



**ANGLO AMERICAN SA FINANCE LIMITED**  
(Incorporated in the Republic of South Africa)

**Company Registration number 2003/015144/06**

**Audited Annual Financial Statements**

**For the year ended 31 December 2011**

**A member of the Anglo American plc group**

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## Contents

Company information	2
Compliance statement by the company secretary	3
Directors' responsibility and approval of annual financial statements	4
Independent auditor's report	5
Directors report	6
Balance sheet	7
Income statement	8
Statement of comprehensive income	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11 – 31

## Company information

### Directors

S. Mayet (Chairman)  
G.G. Gomwe (Zimbabwean)  
N.J. Mason-Gordon  
N.B. Mbazima (Zambian)  
C. Goosen  
J.G. Williams

### Company Secretary

Anglo Operations Limited

### Administrative and technical advisers and secretaries

Anglo Operations Limited	
Physical Address:	Postal Address:
44 Main Street	P.O. Box 61587
Johannesburg	Marshalltown
2001	2107

### Registered office

44 Main Street  
Johannesburg  
2001

### Auditors

Deloitte & Touche  
Private Bag X6  
Gallo Manor  
South Africa  
2052

Deloitte & Touche will continue in office in accordance with Section 90 (6) of the Companies Act of 2008.

### Preparation of Annual Financial Statements

The Annual Financial Statements were prepared under the supervision of Saleh Mayet CA (SA).

**Compliance statement by the company secretary**

The Company Secretary, Anglo Operations Limited, certifies that, according to its records, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 2008, and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2011.

**Anglo Operations Limited**  
Secretaries

A handwritten signature in black ink, appearing to read 'S. Martin', is written over a faint, illegible printed name.

**per S. Martin**  
Company Secretary

JOHANNESBURG  
27 February 2012

## Directors' responsibility and approval of annual financial statements

For the year ended 31 December 2011

### Directors' responsibility

The Directors are responsible for the preparation and fair presentation of the annual financial statements for Anglo American SA Finance Limited, comprising the balance sheet at 31 December 2011, the income statement, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 71 of 2008.

The Directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements, so as to be free from material misstatement, whether owing to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are responsible under the circumstances.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe that the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

### Approval of the company annual financial statements

The annual financial statements, as identified in the first paragraph, were approved by the Board of Directors on 27 February 2012 and are signed on its behalf by:

per



**S. Mayet**

*Chairman*



**G.G. Gomwe**

*Director*

JOHANNESBURG

27 February 2012

## INDEPENDENT AUDITOR'S REPORT

To the members of Anglo American SA Finance Limited

We have audited the annual financial statements of Anglo American SA Finance Limited which comprise the balance sheet as at 31 December 2011, the income statement, statement of comprehensive income, a statement of changes in equity and statement of cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' report as set out on pages 6 to 31.

### *Directors' responsibility for the financial statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

**DELOITTE & TOUCHE**

**Deloitte & Touche**  
**Registered Auditors**  
Per Paul Stedall  
Partner  
27 February 2012

National Executive: GG Gelink Chief Executive AE Swegers Chief Operating Officer GM Pinnock Audit  
DL Kennedy Risk Advisory & Legal Services NB Kader Tax L Geenagh Consulting L Bam Corporate Finance  
JK Mazzocco Human Resources CR Beukman Finance TJ Brown Chairman of the Board  
MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request.

**B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code**

Member of Deloitte Touche Tohmatsu Limited

## **Directors' report**

For the year ended 31 December 2011

The Directors have pleasure in submitting the annual financial statements of the Company for the year ended 31 December 2011.

### *Nature of business*

The main business of the Company is that of a finance, investment and investment holding company.

### *Capital*

There was no change during the year ended 31 December 2011 in the authorised and issued share capital of the Company. Details of the Company's authorised and issued share capital at 31 December 2011 are contained in the notes to the financial statements.

The authorised and issued capital remains unchanged at the date of this report.

### *Financial results*

The attached annual financial statements reflect the Company's financial position in South African Rand as at 31 December 2011 and the results of its operations for the year then ended.

### *Advisory services*

Anglo Operations Limited ("AOL") provides administrative and technical advisory services and acts as local secretaries to the Company. All of the Directors of the Company are officials of AOL.

### *Directorate*

The names of the present Directors and the name and business and postal addresses of the secretaries of the Company appear on page 2. There were no changes to the composition of the Board of Directors from the beginning of the accounting period up to the date of this report.

### *Going concern*

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue to receive the support of its holding Company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

**Balance Sheet**

at 31 December 2011

Rand	Note	2011	2010
Deferred tax asset	2	49 192 780	55 012 890
External loans	3	1 501 946 953	1 575 952 214
Loans to group companies	4	9 302 354 675	14 662 049 015
Other financial assets (derivatives)	16	187 141 279	195 918 865
<b>Total non-current assets</b>		<b>11 040 635 687</b>	<b>16 488 932 984</b>
Trade and other receivables	16	71 711 699	41 180 805
Loans to group companies	4	5 009 697 222	14 592 342
Amounts due by group companies	14, 16	238 012 181	232 776 801
Other current financial assets (derivatives)	16	107 113 685	115 153 567
Cash and cash equivalents	16	21 129 355 112	14 741 003 336
<b>Total current assets</b>		<b>26 555 889 899</b>	<b>15 144 706 851</b>
<b>Total assets</b>		<b>37 596 525 586</b>	<b>31 633 639 835</b>
Short-term external borrowings	5	170 000 000	-
Current tax liability		14 083 149	7 342 459
Trade and other payables	17	64 340 670	62 014 496
Deposits from group companies	6, 14	30 601 096 112	24 616 576 864
Amounts due to group companies	14	24 081 376	7 766 548
Other current financial liabilities (derivatives)	17	107 113 685	116 663 502
<b>Total current liabilities</b>		<b>30 980 714 992</b>	<b>24 810 363 869</b>
Long-term external borrowings	5	5 922 786 142	6 145 589 791
<b>Total non-current liabilities</b>		<b>5 922 786 142</b>	<b>6 145 589 791</b>
<b>Total liabilities</b>		<b>36 903 501 134</b>	<b>30 955 953 660</b>
<b>Net assets</b>		<b>693 024 452</b>	<b>677 686 175</b>
<b>Equity</b>			
Share capital and share premium	7	210 000 000	210 000 000
Accumulated profit		483 024 452	467 686 175
<b>Equity attributable to equity shareholder of the Company</b>		<b>693 024 452</b>	<b>677 686 175</b>



**Income Statement**

for the year ended 31 December 2011

Rand	Note	2011	2010
Interest income	8	2 979 259 243	1 981 292 835
Commitment fee income		14 142 478	9 547 716
Interest expense	9	(2 341 047 343)	(1 526 421 793)
Commitment and guarantee fees expense		(65 797 795)	(60 340 796)
<b>Net interest income</b>		<b>586 556 583</b>	<b>404 077 962</b>
Currency loss		(545 138)	(1 510 163)
Fair value hedge adjustment		4 006 278	(2 722 183)
Corporate activity costs		(13 258 712)	(10 872 390)
<b>Profit before taxation</b>	10	<b>576 759 011</b>	<b>388 973 226</b>
Income tax expense	11	(161 420 334)	(110 046 483)
<b>Profit for the year</b>		<b>415 338 677</b>	<b>278 926 743</b>

**Statement of comprehensive income**

for the year ended 31 December 2011

Rand	2011	2010
Profit for the year	415 338 677	278 926 743
<b>Total comprehensive income for the year</b>	<b>415 338 677</b>	<b>278 926 743</b>

**Statement of changes in equity**

for the year ended 31 December 2011

Rand	Share capital	Share premium	Accumulated profit	Total
Balance at 1 January 2010	10 100	209 989 900	188 759 432	398 759 432
Total comprehensive income for the year	-	-	278 926 743	278 926 743
<b>Balance at 31 December 2010</b>	<b>10 100</b>	<b>209 989 900</b>	<b>467 686 175</b>	<b>677 686 175</b>
Total comprehensive income for the year	-	-	415 338 677	415 338 677
Dividends declared			(400 000 400)	(400 000 400)
<b>Balance at 31 December 2011</b>	<b>10 100</b>	<b>209 989 900</b>	<b>483 024 452</b>	<b>693 024 452</b>

**Cash flow statement**

for the year ended to 31 December 2011

Rand	Note	2011	2010
<b>Cash flows from operating activities</b>			
Cash outflow from operations	12	(93 118 757)	(86 008 275)
Income tax paid	13	(148 859 534)	(92 176 292)
<b>Net cash used in operating activities</b>		<b>(241 978 291)</b>	<b>(178 184 567)</b>
<b>Cash flows from investing activities</b>			
Interest received		2 974 023 863	1 957 991 429
Decrease in external loans		74 005 261	4 703 172
Decrease in loans to group companies		364 044 322	9 893 738 231
<b>Net cash inflow from investing activities</b>		<b>3 412 073 446</b>	<b>11 856 432 832</b>
<b>Cash flows from financing activities</b>			
Interest paid		(2 364 853 754)	(1 557 207 766)
Dividends paid to shareholders		(400 000 400)	-
(Decrease) increase in long-term borrowings		(182 682 410)	1 192 638 521
Increase (decrease) in short-term borrowings		170 000 000	(490 776 712)
Increase in deposits from group companies		5 984 519 248	4 091 523 029
Decrease (increase) in net financial assets (derivatives)		11 273 937	(193 963 164)
<b>Net cash inflow from financing activities</b>		<b>3 218 256 621</b>	<b>3 042 213 908</b>
Net increase in cash and cash equivalents		6 388 351 776	14 720 462 173
Cash and cash equivalents at start of year		14 741 003 336	20 541 163
<b>Cash and cash equivalents at end of year</b>		<b>21 129 355 112</b>	<b>14 741 003 336</b>

## Notes to the financial statements

31 December 2011

### 1. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. The principal accounting policies adopted in the preparation of these financial statements are consistent in all material respects with those applied in the previous year, except for the adoption of all revised standards and interpretations issued effective from 1 January 2011, as noted in the accounting policies below.

The financial statements have been prepared under the historical cost convention as modified by the recording of certain financial instruments at fair value. Set out below are significant features of the Company's accounting policies.

#### *Significant judgements*

In preparing the financial statements, management is required to exercise its judgement in the process of applying the company's accounting policies, make estimates, judgements and assumptions that affect reported income, expenses, assets and liabilities.

Judgements made relate to classifying financial assets and liabilities into their relevant categories and in the determination of their fair value for measurement and disclosure purposes.

Changes in accounting estimates are recognised in profit or loss during the period in which the change is made.

Significant areas of management uncertainty include impairment of assets.

#### *Changes in accounting policies and disclosures*

A number of amendments to accounting standards and new interpretations issued by the International Accounting Standards Board (IASB) were applicable from 1 January 2011. They have not had a material impact on the accounting policies, methods of computation or presentation applied by the Company.

#### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount can be estimated reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### *Financial instruments*

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. The Company's financial instruments consist primarily of cash and cash equivalents, trade and other receivables, loans receivable, borrowings, trade and other payables and certain other derivative instruments.

The Company classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, financial liabilities at fair value through profit or loss and other financial liabilities at amortised costs. The classification depends on the purpose for which the financial assets were acquired / financial liabilities were assumed. Management determines the classification at initial recognition.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

## Notes to the financial statements continued

31 December 2011

### 1. Accounting policies continued

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and 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.

#### *Trade and other receivables*

Trade and other receivables do not carry any interest that is recognised initially at fair value and is subsequently stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Company does not expect the effect of discounting to be material.

#### *Trade and other payables*

Trade and other payables are not interest bearing. They are initially recognized at fair value and subsequently stated at their nominal value as the Company does not expect the effect of discounting to be material. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### *Borrowings*

Interest-bearing bank loans and overdrafts are initially recorded at fair value net of transaction costs incurred. Borrowings are subsequently carried at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### *Derivative financial instruments and hedge accounting*

The Company enters into derivative contracts with group companies on a principal basis to allow them to manage their exposure to fluctuations in exchange rates and interest rates. The Company manages the exposures that arise from these transactions by entering into derivative contracts with external counterparties. The Company does not acquire, hold or issue derivative instruments for speculative trading purposes.

All derivatives are held at fair value in the balance sheet within other financial assets (derivatives) or other financial liabilities (derivatives) and, when designated as hedges, are classified as current or non-current depending on the maturity of the derivative.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flow 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 forecasted transaction results in the recognition of a non-financial asset or a 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 a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net 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 with the corresponding entry in profit or loss.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity. The ineffective portion is recognised immediately in the income statement.

## Notes to the financial statements continued

31 December 2011

### 1. Accounting policies continued

Changes in the fair value of any derivative instrument that are not hedge accounted are recognised immediately in the income statement and are classified within other gains and losses or net finance costs or income depending on the type of risk the derivative relates to.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity 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 included in the income statement for the period.

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 are not carried at fair value with unrealised gains or losses reported in the income statement.

#### *Impairment*

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment if any. The criteria that the Company uses to determine that there is an objective evidence of an impairment loss includes:

- Significant financial difficulty of the issuer or obligor;
- A breach on contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization.

If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment if any.

Recoverable amount is the higher of fair value less costs to sell 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

Where an impairment subsequently reverses, the carrying amount of the asset 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 in prior years. Reversal of an impairment is recognised immediately as income.

#### *Derecognition*

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

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in income. On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid for is included in income.

## Notes to the financial statements continued

31 December 2011

### 1. Accounting policies continued

#### *Taxation*

The tax expense represents the sum of the current tax charge and the movement in deferred tax.

The tax currently 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

#### *Taxation continued*

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. Deferred tax is charged or credited in 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 Company intends to settle its current tax assets and liabilities on a net basis.

#### *Foreign currency translation*

The Company's functional and presentation currency is South African Rand. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

#### *Revised standards and interpretations adopted during the year*

The following new or amended IFRS accounting standards and interpretations not yet adopted are expected to have a significant impact on the Company.

IFRS 9 *Financial Instruments – Classification and Measurement* is the first phase of the IASB's three stage project to replace IAS 39. The first phase deals with the classification and measurement of financial assets (issued in November 2009) and financial liabilities (issued in October 2010). The standard applies to annual periods beginning on or after 1 January 2015. Early application is permitted, although IFRS 9 has not yet been endorsed for use in the European Union. Once adopted, all financial assets and liabilities within the scope of IFRS 9 will be accounted for in accordance with this standard.

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

IFRS 13 *Fair value measurement* was issued in May 2011 and provides a single framework for all fair value measurements, describing how to measure fair value and when fair value is permitted by IFRS. This standard applies to annual periods beginning on or after 1 January 2013.

The amendment to IAS 1 *Presentation of financial statements* issued in June 2011 requires items to be grouped in other comprehensive income based on whether those items are subsequently reclassified to profit or loss. The amendment is to be applied for annual periods beginning on or after 1 July 2012.

The amendment to IFRS 7 *Financial Instruments: Disclosures* concerns the disclosure requirements in relation to transferred financial assets. The amendment is effective for annual periods beginning on or after 1 July 2011.

**Notes to the financial statements continued**

31 December 2011

**2. Deferred tax asset**

Rand	2011	2010
At 1 January	<b>55 012 890</b>	58 806 974
Charged to income statement	<b>(5 820 110)</b>	(3 794 084)
At 31 December	<b>49 192 780</b>	55 012 890

Deferred taxation comprises the following:

Rand	2011	2010
Fair value adjustments	<b>23 742 069</b>	34 976 016
Derivatives	<b>26 207 226</b>	21 046 992
Other temporary differences	<b>(756 515)</b>	(1 010 118)
	<b>49 192 780</b>	55 012 890

**3. External loans**

Rand	2011	2010
Main Street 333 Proprietary Limited	<b>897 899 057</b>	893 171 980
Exxaro Resources Limited	<b>572 992 140</b>	654 848 160
Pamodzi Coal Proprietary Limited	<b>31 055 756</b>	27 932 074
At 31 December	<b>1 501 946 953</b>	1 575 952 214

The loans are unsecured and bear interest based on variable market benchmark rates. The interest is calculated monthly and is payable according to the specific terms of the loans. The loans to Main Street 333 Proprietary Limited and Exxaro Resources Limited are repayable by the end of 2013. The loan to Pamodzi Coal Proprietary Limited has no fixed terms of repayment and is secured by shares in Anglo American Inyosi Coal Proprietary Limited.



**Notes to the financial statements continued**

31 December 2011

**4. Loans to group companies**

Rand	2011	2010
Long-term		
<b>Fellow subsidiary companies</b>		
Anglo Platinum Management Services Proprietary Limited	-	6 160 244 000
Scaw South Africa Proprietary Limited	<b>3 634 592 840</b>	3 301 393 878
Anglo American Inyosi Coal Proprietary Limited	<b>5 667 761 835</b>	5 200 411 137
	<b>9 302 354 675</b>	14 662 049 015
Short-term		
<b>Fellow subsidiary companies</b>		
Anglo Platinum Management Services Proprietary Limited	<b>4 996 524 000</b>	-
Other companies	<b>13 173 222</b>	14 592 342
	<b>5 009 697 222</b>	14 592 342
	<b>14 312 051 897</b>	14 676 641 357

The loan to Anglo Platinum Management Services Proprietary Limited is unsecured and bears interest at a variable rate based on JIBAR. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under a facility maturing in 2012.

The loan to Scaw South Africa Proprietary Limited is unsecured and bears interest at a variable rate based on JIBAR. Interest is calculated monthly and payable on a six monthly basis. The loan is repayable in 2017.

The loan to Anglo American Inyosi Coal Proprietary Limited is unsecured and bears interest at a market rate based on JIBAR. The interest is calculated monthly and payable on a six month basis. The loan has been provided under a project financing facility maturing in 2018.

The loans to fellow subsidiary companies are unsecured and bear interest at a variable rate based on the weighted average rate of the Company's external borrowings. The interest is calculated and payable monthly. The loans have no fixed repayment terms but will become repayable should the committed and uncommitted facilities become repayable (refer note 5).

Detailed risk profiles of the above companies are disclosed in their individual financial statements. The Directors are of the opinion that there is no reason to doubt the recoverability of these loans.

## Notes to the financial statements continued

31 December 2011

## 5. External borrowings

Rand	2011	2010
<b>Long-term</b>		
Floating rate note maturing in 2016 at an interest rate of 3 month JIBAR plus 0.50%.	199 651 423	199 569 233
Fixed rate bond maturing in 2015. Interest is payable semi annually at a rate of 9.77%.	1 056 283 874	1 044 698 140
Term loan maturing in 2013 at an interest rate of 9.44% per annum.	3 066 850 845	3 131 322 418
Bank loans drawn under long term committed facilities of R8.7 billion (2010: R8.9 billion) with interest payable at a weighted average rate of JIBAR plus 1.44% (2010: 1.35%) per annum for the relative interest period.	1 600 000 000	1 770 000 000
	<b>5 922 786 142</b>	<b>6 145 589 791</b>
<b>Short-term</b>		
Bank loans drawn under short term committed facilities of R10 billion (2010: R9.8 billion) with interest payable at a weighted average rate of JIBAR plus 0.79% per annum for the relative interest period.	170 000 000	-
	<b>170 000 000</b>	<b>-</b>
	<b>6 092 786 141</b>	<b>6 145 589 791</b>

**Committed and uncommitted facilities**

The maturity and interest rate profiles for the drawings under facilities at 31 December are as follows:

*Long-term committed facilities*

<i>Weighted average maturity</i>	<b>2.2 years</b>	3.0 years
<i>Weighted average interest rate per annum</i>	<b>8.43%</b>	8.34%

*Short-term committed facilities*

<i>Weighted average maturity</i>	<b>0.2 years</b>	-
<i>Weighted average interest rate per annum</i>	<b>8.08%</b>	-

**Notes to the financial statements continued**

31 December 2011

**5. External borrowings continued***Facilities*

The above facilities have been arranged with a number of financial institutions. The use of these facilities may give rise to interest rate risk due to changes in the market rates.

*Commitment fees*

Commitment fees are payable to financial institutions based on the undrawn amount on committed facilities. The commitment fees are due and payable annually in November of each year.

*Guarantees*

Anglo American plc ("AA plc") has guaranteed the Company's due and punctual observance and performance of all the terms, conditions and covenants under the Company's Domestic Medium Term Note programme (the 'programme') and certain facilities with external parties.

In consideration for this guarantee, AA plc charges the Company a guarantee fee which amounts to 0.30% of the average value of amounts owing by the Company under the programme and such facilities for each quarter of a calendar year (or any part thereof).

Anglo American South Africa Limited ("AASA") has guaranteed the Company's due and punctual observance and performance of all the terms, conditions and covenants under facilities/loan agreements with various external parties.

In consideration for this guarantee, AASA charges the Company a guarantee fee which amounts to 0.25% of the average value of the amounts advanced to the Company and owing by the Company under such agreement for each quarter of a calendar year (or any part thereof).

The guarantee fees are due and payable to AASA and AA plc quarterly.

**6. Deposits from group companies**

Rand	2011	2010
<b>Holding company</b>		
Anglo American South Africa Limited	24 754 898 993	21 386 555 964
<b>Fellow subsidiary companies</b>		
<i>Term deposits</i>		
Newshelf 480 Proprietary Limited	9 683 089	8 381 398
Sishen Iron Ore Company Proprietary Limited	2 000 000 000	-
<i>Call deposits</i>		
Anglo American Properties Limited	35 498 204	184 653 779
Anglo Operations Limited	1 367 321 643	1 222 220 495
Black Mountain Mining Proprietary Limited	-	60 322 664
Anglo American Inyosi Coal Proprietary Limited	386 759 839	199 828 397
Anglo American EMEA Shared Services Proprietary Limited	23 600 399	21 199 329

**Notes to the financial statements continued**

31 December 2011

**6. Deposits from group companies continued**

Sishen Iron Ore Company Proprietary Limited	<b>1 885 389 999</b>	1 391 000 000
Holdac Limited	<b>105 161 772</b>	104 218 392
Lansan Investment Holdings Limited	<b>14 857 201</b>	10 344 232
Spectrem Air Limited	<b>17 924 973</b>	27 069 479
	<b>5 846 197 119</b>	3 230 020 900
	<b>30 601 096 112</b>	24 616 576 864

At 31 December 2011, the rate of interest paid on these deposits ranged between 5.15% and 6.20% (2010: 4.90% and 5.75%) per annum.

**7. Share capital and share premium**

	<b>Number of shares 2011</b>	<b>Rand 2011</b>	<b>Number of shares 2010</b>	<b>Rand 2010</b>
<b>Authorised:</b>				
Shares of R1 each	<b>50 000</b>	<b>50 000</b>	50 000	50 000
<b>Issued:</b>				
Shares of R1 each	<b>10 100</b>	<b>10 100</b>	10 100	10 100
Share premium	-	<b>209 989 900</b>	-	209 989 900
		<b>210 000 000</b>		210 000 000

**8. Interest income**

<b>Rand</b>	<b>2011</b>	<b>2010</b>
Fellow subsidiary companies	<b>1 608 047 182</b>	1 601 509 486
Interest and other income	<b>1 371 212 061</b>	379 783 349
	<b>2 979 259 243</b>	1 981 292 835

**Notes to the financial statements continued**

31 December 2011

**9. Interest expense**

Rand	2011	2010
Committed facilities	<b>148 486 765</b>	168 618 298
Bonds	<b>109 762 919</b>	76 857 011
Term loan	<b>279 940 501</b>	283 360 931
Commercial paper	-	17 044 365
Net settlement on debt related interest rate swaps	<b>(101 931 838)</b>	(47 668 784)
	<b>436 258 347</b>	498 211 821
Holding company	<b>1 278 685 288</b>	946 264 849
Fellow subsidiary companies	<b>626 103 708</b>	81 945 123
	<b>1 904 788 996</b>	1 028 209 972
	<b>2 341 047 343</b>	1 526 421 793

**10. Profit before taxation**

The following items have been included in arriving at profit before taxation:

Rand	2011	2010
Auditor's remuneration		
- Audit fees current year	<b>616 911</b>	586 080
- Other services	<b>147 060</b>	100 890
Fees for services	-	-
- Administration fees to Anglo Operations Limited	<b>9 218 445</b>	8 961 653
Fair value on interest rate derivatives		
- Fair value on interest rate swaps	<b>9 324 046</b>	(192 753 137)
- Fair value on hedged interest rate risk	<b>(13 330 324)</b>	195 475 320
Foreign exchange forward contracts	-	-
- Fair value through profit or loss	<b>545 138</b>	1 511 718
- Net foreign exchange losses	-	(1 555)

**Notes to the financial statements continued**

31 December 2011

**11. Income tax expense**

Rand	2011	2010
South African normal taxation		
Current taxation	(155 600 224)	(106 252 399)
Deferred taxation (note 2)	(5 820 110)	(3 794 084)
<b>Total income tax charge</b>	<b>(161 420 334)</b>	<b>(110 046 483)</b>
<b>Tax rate reconciliation</b>		
Percentage	2011	2010
South African tax at normal rate	28.00	28.00
Prior year tax adjustment	-	0.29
<b>Effective tax rate</b>	<b>28.00</b>	<b>28.29</b>

**12. Reconciliation of profit before taxation to cash outflows from operations**

Rand	2011	2010
Profit before taxation	576 759 011	388 973 226
Interest income	(2 979 259 243)	(1 981 292 835)
Interest expense	2 381 168 574	1 562 652 318
Currency loss	545 138	1 510 163
Amortisation of fair value adjustment	(40 121 240)	(36 230 525)
Fair value hedge adjustment	(4 006 278)	2 722 183
Increase in operating receivables	(30 530 894)	(29 773 945)
Increase in operating payables	2 326 175	5 431 140
<b>Cash outflow from operations</b>	<b>(93 118 757)</b>	<b>(86 008 275)</b>

**13. Income tax paid**

Rand	2011	2010
Balance at start of year	(7 342 459)	6 733 648
Income tax – current taxation charge (note 11)	(155 600 224)	(106 252 399)
Balance at end of year	14 083 149	7 342 459
	<b>(148 859 534)</b>	<b>(92 176 292)</b>

## Notes to the financial statements continued

31 December 2011

**14. Related party transactions**

The Company enters into various financial transactions with group companies in the ordinary course of business. These transactions are conducted on an arms-length basis.

Loans to group companies are disclosed in note 4 and deposits from group companies are disclosed in note 6.

A guarantee fee, amounting to R8 122 500 (2010: R8 030 124), was due to Anglo American South Africa Limited in respect of the year under review. As at 31 December 2011 an amount of R2 047 315 (2010: R2 047 315) was outstanding and is included in "Amounts due to group companies" on the balance sheet.

A guarantee fee, amounting to R9 103 933 (2010: R8 632 124), was due to Anglo American plc in respect of the year under review. As at 31 December 2011 an amount of R2 245 808 (2010: R2 245 808) was outstanding and is included in "Trade and other payables" on the balance sheet.

Interest received from group companies is disclosed in note 8 and interest paid to group companies is disclosed in note 9. Administration fees paid to a group company is disclosed in note 10.

A commitment fee, amounting to R13 863 026 (2010: R6 270 324), was due from Anglo Platinum Management Services Proprietary Limited in respect of the year under review. As at 31 December 2011 an amount of R8 538 038 (2010: R3 974 761) was outstanding and is included in "Trade and other receivables" on the balance sheet.

A commitment fee, amounting to R279 452 (2010: R3 277 392), was due from Black Mountain Mining Proprietary Limited in respect of the year under review. As at 31 December 2011 an amount of Rnil (2010: R1 512 329) was outstanding and is included in "Trade and other receivables" on the balance sheet.

The Company had following material related party transactions and balances during the year:

Rand	Interest income	Interest expense	Amounts due by group companies	Amounts due to group companies
<b>At 31 December 2011</b>				
<b>Holding company</b>				
Anglo American South Africa Limited	-	1 278 685 288	-	2 047 315
<b>Fellow subsidiaries</b>				
Newshelf 480 Proprietary Limited	136 952	541 814	-	44 389
Anglo American Properties Limited	-	7 441 910	-	-
Anglo Operations Limited	409 001 589	395 488 011	-	-
Black Mountain Mining Proprietary Limited	-	461 643	-	-
Anglo American Inyosi Coal Proprietary Limited	470 596 350	16 492 424	119 838 225	1 183 236
Anglo American EMEA Shared Services Proprietary Limited	-	1 403 532	-	-
Sishen Iron Ore Company Proprietary Limited	233 129	196 758 643	-	20 723 060
Holdac Limited	-	5 551 102	-	-
Lansan Investment Holdings Limited	-	755 253	-	-
Spectrem Air Limited	-	1 208 863	-	83 376
Longmeadow Home Farm Limited	133 338	513	-	-
Anglo Platinum Management Services Proprietary Limited	361 831 868	-	30 263 511	-
Scaw South Africa Proprietary Limited	364 915 695	-	87 910 445	-
Afropo Zambia Limited	397 995	-	-	-
Haggie Rand Zimbabwe (Pvt) Limited	800 265	-	-	-
<b>Total – Fellow-subsidiaries</b>	<b>1 608 047 182</b>	<b>626 103 708</b>	<b>-</b>	<b>22 034 061</b>
<b>Total</b>	<b>1 608 047 182</b>	<b>1 904 788 996</b>	<b>238 012 181</b>	<b>24 081 376</b>

**Notes to the financial statements continued**

31 December 2011

**15. Events occurring after end of year**

No significant events occurred after year ended 31 December 2011 up to the date of the report.

**16. Financial assets**

The carrying amounts and fair values of financial assets are as follows:

Rand	2011		2010	
	Estimated Fair Values	Carrying amounts	Estimated Fair values	Carrying amounts
Loans and receivables				
Trade and other receivables	71 711 699	71 711 699	41 180 805	41 180 805
Cash and cash equivalents	21 129 355 112	21 129 355 112	14 741 003 336	14 741 003 336
Financial asset investments - external	1 501 946 953	1 501 946 953	1 575 952 214	1 575 952 214
Loans to group companies	14 312 051 897	14 312 051 897	14 676 641 357	14 676 641 357
Amounts due by group companies	238 012 181	238 012 181	232 776 801	232 776 801
At fair value through profit and loss	-	-	-	-
Other financial assets (derivatives) <sup>(1)</sup>	294 254 964	294 254 964	311 072 432	311 072 432

<sup>(1)</sup> Other financial assets (derivatives) comprise short-term derivatives of R107 113 685 (2010: R115 153 567) and long-term derivatives of R187 141 279 (2010: R195 918 865).

**17. Financial liabilities**

The carrying amounts and fair values of financial liabilities are as follows:

Rand	2011		2010	
	Estimated Fair Values	Carrying amounts	Estimated Fair values	Carrying amounts
Financial liabilities at amortised cost	-	-	-	-
Trade and other payables	64 340 670	64 340 670	62 014 496	62 014 496
Current borrowings <sup>(1)</sup>	30 795 177 488	30 795 177 488	24 624 343 412	24 624 343 412
Other non-current borrowings	5 889 973 341	5 922 786 142	6 047 548 373	6 145 589 791
At fair value through profit and loss	-	-	-	-
Other financial liabilities (derivatives) <sup>(2)</sup>	107 113 685	107 113 685	116 663 502	116 663 502
<b>Total</b>	<b>36 856 605 184</b>	<b>36 889 417 985</b>	<b>30 850 569 783</b>	<b>30 948 611 201</b>

<sup>(1)</sup> Current borrowings comprise short term borrowings of R170 000 000 (2010: Rnil), deposits from group companies of R30 601 096 112 (2010: R24 616 576 864) and amounts due to group companies of R24 081 376 (2010: R7 766 548).

<sup>(2)</sup> Other financial liabilities (derivatives) comprise short-term derivatives of R107 113 685 (2010: R116 663 502).



**Notes to the financial statements continued**

31 December 2011

**17. Financial liabilities continued**

The fair value of current and other non-current borrowings is determined by reference to quoted market prices for similar instruments, where applicable, otherwise the carrying value approximates the fair value.

The Company's 2011 borrowings are presented on an unhedged basis. The fair value of associated derivatives is recorded separately within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)' (see note 18).

An analysis of borrowings is set out below:

Rand	Within 1 year or on demand	Between 1-2 years	Between 2-5 years	After 5 years	Total
<b>At 31 December 2011</b>					
Unsecured	-	-	-	-	-
Bank loans	170 000 000	-	1 600 000 000	-	1 770 000 000
Other loans	30 625 177 488	-	1 255 935 297	-	31 881 112 785
<b>Total borrowings</b>	<b>30 795 177 488</b>	<b>-</b>	<b>2 855 935 297</b>	<b>-</b>	<b>33 651 112 785</b>
<b>At 31 December 2010</b>					
Unsecured	-	-	-	-	-
Bank loans	-	170 000 000	1 600 000 000	-	1 770 000 000
Other loans	24 624 343 412	-	4 176 020 558	199 569 233	28 999 933 203
<b>Total borrowings</b>	<b>24 624 343 412</b>	<b>170 000 000</b>	<b>5 776 020 558</b>	<b>199 569 233</b>	<b>30 769 933 203</b>

**18. Financial instrument risk exposure, risk management and derivatives***Financial instrument risk exposure and management*

The Company is exposed in varying degrees to a variety of financial instrument related risk. The Board approves and monitors the risk management processes, inclusive of 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 Company's own policy.

The types of risk exposure and the way in which such exposure is managed, including the use of derivative instruments is provided as follows (subcategorised into credit risk, liquidity risk and market risk).

*Credit risk*

The Company's credit risk is primarily attributable to its cash and cash equivalents, trade and other receivables, loans and derivative financial instruments.

The Company limits exposure to credit risk through adherence to a policy of:

- Minimum acceptable counterparty credit ratings assigned by international credit-rating agencies or who have received specific internal corporate credit approval and approved credit limits.
- Daily counterparty settlement limits.
- Exposure diversification.
- Custody restriction on securities held by banks and other institutions.

The Company does not have significant concentration of credit risk.

## Notes to the financial statements continued

31 December 2011

## 18. Financial instrument risk exposure, risk management and derivatives continued

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet (net of impairment losses where relevant).

The Company believes that no impairment allowance is necessary in respect of receivables as no objective evidence existed at year end to indicate that one or more events may have a negative effect on the estimated future cash flows expected from any individual balance.

*Liquidity risk*

The Company ensures that there are sufficient committed loan facilities in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holding of cash and cash equivalents, as well as any distribution restrictions that exist.

The expected cash flow of the Company's financial liabilities (including associated derivatives), by remaining contractual maturity, at the balance sheet date is as follows:

Rand	Within 1 year			1-2 years		
	Fixed Interest	Floating Interest	Capital Repayment	Fixed Interest	Floating Interest	Capital Repayment
<b>At 31 December 2011</b>						
Bank loans and overdrafts	-	(138 314 000)	(170 000 000)	-	(134 880 000)	-
Other loans	(416 884 858)	(35 201 410)	(30 601 096 111)	(416 884 858)	(12 180 000)	(2 850 000 000)
Other non-interest bearing liabilities	-	-	(9 710 973)	-	-	-
Net settled derivatives	337 412 953	(236 466 085)	-	336 758 000	(252 267 006)	-
	<b>(79 471 905)</b>	<b>(409 981 495)</b>	<b>(30 780 807 084)</b>	<b>(80 126 858)</b>	<b>(399 327 006)</b>	<b>(2 850 000 000)</b>
<b>At 31 December 2010</b>						
Bank loans and overdrafts	-	(148 262 000)	-	-	(137 985 500)	(170 000 000)
Other loans	(416 884 858)	(18 021 248)	(24 616 576 863)	(416 884 858)	(12 100 000)	-
Other non-interest bearing liabilities	-	-	(8 619 306)	-	-	-
Net settled derivatives	336 103 047	(233 293 700)	-	337 412 953	(259 304 197)	-
	<b>(80 781 811)</b>	<b>(399 576 948)</b>	<b>(24 625 196 169)</b>	<b>(79 471 905)</b>	<b>(409 389 697)</b>	<b>(170 000 000)</b>
Rand	3-5 years			+ 5 years		
	Fixed Interest	Floating Interest	Capital Repayment	Fixed Interest	Floating Interest	Capital Repayment
<b>At 31 December 2011</b>						
Bank loans and overdrafts	-	(33 720 000)	(1 600 000 000)	-	-	-
Other loans	(146 550 000)	(27 405 000)	(1 200 000 000)	-	-	-
Net settled derivatives	146 550 000	(132 788 394)	-	-	-	-
	<b>-</b>	<b>(193 913 394)</b>	<b>(2 800 000 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2010</b>						
Bank loans and overdrafts	-	(168 200 000)	(1 600 000 000)	-	-	-
Other loans	(563 434 858)	(36 300 000)	(3 850 000 000)	-	(6 050 000)	(200 000 000)
Net settled derivatives	483 308 000	(453 608 266)	-	-	-	-
	<b>(80 126 858)</b>	<b>(658 108 266)</b>	<b>(5 450 000 000)</b>	<b>-</b>	<b>(6 050 000)</b>	<b>(200 000 000)</b>

**Notes to the financial statements continued**

31 December 2011

**18. Financial instrument risk exposure, risk management and derivatives continued**

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

Rand Expiry date	2011	2010
In one year or less	9 782 000 000	11 600 000 000
Between 1 and 2 years	1 500 000 000	-
In more than two years	5 618 000 000	5 300 000 000
	<b>16 900 000 000</b>	<b>16 900 000 000</b>

*Market risk*

The significant market exposures to which the Company is exposed are foreign exchange risk and interest rate risk. These are discussed further below:

*Foreign exchange risk*

The Company uses forward exchange contracts, currency swaps and option contracts to limit the effects of movements in exchange rates on foreign currency denominated assets and liabilities as well as to hedge future transactions and cash flows when appropriate.

The exposure of the Company's financial assets and liabilities to currency risk is as follows:

Rand	Financial assets (excluding derivatives)	Impact of currency derivatives	Derivative assets	Total financial asset exposure to currency risk
<b>At 31 December 2011</b>				
SA rand	37 253 077 842	-	294 254 964	37 547 332 806
Total	37 253 077 842	-	294 254 964	37 547 332 806
<b>At 31 December 2010</b>				
SA rand	31 267 554 513	-	311 072 432	31 578 626 945
Total	31 267 554 513	-	311 072 432	31 578 626 945
Rand	Financial liabilities (excluding derivatives)	Impact of currency derivatives	Derivative liabilities	Total financial liabilities exposure to currency risk
<b>At 31 December 2011</b>				
SA rand	41 795 458 962	-	107 113 685	41 902 572 647
Total	41 795 458 962	-	107 113 685	41 902 572 647
<b>At 31 December 2010</b>				
SA rand	30 831 947 699	-	116 663 502	30 948 611 201
Total	30 831 947 699	-	116 663 502	30 948 611 201

**Notes to the financial statements continued**

31 December 2011

**18. Financial instrument risk exposure, risk management and derivatives continued***Interest rate risk*

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in ZAR interest rates.

The Company's policy is to borrow funds at floating rates of interest as this is considered to give a partial natural hedge against commodity price movements, given the correlation to economic growth (and industrial activity) which in turn shows a high correlation with commodity price fluctuations. The Company also uses interest rate swaps to manage its exposure to interest rate movements on a portion of its existing debt. Strategic hedging using fixed rate debt may be undertaken from time to time if considered appropriate.

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

The exposure of the Company's financial assets to interest rate risk is as follows:

Rand	Interest bearing financial assets		Non-interest bearing financial assets
	Floating rate financial assets	Fixed rate financial assets	Other non-interest bearing financial assets
<b>At 31 December 2011</b>			
Financial assets (excluding derivatives)	37 181 366 143	-	71 711 699
Derivative assets	187 141 279	-	107 113 685
<b>Financial exposure to interest rate risk</b>	<b>37 368 507 422</b>	<b>-</b>	<b>178 825 384</b>
<b>At 31 December 2010</b>			
Financial assets (excluding derivatives)	31 226 373 708	-	41 180 805
Derivative assets	195 918 865	-	115 153 567
<b>Financial exposure to interest rate risk</b>	<b>31 422 292 573</b>	<b>-</b>	<b>156 334 372</b>

Floating rate financial assets consist mainly of loans to group companies. Interest on floating rate assets is based on the relevant national inter-bank rates.

**Notes to the financial statements continued**

31 December 2011

**18. Financial instrument risk exposure, risk management and derivatives continued**

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Rand	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings
<b>At 31 December 2011</b>			
Financial liabilities (excluding derivatives)	37 607 983 572	4 123 134 719	64 340 671
Effect of interest rate swaps	4 038 341 614	(4 038 341 614)	-
Derivative liabilities	-	-	107 113 685
<b>Financial exposure to interest rate risk</b>	<b>41 646 325 186</b>	<b>84 793 105</b>	<b>171 454 356</b>
<b>At 31 December 2010</b>			
Financial liabilities (excluding derivatives)	26 593 912 645	4 176 020 558	62 014 496
Effect of interest rate swaps	4 051 106 214	(4 051 106 214)	-
Derivative liabilities	-	-	116 663 502
<b>Financial exposure to interest rate risk</b>	<b>30 645 018 859</b>	<b>124 914 344</b>	<b>178 677 998</b>

Interest on floating rates is based on the relevant national inter-bank rates.

*Derivatives*

The Company utilises derivative instruments to manage its market risk exposures as explained above. The Company does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges. Such derivatives that are not hedge accounted are classified as non-hedges and fair valued through the income statement. The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

*Fair value hedges*

The majority of interest rate swaps taken out to protect the Company's fixed rate borrowings against future interest rate movements have been designated as fair value hedges. The respective carrying values of the hedged borrowings are adjusted to reflect the fair value of the interest rate risk being hedged. Subsequent changes in the fair value of the hedged risk are offset against fair value changes in the interest rate swap and classified within financing costs, in the income statement.

*Non-hedges*

The Company may choose not to designate certain derivatives as hedges, for example certain forward contracts that economically hedge forecast commodity transactions and relatively low value or short-term derivative contracts where the potential mark-to-market impact on the Company's earnings is not considered material. Where derivatives have not been designated as hedges, fair value changes are recognised in the income statement in accordance with the Company's policy set out in note 1 and are classified as financing or operating depending on the nature of the associated hedged risk.

**Notes to the financial statements continued**

31 December 2011

**18. Financial instrument risk exposure, risk management and derivatives continued***Fair value measurements recognised in the balance sheet*

The fair value of the Company's open derivative position at 31 December 2011, recorded within other financial assets (derivatives) and other financial liabilities (derivatives) is as follows:

Rand	2011		2010	
	Asset	Liability	Asset	Liability
Current	-	-	-	-
Non-hedged (Held for trading)	-	-	-	-
Forward foreign currency contracts	<b>107 113 685</b>	<b>107 113 685</b>	115 153 567	116 663 502
<b>Total current derivatives</b>	<b>107 113 685</b>	<b>107 113 685</b>	115 153 567	116 663 502
Non – current	-	-	-	-
Fair value hedges	-	-	-	-
Interest rate swap	<b>187 141 279</b>	-	195 918 865	-
<b>Total non - current derivatives</b>	<b>187 141 279</b>	-	195 918 865	-

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to the present value. The Company has therefore grouped all these financial instruments within level 2.

There were no transfers between the levels of the fair value hierarchy within the period.

*Sensitivities*

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments and trade receivables and payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Company's financial instruments (as at year end) to changes in market variables, being exchange rates and interest rates.

The sensitivity analysis has been prepared on the basis that the amount 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 2011. As a consequence, this sensitivity analysis relates to the position as at 31 December 2011 and is not representative of the year then ended as all of these varied during the course of the year.

## Notes to the financial statements continued

31 December 2011

### 18. Financial instrument risk exposure, risk management and derivatives continued

The following assumptions were made in calculating the sensitivity analysis:

- All income statement sensitivities also impact equity.
- The majority of debt and other deposits are carried at amortised cost and therefore carrying value does not change as interest rates move.
- No sensitivity is provided for accrued interest as accruals are based on pre-agreed interest rates and therefore are not susceptible to further rate movements.
- 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 to materially offset one another.
- All hedge relationships are assumed to be fully effective on the grounds of materiality.
- Debt with a maturity below one year is floating rate, unless it is long term fixed rate debt in its final year.

Using the above assumptions, the effect on the income statement and equity is Rnil (2010: Rnil)

No sensitivity for foreign exchange rates is presented as the Company does not have any net open positions in foreign currency at year end.

#### *Capital risk management*

The Company's objectives when managing capital (represented by equity in the balance sheet) are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the Company may draw down on available banking facilities or obtain long term funding from stakeholders.

There were no changes to the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

### 19. Contingent liabilities and contingent assets

At 31 December 2011 and 31 December 2010 no contingent liabilities were secured on the assets of the Company.

There were no significant contingent assets in the Company at either 31 December 2011 or 31 December 2010.

**Notes to the financial statements continued**

31 December 2011

**20. Directors' remuneration**

Rand	
<b>At 31 December 2011</b>	
Director A	<b>816 780</b>
Director B	<b>155 747</b>
Director C	<b>125 077</b>
Director D	<b>99 452</b>
Director E	<b>89 325</b>
Director F	<b>68 109</b>
	<b>1 354 490</b>

Directors' emoluments comprise salary and other benefits, performance bonus and incentive pay. The amounts disclosed above represent the pro-rata portion of the time spent by the Directors on the affairs of the Company. All the Directors are remunerated by Anglo Operations Limited, a fellow subsidiary of the Company.