carrying value of financial asset investments within loans and receivables is considered to approximate fair value (2012: fair value of \$1,397 million including investments categorised as level 3 in the fair value hierarchy).

⁽⁵⁾ Borrowings designated in fair value hedges represent listed debt. The fair value of these borrowings is \$14,907 million (2012: \$13,735 million), which is based on the quoted market price and consequently categorised as level 1 in the fair value hierarchy.

⁽⁶⁾ For the majority of borrowings at amortised cost the carrying value is considered to approximate the fair value. In certain circumstances the fair value of borrowings is based on management's estimates of future cash flows and consequently the valuation is categorised as level 3 in the fair value hierarchy. The total fair value of borrowings at amortised cost is \$3,269 million (2012: \$4,062 million).

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	2013				2012			
	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total
Financial assets								
At fair value through profit and loss								
Provisionally priced trade receivables	–	1,510	–	1,510	–	581	–	581
Other receivables	–	–	142	142	–	–	–	–
Derivatives hedging net debt	–	628	24	652	–	777	34	811
Other derivatives	–	22	–	22	1	36	–	37
Available for sale investments								
Financial asset investments	647	–	59	706	980	11	73	1,064
	647	2,160	225	3,032	981	1,405	107	2,493
Financial liabilities								
At fair value through profit and loss								
Provisionally priced trade payables	–	(279)	–	(279)	–	(296)	–	(296)
Derivatives hedging net debt	–	(714)	(446)	(1,160)	–	(784)	(195)	(979)
Other derivatives	(3)	(338)	(10)	(351)	–	(81)	(21)	(102)
	(3)	(1,331)	(456)	(1,790)	–	(1,161)	(216)	(1,377)
Net assets/(liabilities) carried at fair value	644	829	(231)	1,242	981	244	(109)	1,116

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

⁽²⁾ 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.

⁽³⁾ 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.

Financial assets and liabilities included within level 3 primarily consist of contingent proceeds and related receivables relating to disposals, embedded derivatives, unlisted equity investments, certain cross currency swaps of Brazilian real denominated borrowings (whose valuation depends upon unobservable inputs) and commodity sales contracts which do not meet the conditions for the 'own use' exemption under IAS 39.

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

US\$ million	Assets		Liabilities	
	2013	2012	2013	2012
At 1 January	107	217	(216)	(188)
Net gain/(loss) recorded in the income statement ⁽¹⁾	134	(141)	(195)	(14)
Net gain recorded in the statement of comprehensive income	2	19	–	–
Reclassification from/to level 3 financial liabilities	–	14	–	(14)
Currency movements	(18)	(2)	(45)	–
At 31 December	225	107	(456)	(216)

⁽¹⁾ The majority of this is recorded in remeasurements.

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

The net gains and losses recorded in the Consolidated income statement in respect of financial instruments were as follows:

US\$ million	2013	2012 restated ⁽¹⁾
At fair value through profit and loss		
Cash flow hedge derivatives transferred from equity	–	(4)
Fair value hedge: hedged items	555	(193)
Fair value hedge: hedging instruments	(474)	169
Foreign exchange gains	4	12
Other fair value movements ⁽²⁾	(643)	(144)
Loans and receivables		
Foreign exchange gains	141	17
Interest income at amortised cost ⁽³⁾	172	321
Available for sale		
Net gain transferred on sale from equity	89	67
Dividend income	18	54
Impairment of available for sale investments	(14)	(84)
Foreign exchange losses	–	(30)
Other financial liabilities		
Foreign exchange gains/(losses)	16	(106)
Interest expense at amortised cost ⁽³⁾	(324)	(404)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Includes the impact of provisional pricing, see note 4, and certain operating and financing remeasurements, see note 6.

⁽³⁾ Interest income and expense at amortised cost are shown net of amounts capitalised.

NOTES TO THE CONSOLIDATED BALANCE SHEET

19. DERIVATIVES

See note 40n 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 date of expected settlement 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 'non-hedges' 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 classified within net finance costs in the Consolidated income statement.

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. Where these derivatives have not been designated as hedges, fair value changes 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 position 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	2013		Current		2013		Non-current	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Derivatives hedging net debt								
Fair value hedge								
Interest rate swaps	8	–	30	–	354	(138)	687	(6)
Held for trading								
Forward foreign currency contracts	18	(86)	2	(54)	–	–	–	–
Cross currency swaps	24	(15)	32	(125)	248	(919)	60	(781)
Interest rate swaps	–	–	–	–	–	(2)	–	(13)
	50	(101)	64	(179)	602	(1,059)	747	(800)
Other derivatives								
Cash flow hedge								
Forward foreign currency contracts	–	(6)	3	–	–	(3)	–	–
Fair value hedge								
Forward commodity contracts	–	(3)	1	(2)	–	–	–	–
Held for trading								
Forward foreign currency contracts	20	(249)	33	(70)	2	(73)	–	(1)
Other	–	(13)	–	(29)	–	(4)	–	–
	20	(271)	37	(101)	2	(80)	–	(1)
Total derivatives	70	(372)	101	(280)	604	(1,139)	747	(801)

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 year end, 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 25 and 39.

NOTES TO THE CONSOLIDATED BALANCE SHEET

20. PROVISIONS FOR LIABILITIES AND CHARGES

See note 40r 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 2013	1,089	517	439	350	553	2,948
Adoption of new standards ⁽¹⁾	(2)	–	(2)	–	–	(4)
At 1 January 2013 (restated)	1,087	517	437	350	553	2,944
Charged to the income statement	177	–	214	439	322	1,152
Capitalised	51	24	–	–	6	81
Unwinding of discount	60	30	1	20	10	121
Amounts applied	(33)	(1)	(175)	(32)	(164)	(405)
Unused amounts reversed	(26)	(14)	(21)	–	(7)	(68)
Currency movements	(161)	(68)	(38)	(75)	(27)	(369)
At 31 December 2013	1,155	488	418	702	693	3,456

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Maturity analysis of total provisions:

US\$ million	2013	2012 restated ⁽¹⁾
Current	768	560
Non-current	2,688	2,384
	3,456	2,944

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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. It is anticipated that these costs will be incurred over a period in excess of 20 years. Contributions to controlled funds are made to meet the cost of some of the Group's environmental restoration and decommissioning liabilities, see environmental rehabilitation trusts below.

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 obligations and cash settled share-based payment 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 these costs will be incurred over a period of up to 17 years.

Other

Other provisions primarily relate to indemnities, warranties and legal claims. It is anticipated that 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	2013	2012 restated ⁽¹⁾
Equity	149	150
Bonds	134	151
Cash	65	91
	348	392

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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 8.2% (2012: 8.4%) for an average period of five years (2012: five 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 40c for the Group's accounting policy on tax.

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

US\$ million	2013	2012 restated ⁽¹⁾
At 1 January	(4,847)	(5,200)
Adoption of new standards ⁽¹⁾	–	22
At 1 January (restated)	(4,847)	(5,178)
Credited to the income statement	471	1,071
Credited/(charged) to the statement of comprehensive income	148	(92)
Credited/(charged) directly to equity	106	(110)
Acquired through business combinations	–	(850)
Transfer to assets held for sale	–	118
Currency movements	829	194
At 31 December	(3,293)	(4,847)
Comprising:		
Deferred tax assets	1,364	1,204
Deferred tax liabilities	(4,657)	(6,051)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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

US\$ million	2013	2012 restated ⁽¹⁾
Deferred tax assets		
Tax losses	593	358
Post employment benefits	71	118
Share-based payments	5	9
Enhanced tax depreciation	414	560
Other temporary differences	281	159
	1,364	1,204
Deferred tax liabilities		
Capital allowances in excess of depreciation	(2,871)	(3,321)
Fair value adjustments	(1,476)	(2,582)
Tax losses	29	29
Derivatives	4	15
Provisions	436	416
Chilean withholding tax	(570)	(567)
Other temporary differences	(209)	(41)
	(4,657)	(6,051)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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

US\$ million	2013	2012 restated ⁽¹⁾
Capital allowances in excess of depreciation	(238)	(34)
Fair value adjustments	73	(133)
Tax losses	187	7
Derivatives	220	99
Provisions	134	41
Chilean withholding tax	(3)	89
Other temporary differences	98	1,002 ⁽²⁾
	471	1,071

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ In 2012 this principally related to Minas-Rio (\$960 million credit). This is made up of a deferred tax credit of \$1,360 million in relation to the impairment of Minas-Rio and a deferred tax charge of \$400 million in relation to the partial derecognition of a deferred tax asset for enhanced tax depreciation in Minas-Rio.

The current expectation regarding the maturity of deferred tax balances is as follows:

US\$ million	2013	2012 restated ⁽¹⁾
Deferred tax assets		
Recoverable within one year	123	131
Recoverable after one year	1,241	1,073
	1,364	1,204
Deferred tax liabilities		
Payable within one year	(315)	(340)
Payable after one year	(4,342)	(5,711)
	(4,657)	(6,051)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

NOTES TO THE CONSOLIDATED BALANCE SHEET

21. DEFERRED TAX continued

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

US\$ million	2013				2012			
	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Expiry date								
Within one year	16	–	–	16	17	–	–	17
Greater than one year, less than five years	294	–	–	294	286	–	–	286
Greater than five years	3	–	4,370	4,373	3	–	2,997	3,000
No expiry date	4,858	753	2,077	7,688	4,467	1,097	1,953	7,517
	5,171	753	6,447	12,371	4,773	1,097	4,950	10,820

The Group also has unused tax credits of \$17 million (2012: \$16 million) for which no deferred tax asset is recognised in the Consolidated balance sheet. All of these credits expire within three years.

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 \$19,117 million (2012: \$21,846 million).

22. ASSETS AND LIABILITIES HELD FOR SALE

See note 40s for the Group's accounting policy on non-current assets and disposal groups held for sale.

There are no assets and liabilities classified as held for sale at 31 December 2013.

US\$ million	2012		
	Amapá	Tarmac Quarry Materials	Total ⁽¹⁾
Intangible assets	1	418	419
Property, plant and equipment	171	1,655	1,826
Other non-current assets	4	11	15
Total non-current assets	176	2,084	2,260
Inventories	103	111	214
Trade and other receivables	157	292	449
Cash and cash equivalents	26	201	227
Total current assets	286	604	890
Total assets classified as held for sale	462	2,688	3,150
Trade and other payables	(149)	(406)	(555)
Short term borrowings	(11)	(3)	(14)
Provisions for liabilities and charges	(3)	(24)	(27)
Total current liabilities	(163)	(433)	(596)
Deferred tax liabilities	–	(150)	(150)
Provisions for liabilities and charges	(59)	(97)	(156)
Other non-current liabilities	–	(17)	(17)
Total non-current liabilities	(59)	(264)	(323)
Total liabilities directly associated with assets classified as held for sale	(222)	(697)	(919)
Net assets	240	1,991	2,231

⁽¹⁾ The Group's investments in Amapá and Tarmac Quarry Materials were included in the Other Mining and Industrial segment.

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

23. CAPITAL EXPENDITURE**Expenditure on property, plant and equipment**

Capital expenditure is segmented on a cash basis and includes cash flows on related derivatives.

US\$ million	2013	2012 restated ⁽¹⁾
Iron Ore and Manganese	2,517	2,139
Metallurgical Coal	1,050	1,028
Thermal Coal	217	266
Copper	1,011	1,214
Nickel	(28) ⁽²⁾	100
Niobium and Phosphates	237	94
Platinum	608	822
Diamonds	551	161
Other Mining and Industrial	53	171
Exploration	1	6
Corporate Activities and Unallocated Costs	44	29
	6,261	6,030
Less: cash outflows from derivatives relating to capital expenditure	(136)	(71)
Expenditure on property, plant and equipment	6,125	5,959

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Cash capital expenditure for Nickel of \$76 million is offset by the capitalisation of \$104 million of net operating cash inflows generated by Barro Alto which has not yet reached commercial production.

Capital expenditure by category including associated derivatives

US\$ million	2013	2012 restated ⁽¹⁾
Expansionary ⁽²⁾	3,258	2,956
Stay-in-business	2,242	2,290
Stripping and development	761	784
Expenditure on property, plant and equipment	6,261	6,030

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Cash flows from derivatives relating to capital expenditure relate to expansionary capital expenditure.

24. NET DEBT

See note 40o 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 debt and the net debt of disposal groups).

a) Reconciliation to the balance sheet

US\$ million	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
	2013	2012 restated ⁽¹⁾	2013	2012 restated ⁽¹⁾	2013	2012
Balance sheet	7,704	9,080	(2,108)	(2,485)	(15,740)	(15,150)
Balance sheet – disposal groups ⁽²⁾	–	227	–	(14)	–	–
Bank overdrafts	(2)	(9)	2	9	–	–
Net debt classifications	7,702	9,298	(2,106)	(2,490)	(15,740)	(15,150)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ 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.

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

24. NET DEBT continued

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	Net debt including derivatives
At 1 January 2012	11,732	(1,018)	(11,855)	(1,141)	(233)	(1,374)
Adoption of new standards ⁽¹⁾	(20)	116	-	96	-	96
At 1 January 2012 (restated)	11,712	(902)	(11,855)	(1,045)	(233)	(1,278)
Cash flow	(2,304)	747	(5,633)	(7,190)	(149)	(7,339)
Unwinding of discount on convertible bond	-	-	(25)	(25)	-	(25)
Conversion of convertible bond	-	-	1,507	1,507	-	1,507
Acquired through business combinations	-	(3)	(1,578)	(1,581)	(15)	(1,596)
Disposal of businesses	-	53	228	281	-	281
Reclassifications	-	(2,396)	2,396	-	-	-
Movement in fair value	-	2	(198)	(196)	229	33
Other non-cash movements	-	-	(21)	(21)	-	(21)
Currency movements	(110)	9	29	(72)	-	(72)
At 31 December 2012 (restated)	9,298	(2,490)	(15,150)	(8,342)	(168)	(8,510)
Cash flow	(1,235)	2,307	(3,279)	(2,207)	(181)	(2,388)
Disposal of businesses	-	69	-	69	-	69
Reclassifications	-	(2,084)	2,084	-	-	-
Movement in fair value	-	24	521	545	(155)	390
Other non-cash movements	-	(5)	(39)	(44)	-	(44)
Currency movements	(361)	73	123	(165)	(4)	(169)
At 31 December 2013	7,702	(2,106)	(15,740)	(10,144)	(508)	(10,652)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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 note 24d below), there are no significant restrictions over the Group's ability to access these cash balances or repay these borrowings. Net debt by segment is stated after elimination of inter-segment balances and includes related hedges. Net debt in disposal groups is part of total net debt but not allocated to segments.

US\$ million	2013	2012 restated ⁽¹⁾
Iron Ore and Manganese	(1,413)	(996)
Metallurgical Coal	218	510
Thermal Coal	(49)	(32)
Copper	531	775
Nickel	(398)	(477)
Niobium and Phosphates	68	18
Platinum	(50)	(98)
Diamonds	(311)	(839)
Other Mining and Industrial	33	16
Exploration	4	8
Corporate Activities and Unallocated Costs	(9,285)	(7,608)
	(10,652)	(8,723)
Net cash in disposal groups	-	213
	(10,652)	(8,510)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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	2013	2012
Cash and cash equivalents	2,247	1,893
Short term borrowings	(512)	(373)
Medium and long term borrowings	(1,000)	(1,754)
Net cash/(debt) excluding derivatives	735	(234)
Derivatives hedging net debt	4	31
Net cash/(debt) including derivatives	739	(203)

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

25. BORROWINGS

See note 40o for the Group's accounting policy on convertible debt and 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, through accessing the United States (US) bond markets, and this year through bonds issued under the Australian Medium Term Note (AMTN) programme. 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 2013, the Group issued corporate bonds with a US\$ equivalent value of \$3.5 billion. These included €750 million 2.5% guaranteed notes due 2021, €900 million 1.75% guaranteed notes due 2017, and €600 million 2.875% guaranteed notes due 2020 issued under the EMTN programme, and AUD500 million 5.75% guaranteed notes due 2018 issued under the AMTN programme.

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

US\$ million	2013				2012 restated ⁽¹⁾			
	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
Secured								
Bank loans and overdrafts ⁽²⁾	9	32	41	41	5	21	26	26
Obligations under finance leases ⁽³⁾	7	49	56	56	3	19	22	22
	16	81	97	97	8	40	48	48
Unsecured								
Bank loans and overdrafts	433	2,003	2,436	2,467	251	2,871	3,122	3,141
Bonds issued under EMTN programme								
4.25% €750m bond due September 2013	–	–	–	–	994	–	994	1,109
5.875% €1,000m bond due April 2015	–	1,445	1,445	1,577	–	1,432	1,432	1,577
4.375% €750m bond due December 2016	–	1,098	1,098	1,122	–	1,080	1,080	1,122
1.75% €900m bond due November 2017	–	1,206	1,206	1,211	–	–	–	–
6.875% £400m bond due May 2018	–	747	747	793	–	785	785	793
2.5% €750m bond due September 2018	–	1,029	1,029	959	–	1,002	1,002	959
1.028% JPY10,000m bond due December 2018	–	95	95	97	–	–	–	–
2.75% €750m bond due June 2019	–	1,039	1,039	941	–	1,018	1,018	941
2.875% €600m bond due November 2020	–	787	787	807	–	–	–	–
2.5% €750m bond due April 2021	–	987	987	977	–	–	–	–
3.5% €750m bond due March 2022	–	1,065	1,065	992	–	1,065	1,065	992
US bonds								
2.15% \$750m bond due September 2013	–	–	–	–	767	–	767	750
9.375% \$1,250m bond due April 2014	1,256	–	1,256	1,250	–	1,279	1,279	1,250
2.625% \$600m bond due April 2017	–	605	605	600	–	614	614	600
2.625% \$750m bond due September 2017	–	733	733	750	–	739	739	750
9.375% \$750m bond due April 2019	–	807	807	750	–	853	853	750
4.45% \$500m bond due September 2020	–	509	509	500	–	547	547	500
4.125% \$600m bond due September 2022	–	540	540	600	–	596	596	600
Bonds issued under AMTN programme								
5.75% AUD500m bond due November 2018	–	440	440	470	–	–	–	–
Bonds issued under DMTN programme								
9.77% R1,000m bond due May 2015	–	98	98	95	–	126	126	118
JIBAR +0.5% R200m bond due March 2016	–	19	19	19	–	24	24	24
JIBAR +1.38% R600m bond due March 2017	–	57	57	57	–	71	71	71
9.27% R1,400m bond due March 2019	–	133	133	133	–	177	177	165
Other loans	403	217	620	621	465	831	1,296	1,282
	2,092	15,659	17,751	17,788	2,477	15,110	17,587	17,494
Total borrowings	2,108	15,740	17,848	17,885	2,485	15,150	17,635	17,542

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Assets with a book value of \$56 million (2012: \$49 million) have been pledged as security, of which \$30 million (2012: \$35 million) are property, plant and equipment, \$22 million (2012: \$10 million) are financial assets and \$4 million (2012: \$4 million) are inventories. Related to these assets are borrowings of \$41 million (2012: \$26 million).

⁽³⁾ Details of assets held under finance leases are provided in note 12.

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

25. 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 are 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	2013				
	Net debt related financial liabilities				
	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
Amount due for repayment within one year	(2,098)	(762)	245	(4,204)	(6,819)
Greater than one year, less than two years	(1,903)	(720)	19	-	(2,604)
Greater than two years, less than three years	(1,532)	(540)	67	-	(2,005)
Greater than three years, less than four years	(2,872)	(470)	165	-	(3,177)
Greater than four years, less than five years	(2,642)	(417)	58	-	(3,001)
Greater than five years	(6,580)	(581)	476	-	(6,685)
Total due for repayment after more than one year	(15,529)	(2,728)	785	-	(17,472)
Total	(17,627)	(3,490)	1,030	(4,204)	(24,291)

US\$ million	2012 restated ⁽¹⁾				
	Net debt related financial liabilities				
	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
Amount due for repayment within one year	(2,467)	(807)	103	(4,410)	(7,581)
Greater than one year, less than two years	(2,336)	(656)	205	-	(2,787)
Greater than two years, less than three years	(2,798)	(540)	(66)	-	(3,404)
Greater than three years, less than four years	(1,376)	(406)	-	-	(1,782)
Greater than four years, less than five years	(1,572)	(336)	109	-	(1,799)
Greater than five years	(7,695)	(686)	182	-	(8,199)
Total due for repayment after more than one year	(15,777)	(2,624)	430	-	(17,971)
Total	(18,244)	(3,431)	533	(4,410)	(25,552)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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

US\$ million	2013	2012
Expiry date		
Within one year ⁽¹⁾	1,318	2,923
Greater than one year, less than two years	637	569
Greater than two years, less than three years	1,449	3,612
Greater than three years, less than four years	-	2,153
Greater than four years, less than five years	5,847	-
Greater than five years	-	-
	9,251	9,257

⁽¹⁾ Includes undrawn facilities equivalent to \$1.2 billion (2012: \$1.5 billion) in respect of facilities with 364 day maturity which roll automatically on a daily basis, unless notice is served.

In March 2013 the Group replaced a \$3.5 billion credit facility maturing in July 2015 with a \$5 billion credit facility maturing in March 2018. At the same time the \$2 billion multi-currency credit facility within the Diamond segment was repaid and cancelled.

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 reduce the cost of capital.

In order to manage the short and long term capital structure, the Group adjusts the amount of ordinary dividends paid to shareholders, returns capital to shareholders (via, for example, share buybacks and special dividends), arranges debt to fund new acquisitions and may also sell non-core assets to reduce debt.

The Group monitors capital on the basis of 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 debt and the net debt of disposal groups). 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	2013	2012 restated ⁽¹⁾
Net assets	37,364	43,738
Net debt including related derivatives (note 24)	10,652	8,510
Total capital	48,016	52,248
Gearing	22.2%	16.3%

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The increase in gearing since 31 December 2012 reflects the \$2.1 billion increase in net debt in the year. Net assets at 31 December 2013 were \$6.4 billion lower than at 31 December 2012 due to net movements in equity including currency translation adjustments, dividends and retained earnings in the year. Management believes that gearing levels remain at a sustainable level given the Group's strong level of operating cash flows.

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

25. BORROWINGS continued

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The Group uses net debt to manage the Group's interest rate risks and foreign exchange risks on borrowings and cash. In relation to net debt, the Group manages its exposure 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 39.

The Group's exposure to foreign exchange and interest rate risks has been re-presented to match more closely the way in which the Group manages its exposure to these risks. Comparatives have been reclassified to align with current year presentation.

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

								2013
US\$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Derivatives hedging net debt	Net debt in disposal groups	Impact of currency derivatives	Total
US dollar	5,460	(942)	(4,477)	–	(510)	–	(11,257)	(11,726)
Euro	22	–	(8,656)	–	–	–	8,656	22
Rand	1,225	(890)	(231)	(7)	2	–	–	99
Brazilian real	716	(1,319)	(2)	–	–	–	1,319	714
Australian dollar	103	–	(440)	–	–	–	440	103
Sterling	41	–	(747)	–	–	–	747	41
Other	135	(25)	(106)	(4)	–	–	95	95
Impact of interest derivatives	–	(14,468)	14,468	–	–	–	–	–
Total	7,702	(17,644)	(191)	(11)	(508)	–	–	(10,652)

								2012 restated ⁽¹⁾
US\$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Derivatives hedging net debt	Net debt in disposal groups	Impact of currency derivatives	Total
US dollar	7,588	(1,910)	(5,412)	–	(191)	4	(8,448)	(8,369)
Euro	27	–	(6,591)	–	–	–	6,591	27
Rand	942	(1,096)	(654)	(10)	23	–	–	(795)
Brazilian real	108	(1,072)	(2)	–	–	11	1,072	117
Australian dollar	220	–	–	–	–	–	–	220
Sterling	18	–	(785)	–	–	198	785	216
Other	168	(94)	–	–	–	–	–	74
Impact of interest derivatives	–	(13,135)	13,135	–	–	–	–	–
Total	9,071	(17,307)	(309)	(10)	(168)	213	–	(8,510)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

26. COMMITMENTS

See note 40x for the Group's accounting policy on leases.

At 31 December the Group had the following outstanding capital commitments:

US\$ million	2013	2012
Contracted but not provided ⁽¹⁾	3,391	2,330

⁽¹⁾ Excludes commitments relating to joint ventures. See note 13 for details.

In addition, the Group had outstanding commitments under contracts relating to shipping services of \$1,168 million (2012: \$1,033 million).

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

US\$ million	2013	2012
Expiry date		
Within one year	104	154
Greater than one year, less than two years	83	122
Greater than two years, less than five years	145	200
Greater than five years	145	277
	477	753

Operating leases relate principally to land and buildings, vehicles and shipping vessels.

EMPLOYEE REMUNERATION

27. 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	2013	2012 restated ⁽¹⁾
By segment		
Iron Ore and Manganese	8	8
Metallurgical Coal	3	4
Thermal Coal	8	9
Copper	6	5
Nickel	2	2
Niobium and Phosphates	2	2
Platinum	55	57
Diamonds	10	3 ⁽²⁾
Other Mining and Industrial	2	13
Corporate Activities and Unallocated Costs	2	2
	98	105

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ The average number of employees in Diamonds reflects the acquisition of De Beers from 16 August 2012.

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

Thousand	2013	2012 restated ⁽¹⁾
South Africa	75	82
Other Africa	4	2
South America	11	11
North America	2	1
Australia and Asia	4	3
Europe	2	6
	98	105

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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

US\$ million	2013	2012 restated ⁽¹⁾
Wages and salaries	4,439	4,511
Social security costs	160	165
Post employment benefits ⁽²⁾	395	377
Share-based payments (note 29)	261	321
Total payroll costs	5,255	5,374
Reconciliation:		
Less: employee costs capitalised	(265)	(246)
Less: employee costs included within special items	(156)	(107)
Employee costs included in operating costs	4,834	5,021

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ 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 28.

In accordance with IAS 24 *Related Party Disclosures (Amended)*, 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.

Compensation for key management was as follows:

US\$ million	2013	2012
Salaries and short term employee benefits	30	24
Social security costs	5	3
Termination benefits	11	2
Post employment benefits	4	3
Share-based payments	21	25
	71	57

Key management comprises members of the Board and the Group Management Committee.

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

28. RETIREMENT BENEFITS

See note 40t 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. At 31 December 2013 there were no material outstanding or prepaid contributions and so no accrual or prepayment has been disclosed in the balance sheet in relation to these 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 \$261 million (2012: \$262 million) and for defined contribution medical plans (net of amounts capitalised) was \$88 million (2012: \$69 million).

Defined benefit pension plans and post employment medical plans

The Group operates defined benefit pension and medical plans across a number of segments. 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	2013	2012 restated ⁽¹⁾
Net liability recognised at 1 January	(1,233)	(569)
Acquired through business combinations	–	(889)
Net income statement charge	(88)	(80)
Remeasurement of net defined benefit obligation	97	190
Employer contributions	151	90
Other	(10)	39
Currency movements	70	(14)
Net liability recognised at 31 December	(1,013)	(1,233)
Amounts recognised as:		
Defined benefit pension plans in surplus ⁽²⁾	191	176
Retirement benefit obligation – pension plans	(727)	(828)
Retirement benefit obligation – medical plans	(477)	(581)
	(1,013)	(1,233)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Amounts 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 2013. Assumptions are set after consultation with the qualified actuaries. While management believe 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 expose the Group to actuarial risks such as longevity, investment risk, inflation risk, interest rate risk as well as foreign exchange risk.

The maturity profile of each plan will vary. The weighted average duration of the South African plans is 12 years (2012: 12 years), United Kingdom plans is 19 years (2012: 19 years) and plans in other regions is 14 years (2012: 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 vary each year. Employer contributions made in the year were \$151 million to pension plans and in addition \$28 million of benefits were paid in relation to post employment medical plans. The Group expects to contribute \$152 million to its pension plans and \$28 million to its post employment medical plans in 2014.

South Africa

The pension plans in South Africa are in surplus, with the asset recognised on the 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 now 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 has not significantly impacted the post employment medical plan liability.

United Kingdom

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

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 swaps and inflation swaps to hedge exposure to 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

28. 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 defined benefit pension obligation under IAS 19R 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 under IAS 19R are detailed below (shown as weighted averages):

	2013			2012		
	South Africa	United Kingdom	Other	South Africa	United Kingdom	Other
Defined benefit pension plans						
Average discount rate for plan liabilities	8.8%	4.4%	7.3%	8.1%	4.3%	6.8%
Average rate of inflation	6.4%	3.4%	3.5%	6.3%	2.8%	1.9%
Average rate of increase in salaries	8.3% ⁽¹⁾	3.4% ⁽²⁾	6.6%	8.3% ⁽¹⁾	2.8% ⁽²⁾	3.9%
Average rate of increase of pensions in payment	6.4%	3.3%	3.4%	6.3%	3.0%	0.4%
Post employment medical plans						
Average discount rate for plan liabilities	8.8%	4.3%	8.1%	8.0%	4.5%	5.7%
Average rate of inflation	6.4%	3.4%	5.7%	6.4%	2.7%	3.9%
Expected average increase in healthcare costs	8.2%	8.1%	8.1%	7.7%	7.5%	7.6%

⁽¹⁾ With the exception of De Beers, plans in South Africa have ceased future accrual of benefits.

⁽²⁾ With the exception of De Beers, plans in the United Kingdom have ceased future accrual of benefits but some benefits remain linked to salary increases.

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 (2012: 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 (2012: SAPS tables and Club Vita models). The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy:

Years	Male		Female	
	2013	2012	2013	2012
South Africa	19.8	20.1	24.6	24.9
United Kingdom	28.7	28.5	30.2	30.1
Other	22.7	23.4	27.0	27.4

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	2013			
	South Africa	United Kingdom	Other	Total
Discount rate – 0.5% decrease	(84)	(392)	(20)	(496)
Inflation rate ⁽¹⁾ – 0.5% increase	(81)	(199)	(13)	(293)
Life expectancy – increase by 1 year	(67)	(121)	(6)	(194)

⁽¹⁾ Salary, pension and expected increases in healthcare costs are all functions of inflation.

Income statement

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

US\$ million	2013			2012 restated ⁽¹⁾		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Amount charged within operating costs	23	4	27	27	4	31
Net charge to net finance costs	25	36	61	21	33	54
Total charge to the income statement	48	40	88	48	37	85

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

EMPLOYEE REMUNERATION

28. RETIREMENT BENEFITS continued

Comprehensive income

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

US\$ million	2013			2012 restated ⁽¹⁾		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Return on plan assets, excluding interest income	146	–	146	176	–	176
Actuarial gains/(losses) on plan liabilities ⁽²⁾	8	17	25	66	(35)	31
Movement in surplus restriction	(74)	–	(74)	(17)	–	(17)
Remeasurement of net defined benefit obligation	80	17	97	225	(35)	190

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Actuarial gains/(losses) on plan liabilities comprise gains/(losses) from changes in financial and demographic assumptions as well as experience on plan liabilities, none of which are individually material.

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	2013				2012 restated ⁽¹⁾			
	South Africa	United Kingdom	Other	Total	South Africa	United Kingdom	Other	Total
Equity	515	1,232	14	1,761	652	1,150	11	1,813
Corporate bonds	–	817	51	868	262	616	34	912
Government bonds	936	1,189	62	2,187	815	989	99	1,903
Cash	74	211	1	286	66	385	1	452
Other	41	166	6	213	50	194	3	247
Fair value of pension plan assets⁽²⁾	1,566	3,615	134	5,315	1,845	3,334	148	5,327
Active members	(11)	(252)	(38)	(301)	(14)	(226)	(45)	(285)
Deferred members	(36)	(1,494)	(16)	(1,546)	(53)	(1,395)	(7)	(1,455)
Pensioners	(1,183)	(2,334)	(93)	(3,610)	(1,522)	(2,273)	(112)	(3,907)
Present value of funded obligations	(1,230)	(4,080)	(147)	(5,457)	(1,589)	(3,894)	(164)	(5,647)
Present value of unfunded obligations⁽³⁾	–	–	(217)	(217)	–	–	(215)	(215)
Net surplus/(deficit) in pension plans	336	(465)	(230)	(359)	256	(560)	(231)	(535)
Surplus restriction	(177)	–	–	(177)	(80)	(37)	–	(117)
Recognised retirement benefit assets/(liabilities)	159	(465)	(230)	(536)	176	(597)	(231)	(652)
Amounts in the Consolidated balance sheet								
Defined benefit pension plans in surplus	159	32	–	191	176	–	–	176
Retirement benefit obligation – pension plans	–	(497)	(230)	(727)	–	(597)	(231)	(828)
	159	(465)	(230)	(536)	176	(597)	(231)	(652)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ 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 97% (2012: 94%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions.

⁽³⁾ Includes \$200 million (2012: \$196 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	2013			2012 restated ⁽¹⁾		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	5,327	21	5,348	2,583	22	2,605
Acquired through business combinations ⁽²⁾	–	–	–	2,417	–	2,417
Effects of settlements	(3)	–	(3)	(50)	–	(50)
Interest income	269 ⁽³⁾	1	270	175 ⁽³⁾	1	176
Return on plan assets, excluding interest income	146 ⁽³⁾	–	146	176 ⁽³⁾	–	176
Contributions paid by employer	151	–	151	90	–	90
Benefits paid	(253) ⁽⁴⁾	(1)	(254)	(151)	(1)	(152)
Contributions paid by plan participants	2	–	2	1	–	1
Refund of surplus ⁽⁵⁾	(26)	–	(26)	–	–	–
Currency movements	(298)	(4)	(302)	86	(1)	85
At 31 December	5,315	17	5,332	5,327	21	5,348

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Following the Group's acquisition of De Beers on 16 August 2012, the Group consolidated the defined benefit pension and post employment medical plans of De Beers.

⁽³⁾ The actual return on assets in respect of pension plans was \$415 million (2012: \$351 million).

⁽⁴⁾ Includes \$11 million of benefits paid to defined contribution plans.

⁽⁵⁾ The refund of \$26 million represents a refund of surplus plan assets as agreed with the pension plan Trustees. These funds relate to plans in South Africa and will be used to make future contributions to post employment medical plans. The refund is included within 'Other non-current assets' on the Consolidated balance sheet.

EMPLOYEE REMUNERATION

28. RETIREMENT BENEFITS continued

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

US\$ million	2013			2012 restated ⁽¹⁾		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	(5,862)	(602)	(6,464)	(2,792)	(309)	(3,101)
Acquired through business combinations ⁽²⁾	–	–	–	(2,974)	(302)	(3,276)
Current service costs	(23)	(4)	(27)	(18)	(3) ⁽³⁾	(21)
Effects of settlements	3	–	3	41	–	41
Interest cost	(294)	(37)	(331)	(196)	(30) ⁽³⁾	(226)
Actuarial gains/(losses)	8	17	25	66	(35) ⁽³⁾	31
Benefits paid	242	28	270	151	24 ⁽³⁾	175
Contributions paid by plan participants	(2)	–	(2)	(1)	–	(1)
Transfer to liabilities directly associated with assets held for sale	–	–	–	–	39	39
Currency movements	254	104	358	(139)	14	(125)
At 31 December	(5,674)	(494)	(6,168)	(5,862)	(602)	(6,464)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Following the Group's acquisition of De Beers on 16 August 2012, the Group consolidated the defined benefit pension and post employment medical plans of De Beers.

⁽³⁾ Movements in post employment medical plans exclude movements within the obligations transferred to held for sale.

29. SHARE-BASED PAYMENTS

See note 40u for the Group's accounting policies on share-based payments.

During the year ended 31 December 2013 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. 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	2013	2012
BSP	82	103
LTIP	52	46
Other schemes	10	8
Share-based payment charge relating to Anglo American plc shares⁽¹⁾	144	157

⁽¹⁾ In addition, there are equity settled share-based payment charges of \$65 million (2012: \$89 million) relating to Kumba Iron Ore Limited shares and \$52 million (2012: \$72 million) relating to Anglo American Platinum Limited shares. Certain business units also operate cash settled employee share-based payment schemes. These schemes had a net charge of nil (2012: charge of \$3 million).

Schemes settled by award of ordinary shares

The fair value of ordinary shares awarded under the BSP, LTIP and LTIP – AOSC, being the more material share 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 assumptions used in these calculations are set out below:

Arrangement ⁽¹⁾	2013				2012			
	BSP	LTIP	LTIP – AOSC	LTIP – TSR	BSP	LTIP	LTIP – AOSC	LTIP – TSR
Date of grant	01/03/13	01/03/13	01/03/13	01/03/13	02/03/12	02/03/12	02/03/12	02/03/12
Number of instruments	4,830,179	1,285,634	470,561	470,561	4,579,741	1,044,808	329,665	329,665
Share price at the date of grant (£)	19.00	19.00	19.00	19.00	26.41	26.41	26.41	26.41
Contractual life (years)	3	3	3	3	3	3	3	3
Vesting conditions	⁽²⁾	⁽³⁾	⁽⁴⁾	⁽⁵⁾	⁽²⁾	⁽³⁾	⁽⁴⁾	⁽⁵⁾
Expected volatility	35%	35%	35%	35%	40%	40%	40%	40%
Risk free interest rate	0.3%	0.3%	0.3%	0.3%	0.5%	0.5%	0.5%	0.5%
Expected departures	5% pa	5% pa	5% pa	5% pa	5% pa	5% pa	5% pa	5% pa
Expected outcome of meeting performance criteria (at date of grant)	100%	100%	100%	n/a	100%	100%	100%	n/a
Fair value at date of grant (weighted average) (£)	18.55	19.00	19.00	9.31	25.78	26.41	26.41	15.24

⁽¹⁾ 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.

⁽²⁾ Three years of continuous employment with enhancement shares having variable vesting based on non-market based performance conditions.

⁽³⁾ Three years of continuous employment.

⁽⁴⁾ Variable vesting dependent on three years of continuous employment and Group AOSC target being achieved.

⁽⁵⁾ Variable vesting dependent on three years of continuous employment and market based performance conditions being achieved.

The expected volatility is based on historic volatility over the last five years. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the award.

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.

EMPLOYEE REMUNERATION

29. 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⁽¹⁾

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2013	2012
Outstanding at 1 January	9,656,833	10,106,373
Conditionally awarded in year	4,830,179	4,579,239
Vested in year	(2,234,189)	(4,264,598)
Forfeited in year	(1,381,353)	(764,181)
Outstanding at 31 December	10,871,470	9,656,833

⁽¹⁾ 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⁽¹⁾⁽²⁾

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2013	2012
Outstanding at 1 January	3,985,771	3,720,535
Conditionally awarded in year	2,226,755	1,704,138
Vested in year	(901,610)	(1,060,822)
Forfeited in year	(548,705)	(378,080)
Outstanding at 31 December	4,762,211	3,985,771

⁽¹⁾ The early vesting of share awards is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death.

⁽²⁾ 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.

Schemes settled by award of options

The fair value of options granted under the SAYE scheme, being the only material option scheme, was calculated using a Black Scholes model. The assumptions used in these calculations for the current and prior year are set out in the table below:

Arrangement ⁽¹⁾	2013 SAYE	2012 SAYE
Date of grant	19/04/13	20/04/12
Number of instruments	87,224	245,790
Exercise price (£)	13.84	19.68
Share price at the date of grant (£)	15.97	23.49
Contractual life (years)	3.5-5.5	3.5-7.5
Vesting conditions ⁽²⁾	3-5	3-7
Expected volatility	35%	40%
Expected option life (years)	3.5-5.5	3.5-7.5
Risk free interest rate (weighted average)	0.5%	0.9%
Expected departures	5% pa	5% pa
Fair value per option granted (weighted average) (£)	4.53	6.14

⁽¹⁾ 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.

⁽²⁾ Number of years of continuous employment.

The expected volatility is based on historic volatility over the last five years. The expected life is the average expected period to exercise. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the option.

A reconciliation of option movements for the more significant share-based payment arrangements over the year to 31 December 2013 and the prior year is shown below. All options outstanding at 31 December 2013 with an exercise date on or prior to 31 December 2013 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2013 was £15.79 (2012: £21.43).

SAYE Share Option Scheme⁽¹⁾

Options to acquire ordinary shares of 54⁸⁶/₉₁ US cents were outstanding under the terms of this scheme as follows:

	2013		2012	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	1,048,504	16.26	1,520,677	12.91
Granted in year	87,224	13.84	245,790	24.60
Exercised in year	(366,319)	9.88	(589,299)	10.11
Forfeited in year	(560,693)	20.76	(128,664)	20.86
Outstanding at 31 December	208,716	14.36	1,048,504	16.26

⁽¹⁾ The early exercise of share options is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death.

Options outstanding at 31 December 2013 have a weighted average remaining contractual life of 1.9 years (2012: 1.8 years) and an exercise price range of £9.56 – £25.47 (2012: £9.56 – £25.47).

GROUP STRUCTURE AND TRANSACTIONS

29. SHARE-BASED PAYMENTS continued

Executive Share Option Scheme⁽¹⁾

Options to acquire ordinary shares of 54⁸⁶/₉₁ US cents were outstanding under the terms of this scheme as follows:

	2013		2012	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	1,634,797	11.64	2,500,107	11.42
Exercised in year	(760,114)	9.72	(809,259)	10.83
Forfeited in year	(29,000)	11.07	(56,051)	13.42
Outstanding at 31 December	845,683	13.39	1,634,797	11.64

⁽¹⁾ Closed to new participants. The early exercise of share options is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death.

Options outstanding at 31 December 2013 have a weighted average remaining contractual life of 0.2 years (2012: 0.7 years) and an exercise price range of £11.52 – £13.43 (2012: £9.28 – £13.43).

30. BUSINESS COMBINATIONS AND FORMATION OF JOINT VENTURES

See note 40d for the Group's accounting policy on business combinations and goodwill arising thereon.

2013

Lafarge Tarmac transaction

On 18 February 2011 the Group announced an agreement with Lafarge SA (Lafarge) to combine their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services and waste services businesses in the United Kingdom, forming a 50:50 joint venture.

In May 2012 the Competition Commission approved the formation of the joint venture subject to a number of conditions being met. In July 2012 the Group accepted the conditions of the Competition Commission and consequently the associated Tarmac Quarry Materials assets were classified as held for sale and measured at fair value less costs to sell.

On 7 January 2013 the Group announced the completion of the 50:50 joint venture. At the same time, and pursuant to the Competition Commission's conditions precedent to the formation of the joint venture, the Group completed the sale of certain of Tarmac Quarry Materials' operations for consideration of \$196 million to Mittal Investments. The agreed sale of Tarmac Quarry Materials' 50% ownership interest in Midland Quarry Products was subject to a right of pre-emption in favour of Hanson Quarry Products Europe Limited (Hanson), who exercised their right in April 2013.

The main accounting effects of the transaction are set out below:

- At 31 December 2012 the assets and liabilities of Tarmac Quarry Materials were presented separately in the Consolidated balance sheet, within 'Assets held for sale' and 'Liabilities directly associated with assets held for sale'.
- During the first half of 2013 the Group disposed of its interests in Tarmac Quarry Materials in exchange for a 50% interest in the newly formed joint venture, plus cash, deferred consideration and contingent consideration receivable for the operations that were sold to Mittal Investments and Hanson.

This resulted in derecognition of all assets and liabilities relating to the Tarmac Quarry Materials operations and recognition of an investment in the Lafarge Tarmac joint venture (included in 'Investments in associates and joint ventures' on the Consolidated balance sheet). The Group's retained interest in the assets and liabilities of Tarmac Quarry Materials was included at the pre-transaction carrying amount. The Group's share of the Lafarge business, acquired through its new interest in the Lafarge Tarmac joint venture, was accounted for at fair value. The difference between the fair value of the acquired share of the Lafarge business and the fair value of the acquired share of its identifiable net assets was recognised as goodwill.

The fair values of the Lafarge identifiable net assets acquired and of the Lafarge Tarmac joint venture as a whole, were determined primarily by reference to the present value of future income streams expected to be generated by the assets, and to market prices achieved for comparable assets. Where appropriate, certain assets were valued using a depreciated replacement cost approach. Fair values recognised on acquisition were provisional at 30 June 2013 and are final at 31 December 2013.

The net assets derecognised, the proceeds and the resulting loss on disposal were as follows:

US\$ million	2013
Intangible assets	417
Property, plant and equipment	1,642
Other non-current assets	11
Current assets excluding cash	400
Total assets classified as held for sale	2,470
Current liabilities	(400)
Non-current liabilities	(262)
Total liabilities directly associated with assets classified as held for sale	(662)
Net assets derecognised	1,808
Exchanged for:	
50% interest in Lafarge Tarmac joint venture	1,658
Cash (net of cash derecognised ⁽¹⁾)	70
Deferred and contingent consideration	87
	1,815
Net gain arising	7
Less: cumulative translation loss recycled from reserves	(62)
Net loss on disposal	(55)

⁽¹⁾ Cash derecognised in the transaction was \$39 million. In addition, transaction costs of \$22 million, accrued in 2012, were paid in the year, resulting in a net cash inflow of \$48 million.

GROUP STRUCTURE AND TRANSACTIONS

30. BUSINESS COMBINATIONS AND FORMATION OF JOINT VENTURES continued

The Group's share of the net assets of the joint venture (included in 'Investments in associates and joint ventures' on the Consolidated balance sheet), based on final fair values at the date of acquisition, was as follows:

US\$ million	2013		
	Retained share in Tarmac Quarry Materials	Acquired share of Lafarge business	Joint venture net assets
	Book values	Fair values	Total
Property, plant and equipment	721	560	1,281
Other non-current assets	6	8	14
Current assets	247	246	493
Net assets classified as held for sale	28	–	28
Current liabilities	(266)	(239)	(505)
Non-current liabilities	(120)	(81)	(201)
Net identifiable assets	616	494	1,110
Goodwill	202	346	548
Investment in joint venture⁽¹⁾	818	840	1,658

⁽¹⁾ Included within the Other Mining and Industrial segment.

Goodwill of \$548 million within the investment comprised \$202 million of pre-existing goodwill relating to the retained interest in the Tarmac Quarry Materials business, and \$346 million of goodwill relating to the formation of the new joint venture. The latter portion relates in part to synergies expected to be realised through the combination of the two businesses, and also includes \$26 million associated with the requirement to recognise a deferred tax liability based on the difference between the fair value of the assets acquired and their tax bases.

2012

De Beers

On 16 August 2012 Anglo American acquired an additional 40% of the share capital of De Beers Société Anonyme (De Beers) to bring its total shareholding to 85%. De Beers is a leading diamond company with expertise in the exploration, mining and marketing of diamonds.

The Group funded the acquisition by way of cash consideration of \$5.2 billion, less cash acquired of \$0.4 billion. The acquisition has been accounted for as a business combination using the acquisition method of accounting with an effective date of 16 August 2012, being the date the Group gained control of De Beers.

Goodwill recognised on acquisition, of \$2,355 million, arose principally from the significant synergies associated with the Group having control of De Beers, the value associated with the De Beers workforce and the requirement to recognise a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets acquired and their tax bases. No goodwill is expected to be deductible for tax purposes.

GROUP STRUCTURE AND TRANSACTIONS

31. DISPOSALS OF SUBSIDIARIES

US\$ million	2013	2012
Net assets disposed		
Property, plant and equipment	214	208
Other non-current assets	5	65
Current assets	323	347
Current liabilities	(296)	(187)
Non-current liabilities	(61)	(273)
Net assets prior to completion⁽¹⁾	185	160
Fair value of indemnities provided and risks retained by Anglo American on sale	100	-
Non-controlling interests	-	(5)
Net assets disposed	285	155
Cumulative translation loss/(gain) recycled from reserves	11	(6)
Other (credits)/charges	(3)	2
Net loss on disposal ⁽²⁾	(129)	(21)
Net consideration for equity interest	164	130
Less:		
Net cash and cash equivalents disposed	(11)	(38)
Purchase of insurance claims for cash	(168)	-
Deferred contingent consideration at fair value	(30)	-
Accrued transaction fees and similar items	-	8
Net cash (outflow)/inflow from disposals	(45)	100

⁽¹⁾ These net assets were included within 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale'. In 2013 current liabilities included intercompany debt due to Anglo American. The net assets do not include the insurance claims which were purchased by the Group for cash consideration of \$168 million.

⁽²⁾ Included in non-operating special items, see note 6. The total net loss on disposal of Amapá of \$175 million also includes a \$46 million impairment recognised in the six months ending 30 June 2013.

Disposal of Amapá

On 28 December 2012 Anglo American and Cliffs Natural Resources (Cliffs) agreed to sell their respective 70% and 30% interests in the Amapá iron ore system, including the mine, the rail infrastructure and the port of Santana, to Zamin Ferrous Limited (Zamin). Amapá was classified as held for sale as at 31 December 2012.

On 28 March 2013 an incident occurred which resulted in the tragic loss of four lives with a further two people still missing, as well as the total loss of the port operation. A detailed investigation into the causes of the incident has been undertaken and the results have been passed on to Amapá's insurers.

In light of the incident at the port, Anglo American entered into further discussions with Cliffs and Zamin. On 25 September 2013 the Group announced that it had entered into an agreement with Cliffs to acquire its 30% interest in Amapá and had agreed to amend its sale agreement with Zamin to reflect, *inter alia*, Anglo American's disposal of a 100% interest in Amapá to Zamin. These transactions completed on 1 November 2013.

Consideration of \$164 million from Zamin comprised:

- \$134 million in cash (net of certain adjustments at completion). A potential adjustment of up to an additional \$25 million is subject to the outcome of certain rulings in respect of the port reconstruction; and
- conditional deferred consideration of up to a maximum of \$130 million in total, payable over a five year period and calculated on the basis of the market price for iron ore. The estimated fair value of this consideration was \$30 million.

Anglo American assumed responsibility for, and the risks and rewards of, certain insurance claims including those relating to the port incident, through the purchase of the claims from Amapá at the full claim value of \$168 million.

After the transaction the Group continued to recognise a deferred consideration asset, an insurance receivable and certain retained liabilities.

The valuation of the amounts receivable and the retained liabilities incorporates estimates, particularly in relation to the likely value of conditional deferred consideration receivable and the fair value of the insurance claims acquired from Amapá. These estimates are based on assumptions about future events and conditions which are considered appropriate based on the information available. Reasonable changes in these assumptions would not result in a material change in the loss on disposal.

Disposal proceeds in 2013

In addition to the net cash outflow of \$45 million on disposal of Amapá, there was a net cash inflow of \$48 million in respect of the formation of the Lafarge Tarmac joint venture (Other Mining and Industrial segment, see note 30), a cash inflow of \$44 million relating to deferred proceeds in respect of undeveloped coal assets in Australia which the Group disposed of in 2010 (Metallurgical Coal segment), a further \$30 million cash payment in respect of liabilities assumed as part of the Amapá disposal and payments of \$4 million in respect of transaction fees accrued in prior years. This resulted in a net cash inflow on disposal of subsidiaries, net of cash disposed, of \$13 million for the year ended 31 December 2013.

Disposals in 2012

Disposals during 2012 relate to the disposal of Scaw South Africa and related companies in the Other Mining and Industrial segment.

GROUP STRUCTURE AND TRANSACTIONS

32. 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	2013				2012			
	Kumba Iron Ore	Anglo American Sur	Other ⁽¹⁾	Total	Kumba Iron Ore	Anglo American Sur ⁽²⁾	Other ⁽¹⁾	Total
Profit attributable to non-controlling interests	991	439	(43)	1,387	975	317	(386)	906
Equity attributable to non-controlling interests	1,185	2,060	2,448	5,693	1,049	2,194	2,884	6,127
Dividends paid to non-controlling interests	(663)	(474)	(22)	(1,159)	(1,120)	(100)	(47)	(1,267)

⁽¹⁾ Other consists of remaining individually immaterial non-controlling interests.

⁽²⁾ At 1 January 2012 the Group held 75.5% of Anglo American Sur. In August 2012 the Group sold a further 24.5% of its interest in this company.

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	2013		2012	
	Kumba Iron Ore	Anglo American Sur	Kumba Iron Ore	Anglo American Sur
Non-current assets	3,200	4,854	3,419	4,962
Current assets	1,233	1,111	1,204	1,552
Current liabilities	(516)	(1,004)	(698)	(832)
Non-current liabilities	(1,190)	(832)	(1,423)	(1,285)
Net assets	2,727	4,129	2,502	4,397
Revenue	5,643	3,296	5,571	3,186
Profit for the financial year	2,103	880	2,017	957
Total comprehensive income	1,626	880	2,028	957
Net cash inflow from operating activities	2,501	1,306	2,421	1,442

Changes in ownership interests in subsidiaries

The effect of changes in ownership interests on equity attributable to shareholders of the Company that did not result in a change in control is as follows:

US\$ million	2013			2012		
	Equity attributable to shareholders of the Company	Non-controlling interests	Total	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Sale of non-controlling interest in Anglo American Sur	–	–	–	420	1,034	1,454
Purchase of additional shares in Kumba Iron Ore	–	–	–	(631)	(59)	(690)
Other	38	(14)	24	(8)	(5)	(13)
Total	38	(14)	24	(219)	970	751

ADDITIONAL DISCLOSURES

33. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS

Called-up share capital

	2013		2012	
	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 ⁸⁶ / ₉₁ US cents each: At 1 January	1,405,459,753	772	1,342,967,458	738
Allotted during the year	5,579	–	62,492,295	34
At 31 December	1,405,465,332	772	1,405,459,753	772

During 2013, 5,579 ordinary shares of 54⁸⁶/₉₁ US cents each were allotted to certain non-executive directors by subscription of their post-tax directors' fees (2012: 8,354 ordinary shares). In 2012, 62,483,941 ordinary shares of 54⁸⁶/₉₁ US cents each were allotted upon the conversion of Anglo American plc convertible bonds.

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 2013 was 1,394,149,340 and \$766 million (2012: 1,390,954,633 and \$764 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.

No ordinary shares were allotted on exercise of employee share option plans (2012: nil).

Own shares

	2013		2012	
	Number of shares	US\$ million	Number of shares	US\$ million
Own shares				
Treasury shares	11,315,992	599	14,505,120	801
Own shares held by subsidiaries and employee benefit trusts	115,691,282	5,864	115,970,790	5,858
Total	127,007,274	6,463	130,475,910	6,659

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

	2013		2012	
	Number of shares	US\$ million	Number of shares	US\$ million
Treasury shares				
At 1 January	14,505,120	801	19,538,911	1,126
Transferred to employees in settlement of share awards	(3,189,128)	(202)	(5,033,791)	(325)
At 31 December	11,315,992	599	14,505,120	801

Tenon

Tenon Investment Holdings (Pty) Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Limited (AASA), has entered into agreements with Epoch Investment Holdings Limited (Epoch), Epoch Two Investment Holdings Limited (Epoch Two) and Tarl Investment Holdings 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 \$5.16 per share to Epoch, \$8.03 per share to Epoch Two and \$6.66 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, in accordance with paragraph 33 of IAS 32, 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 a 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 2013 the Investment Companies together held 112,300,129 (2012: 112,300,129) Anglo American plc shares, which represented 8.1% (2012: 8.1%) of the ordinary shares in issue (excluding treasury shares) with a market value of \$2,451 million (2012: \$3,455 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 Investment Companies continue to meet the accounting definition of a subsidiary in accordance with IFRS 10, and as a result are consolidated by the Group.

ADDITIONAL DISCLOSURES

33. 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. During 2013 no shares (2012: nil) from the trust were transferred to employees in settlement of share awards. The employee benefit trust has waived the right to receive dividends on these shares.

The market value of the 985 shares (2012: 985 shares) held by the trust at 31 December 2013 was \$21,000 (2012: \$30,000).

The costs of operating the trust are borne by the Group but are not material.

Consolidated equity analysis

Fair value and other reserves comprise:

US\$ million	Convertible debt reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves ⁽¹⁾	Total fair value and other reserves
At 1 January 2012	355	576	5	824	1,760
Total comprehensive income	–	118	10	–	128
Conversion of convertible bond	(355)	–	–	–	(355)
Other	–	–	–	(667)	(667)
At 1 January 2013	–	694	15	157	866
Total comprehensive expense	–	(123)	(6)	–	(129)
Other	–	–	–	(17)	(17)
At 31 December 2013	–	571	9	140	720

⁽¹⁾ In 2012, following a capital reduction in the Corporate segment, \$667 million was transferred from the legal reserve to retained earnings, reducing the legal reserve from \$675 million to \$8 million. Other reserves comprise a capital redemption reserve of \$115 million (2012: \$115 million), a revaluation reserve of \$17 million (2012: \$34 million) and a legal reserve of \$8 million (2012: \$8 million).

34. AUDITOR'S REMUNERATION

US\$ million	2013				2012			
	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		United Kingdom	Overseas	Total	
Paid to the Company's auditor for audit of the Anglo American plc Annual Report	1.4	3.1	4.5	–	2.2	4.8	7.0	0.1
Paid to the Company's auditor for other services to the Group								
Audit of the Company's subsidiaries	0.9	6.3	7.2	0.1	1.1	4.8	5.9	1.1
Total audit fees	2.3	9.4	11.7	0.1	3.3	9.6	12.9	1.2
Audit related assurance services ⁽¹⁾	0.5	1.4	1.9	–	0.8	1.0	1.8	–
Taxation compliance services	–	0.4	0.4	–	–	0.2	0.2	0.3
Taxation advisory services	0.1	1.2	1.3	–	0.2	0.2	0.4	0.1
Other assurance services ⁽²⁾	0.5	0.8	1.3	–	0.4	1.3	1.7	0.6
Other non-audit services	–	1.6	1.6	–	–	–	–	–
Total non-audit fees	1.1	5.4	6.5	–	1.4	2.7	4.1	1.0

⁽¹⁾ Includes \$1.5 million (2012: \$1.3 million) for the interim review.

⁽²⁾ Includes \$0.1 million (2012: \$0.1 million) for the audit of Group pension plans.

ADDITIONAL DISCLOSURES**35. 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 with indemnities against certain liabilities as part of the sale to Mitsubishi of a 24.5% interest in Anglo American Sur SA in 2011. Having taken appropriate legal advice, the Group believes that 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 31 December 2013 or 31 December 2012.

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

On 28 March 2013 the Supreme Court of Appeal (SCA) dismissed the appeals of the Department of Mineral Resources (DMR) and Imperial Crown Trading 289 (Pty) Ltd (ICT) against the decision of the North Gauteng High Court, which, *inter alia*, confirmed that Sishen Iron Ore Company (Pty) Ltd (SIOC) became the exclusive holder of the mining rights at the Sishen mine in 2008 when the DMR converted SIOC's old order rights, and further set aside the grant of a prospecting right to ICT by the DMR. The SCA held that as a matter of law and as at midnight on 30 April 2009, SIOC became the sole holder of the mining right to iron ore in respect of the Sishen mine, after ArcelorMittal South Africa Limited (ArcelorMittal S.A.) failed to convert its undivided share of the old order mining right.

Both ICT and the DMR lodged applications for leave to appeal against the SCA to the Constitutional Court. The Constitutional Court hearing was held on 3 September 2013.

On 12 December 2013 the Constitutional Court granted the DMR's appeal in part against the SCA judgment. In a detailed judgment, the Constitutional Court clarified that SIOC, when it lodged its application for conversion of its old order right, converted only the right it held at that time (being a 78.6% undivided share in the Sishen mining right). The Constitutional Court further held that ArcelorMittal S.A. retained the right to lodge its old order right (21.4% undivided share) for conversion before midnight on 30 April 2009, but failed to do so. As a consequence of such failure by ArcelorMittal S.A., the 21.4% undivided right remained available for allocation by the DMR.

The Constitutional Court ruled further that, based on the provisions of the Mineral and Petroleum Resources Development Act (MPRDA), only SIOC can apply for the residual 21.4% undivided share of the Sishen mining right. The grant of the mining right may be made subject to such conditions considered by the Minister to be appropriate, provided that the proposed conditions are permissible under the MPRDA. SIOC had previously applied for this 21.4%, and continues to account for 100% of what is mined from the reserves at Sishen mine. SIOC has however, in compliance with the Constitutional Court order, submitted a further application to be granted this right.

As a further consequence of this finding, the High Court's ruling setting aside the prospecting right granted by the DMR to ICT also stands.

The findings made by the Constitutional Court are favourable to both SIOC and the DMR. SIOC's position as the only competent applicant for the residual right protects SIOC's interests. The DMR's position as custodian of the mineral resources on behalf of the nation, and the authority of the DMR to allocate rights, has also been ratified by the Court.

ArcelorMittal S.A. supply agreement

The dispute between SIOC and ArcelorMittal S.A. regarding the contract mining agreement had been referred to arbitration in 2010. In December 2011 the parties agreed to delay the arbitration proceedings until the final resolution of the mining rights dispute (see above).

Interim Pricing Agreements were implemented to 31 December 2013.

In November 2013 SIOC and ArcelorMittal S.A. entered into a new Supply Agreement regulating the sale and purchase of iron ore between the parties which became effective from 1 January 2014. This agreement, subject to certain express conditions, is contemplated to endure until the end of Life of Mine for the Sishen mine.

The conclusion of this agreement settled the arbitration and the various other disputes between the companies.

Following the Constitutional Court ruling (see above), the sale of iron ore from SIOC to ArcelorMittal S.A. will remain regulated by the recently concluded Supply Agreement.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in a number of lawsuits filed in England and 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.

In England: AASA is a defendant in five lawsuits filed in the High Court in London on behalf of approximately 6,000 named former mineworkers or their dependants. One of the lawsuits 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.

In South Africa: (i) AASA is a defendant in approximately 100 separate lawsuits filed in the North Gauteng High Court (Pretoria) which have been referred to arbitration. (ii) AASA is named as one of 32 defendants in a consolidated class certification application filed in South Africa. (iii) On 19 September 2013 AASA concluded a settlement agreement in terms of which 23 claims (filed in South Africa between 2004 and 2009) were settled, without admission of liability by AASA. The terms of the agreement and the settlement amount (which is not material to AASA) are confidential.

The aggregate amount of the individual South African claims is less than \$15 million (excluding claims for interests and costs). No specific amount of damages has been specified in the claims filed in England or in the consolidated class certification application filed in South Africa.

AASA successfully contested the jurisdiction of the English courts to hear the claims filed against it in that jurisdiction. That ruling has been appealed. AASA is defending the separate lawsuits filed in South Africa and will oppose the application for consolidated class certification in South Africa.

ADDITIONAL DISCLOSURES**36. RELATED PARTY TRANSACTIONS**

The Group has a related party relationship with its subsidiaries, joint operations, associates and joint ventures, see note 38. 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 sales, purchase and service transactions with joint operations, associates and 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. These transactions are not considered to be significant, other than purchases by De Beers from its joint operations in excess of its attributable share of their production, which amounted to \$3,064 million (2012: \$1,049 million, representing purchases from 16 August 2012, the date the Group obtained control of De Beers).

US\$ million	2013	2012 restated ⁽¹⁾
Loans receivable⁽²⁾		
Associates	164	305
Joint ventures	265	242
	429	547

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ These loans are included in 'Financial asset investments'.

At 31 December 2013 the directors of the Company and their immediate relatives controlled 0.1% (2012: 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 27.

Information relating to pension fund arrangements is disclosed in note 28.

Refinancing of Atlatsa

In 2009, Platinum sold a 51% interest in Bokoni Platinum Mines Proprietary Limited (Bokoni) and a 1% interest in certain undeveloped projects to Atlatsa Resources Corporation (Atlatsa) in a BEE transaction. Platinum retained 49% of Bokoni, and in addition acquired an effective 27% interest in Atlatsa as part of the sale consideration. Both Atlatsa and Bokoni are associates of the Group.

Between 2009 and December 2013 Platinum has provided Atlatsa and its subsidiaries, including Bokoni, with additional debt and equity funding and in 2012, Platinum and Atlatsa agreed to restructure, recapitalise and refinance both Atlatsa and Bokoni. The first phase of the refinancing transaction completed in December 2013, whereby Platinum acquired certain properties from Bokoni and in return the level of debt outstanding from Atlatsa was reduced. A charge of \$37 million has been recorded within non-operating special items relating to this transaction, see note 6.

Related party transaction with Mitsubishi

During the year the Group entered into a transaction with a related party of the Company for the purposes of the United Kingdom Listing Authority Listing Rules.

An Anglo American subsidiary entered into a Shareholder Agreement (SHA) with a subsidiary of Mitsubishi Corporation (Mitsubishi) in relation to Anglo American Quellaveco SA, which owns Anglo American's Quellaveco copper project. Mitsubishi is a related party to Anglo American because its wholly owned subsidiary is a substantial shareholder in Anglo American Sur SA, a significant subsidiary of the Company. Anglo American Sur SA owns and operates copper mines and metallurgical plants in Chile and has no ownership interest in Quellaveco.

Anglo American has a controlling 81.9% interest in Anglo American Quellaveco SA. Mitsubishi purchased its 18.1% shareholding in this company in 2011 from an unrelated third party. The entry into the SHA provides a formal contractual relationship with a minority shareholder to give more certainty to the way in which the shareholding relationship in Anglo American Quellaveco SA is managed. It is primarily focused on the governance aspects of the relationship, information rights, the transferability of shares, arrangements for future funding and entitlement to production from the Quellaveco project. The entry into the SHA did not involve a purchase or sale of an asset and no value is ascribed to this transaction.

37. EVENTS OCCURRING AFTER END OF YEAR

With the exception of the proposed final dividend for 2013, see note 10, there have been no reportable events since 31 December 2013.

ADDITIONAL DISCLOSURES

38. 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 33. 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 and joint arrangements are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. As permitted by section 410 of the Companies Act 2006, the Group has restricted the information provided to its principal subsidiaries in order to avoid a statement of excessive length.

Subsidiary undertakings	Country of incorporation ⁽¹⁾	Business	Percentage of equity owned ⁽²⁾	
			2013	2012
Iron Ore and Manganese				
Kumba Iron Ore Limited	South Africa	Iron ore	69.7%	69.7%
Sishen Iron Ore Company ⁽³⁾	South Africa	Iron ore	73.9%	73.9%
Anglo Ferrous Brazil SA	Brazil	Iron ore	100%	100%
Anglo American Minério de Ferro Brasil SA	Brazil	Iron ore project	100%	100%
Metallurgical Coal				
Anglo American Metallurgical Coal Holdings Limited	Australia	Coal	100%	100%
Peace River Coal Inc.	Canada	Coal	100%	100%
Thermal Coal				
Anglo Coal ⁽⁴⁾	South Africa	Coal	100%	100%
Copper				
Anglo American Sur SA	Chile	Copper	50.1%	50.1%
Anglo American Norte SA ⁽⁵⁾	Chile	Copper	100%	100%
Anglo American Quellaveco SA	Peru	Copper project	81.9%	81.9%
Nickel				
Anglo American Níquel Brasil Limitada (Barro Alto)	Brazil	Nickel project	100%	100%
Anglo American Níquel Brasil Limitada (Codemin)	Brazil	Nickel	100%	100%
Niobium and Phosphates				
Anglo American Nióbio Brasil Limitada	Brazil	Niobium	100%	100%
Anglo American Fosfatos Brasil Limitada	Brazil	Phosphates	100%	100%
Platinum				
Anglo American Platinum Limited ⁽⁶⁾	South Africa	Platinum	78%	78%
Diamonds				
De Beers Société Anonyme	Luxembourg	Diamonds	85%	85%
De Beers Consolidated Mines ⁽⁷⁾	South Africa	Diamonds	74%	74%
Other Mining and Industrial				
Anglo Ferrous Amapá Mineração Limitada ⁽⁸⁾	Brazil	Iron ore system	–	70%
Tarmac Building Products Limited	United Kingdom	Heavy building materials	100%	100%

See page 202 for footnotes.

ADDITIONAL DISCLOSURES

38. GROUP COMPANIES continued

Proportionately consolidated joint operations	Country of incorporation ⁽¹⁾	Business	Percentage of equity owned ⁽¹³⁾	
			2013	2012
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	44%	44%
Debswana Diamond Company (Proprietary) Limited ⁽⁹⁾	Botswana	Diamonds	50%	50%
Namdeb Holdings (Proprietary) Limited ⁽¹⁰⁾	Namibia	Diamonds	50%	50%
Capcoal ⁽¹¹⁾	Australia	Coal	70%	70%
Dawson ⁽¹¹⁾	Australia	Coal	51%	51%
Drayton ⁽¹¹⁾	Australia	Coal	88.2%	88.2%
Foxleigh ⁽¹¹⁾	Australia	Coal	70%	70%
Moranbah North ⁽¹¹⁾	Australia	Coal	88%	88%

Joint ventures	Country of incorporation ⁽¹⁾	Business	Percentage of equity owned ⁽¹³⁾	
			2013	2012
LLX Minas-Rio Logística Comercial Exportadora SA	Brazil	Port	49%	49%
Lafarge Tarmac Holdings Limited ⁽¹²⁾	United Kingdom	Heavy building materials	50%	-
Al Futtain Tarmac Quarry Products Limited	Dubai	Heavy building materials	49%	49%
Tarmac Oman Limited	Hong Kong	Heavy building materials	50%	50%
Midmac Tarmac Qatar LLC	Qatar	Heavy building materials	50%	50%

Associates	Country of incorporation ⁽¹⁾	Business	Percentage of equity owned ⁽¹³⁾	
			2013	2012
Samancor Holdings Proprietary Limited ⁽¹⁴⁾	South Africa	Manganese	40%	40%
Groote Eylandt Mining Company Pty Limited (GEMCO) ⁽¹⁴⁾	Australia	Manganese	40%	40%
Tasmanian Electro Metallurgical Company Pty Limited (TEMCO) ⁽¹⁴⁾	Australia	Manganese	40%	40%
Jellinbah Group Pty Limited ⁽¹⁵⁾	Australia	Coal	33.3%	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	33.3%	33.3%
Carbones del Cerrejón LLC	Anguilla	Coal	33.3%	33.3%

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

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

⁽³⁾ The 73.9% interest in Sishen Iron Ore Company (SIOC) is held indirectly through Kumba Iron Ore, 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. Consequently the effective interest in SIOC included in the Group's results is 53.7%.

⁽⁴⁾ A division of Anglo Operations Proprietary Limited, a wholly owned subsidiary.

⁽⁵⁾ Non-controlling interest of 0.018%.

⁽⁶⁾ The Group's effective interest in Anglo American Platinum Limited is 79.9%, which includes shares issued as part of a community empowerment deal.

⁽⁷⁾ The 74% interest in De Beers Consolidated Mines (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 which holds the remaining 26% after providing certain financial guarantees on its behalf in 2010. The Group's effective interest in DBCM is 85%.

⁽⁸⁾ On 4 January 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Anglo Ferrous Amapá Mineração Limitada (Amapá) to Zamin Ferrous Ltd (Zamin). Subsequently Anglo American entered into an agreement with Cliffs Natural Resources to acquire its 30% interest in Amapá and entered into an amended sale agreement with Zamin to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin. On 1 November 2013 these transactions completed. See note 31.

⁽⁹⁾ The 50% interest in Debswana 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 is 16.3%.

⁽¹⁰⁾ The 50% interest in Namdeb Holdings is held indirectly through De Beers. The Group's effective interest in Namdeb Holdings is 42.5%.

⁽¹¹⁾ The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated joint operations, these operations are unincorporated and jointly controlled.

⁽¹²⁾ Lafarge Tarmac Holdings Limited was formed during 2013. See note 30.

⁽¹³⁾ All equity interests shown are ordinary shares.

⁽¹⁴⁾ These entities have a 30 June year end.

⁽¹⁵⁾ The Group's effective interest in the Jellinbah operation is 23.3%. The entity has a 30 June year end.

ADDITIONAL DISCLOSURES

39. FINANCIAL RISK MANAGEMENT

The Board approves and monitors the risk management processes, including documented treasury policies, counterparty limits, 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 provided as follows (subcategorised into credit risk, commodity price risk, foreign exchange risk and interest rate risk). See note 25 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 Anglo American by failing to pay for its obligation. The Group's principal financial assets, including amounts in assets held for sale that are susceptible to credit risks, 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	2013	2012 restated ⁽¹⁾
Cash and cash equivalents	7,702	9,298
Trade and other receivables ⁽²⁾	3,874	3,966
Financial asset investments ⁽³⁾	759	1,441
Derivative financial assets	674	848
Financial guarantees ⁽⁴⁾	12	33
	13,021	15,586

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Trade and other receivables exclude prepayments and accrued income.

⁽³⁾ Financial asset investments exclude available for sale investments.

⁽⁴⁾ Financial guarantees issued by the Group in respect of third party liabilities represent an exposure to credit risk in excess of the Group's financial assets.

The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of approved financial institutions. Counterparty limits are set for each financial institution with reference to credit ratings assigned by Standard & Poor's, Moody's and Fitch Ratings.

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), together with insurance cover (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.

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 and deferred 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	2013				2012 restated ⁽¹⁾			
	Commodity price linked			Total	Commodity price linked			Total
	Subject to price movements ⁽²⁾	Fixed price ⁽³⁾	Not linked to commodity price		Subject to price movements ⁽²⁾	Fixed price ⁽³⁾	Not linked to commodity price	
Total net financial instruments (excluding derivatives)	1,261	678	(10,946)	(9,007)	304	1,087	(8,281)	(6,890)
Commodity derivatives (net)	(3)	–	–	(3)	(1)	–	–	(1)
Non-commodity derivatives (net)	–	–	(834)	(834)	–	–	(232)	(232)
Total financial instrument exposure to commodity risk	1,258	678	(11,780)	(9,844)	303	1,087	(8,513)	(7,123)

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

⁽²⁾ Includes provisionally priced trade receivables and trade payables.

⁽³⁾ 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 and South African rand 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 Anglo American's underlying earnings. The Group's policy is generally not to hedge such exposures as hedging is not deemed appropriate given 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 25. Of net other financial assets (excluding net debt related balances) of \$811 million, \$278 million are denominated in US dollar and \$443 million in South African rand.

ADDITIONAL DISCLOSURES

39. FINANCIAL RISK MANAGEMENT continued

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's exposure to interest rate risk is particularly with reference to changes in US and South African interest rates.

The Group's policy is to borrow funds at floating rates of interest as, over the longer term, this is considered by management to give somewhat of a natural hedge against commodity price movements, given the correlation with economic growth (and industrial activity), which in turn shows a high correlation with commodity price fluctuation. In certain circumstances, the Group uses interest rate swap contracts to manage its exposure to interest rate movements on a portion of its existing 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 25. Of net other financial assets (excluding net debt related balances) of \$811 million, the majority are non-interest bearing.

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 commodity prices, interest rates and foreign currencies.

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
- changes in the carrying value of derivatives (from movements in commodity prices and interest rates) designated as cash flow hedges are assumed to be recorded fully within equity on the grounds of materiality
- 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 on the grounds of materiality
- 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. The Group has determined that at 31 December 2013 and 31 December 2012, based on the above assumptions, there is no significant sensitivity to changes in market interest rates.

US\$ million	2013		2012	
	Income	Equity	Income	Equity
Foreign currency sensitivities⁽¹⁾				
+10% US dollar to rand	16	16	(74)	(73)
-10% US dollar to rand	(16)	(16)	74	73
+10% US dollar to Brazilian real ⁽²⁾	87	87	190	190
-10% US dollar to Brazilian real ⁽²⁾	(99)	(99)	(194)	(194)
+10% US dollar to Australian dollar	37	37	41	41
-10% US dollar to Australian dollar	(37)	(37)	(41)	(41)
+10% US dollar to Chilean peso	30	30	29	29
-10% US dollar to Chilean peso	(32)	(32)	(36)	(36)
Commodity price sensitivities				
10% increase in the copper price	109	109	63	63
10% decrease in the copper price	(109)	(109)	(63)	(63)
10% increase in the platinum price	(15)	(15)	(17)	(17)
10% decrease in the platinum price	15	15	17	17

⁽¹⁾ + represents strengthening of US dollar against the respective currency.

⁽²⁾ Includes sensitivities for non-hedge derivatives related to capital expenditure.

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

40. 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 144.

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 the non-controlling interest 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.

40a. 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. Sales of concentrate are stated at their invoiced amount which is net of treatment and refining charges. 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.

Revenue from metal mining activities is based on the payable metal sold.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date 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.

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.

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.

40b. Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. 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.

40c. 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.

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.

ADDITIONAL DISCLOSURES

40. ACCOUNTING POLICIES *continued*

40d. 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 interest's proportion of the fair values of net assets recognised at acquisition.

40e. 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.

40f. 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 as a special item. Impairment of goodwill is not subsequently reversed.

40g. Property, plant and equipment

Mining properties and leases include the cost of acquiring and developing mining properties and mineral rights.

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. Mineral Resources are included in depreciation calculations where there is a high degree of confidence that they will be extracted in an economic manner. For diamond operations, depreciation calculations are based on Diamond Reserves and Resources included in the Life of Mine Plan. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, an impairment loss is recognised in the income statement.

Capital works in progress are measured at cost less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings and plant and equipment are depreciated to their residual values at varying rates on a straight line basis over their estimated useful lives or the Mine 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. 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.

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.

40h. Deferred stripping

The removal of overburden and other mine waste materials is often necessary during the initial development of a mine site, in order to access the mineral ore deposit. 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 commercial production. This is classified as expansionary capital expenditure, within investing cash flows.

The removal of waste material after the point at which a mine is capable of commercial production 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*.

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 stripping and development capital expenditure. 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.

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 reserves for a component are accounted for prospectively as a change in estimate.

ADDITIONAL DISCLOSURES

40. ACCOUNTING POLICIES *continued*

40i. 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. In assessing value in use, 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 as a special item.

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 as a special item.

40j. Exploration, evaluation and development expenditure

Exploration and evaluation expenditure is expensed in the year in which it is incurred. When a decision is taken that a mining property is economically feasible, all subsequent evaluation expenditure is capitalised within property, plant and equipment including, where applicable, directly attributable pre-production development expenditure. Capitalisation of such expenditure ceases when the mining property is capable of commercial production.

Exploration properties acquired are recognised in the balance sheet at cost less any accumulated impairment losses. Such properties and capitalised evaluation and pre-production development expenditure prior to commercial production are assessed for impairment in accordance with the Group's accounting policy stated above.

40k. 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 arrangements 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.

40l. 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 that the Group has the expressed intention and ability to hold to maturity (held to maturity) as well as loans and receivables are measured at amortised cost, less any impairment losses. The amortisation of any discount or premium on the acquisition of a held to maturity investment is recognised in the income statement in each period using the effective interest method.

Investments other than those classified as held to maturity or loans and receivables 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.

Current financial asset investments consist mainly of bank term deposits and fixed and floating rate debt securities. Debt securities that are intended to be held to maturity are measured at amortised cost, using the effective interest method. Debt securities that are not intended to be held to maturity are recorded at the lower of cost and market value.

40m. 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 the 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.

ADDITIONAL DISCLOSURES

40. ACCOUNTING POLICIES *continued*

40n. 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.

40o. 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.

Convertible debt

Convertible bonds are classified as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recognised within borrowings and carried at amortised cost. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability.

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.

40p. 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.

40q. 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.
- 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.

40r. 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 property. 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

40. 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.

40s. 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 as a special item. On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

40t. 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.

40u. Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

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.

40v. 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 included in the determination of the profit or loss on disposal.

40w. 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.

40x. 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

41. ACCOUNTING POLICY CHANGES – RESTATEMENTS

As discussed in note 2, the Group has restated the financial performance and position of the Group for the year ended 31 December 2012 to reflect the adoption of IFRS 11, IFRIC 20 and IAS 19R. The quantitative impact of adopting these standards on the prior year consolidated financial statements is set out in the tables below.

Adjustments to the Consolidated income statement

US\$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	Year ended 31.12.12 restated
Group revenue	28,761	(81)	–	–	28,680
Total operating costs ⁽¹⁾	(30,449)	78	91	–	(30,280)
Share of net income from associates and joint ventures	432	(7)	(1)	(3)	421
Non-operating special items and remeasurements	1,394	–	2	–	1,396
Net finance (costs)/income	(377)	14	–	(25)	(388)
Income tax expense	(375)	(4)	(20)	6	(393)
Non-controlling interests	(879)	–	(27)	–	(906)
Loss for the financial year attributable to equity shareholders of the Company	(1,493)	–	45	(22)	(1,470)

⁽¹⁾ Restatements to operating costs include a decrease in depreciation of \$5 million due to IFRS 11 and an increase in depreciation of \$90 million due to IFRIC 20.

Adjustments to the Consolidated statement of comprehensive income

US\$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	Year ended 31.12.12 restated
Loss for the financial year	(614)	–	72	(22)	(564)
Items that may subsequently be reclassified to the income statement					
Net exchange difference on translation of foreign operations (including associates and joint ventures)	(747)	–	(3)	–	(750)
Other comprehensive income that may be reclassified	60	–	–	–	60
Items that will not be reclassified to the income statement					
Remeasurement of net retirement benefit obligation	165	–	–	25	190
Share of associates' and joint ventures' income recognised directly in equity, net of tax	11	–	–	3	14
Tax on items recognised directly in equity that will not be reclassified	(19)	–	–	(6)	(25)
Items transferred from equity	79	–	–	–	79
Total comprehensive expense for the financial year	(1,065)	–	69	–	(996)

Adjustments to the Consolidated balance sheet

At 31 December 2012

US\$ million	31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	31.12.12 restated
Property, plant and equipment ⁽¹⁾	45,089	(292)	(66)	–	44,731
Investments in associates and joint ventures	3,063	99	–	–	3,162
Financial asset investments (non-current)	2,278	111	–	–	2,389
Short term borrowings	(2,604)	119	–	–	(2,485)
Deferred tax liabilities	(6,069)	–	18	–	(6,051)
Retained earnings	(40,388)	–	45	–	(40,343)
Non-controlling interests	(6,130)	–	3	–	(6,127)
Other assets, liabilities and equity ⁽²⁾	4,761	(37)	–	–	4,724

⁽¹⁾ The adjustment to property, plant and equipment in relation to IFRIC 20 includes the \$155 million write-off of opening stripping assets which do not relate to identifiable components of orebodies and depreciation of \$34 million in excess of amounts previously charged to operating costs, offset by \$123 million of net additional capitalisation.

⁽²⁾ Restatements of the balance sheet at 31 December 2012 also had an immaterial impact on intangible assets, environmental rehabilitation trusts, trade and other receivables (non-current), deferred tax assets, other non-current assets, inventories, trade and other receivables (current), cash and cash equivalents, trade and other payables (current), provisions for liabilities and charges (current) and other reserves.

At 1 January 2012

US\$ million	01.01.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	01.01.12 restated
Property, plant and equipment	40,549	(312)	(155)	–	40,082
Investments in associates and joint ventures	5,240	113	(1)	–	5,352
Financial asset investments (non-current)	2,896	107	–	–	3,003
Short term borrowings	(1,018)	116	–	–	(902)
Deferred tax liabilities	(5,730)	–	37	–	(5,693)
Retained earnings	(42,342)	–	102	–	(42,240)
Non-controlling interests	(4,097)	–	16	–	(4,081)
Other assets, liabilities and equity ⁽¹⁾	4,502	(24)	1	–	4,479

⁽¹⁾ Restatements of the balance sheet at 1 January 2012 also had an immaterial impact on intangible assets, environmental rehabilitation trusts, trade and other receivables (non-current), deferred tax assets, other non-current assets, inventories, trade and other receivables (current), cash and cash equivalents, trade and other payables (current), provisions for liabilities and charges (current) and other reserves.

ADDITIONAL DISCLOSURES**41. ACCOUNTING POLICY CHANGES – RESTATEMENTS** continued**Adjustments to the Consolidated cash flow statement**

US\$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20 ⁽¹⁾	IAS 19R	Year ended 31.12.12 restated
Cash flows from operations	7,021	(7)	356	–	7,370
Dividends from associates and joint ventures	286	8	–	–	294
Expenditure on property, plant and equipment	(5,607)	4	(356)	–	(5,959)
Other investing and financing cash flows	(4,009)	–	–	–	(4,009)
Net (decrease)/increase in cash and cash equivalents	(2,309)	5	–	–	(2,304)

⁽¹⁾ The adjustment is due to a re-presentation of cash flows to better reflect internal management reporting following the adoption of IFRIC 20.

Non-GAAP data

US\$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	Year ended 31.12.12 restated
Underlying EBITDA	8,686	–	174	–	8,860
Depreciation and amortisation ⁽¹⁾	2,522	–	85	–	2,607
Underlying operating profit	6,164	–	89	–	6,253
Underlying earnings	2,839	–	43	(22)	2,860
Net debt	(8,615)	105	–	–	(8,510)

⁽¹⁾ Includes attributable share of depreciation and amortisation in associates and joint ventures. Depreciation and amortisation excluding associates and joint ventures increased by \$90 million in 2012 due to the adoption of IFRIC 20.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

Balance sheet of the Company, Anglo American plc, as at 31 December 2013

US\$ million	Note	2013	2012
Fixed assets			
Fixed asset investments	1	13,278	12,361
Current assets			
Amounts due from subsidiaries		14,238	14,950
Prepayments and other debtors		6	4
Cash at bank and in hand		33	41
		14,277	14,995
Creditors due within one year			
Amounts owed to group undertakings		(408)	(448)
Other creditors		(5)	(4)
		(413)	(452)
Net current assets		13,864	14,543
Total assets less current liabilities		27,142	26,904
Net assets		27,142	26,904
Capital and reserves			
Called-up share capital	2	772	772
Share premium account	2	4,358	4,357
Capital redemption reserve	2	115	115
Other reserves	2	1,955	1,955
Share-based payment reserve	2	1	1
Profit and loss account	2	19,941	19,704
Total shareholders' funds (equity)		27,142	26,904

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 13 February 2014 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

1) Fixed asset investments

US\$ million	Investment in subsidiaries	
	2013	2012
Cost		
At 1 January	12,378	13,374
Capital contributions ⁽¹⁾	110	147
Additions	807	2,776
Capital reduction	-	(823)
Transfer to subsidiary	-	(3,096)
At 31 December	13,295	12,378
Provisions for impairment		
At 1 January	(17)	(328)
Impairment charge	-	(9)
Transfer to subsidiary	-	320
At 31 December	(17)	(17)
Net book value	13,278	12,361

⁽¹⁾ This amount is net of \$30 million (2012: \$14 million) of intra-group recharges.

During 2013 Anglo American plc (the Company) increased its investment in Anglo American Services (UK) Limited by \$807 million in return for 4,935 additional shares.

2) Reconciliation of movements in equity shareholders' funds

US\$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves ⁽¹⁾	Share-based payment reserve	Convertible debt reserve	Profit and loss account ⁽²⁾	Total
Balance at 1 January 2012	738	2,714	115	1,955	1	355	18,780	24,658
Profit for the financial year	-	-	-	-	-	-	1,152	1,152
Dividends payable to Company shareholders ⁽³⁾	-	-	-	-	-	-	(599)	(599)
Issue of treasury shares under employee share schemes	-	-	-	-	-	-	24	24
Share-based payments	-	-	-	-	1	-	-	1
Capital contribution to Group undertakings	-	-	-	-	-	-	161	161
Shares issued on conversion of bond	34	1,643	-	-	-	(355)	185	1,507
Transfer between share-based payment reserve and profit and loss account	-	-	-	-	(1)	-	1	-
Balance at 1 January 2013	772	4,357	115	1,955	1	-	19,704	26,904
Profit for the financial year	-	-	-	-	-	-	700	700
Dividends payable to Company shareholders ⁽³⁾	-	-	-	-	-	-	(618)	(618)
Issue of treasury shares under employee share schemes	-	-	-	-	-	-	15	15
Capital contribution to Group undertakings	-	-	-	-	-	-	140	140
Other	-	1	-	-	-	-	-	1
Balance at 31 December 2013	772	4,358	115	1,955	1	-	19,941	27,142

⁽¹⁾ At 31 December 2013 other reserves of \$1,955 million (2012: \$1,955 million) were not distributable under the Companies Act 2006.

⁽²⁾ At 31 December 2013 \$2,685 million (2012: \$2,685 million) of the Company profit and loss account of \$19,941 million (2012: \$19,704 million) was not distributable under the Companies Act 2006.

⁽³⁾ 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 a final dividend in respect of the year ended 31 December 2013 of 53 US cents per share, see note 10 of the Consolidated financial statements.

The audit fee in respect of the Company was \$8,133 (2012: \$7,792). 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 34.

3) Accounting policies: Anglo American plc, the Company

The Company balance sheet and related notes have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)) and in accordance with UK company law. The financial information has been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

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

The preparation of financial statements in accordance with UK GAAP 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 period. Actual results may differ from those estimated.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to \$700 million (2012: \$1,152 million).

Significant accounting policies**Investments**

Investments represent equity holdings in subsidiaries and are held at cost less provision for impairment.

Share-based payments

The Company has applied the requirements of FRS 20 *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.

Accounting for share-based payments is the same as under IFRS 2 and details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 29 to the Consolidated financial statements of the Group for the year ended 31 December 2013.

SUMMARY BY BUSINESS OPERATION

US\$ million	Revenue ⁽¹⁾		Underlying EBITDA ⁽²⁾		Underlying operating profit/(loss) ⁽³⁾		Underlying earnings	
	2013	2012	2013	2012 restated ⁽⁴⁾	2013	2012 restated ⁽⁴⁾	2013	2012 restated ⁽⁴⁾
Iron Ore and Manganese	6,517	6,403	3,390	3,262	3,119	3,011	1,125	1,046
Kumba Iron Ore	5,643	5,572	3,266	3,239	3,047	3,042	1,171⁽⁵⁾	1,107
Iron Ore Brazil	–	–	(27)	(1)	(31)	(5)	(51)	(43)
Samancor	874	831	258	153	210	103	92	83
Projects and corporate	–	–	(107)	(129)	(107)	(129)	(87)⁽⁵⁾	(101)
Metallurgical Coal	3,396	3,889	612	877	46	405	60	275
Australia	3,138	3,657	665	940	176	519	132	365
Canada	258	232	7	13	(70)	(38)	(21)	(27)
Projects and corporate	–	–	(60)	(76)	(60)	(76)	(51)	(63)
Thermal Coal	3,004	3,447	735	972	541	793	397	523
South Africa	2,187	2,477	479	607	356	482	283	312
Colombia	817	970	299	412	228	358	151	251
Projects and corporate	–	–	(43)	(47)	(43)	(47)	(37)	(40)
Copper	5,392	5,122	2,402	2,288	1,739	1,736	803	941
Anglo American Sur	3,300	3,186	1,642	1,762	1,220	1,402	464	695
Anglo American Norte	778	934	191	336	135	288	85	237
Collahuasi	1,314	1,002	718	484	533	340	386	243
Projects and corporate	–	–	(149)	(294)	(149)	(294)	(132)	(234)
Nickel	136	336	(37)	50	(44)	26	(54)	10
Codemin	136	176	23	53	17	47	5	31
Loma de Niquel	–	160	(5)	46	(5)	29	(7)	17
Barro Alto	–	–	(38)	(7)	(39)	(8)	(38)	(5)
Projects and corporate	–	–	(17)	(42)	(17)	(42)	(14)	(33)
Niobium and Phosphates	726	770	176	196	150	169	92	107
Niobium	182	173	94	85	89	81	48	47
Phosphates	544	597	100	114	79	91	57	63
Projects and corporate	–	–	(18)	(3)	(18)	(3)	(13)	(3)
Platinum	5,688	5,489	1,048	580	464	(120)	287	(225)
Operations	5,688	5,489	1,121	656	537	(44)	356	(155)
Projects and corporate	–	–	(73)	(76)	(73)	(76)	(69)	(70)
Diamonds⁽⁶⁾	6,404	4,028	1,451	712	1,003	474	532	289
Operations	6,404	4,028	1,516	734	1,068	496	591	309
Projects and corporate	–	–	(65)	(22)	(65)	(22)	(59)	(20)
Other Mining and Industrial	1,795	3,296	81	289	(13)	168	(2)	121
Amapá ⁽⁷⁾	100	327	–	89	–	54	–	27
Tarmac	1,695	2,171	88	148	(6)	73	5	65
Scaw Metals ⁽⁸⁾	–	798	–	60	–	49	–	37
Projects and corporate	–	–	(7)	(8)	(7)	(8)	(7)	(8)
Exploration	–	–	(205)	(206)	(207)	(206)	(190)	(195)
Corporate Activities and Unallocated Costs	5	5	(133)	(160)	(178)	(203)	(377)	(32)
	33,063	32,785	9,520	8,860	6,620	6,253	2,673	2,860

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

⁽²⁾ Underlying EBITDA is underlying operating profit before depreciation and amortisation in subsidiaries and joint operations and includes attributable share of underlying operating profit before depreciation and amortisation of associates and joint ventures.

⁽³⁾ Underlying operating profit/(loss) is operating profit/(loss) before special items and revaluations, and includes the Group's attributable share of associates' and joint ventures' operating profit/(loss) before special items and revaluations.

⁽⁴⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the Consolidated financial statements for details.

⁽⁵⁾ Of the projects and corporate expense, which includes a corporate cost allocation, \$63 million (2012: \$67 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is \$1,108 million (2012: \$1,040 million) as reported in the external earnings reconciliation, see page 217.

⁽⁶⁾ On 16 August 2012 the Group acquired a controlling interest in De Beers (Diamonds segment). De Beers ceased to be an associate of the Group and has been accounted for as a subsidiary since this date.

⁽⁷⁾ The Group disposed of its interest in Amapá in November 2013.

⁽⁸⁾ The Group disposed of its interest in Scaw Metals in November 2012.

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

KEY FINANCIAL DATA

US\$ million (unless otherwise stated)	2013	2012 restated ⁽¹⁾	2011	2010	2009	2008	2007	2006 ⁽²⁾	2005 ⁽²⁾	2004 ⁽²⁾
Group revenue including associates and joint ventures	33,063	32,785	36,548	32,929	24,637	32,964	30,559	29,404	24,872	22,610
Less: share of associates' and joint ventures' revenue	(3,721)	(4,105)	(5,968)	(4,969)	(3,779)	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	29,342	28,680	30,580	27,960	20,858	26,311	25,470	24,991	20,132	17,181
Underlying operating profit including associates and joint ventures before special items and remeasurements	6,620	6,253	11,095	9,763	4,957	10,085	9,590	8,888	5,549	3,832
Special items and remeasurements (excluding financing and tax special items and remeasurements)	(4,310)	(5,755)	(44)	1,727	(208)	(330)	(227)	24	16	556
Net finance costs (including financing special items and remeasurements), tax and non-controlling interests of associates and joint ventures	(204)	(281)	(452)	(423)	(313)	(783)	(434)	(398)	(315)	(391)
Total profit from operations, associates and joint ventures	2,106	217	10,599	11,067	4,436	8,972	8,929	8,514	5,250	3,997
Net finance (costs)/income (including financing special items and remeasurements)	(406)	(388)	183	(139)	(407)	(401)	(108)	(71)	(220)	(385)
Profit/(loss) before tax	1,700	(171)	10,782	10,928	4,029	8,571	8,821	8,443	5,030	3,612
Income tax expense (including special items and remeasurements)	(1,274)	(393)	(2,860)	(2,809)	(1,117)	(2,451)	(2,693)	(2,518)	(1,208)	(765)
Profit/(loss) for the financial year – continuing operations	426	(564)	7,922	8,119	2,912	6,120	6,128	5,925	3,822	2,847
Profit for the financial year – discontinued operations	–	–	–	–	–	–	2,044	997	111	1,094
Profit/(loss) for the financial year – total Group	426	(564)	7,922	8,119	2,912	6,120	8,172	6,922	3,933	3,941
Non-controlling interests	(1,387)	(906)	(1,753)	(1,575)	(487)	(905)	(868)	(736)	(412)	(440)
(Loss)/profit attributable to equity shareholders of the Company	(961)	(1,470)	6,169	6,544	2,425	5,215	7,304	6,186	3,521	3,501
Underlying earnings⁽³⁾ – continuing operations	2,673	2,860	6,120	4,976	2,569	5,237	5,477	5,019	3,335	2,178
Underlying earnings ⁽³⁾ – discontinued operations	–	–	–	–	–	–	284	452	401	506
Underlying earnings⁽³⁾ – total Group	2,673	2,860	6,120	4,976	2,569	5,237	5,761	5,471	3,736	2,684
(Loss)/earnings per share (US\$) – continuing operations	(0.75)	(1.17)	5.10	5.43	2.02	4.34	4.04	3.51	2.35	1.84
Earnings per share (US\$) – discontinued operations	–	–	–	–	–	–	1.54	0.70	0.08	0.60
(Loss)/earnings per share (US\$) – total Group	(0.75)	(1.17)	5.10	5.43	2.02	4.34	5.58	4.21	2.43	2.44
Underlying earnings per share (US\$) – continuing operations	2.09	2.28	5.06	4.13	2.14	4.36	4.18	3.42	2.30	1.52
Underlying earnings per share (US\$) – discontinued operations	–	–	–	–	–	–	0.22	0.31	0.28	0.35
Underlying earnings per share (US\$) – total Group	2.09	2.28	5.06	4.13	2.14	4.36	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	85.0	85.0	74.0	65.0	–	44.0	124.0	108.0	90.0	70.0
Special dividend per share (US cents)	–	–	–	–	–	–	–	67.0	33.0	–
Weighted average basic number of shares outstanding (million)	1,281	1,254	1,210	1,206	1,202	1,202	1,309	1,468	1,447	1,434
Underlying EBITDA⁽⁴⁾ – continuing operations	9,520	8,860	13,348	11,983	6,930	11,847	11,171	10,431	7,172	5,359
Underlying EBITDA ⁽⁴⁾ – discontinued operations	–	–	–	–	–	–	961	1,766	1,787	1,672
Underlying EBITDA⁽⁴⁾ – total Group	9,520	8,860	13,348	11,983	6,930	11,847	12,132	12,197	8,959	7,031
Underlying EBITDA interest cover ⁽⁵⁾ – total Group	51.5	52.1	n/a	42.0	27.4	28.3	42.0	45.5	20.0	18.5
Operating margin (before special items and remeasurements) – total Group	20.0%	19.1%	30.4%	29.6%	20.1%	30.6%	28.4%	25.4%	18.5%	14.7%
Ordinary dividend cover (based on underlying earnings per share) – total Group	2.5	2.7	6.8	6.4	–	9.9	3.5	3.5	2.9	2.7
Balance sheet										
Intangible assets and property, plant and equipment	45,588	49,300	42,871	42,126	37,974	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments ⁽⁶⁾	9,418	8,689	10,269	9,852	7,303	7,607	9,271	8,258	5,585	5,547
Working capital	3,771	3,751	2,093	2,385	2,168	861	1,966	3,096	3,538	3,543
Other net current liabilities ⁽⁶⁾	(1,559)	(986)	(1,683)	(785)	(272)	(840)	(911)	(1,430)	(1,429)	(611)
Other non-current liabilities and obligations ⁽⁶⁾	(9,710)	(10,692)	(9,220)	(8,757)	(8,487)	(7,567)	(6,387)	(5,826)	(8,491)	(8,339)
Cash and cash equivalents and borrowings ⁽⁷⁾	(10,144)	(8,555)	(1,141)	(7,038)	(11,046)	(11,051)	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	–	2,231	–	188	429	195	471	641	–	–
Net assets	37,364	43,738	43,189	37,971	28,069	21,756	24,330	27,127	27,578	27,713
Non-controlling interests	(5,693)	(6,127)	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to equity shareholders of the Company	31,671	37,611	39,092	34,239	26,121	20,221	22,461	24,271	23,621	23,125
Total capital⁽⁸⁾	48,016	52,248	44,563	45,355	39,349	33,096	29,181	30,258	32,558	35,806
Cash flows from operations – continuing operations	7,729	7,370	11,498	9,924	4,904	9,579	9,375	9,012	5,963	3,857
Cash flows from operations – discontinued operations	–	–	–	–	–	–	470	1,045	1,302	1,434
Cash flows from operations – total Group	7,729	7,370	11,498	9,924	4,904	9,579	9,845	10,057	7,265	5,291
Dividends received from associates, joint ventures and financial asset investments – continuing operations	264	348	403	285	639	659	311	251	468	380
Dividends received from associates, joint ventures and financial asset investments – discontinued operations	–	–	–	–	–	–	52	37	2	16
Dividends received from associates, joint ventures and financial asset investments – total Group	264	348	403	285	639	659	363	288	470	396
EBITDA/average total capital⁽⁹⁾ – total Group	19.0%	18.3%	29.7%	28.3%	19.1%	38.0%	40.8%	38.8%	26.2%	21.3%
Net debt to total capital (gearing)⁽⁹⁾	22.2%	16.3%	3.1%	16.3%	28.7%	34.3%	16.6%	10.3%	15.3%	22.6%

⁽¹⁾ Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the Consolidated financial statements for details.

⁽²⁾ Comparatives for 2006, 2005 and 2004 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

⁽³⁾ 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.

⁽⁴⁾ Underlying EBITDA is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint operations and includes attributable share of EBITDA of associates and joint ventures.

⁽⁵⁾ Underlying EBITDA interest cover is underlying EBITDA divided by net finance costs, excluding other net financial income, exchange gains and losses on monetary assets and liabilities, unwinding of discount relating to provisions and other liabilities, financing special items and remeasurements, and including attributable share of associates' and joint ventures' net interest expense, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.

⁽⁶⁾ Comparatives for 2008, 2007, 2006 and 2005 were adjusted in the 2009 Annual Report in accordance with IAS 1 *Presentation of Financial Statements – Improvements* to reclassify non-hedge derivatives whose expected settlement date was more than one year from the period end from current to non-current.

⁽⁷⁾ This differs from the Group's measure of 'Net debt' as it excludes the net cash/(debt) of disposal groups (2013: nil; 2012: \$213 million; 2011: nil; 2010: \$59 million; 2009: \$48 million; 2008: \$8 million; 2007: \$(69) million; 2006: \$(80) million; 2005: nil; 2004: nil) and excludes related hedges (2013: net liabilities of \$508 million; 2012: net liabilities of \$168 million; 2011: net liabilities of \$233 million; 2010: net liabilities of \$405 million; 2009: net liabilities of \$285 million; 2008: net liabilities of \$297 million; 2007: net assets of \$388 million; 2006: net assets of \$193 million; 2005: nil; 2004: nil). See note 24 of the Consolidated financial statements for further details.

⁽⁸⁾ Total capital is net assets excluding net debt.

⁽⁹⁾ Net debt to total capital is calculated as net debt (including financial hedges and net debt in disposal groups) divided by total capital. Comparatives are presented on a consistent basis.

RECONCILIATION OF SUBSIDIARIES' REPORTED EARNINGS TO THE UNDERLYING EARNINGS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

Note only key reported lines are reconciled.

Kumba Iron Ore Limited

US\$ million	2013	2012 restated ⁽¹⁾
IFRS headline earnings	1,604	1,534
Exploration	14	16
Kumba Envision Trust ⁽²⁾	33	53
Other adjustments	2	3
	1,653	1,606
Non-controlling interests	(501)	(513)
Elimination of intercompany interest	12	4
Depreciation on assets fair valued on acquisition (net of tax)	(6)	(8)
Corporate cost allocation	(50)	(49)
Contribution to Anglo American underlying earnings	1,108	1,040

⁽¹⁾ Headline and underlying earnings have been restated to reflect the adoption of new accounting pronouncements.

⁽²⁾ The Kumba Envision Trust charge is included in IFRS headline earnings but is a non-operating special item so is excluded from underlying earnings.

Anglo American Platinum Limited

US\$ million	2013	2012
IFRS headline earnings/(loss)	152	(170)
Exploration	2	4
Operating and financing remeasurements (net of tax)	(8)	2
Restructuring costs included in headline earnings (net of tax)	105	-
BEE transactions and related charges	(44)	-
Tax special item included in headline earnings	188	-
Other adjustments	5	-
	400	(164)
Non-controlling interests	(80)	33
Elimination of intercompany interest	67	10
Depreciation on assets fair valued on acquisition (net of tax)	(36)	(41)
Corporate cost allocation	(64)	(63)
Contribution to Anglo American underlying earnings/(loss)	287	(225)

EXCHANGE RATES AND COMMODITY PRICES

US\$ exchange rates		2013	2012
Year end spot rates			
Rand		10.51	8.47
Brazilian real		2.36	2.05
Sterling		0.60	0.62
Australian dollar		1.12	0.96
Euro		0.73	0.76
Chilean peso		526	479
Botswana pula		8.76	7.79
Average rates for the year			
Rand		9.65	8.21
Brazilian real		2.16	1.95
Sterling		0.64	0.63
Australian dollar		1.03	0.97
Euro		0.75	0.78
Chilean peso		495	486
Botswana pula		8.39	7.61
Commodity prices		2013	2012
Year end spot prices			
Iron ore (FOB Australia) ⁽¹⁾	US\$/tonne	123	138
Thermal coal (FOB South Africa) ⁽²⁾	US\$/tonne	85	89
Thermal coal (FOB Australia) ⁽²⁾	US\$/tonne	85	91
Hard coking coal (FOB Australia) ⁽³⁾	US\$/tonne	132	170
Copper ⁽⁴⁾	US cents/lb	335	359
Nickel ⁽⁴⁾	US cents/lb	663	771
Platinum ⁽⁵⁾	US\$/oz	1,357	1,523
Palladium ⁽⁵⁾	US\$/oz	716	699
Rhodium ⁽⁵⁾	US\$/oz	975	1,080
Average market prices for the year			
Iron ore (FOB Australia) ⁽¹⁾	US\$/tonne	127	122
Thermal coal (FOB South Africa) ⁽²⁾	US\$/tonne	80	93
Thermal coal (FOB Australia) ⁽²⁾	US\$/tonne	84	94
Hard coking coal (FOB Australia) ⁽³⁾	US\$/tonne	159	210
Copper ⁽⁴⁾	US cents/lb	332	361
Nickel ⁽⁴⁾	US cents/lb	680	794
Platinum ⁽⁵⁾	US\$/oz	1,485	1,551
Palladium ⁽⁵⁾	US\$/oz	725	644
Rhodium ⁽⁵⁾	US\$/oz	1,066	1,275

⁽¹⁾ Source: Platts.

⁽²⁾ Source: McCloskey.

⁽³⁾ Source: Represents the quarter four benchmark.

⁽⁴⁾ Source: London Metal Exchange (LME) daily prices.

⁽⁵⁾ Source: London Platinum and Palladium Market (LPPM).

⁽⁶⁾ Source: Represents the average quarterly benchmark.